

No.001/2016

July 27th, 2016

Subject Management Discussion and Analysis (MD&A) for the year ended 31 December 2015

To The President
The Stock Exchange of Thailand

Business Alignment Public Company Limited ("The Company") would like to submit management discussion and analysis of the financial statements for the year 2015 period ended 31 December, 2015 as follows

Statement of Comprehensive Income for the year 2014 and year 2015

Statement of Comprehensive Income	31 December 2015	31 December 2014	Increased (Decreased)
	Million Baht	Million Baht	%
Income from Sales	236.71	999.58	(76.32%)
Income from Services	73.83	63.04	17.12%
Income from Sales and Services	310.54	1,062.62	(70.78%)
Other Income	8.40	1.73	384.97%
Total Revenues	318.94	1,064.35	(70.03%)
Cost of Sales	203.08	885.20	(77.06%)
Cost of Services	58.48	49.04	19.25%
Gross Profit	48.98	128.38	(61.85%)
Selling Expense	5.76	10.14	(43.20%)
Administrative Expense	20.80	20.63	0.82%
Exchange Loss	4.41	0.00	N/A
Earning Before Interest & Tax	26.41	99.34	(73.42%)
Interest Expense	0.26	12.90	(97.98%)
Earning Before Tax	26.15	86.44	(69.75%)
Tax Expense	5.36	17.31	(69.04%)
Net Profit (Loss)	20.79	69.13	(69.93%)

Income from Sales and Services

In 2015, the Company generated revenue from sales and services of 310.54 million Baht, decreasing by 752.08 million Baht or equivalent to 70.78% when compared to the previous year. The details are as follows:

1. Income from Sales

In 2015, the Company generated revenue from sales of 236.71 million Baht, decreasing by 762.87 million Baht or 76.32%, when compared to the previous year. This is because the Company had only delivered and realized revenues from 2 relatively high value projects.

2. Income from Services

In 2015, the Company generated revenue from services of 73.83 million Baht, increasing by 10.79 million Baht or 17.12%, when compared to the previous year. This is because the warranties of many products, which clients have bought through the Company, have expired this year. Therefore, these clients subsequently sign new Maintenance Agreements, which extend the Company's maintenance service on the products. As a result, the Company has in total of 30 Maintenance Agreements in 2015, increasing from the 18 Maintenance Agreements in 2014.

Cost of Goods Sold and Gross Profit from Sales

In 2015, the Company had a gross profit from sales of 33.63 million Baht or a gross profit margin of 14.21% of revenue from sales, increasing from the previous year by 11.44%. The gross profit margin from sales had increased due to the Company's ability to sell a higher proportion of relatively low value medical devices than the previous year. These lower value medical devices tend to have a higher profit margin because the administrative costs involved are more flexible than the higher value medical devices. However, the Company also had 2 high value projects, whose profit margins were relatively low. As a result, the Company had an average of gross profit margin from sales of 14.21%

Cost of Services and Gross Profit from Services

In year 2015, the Company had a gross profit from services of 15.35 million Baht, or a gross profit margin of 20.79% of revenue from services. This is lower than the previous year, where the gross profit margin had been 22.22%

Selling and Administrative Expenses

In 2015, the Company had a selling expense of 5.76 million Baht, decreasing from the previous year by 4.38 million Baht or 43.20%. This is because in 2015, the Company did not have expenses relating to bid and proposal as in the previous year. Moreover, the Company's promotion expense in 2015 was 0.36 million Baht, decreasing by 3.94 million Baht from previous year, where its promotion expense had been 4.29 million Baht.

In 2015, the Company had an administrative expense of 20.80 million Baht, increasing by 0.17 million Baht or 0.82% from the previous year, as the Company had relatively stable administrative expenses.

Financial Costs

The Company had a financial cost of 0.26 million Baht, decreasing by 12.64 million Baht or 97.98% from the previous year. This is because the Company had a lower number of high value projects and sufficient working capital; therefore, loans from financial institutions were relatively lower, resulting in the decrease in financial costs. On the other hand, in 2014, the Company had many high value projects; therefore it was required to use its bank credit and other short-term loans as means of obtaining sufficient working capital. As a result, financial costs in 2014 were higher than the subsequent year.

Net Profit and Net Profit Margin

In 2015, the Company generated a net profit of 20.79 million Baht or a net profit margin of 6.52%, increasing slightly from previous year, where the Company's net profit margin was 6.49%. Although the gross profit margin had increased from 12.08% in 2014 to 15.77% in 2015, the Company had a higher proportion of administrative expense to the total revenue in 2015, due to the decrease in total revenue but constant selling and administrative expenses.

Please be informed accordingly.



Best Regards,

A handwritten signature in blue ink, appearing to be 'Sompong Chunekeityanone', written over a horizontal line.

(Mr.Sompong Chunekeityanone)

Chief Executive Officer

Business Alignment Public Company Limited