

5 August 2016

Subject: Management Discussion and Analysis for the three-month period ended 30 June 2016

To: The President  
The Stock Exchange of Thailand

Business Alignment Public Company Limited ("The Company") would like to submit this Management Discussion and Analysis for the three-month period ended 30 June 2016, with details as follows

Statement of Comprehensive Income for the three-month period ended 30 June 2016

Statement of Comprehensive Income	Three-month period ended 30 June 2016	Three-month period ended 30 June 2015	Increase (Decrease)
	Million Baht	Million Baht	%
Income from Sales	62.28	0.78	7,875.58%
Income from Services	43.08	16.86	155.52%
<b>Income from Sales and Services</b>	<b>105.36</b>	<b>17.64</b>	<b>497.25%</b>
Other Income	1.23	0.05	2,337.38%
<b>Total Revenue</b>	<b>106.59</b>	<b>17.69</b>	<b>502.51%</b>
Cost of Sales	53.05	0.63	8,350.64%
Cost of Service	34.26	13.54	153.04%
<b>Gross Profit</b>	<b>18.05</b>	<b>3.47</b>	<b>419.50%</b>
Selling Expenses	2.32	0.79	191.72%
Administrative Expenses	4.85	3.69	31.56%
Exchange Loss	0.00	0.03	(100.00%)
<b>Earnings Before Interest &amp; Tax</b>	<b>12.11</b>	<b>(0.99)</b>	<b>(1,318.08%)</b>
Interest Expenses	2.52	0.00	N/A
<b>Earnings Before Tax</b>	<b>9.59</b>	<b>(0.99)</b>	<b>(1,064.82%)</b>
Tax Expenses	1.49	(0.20)	(850.04%)
<b>Net Profit (Loss)</b>	<b>8.10</b>	<b>(0.79)</b>	<b>(1,118.51%)</b>

Revenue from Sales and Services

For the three-month period ended 30 June 2016, the Company generated revenue from sales and service of 105.36 million Baht, increasing by 87.72 million Baht or 497.25%, when compared to previous year, with details as follows:

## 1. Revenue from Sales

For the three-month period ended 30 June 2016, the Company generated a revenue from sales of 62.28 million Baht, increasing by 61.50 million Baht or 7,875.58%, when compared to the previous year, which had a revenue from sales of 0.78 million Baht. This increase is due to the revenue recognition of a project delivered to the Bangkok Cancer Sanatorium, which was valued at 50.65 million Baht and the increasing sales of miscellaneous medical equipment.

## 2. Revenue from Services

For the three-month period ended 30 June 2016, the Company generated a revenue from service of 43.08 million Baht, increasing by 26.22 million Baht or 155.52%, when compared to the previous year, which had a revenue from sales of 16.86 million Baht. This increase is due to the revenue recognition of an upgrade service to a hospital's software product, which increases the efficiency of an existing treatment planning system for radiotherapy, valued at 18.64 million Baht. In addition, the increase in revenue from service can be attributed to the increase in the number of service agreements from the previous year. This is because the warranty period of many products previously sold have expired, therefore these clients had to sign new service agreements with the Company.

## Cost of Goods Sold and Gross Profit from Sales

For the three-month period ended 30 June 2016, the Company had a gross profit from sales of 9.23 million Baht, or equivalent to a gross profit margin from sales of 14.81%, which was lower than the gross profit margin from sales in the same quarter of the previous year, which was 19.60%. This is because for the three-month period ended 30 June 2016, the Company had delivered a large-scale project (as stated above), which usually have a low profit margin, contributing to a relatively low overall gross profit margin from sales.

## Cost of Services and Gross Profit from Services

For the three-month period ended 30 June 2016, the Company had a gross profit from services of 8.82 million Baht, or equivalent to a gross profit margin from services of 20.47%, which was at a similar level to the gross profit margin from services in the same quarter of the previous year which was 19.69%. This level of gross profit margin from services is within the Company's average range, which is at 20-22%.

## Selling and Administrative Expenses

For the three-month period ended 30 June 2016, the Company had a selling expense of 2.32 million Baht, increasing by 1.53 million Baht or 191.72% from the same period of the previous year. This increase can be attributed to the increase in human resources costs, as the Company had hired more employees in the Sales department.

For the three-month period ended 30 June 2016, the Company had an administrative expense of 4.85 million Baht, increasing by 31.56% from the same period of the previous year. This increase is primarily due to the increase in a number of administrative expenses, such as personnel (after restructuring of the base salary of employees), remuneration of directors, fees in increasing the registered capital and the internal auditing fees.

#### Financial Costs

For the three-month period ended 30 June 2016, the Company had a financial cost of 2.52 million Baht, increasing by 2.52 million Baht or 100% from the same period of the previous year. This is because for the three-month period ended 30 June 2016, the Company has many on-going large-scale projects; therefore short-term loans from financial institutions are necessary, increasing the costs of interests per installment.

#### Net Profit and Net Profit Margin

For the three-month period ended 30 June 2016, the Company had a net profit of 8.10 million Baht, or a net profit margin of 7.60%. When compared to the same period of the previous year, which had a net loss of 0.79 million Baht or a net loss margin of 4.49%, the increase in profit of this three-month period is due to the increase in revenue, which rises above the Company's fixed costs.

**BA**  
Business Alignment

Please be informed accordingly.



Sincerely,

(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited