

No. BIZ 011/2020

14 May 2020

Subject: Management Discussion and Analysis for the three-month period ended 31 March 2020

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 31 March 2020, with details as follows

Statement of Comprehensive Income for the three-month period ended 31 March 2020

Statement of Comprehensive Income	ended 31 March 2020	ended 31 March 2019	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenue from sales of goods	211.59	33.18	178.41	537.73%
Revenue from rendering of services	41.89	46.44	(4.55)	(9.80%)
Revenue from construction	0.02	16.06	(16.04)	(99.90%)
Revenue from hospital operations	4.76	0.00	4.76	100.00%
Income from business operation	258.26	95.68	162.58	169.92%
Gain on exchange rate	4.18	0.00	4.18	100.00%
Other Income	0.56	0.35	0.21	61.27%
Total Revenue	263.00	96.03	166.97	173.88%
Cost of sales of goods	183.21	18.13	165.08	910.47%
Cost of rendering of services	33.14	40.65	(7.51)	(18.47%)
Cost of construction	0.01	14.58	(14.57)	(99.90%)
Cost of hospital operations	11.81	0.00	11.81	100.00%
Gross Profit	30.09	22.32	7.77	34.78%
Distribution costs	2.48	4.96	(2.48)	(50.07%)
Administrative expenses	10.37	9.59	0.78	8.15%
Loss on exchange rate	0.00	1.53	(1.53)	(100.00%)
Earnings Before Interest & Tax	21.98	6.59	15.39	233.47%
Interest Expenses	5.55	1.11	4.44	400.63%
Earnings Before Tax	16.43	5.48	10.95	199.69%
Tax Expenses	6.08	1.63	4.45	272.76%
Net Profit (Loss)	10.35	3.85	6.50	168.77%
Profit attributable to:				
Equity holders of the parent	15.28	4.78	10.50	219.40%
Non-controlling interest	(4.93)	(0.93)		

The Consolidated Financial Statement of the Company and its subsidiary for the three-month period ended 31 March 2020, the Company generated revenue of 263.00 million Baht and net profit attributable to equity holder of the parent of 15.28 million Baht. The changes can be explained as follows;

Revenue from business operation

For the three-month period ended 31 March 2020, the Company and its subsidiary generated revenue from sales, services and construction of 258.26 million Baht, increasing by 162.58 million Baht or 169.92%, when compared to the previous year, with details as follows:

1. **Revenue from sales of goods**

For the three-month period ended 31 March 2020, the Company and its subsidiary generated revenue from sales of 211.59 million Baht, increasing by 178.41 million Baht or 537.73%, when compared to the previous year. This increase was due to the Company delivers large project. the Company recognized revenue only from sales of medical equipment parts in the previous year.

2. **Revenue from rendering of services**

For the three-month period ended 31 March 2020, the Company and its subsidiary generated a revenue from rendering of services of 41.89 million Baht, decreasing by 4.55 million Baht or 9.80%, when compared to the previous year. Revenue from rendering of services from Machine maintenance of 41.19 million Baht and revenue from Genetic Diagnosis service of 0.70 million Baht. For the three-month period ended 31 March 2019 the company recognized revenue from special service of 10.50 million Baht. If the three-month period ended 31 March 2020 is not included revenue from special service revenue as referred to above, the revenue will be increasing 5.95 million Baht. Which is in accordance with the number of maintenance service agreements which increased from the same period of the previous year. Due to the warranty period of the products according to the purchase contract after the delivery has expired. Then the customers started maintenance service agreements with the company.

3. **Revenue from Construction**

For the three-month period ended 31 March 2020, the Company and its subsidiary recognized revenue from construction of project centers treating cancer patients with protons radiotherapy of King Chulalongkorn Memorial Hospital of 0.02 million Baht which the Company recorded cost of construction according to percentage of completion. Therefore, as of 31 March 2020, the Company has recognized revenue from construction of the project of 99.64%

4. **Revenue from hospital operations**

Revenue from hospital operations investment in Cancer Alliance Co., Ltd. (“CAH”) as subsidiary to operate specialized hospital for cancer treatment. The subsidiary started its operations in 1 October 2019. For the three-month period ended 31 March 2020, the Company and its subsidiary generated a revenue from hospital operations of 4.76 million Baht.

Other Revenue

For the three-month period ended 31 March 2020, the Company and its subsidiary generated other revenue of 4.74 million Baht, This increase from Gain on exchange rate.

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

For the three-month period ended 31 March 2020, the Company and its subsidiary had a gross profit from sales of 28.38 million Baht or equivalent to gross profit margin of 13.41%, which was lower than the gross profit margin from sales in the previous year at 45.35%. The decreasing is normal for the project gross profit margin.

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

For the three-month period ended 31 March 2020, the Company and its subsidiary had a gross profit from services of 8.75 million Baht or equivalent to gross profit margin of 20.89%, which is normally the gross margin from rendering of services. When compared with the previous year at 12.47%.

Cost of Construction and Gross Profit Margin from Construction

For the three-month period ended 31 March 2020, the Company and its subsidiary generated gross profit margin from construction of 0.01 million Baht or equivalent to gross profit margin of 10.75% according to construction budget.

Cost of hospital operations and Gross Loss from hospital operations

For the three-month period ended 31 March 2020, the Company and its subsidiary had a gross loss from hospital operations of 7.05 million Baht or equivalent to gross loss of 148.16%, The subsidiary started its operations in 1 October 2019, the Company subsidiary had fixed costs such as human resource cost and medical equipment depreciation cost.

Distribution costs and Administrative Expenses

For the three-month period ended 31 March 2020, the Company and its subsidiary had a distribution cost of 2.48 million Baht, decreasing by 2.48 million Baht or 50.07% compared to the previous year. This decrease can be attributed to the decrease of human resources costs, further advertisement and promotional expenses as well as additional expenses for product exhibition.

For the three-month period ended 31 March 2020, the Company had administrative expenses of 10.37 million Baht, increasing by 0.78 million Baht or 8.15% of the same period of previous year at 9.59 million Baht.

Finance Costs

For the three-month period ended 31 March 2020, the Company and its subsidiary had financial costs of 5.55 million Baht, increasing by 4.44 million Baht or 400.63%, when compared to the previous year, resulting from recognition of interest expense advance payment from customer of 2.40 million Baht and The company subsidiary had interest expenses for construction hospital and purchase medical equipment of 2.65 million Baht.

Net Profit and Net Profit Margin

For the three-month period ended 31 March 2020, the Company and its subsidiary had a net profit attributable to equity holder of the parent of 15.28 million Baht, or equivalent to net profit margin of 5.81% compared to the previous year, which had the net profit attributable to equity holder of the parent of 4.78 million Baht or net profit margin of 4.98% of the same period of previous year.

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 9.15 million Baht proportional to 65%.

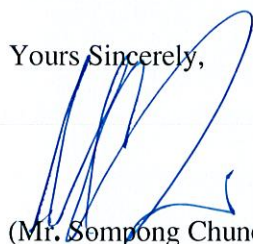
Other additional information

From the situation of the outbreak of the Coronavirus Disease 2019 (“COVID-19”). The company would like to inform you that the overall operation of the company not much affected. However, the company would like to clarify as follows;

1. The installation plan for the project requires foreign experts to install the installation process. Currently, international travel is not very convenient. However, the company has worked closely with a team of foreign experts and used communications technology to do this at full capacity in order to not affect the delivery of the project as specified in the contract or as little as possible. The project on hands of the company that occurred before the COVID-19 situation, which government agencies considered the contract that was affected by this situation which is considered a force majeure that can process the request for the extension of the contract including considering the suspension of fines for the contract parties. The Company will assess the situation closely periodically. So as not to affect the time period for delivery project under the contract. That will affect the recognition of revenue according to delivery project of the company in accordance with the accounting standards.
2. Regarding the acquisition of new projects, in the case that the government agencies have already planned the annual budget. The company can carry out its goals and plans.
3. For funding sources and operating liquidity, the company is not affected by these factors. In addition, the company has not experienced bad debt. Due to the majority of the company's debtors are government agencies.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited