

No. BIZ 021/2018

10 August 2018

Subject: Management Discussion and Analysis for the three-month period ended 30 June 2018

To: The President
The Stock Exchange of Thailand

Business Alignment Public Company Limited (“The Company”) and its subsidiaries would like to submit this Management Discussion and Analysis of the Company’s operation for the three-month period ended 30 June 2018, with details as follows

Statement of Comprehensive Income for the three-month period ended 30 June 2018

Statement of Comprehensive Income	Consolidated Financial Statement	Separate Financial Statement		Change (Separate Financial Statement)	
	Three-month period ended 30 June 2018	Three-month period ended 30 June 2018	Three-month period ended 30 June 2017	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	Million Baht	%
Income from sales of goods	15.92	15.92	173.31	(157.39)	(90.81%)
Income from rendering of services	32.24	32.24	31.76	0.48	1.53%
Income from construction	13.54	13.54	24.73	(11.19)	(45.26%)
Income from business operation	61.70	61.70	229.80	(168.10)	(73.15%)
Profit from Exchange	0.28	0.28	0.00	0.28	100.00%
Other Income	1.54	1.37	0.54	0.83	153.54%
Total Revenue	63.52	63.35	230.34	(166.99)	(72.50%)
Cost of sales of goods	9.54	9.54	154.29	(144.75)	(93.82%)
Cost of rendering of services	25.82	25.82	23.01	2.81	12.21%
Cost of construction	12.31	12.31	22.46	(10.15)	(45.21%)
Gross Profit	14.03	14.03	30.04	(16.01)	(53.28%)
Distribution costs	3.18	3.18	1.73	1.44	83.09%
Administrative expenses	7.77	6.73	7.29	(0.56)	(7.67%)
Exchange Loss	0.00	0.00	0.56	(0.56)	(100.00%)
Earnings Before Interest & Tax	4.90	5.78	21.00	(15.22)	(72.47%)
Interest Expenses	0.26	0.26	0.35	(0.09)	(25.93%)
Earnings Before Tax	4.64	5.52	20.65	(15.13)	(73.26%)
Tax Expenses	1.05	1.05	4.14	(3.08)	(74.63%)
Net Profit (Loss)	3.59	4.47	16.51	(12.04)	(72.92%)
Profit attributable to:					
Equity holders of the parent	3.90	4.47	16.51		
Non-controlling interest	(0.31)	-	-		

The separate Financial Statement of the Company for the 3-month period ended 30 June 2018 showed total revenue of 63.35 million Baht and net income of 4.47 million Baht. The changes can be explained as follows;

Revenue from business operation

For the three-month period ended 30 June 2018, the Company generated revenue from sales, services and construction of 61.70 million Baht, decreasing by 168.10 million Baht or 73.15%, when compared to the previous year, with details as follows:

1. **Revenue from sales of goods**

For the three-month period ended 30 June 2018, the Company generated revenue from sales of medical equipment related to radiotherapy of 15.92 million Baht, decreasing by 157.39 million Baht or 90.81%, when compared to the previous year. This decrease was due to the completion and revenue recognition of a project delivered to the Bangkok Dusit Medical Service Public Company Limited (Wattanosoth Cancer Hospital) in the previous year, while recognizing revenue from small volume of miscellaneous medical equipment.

2. **Revenue from rendering of services**

For the three-month period ended 30 June 2018, the Company generated a revenue from rendering of services of 32.24 million Baht, increasing by 0.48 million Baht or 1.53%, when compared to the previous year.

3. **Revenue from Construction**

Revenue from construction generated from the establishment of project centers treating cancer patients with protons radiotherapy with King Chulalongkorn Memorial Hospital. For the three-month period ended 30 June 2018, the Company generated revenue from construction service of 13.54 million Baht, according to percentage of completion in the period.

Other Revenue

For the three-month period ended 30 June 2018, the Company generated other revenue of 1.65 million Baht, increasing by 1.11 million Baht or 206.22%, when compared to the previous year. The increase was because the Company received additional revenue from interest on deposit and gain on exchange rate.

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

For the three-month period ended 30 June 2018, the Company had a gross profit from sales of 6.38 million Baht or equivalent to gross profit margin of 40.08%, which was higher than the gross profit margin from sales in the previous year at 10.97%. The increase in gross profit margin was due to the company recognized revenue from miscellaneous medical equipment, which generated higher gross profit margin compared to project sales.

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

For the three-month period ended 30 June 2018, the Company had a gross profit from services of 6.42 million Baht or equivalent to gross profit margin of 19.91%, which is lower than the gross profit margin from services in the previous year at 27.54%. This decrease was due to the delay in renewing the maintenance agreements with a number of state hospitals; therefore, lower revenue recognition for the services while cost of services remain constant, resulting in lower gross profit margin from rendering services.

Cost of Construction and Gross Profit Margin from Construction

For the three-month period ended 30 June 2018, the Company generated gross profit from construction service of 1.23 million Baht or equivalent to a gross profit margin of 9.11%, according to planned project budget.

Distribution costs and Administrative Expenses

For the three-month period ended 30 June 2018, the Company had a distribution cost of 3.18 million Baht, increasing by 1.44 million Baht or 83.09% compared to 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 2018, the Company had administrative expenses of 6.73 million Baht, decreasing by 0.56 million Baht or 7.67% compared to the previous year.

Finance Costs

For the three-month period ended 30 June 2018, the Company had financial costs of 0.26 million Baht, decreasing by 0.09 million Baht or 25.93 %, when compared to the previous year as the Company relies mostly on its own working capital rather than lending from financial institutions.

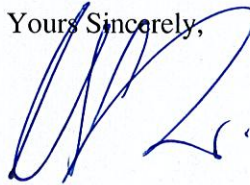
Net Profit and Net Profit Margin

For the three-month period ended 30 June 2018, the Company had a net profit of 4.47 million Baht, or equivalent to net profit margin of 7.06% compared to the previous year, which had a net profit of 16.51 million Baht or net profit margin of 7.17%. In 2017, the Company had slightly lower net profit margin as due to the increase in selling expenses.

The Company invested in Cancer Alliance Co., Ltd. (“CAH”) as subsidiary to operate specialized hospital for cancer treatment. For the three-month period ended 30 June 2018, CAH had revenue from interest of 0.17 million Baht while having administrative expense of 1.04 million Baht from the human resources expenses, expenses related to investment and establishment of CAH. Therefore, the net profit for the three-month period ended 30 June 2018 according to the consolidated financial statements was 3.59 million Baht, which was attributable to the equity holders of the parent of 3.90 million Baht because the Company recognized a loss incurred from its investment in CAH of 0.31 million Baht proportional to 65% investment of total shareholders in CAH.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited