

No. BIZ 019/2019

7 November 2019

Subject: Management Discussion and Analysis for the three-month period ended 30 September 2019

To: The President
The Stock Exchange of Thailand

Business Alignment Public Company Limited (“The Company”) and its subsidiary would like to submit this Management Discussion and Analysis of the Company’s operation for the three-month period ended 30 September 2019, with details as follows

Statement of Comprehensive Income for the three-month period ended 30 September 2019

Statement of Comprehensive Income	ended 30 September 2019	ended 30 September 2018	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Income from sales of goods	192.84	226.79	(33.95)	(14.97%)
Income from rendering of services	38.10	33.05	5.05	15.27%
Income from construction	4.96	22.87	(17.91)	(78.34%)
Income from business operation	235.90	282.71	(46.81)	(16.56%)
Profit from Exchange	5.50	0.05	5.45	11,273.79%
Other Income	0.47	0.38	0.09	25.06%
Total Other Income	5.97	0.43	5.54	1,306.87%
Total Revenue	241.87	283.14	(41.27)	(14.58%)
Cost of sales of goods	142.18	168.88	(26.70)	(15.81%)
Cost of rendering of services	31.71	25.35	6.36	25.06%
Cost of construction	0.96	20.78	(19.82)	(95.38%)
Gross Profit	61.05	67.70	(6.65)	(9.82%)
Distribution costs	2.92	4.60	(1.68)	(36.51%)
Administrative expenses	14.54	11.31	3.23	28.63%
Earnings Before Interest & Tax	49.56	52.22	(2.66)	(5.10%)
Interest Expenses	1.68	0.30	1.38	465.53%
Earnings Before Tax	47.88	51.92	(4.04)	(7.79%)
Tax Expenses	11.33	10.68	0.65	6.08%
Net Profit (Loss)	36.55	41.24	(4.69)	(11.38%)
Profit attributable to:				
Equity holders of the parent	39.68	41.86	(2.18)	(5.22%)
Non-controlling interest	(3.13)	(0.62)		

The Consolidated Financial Statement of the Company and its subsidiary for the three-month period ended 30 September 2019, the Company generated revenue of 241.87 million Baht and net profit attributable to equity holder of the parent of 39.68 million Baht. The changes can be explained as follows;

Revenue from business operation

For the three-month period ended 30 September 2019, the Company and its subsidiary generated revenue from sales, services and construction of 235.90 million Baht, decreasing by 46.81 million Baht or 16.56%, when compared to the previous year, with details as follows:

1. Revenue from sales of goods

For the three-month period ended 30 September 2019, the Company and its subsidiary generated revenue from sales of 192.84 million Baht, decreasing by 33.95 million Baht or 14.97%, when compared to the previous year. This decrease was due to the Company delivers project large a few projects.

2. Revenue from rendering of services

For the three-month period ended 30 September 2019, the Company and its subsidiary generated a revenue from rendering of services of 38.10 million Baht, increasing by 5.05 million Baht or 15.27%, when compared to the previous year. This increase was due to the company generate additional revenue from Genetic Diagnosis service of 0.86 million Baht. This increase was due to product warranty period according to the contract of sale after delivery of the work of many customers has expired. Therefore, there are renew maintenance contract is increased during this period.

3. Revenue from Construction

For the three-month period ended 30 September 2019, the Company and its subsidiary recognized revenue from construction of project centers treating cancer patients with protons radiotherapy of King Chulalongkorn Memorial Hospital of 4.96 million Baht which the Company recorded cost of construction according to percentage of completion. The Company changes budget cost of construction revenue from construction increase 3.89 million Baht. Therefore, as of 30 September 2019, the Company has recognized revenue from construction of the project of 97.73%

4. Other Revenue

For the three-month period ended 30 September 2019, the Company and its subsidiary generated other revenue of 5.97 million Baht, increasing by 5.54 million Baht or 1,306.87%, when compared to the previous year. The increase was because the Company got profit from exchange rate.

Cost of sales of goods and Gross Profit Margin from sales of goods

For the three-month period ended 30 September 2019, the Company and its subsidiary had a gross profit from sales of 50.66 million Baht or equivalent to gross profit margin of 26.27%, of the same period of previous year at 25.53%.

Cost of rendering of services and Gross Profit Margin from rendering of services

For the three-month period ended 30 September 2019, the Company and its subsidiary had a gross profit from services of 6.39 million Baht or equivalent to gross profit margin of 16.77%, which was similar to the gross profit margin from services in the previous year at 23.29%. The decline of gross profit margin was due to delay of renewal maintenance contract process causing additional maintenance expenses to service cost.

Cost of Construction and Gross Profit Margin from Construction

For the three-month period ended 30 September 2019, the Company and its subsidiary had decrease budget cost of construction 3.51 million Baht. or equivalent to gross profit margin of 10.75%

Distribution costs and Administrative Expenses

For the three-month period ended 30 September 2019, the Company and its subsidiary had a distribution cost of 2.92 million Baht, decreasing by 1.68 million Baht or 36.51% compared to the previous year. This increase can be attributed the decrease from human resources expenses.

For the three-month period ended 30 September 2019, the Company had administrative expenses of 14.54 million Baht, increasing by 3.23 million Baht or 28.63% compared to the previous year. the Company subsidiary had administrative expenses increase was due to human resource expenses and advisory fees which related to business operation and depreciation of fixed asset.

Finance Costs

For the three-month period ended 30 September 2019, the Company and its subsidiary had financial costs of 1.68 million Baht, increasing by 1.38 million Baht or 465.53%, when compared to the previous year, resulting from recognition of interest expense of advance payment from customer of 0.92 million Baht and The company subsidiary had interest expenses for construction hospital 0.55 million Baht.

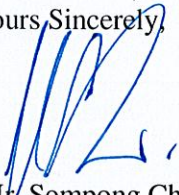
Net Profit and Net Profit Margin

For the three-month period ended 30 September 2019, the Company and its subsidiary had a net profit attributable to equity holder of the parent of 39.68 million Baht, or equivalent to net profit margin of 16.40% compared to the previous year, which had the net profit attributable to equity holder of the parent of 41.86 million Baht of the same period of previous year at 14.79%.

The Company recognized a loss incurred from its investment in Cancer Alliance Co., Ltd. (“CAH”) as subsidiary to operate specialized hospital for cancer treatment of 5.81 million Baht proportional to 65%.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited