

No. BIZ 024/2561

8 November 2018

Subject: Management Discussion and Analysis for the three-month period ended 30 September 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 September 2018, with details as follows

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

Statement of Comprehensive Income	Consolidated Financial Statement	Separate Financial Statement		Change (Separate Financial Statement)	
	Three-month period ended 30 September 2018	Three-month period ended 30 September 2018	Three-month period ended 30 September 2017	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	Million Baht	%
Income from sales of goods	226.79	226.79	97.54	129.25	132.51%
Income from rendering of services	33.05	33.05	33.20	(0.15)	(0.43%)
Income from construction	22.87	22.87	41.50	(18.63)	(44.88%)
Income from business operation	282.71	282.71	172.24	110.47	64.14%
Profit from Exchange	0.05	0.05	0.36	(0.31)	(86.63%)
Other Income	0.38	0.74	0.37	0.37	97.30%
Total Revenue	283.14	283.50	172.97	110.53	63.90%
Cost of sales of goods	168.88	168.88	84.55	84.33	99.75%
Cost of rendering of services	25.35	25.35	24.29	1.06	4.39%
Cost of construction	20.78	20.78	37.71	(16.93)	(44.90%)
Gross Profit	67.70	67.70	25.69	42.01	163.51%
Distribution costs	4.60	4.60	1.69	2.91	172.37%
Administrative expenses	11.31	9.89	6.17	3.72	60.25%
Earnings Before Interest & Tax	52.22	54.00	18.57	35.43	190.82%
Interest Expenses	0.30	0.30	0.38	(0.08)	(21.60%)
Earnings Before Tax	51.92	53.70	18.19	35.51	195.25%
Tax Expenses	10.68	10.68	3.63	7.05	194.24%
Net Profit (Loss)	41.24	43.02	14.56	28.46	195.50%
Profit attributable to:					
Equity holders of the parent	41.86	43.02	14.56		
Non-controlling interest	(0.62)	-	-		

The separate Financial Statement of the Company for the 3-month period ended 30 September 2018 showed total revenue of 283.50 million Baht and net income of 43.02 million Baht. The changes can be explained as follows;

Revenue from business operation

For the three-month period ended 30 September 2018, the Company generated revenue from sales, services and construction of 282.71 million Baht, increasing by 110.47 million Baht or 64.14%, when compared to the previous year, with details as follows:

1. Revenue from sales of goods

For the three-month period ended 30 September 2018, the Company generated revenue from sales of 226.79 million Baht, increasing by 129.25 million Baht or 132.51%, when compared to the previous year. This increase was due to revenue recognition of a projects delivered during third quarter to the Maharat Nakhon Ratchasima Hospital and Chonburi Cancer Hospital as high value projects.

2. Revenue from rendering of services

For the three-month period ended 30 September 2018, the Company generated a revenue from rendering of services of 33.05 million which was similar to revenue of the same period of previous year of 33.20 million Baht

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 September 2018, the Company generated revenue from construction service of 22.87 million Baht which subsidiary recorded cost of construction according to percentage of completion. Therefore, as of 30 September 2018, the Company has recognized revenue from construction of the project of 74.85%

Other Revenue

For the three-month period ended 30 September 2018, the Company generated other revenue of 0.79 million Baht, increasing by 0.06 million Baht or 7.07%, when compared to the previous year.

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

For the three-month period ended 30 September 2018, the Company had a gross profit from sales of 57.91 million Baht or equivalent to gross profit margin of 25.53%, which was higher than the gross profit margin from sales in the previous year at 13.32%. The increase in gross profit margin was due to the company recognized revenue during third quarter from miscellaneous medical equipment and delivered high value projects which indicated high gross profit margin.

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

For the three-month period ended 30 September 2018, the Company had a gross profit from services of 7.70 million Baht or equivalent to gross profit margin of 23.29%, which was similar to the gross profit margin from services in the previous year at 26.83%.

Cost of Construction and Gross Profit Margin from Construction

For the three-month period ended 30 September 2018, the Company generated gross profit from construction service of 2.09 million Baht or equivalent to a gross profit margin of 9.18%, according to planned project budget.

Distribution costs and Administrative Expenses

For the three-month period ended 30 September 2018, the Company had a distribution cost of 4.60 million Baht, increasing by 2.91 million Baht or 172.37% 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 new Sales department to provide delivery service of genetic material to laboratory to identify risk of being cancer through examination process which causing additional employment and selling expenses.

For the three-month period ended 30 September 2018, the Company had administrative expenses of 9.89 million Baht, increasing by 3.72 million Baht or 60.25% compared to the previous year. This increase was due to loan arranger's advisory fee for the specialized hospital for cancer treatment.

Finance Costs

For the three-month period ended 30 September 2018, the Company had financial costs of 0.30 million Baht, decreasing by 0.08 million Baht or 21.60 %, when compared to the previous year as the Company relies mostly on its own working capital rather than lending from financial institutions.

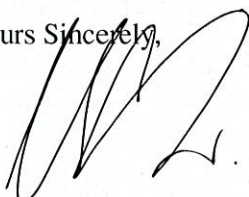
Net Profit and Net Profit Margin

For the three-month period ended 30 September 2018, the Company had a net profit of 43.02 million Baht, or equivalent to net profit margin of 15.17% compared to the previous year, which had a net profit of 14.56 million Baht or net profit margin of 8.42%. Higher net profit margin was due to efficiency of selling cost control which resulting in higher gross profit margin. Also, the Company generated higher revenue from operation while fixed expenses was similar to previous year, leading to higher net profit margin for the three-month period ended 30 September 2018.

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 September 2018, CAH had administrative expense of 1.41 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 September 2018 according to the consolidated financial statements was 41.24 million Baht, which was attributable to the equity holders of the parent of 41.86 million Baht because the Company recognized a loss incurred from its investment in CAH of 1.16 million Baht proportional to 65%.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited