

No. BIZ 020/2020

11 August 2020

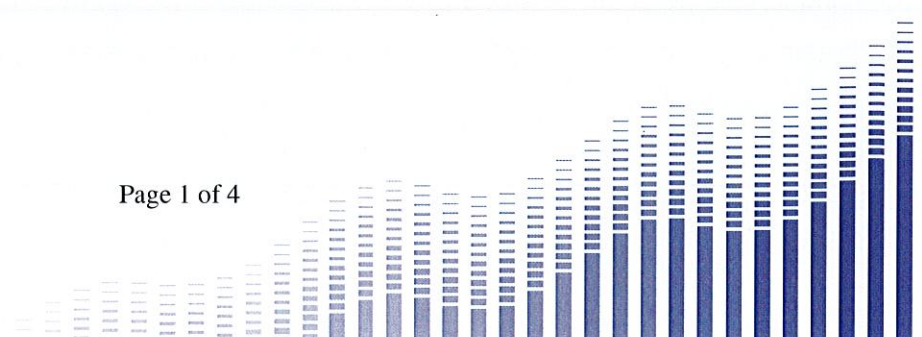
Subject: Management Discussion and Analysis for the three-month period ended 30 June 2020

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 30 June 2020, with details as follows

Statement of Comprehensive Income for the three-month period ended 30 June 2020

Statement of Comprehensive Income	ended 30 June 2020	ended 30 June 2019	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenue from sales of goods	13.58	156.60	(143.02)	(91.33%)
Revenue from rendering of services	57.02	38.96	18.06	46.35%
Revenue from construction	0.02	10.60	(10.58)	(99.84%)
Revenue from hospital operations	4.45	0.00	4.45	100.00%
Income from business operation	75.07	206.16	(131.09)	(63.58%)
Other Income	2.58	0.88	1.70	191.19%
Total Revenue	77.65	207.04	(129.39)	(62.49%)
Cost of sales of goods	7.97	109.99	(102.02)	(92.75%)
Cost of rendering of services	41.61	31.44	10.17	32.33%
Cost of construction	0.01	9.63	(9.62)	(99.85%)
Cost of hospital operations	11.47	0.00	11.47	100.00%
Gross Profit	14.01	55.10	(41.09)	(74.57%)
Distribution costs	2.39	5.84	(3.45)	(59.05%)
Administrative expenses	9.10	13.37	(4.27)	(31.93%)
Loss on exchange rate	1.92	3.84	(1.92)	(49.97%)
Profit Before Interest & Tax	3.18	32.93	(29.75)	(90.36%)
Interest Expenses	5.59	1.12	4.47	401.89%
Profit (Loss) Before Tax	(2.41)	31.81	(34.22)	(107.58%)
Tax Expenses	2.10	7.08	(4.98)	(70.30%)
Net Profit (Loss)	(4.51)	24.73	(29.24)	(118.25%)
Profit (Loss) attributable to:				
Equity holders of the parent	0.03	26.05	(26.02)	(99.88%)
Non-controlling interest	(4.54)	(1.32)		



The Consolidated Financial Statement of the Company and its subsidiary for the three-month period ended 30 June 2020, the Company generated revenue of 77.65 million Baht and net profit attributable to equity holder of the parent of 0.03 million Baht. The changes can be explained as follows;

Revenue from business operation

For the three-month period ended 30 June 2020, the Company and its subsidiary generated revenue from sales, services and construction of 75.07 million Baht, decreasing by 131.09 million Baht or 63.58%, when compared to the previous year, with details as follows:

1. Revenue from sales of goods

For the three-month period ended 30 June 2020, the Company and its subsidiary generated revenue from sales of 13.58 million Baht, decreasing by 143.02 million Baht or 91.33%, when compared to the previous year. This decrease was due to the Company did not delivers large project. the Company recognized revenue only from sales of other medical equipment.

2. Revenue from rendering of services

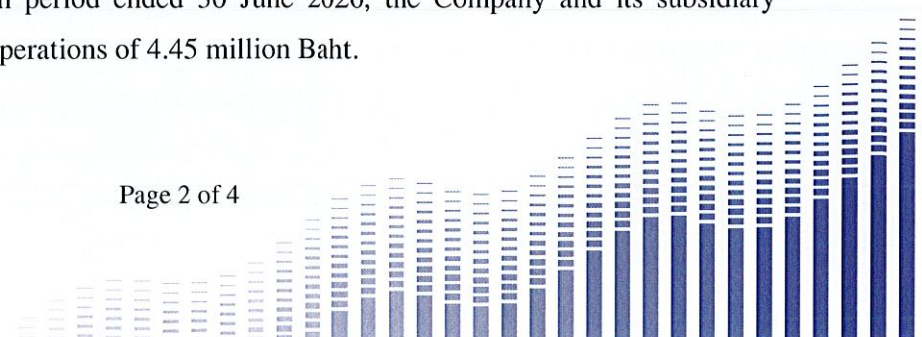
For the three-month period ended 30 June 2020, the Company and its subsidiary generated a revenue from rendering of services of 57.02 million Baht, increasing by 18.06 million Baht or 46.35%, when compared to the previous year. For the three-month period ended 30 June 2020 the company recognized revenue from Genetic Diagnosis service of 0.26 million Baht. Revenue from moving radiation simulation machine of 10.00 million Baht. This increase the product warranty under the purchase contract after the delivery has expired many projects. Therefore, there are many renew maintenance service contracts is increased during this period.

3. Revenue from Construction

For the three-month period ended 30 June 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 30 June 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 30 June 2020, the Company and its subsidiary generated a revenue from hospital operations of 4.45 million Baht.



Other Revenue

For the three-month period ended 30 June 2020, the Company and its subsidiary generated other revenue of 2.58 million Baht, increasing by 1.70 million Baht or 191.19%, when compared to the previous year. This increase from reversed other provisions.

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

For the three-month period ended 30 June 2020, the Company and its subsidiary had a gross profit from sales of 5.61 million Baht or equivalent to gross profit margin of 41.30%, which was higher than the gross profit margin from sales in the previous year at 29.76%. The increase in gross profit margin was due to the company recognized revenue from miscellaneous medical equipment, which this increase is normal for other medical equipment gross profit margin.

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

For the three-month period ended 30 June 2020, the Company and its subsidiary had a gross profit from services of 15.42 million Baht or equivalent to gross profit margin of 27.04%, which was higher than gross profit margin of the previous year at 19.31%. The increase of gross profit margin was due to the recognition for relocation radiation simulator and better cost management.

Cost of Construction and Gross Profit Margin from Construction

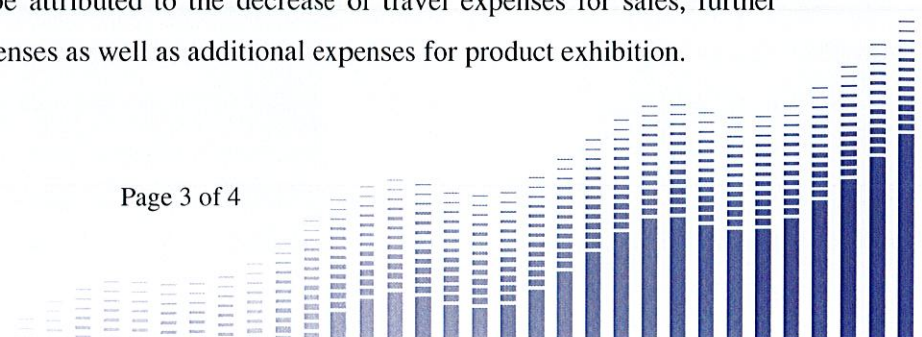
For the three-month period ended 30 June 2020, the Company and its subsidiary generated gross profit margin from construction of 0.01 million Baht or equivalent to gross profit margin of 10.75% according to construction budget.

Cost of hospital operations and Gross Loss from hospital operations

For the three-month period ended 30 June 2020, the Company and its subsidiary had a gross loss from hospital operations of 7.02 million Baht or equivalent to gross loss of 157.78%, 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 30 June 2020, the Company and its subsidiary had a distribution cost of 2.39 million Baht, decreasing by 3.45 million Baht or 59.05% compared to the previous year. This decrease can be attributed to the decrease of travel expenses for sales, further advertisement and promotional expenses as well as additional expenses for product exhibition.



For the three-month period ended 30 June 2020, the Company had administrative expenses of 9.10 million Baht, decreasing by 4.27 million Baht or 31.93% compared to the previous year. This decrease can be attributed to the decrease of travel expenses and advisory fees which related to business operation.

Finance Costs

For the three-month period ended 30 June 2020, the Company and its subsidiary had financial costs of 5.59 million Baht, increasing by 4.47 million Baht or 401.89%, when compared to the previous year, resulting from recognition of interest expense advance payment from customer of 2.92 million Baht and The company subsidiary had interest expenses for construction hospital and purchase medical equipment of 2.39 million Baht.

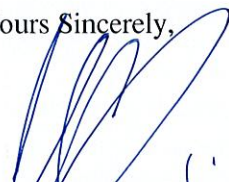
Net Profit and Net Profit Margin

For the three-month period ended 30 June 2020, the Company and its subsidiary had a net profit attributable to equity holder of the parent of 0.03 million Baht, or equivalent to net profit margin of 0.04% compared to the previous year, which had the net profit attributable to equity holder of the parent of 26.05 million Baht or net profit margin of 12.58% The company had a lower net profit margin. Because the company did not deliver large project. the income from sales decreased, the net profit and net profit margin decreased when compared to the 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 8.44 million Baht proportional to 65%.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)
Chief Executive Officer
Business Alignment Public Company Limited

