

No. 002/2016

July 27th, 2016

Subject: Management Discussion and Analysis for the three-month period ended March 31, 2016

To: The President
The Stock Exchange of Thailand

Business Alignment Public Company Limited ("The Company") would like to submit Management Discussion and Analysis for the three-month period ended March 31, 2016) as follows

Statement of Comprehensive Income for the three-month period ended March 31, 2016

Statement of Comprehensive Income	Three-month period ended March 31, 2016	Three-month period ended March 31, 2015	Increase (Decrease)
	Million Baht	Million Baht	%
Income from Sales	3.91	8.51	(54.11%)
Income from Services	36.88	14.58	153.03%
Income from Sales and Services	40.79	23.09	76.67%
Other Income	2.33	0.25	815.17%
Total Revenue	43.12	23.34	84.73%
Cost of Sales	3.14	7.76	(59.51%)
Cost of Service	29.24	12.11	141.46%
Gross Profit	8.40	3.21	161.52%
Selling Expenses	1.92	1.85	3.87%
Administrative Expenses	7.21	4.24	70.00%
Earnings Before Interest & Tax	1.61	(2.62)	(161.09%)
Interest Expenses	1.09	0.00	N/A
Earnings Before Tax	0.52	(2.62)	(119.75%)
Tax Expenses	0.13	(0.52)	(125.14%)
Net Profit (Loss)	0.39	(2.10)	(118.40%)

Revenue from Sales and Services

For the three-month period ended March 31, 2016, the Company generated revenue from sales and service of 407.95 million Baht, increasing by 17.70 million Baht or 76.67%, when compared to previous year, with details as follows:

1. Revenue from Sales

For the three-month period ended March 31, 2016, the Company generated revenue only from the sales of low value medical devices in total of 3.91 million Baht, decreasing by 4.60 million Baht or 54.11%, when compared to the 1st quarter of year 2015, which had revenue from sales of 8.51 million Baht. The relatively low revenues from sales from the 1st quarters of both 2015 and 2016 can be explained by the seasonal characteristic of the Company's revenue from sales. On the other hand, the Company generates relatively higher revenue from sales in the 3rd and 4th quarters of each year, which are derived from high value projects. This seasonal characteristic of the revenue from sales is due to the fact that the Thai government's fiscal year begins on the 1st October and ends on the 30th September of the following year. Therefore, each year, orders (projects) are generally made in the 4th quarter (after state sector customers have received their budgets). After each purchase agreement has been signed, the Company subsequently spends approximately 210-360 days in completing that project. As a result, many of the high value projects are delivered in 3rd and 4th quarters of each year.

2. Revenue from Services

For the three-month period ended March 31, 2016, the Company generated a revenue from service of 36.88 million Baht, increasing by 22.30 million Baht or 153.03% from the same quarter of the previous year, which was 14.58 million Baht. This increase is due to the revenue recognition of an upgrade service to a client's oncology software, whose value was 13.34 million Baht.

Cost of Goods Sold and Gross Profit from Sales

For the three-month period ended March 31, 2016, the Company had a gross profit from sales of 0.77 million Baht, or equivalent to a gross profit margin of 19.51% of revenue from sales, which was higher than the gross profit margin from sales in the same quarter of the previous year, which was 8.78%. This is because in the 1st quarter of 2016, the Company had sold a higher proportion of medical devices, which have a relatively low value but a higher profit margin, than the same period of previous year. As a result, the profit margin from sales in the 1st quarter of 2016 was higher, when compared to the first quarter of 2015.

Cost of Services and Gross Profit from Services

For the three-month period ended March 31, 2016, the Company had a gross profit margin from services of 7.64 million Baht, or a gross profit margin of 20.72% from the revenue from services, higher than the

same period of the previous year which was 16.92%. This increase is derived from revenue from the service of upgrading a client's planning system and information system software, which had a relatively high gross profit margin, valued at 13.34 million Baht.

Selling and Administrative Expenses

For the three-month period ended March 31, 2016, the Company had a selling expense of 1.92 million Baht, increasing by 0.07 million Baht or 3.87% from the same period of the previous year. This increase is because the Company had hired more employees in the Sales department.

For the three-month period ended March 31, 2016, the Company had an administrative expense of 7.21 million Baht, increasing by 70.00% from the same period of the previous year. This increase is 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 converting into a public company and bank fees involved in requesting a credit limit for business purposes.

Financial Cost

For the three-month period ended March 31, 2016, the Company had a financial cost of 1.09 million Baht, increasing by 1.09 million Baht or 100% from the same period of the previous year. This is because the 1st quarter of 2015 saw a relatively low number of high value projects and the Company had sufficient working capital. Therefore, its loans from financial institutions are relatively lower, resulting in a decrease in financial costs.

Net Profit and Net Profit Margin

For the three-month period ended March 31, 2016, the Company had a net profit of 0.39 million Baht, or a net profit margin of 0.90%. When compared to the same period of the previous year, which had loss of 8.99 million Baht, the net profit had increased due to the higher revenue generated in the 1st quarter of 2016.

Please be informed accordingly.

Best Regards,



(Mr.Sompong Chunechitayanone)

Chief Executive Officer

Business Alignment Public Company Limited