

**The information under Schedule of the Acquisition of Assets Transaction (IM 2)  
of Business Alignment Public Company Limited  
Investment of Hospital specializing in cancer treatment project**

According to the resolution of the meeting of the Board of Directors of Business Alignment Public Company Limited ("BIZ" or "the Company") No. 6/2017 held on October 17, 2017, the Board of Directors has approved to propose to the Shareholders' meeting to consider and approve the project of a hospital specialized in cancer treatment ("Project"), which is the establishment a hospital for specific treatment of cancer located on Si Racha-Nong Kho road, Nongkham sub-district, Si Racha district, Chonburi province with the investment amount of Baht 500 million (including value of land) by establishing a JV Company with a registered capital of Baht 200 million which can be divided into a number of ordinary shares of 2,000,000 shares with par value of Baht 100 per share. The Company will hold shares in proportion of 65.00 percent of the registered capital of the JV Company and the JV Company will become a subsidiary of the Company.

The transaction above constitutes the acquisition of assets pursuant to the Notification of the Capital Market Supervisory Board stated in Thor Chor 20/2551 Re: Rules on the Significant Acquisition of Disposition of Assets dated on August 31, 2008 and Notification of the Capital Market Supervisory Board Re: disclosure of information and other acts of listed companies concerning the acquisition and disposition of assets B.E. 2547 dated October 29, 2004 ("the Notification of the Acquisition and Disposition of Assets"). When calculating the size of transaction (total amount of investment of the project) according to the acquisition or disposition, the transaction of the acquisition of assets is classified as Type 1 with a maximum total value of the consideration equal to 67.60 percent of the Company's total consolidated assets according to the financial statements of the Company ended June 30, 2017 reviewed by the Company's auditor and the Company has not entered into any transaction of the acquisition of assets during the past 6 months.

The Board of Directors has designated Mr. Sompong Chunekitiyanone, Chief Executive Officer of the Company, to have the authorities to consider and negotiate with group of physicians regarding the determination of quorum and chairman of Board of Directors as well as authorized directors of the JV Company, together with the authority to engage in activities necessary to complete the establishment of the JV Company based on the best interest of the Company.

**1. Information of transaction under the Notification of Acquisition or Disposition (IM-1)**

The Board of Director Meeting of the Company No. 6/2017 on October 17, 2017 has resolved to invest in the cancer hospital Project ("the Project"). The Project is to set up the specialized hospital focusing on cancer treatment, located at Sriracha-Knongkor Knongkharm, Sriracha, Chonburi. The investment value of the Project is amounted to 500.00 million Baht (including Land cost). The investment will begin with the establishment of a Joint Venture company ("the JV Company") to operate such business. The JV Company will be set up with registered capital of 200.00 million Baht with 2.00 million ordinary shares at par value per share of 100 Baht. The JV Company's shareholders will consist of BIZ holding 65.00% of its total registered capital and propose to the Extraordinary General Meeting of Shareholders no.1/2018 which will be held on Tuesday, January 9, 2018 for approve the investment in the cancer hospital Project. The detail of the Project is as follows:

**1. Date of Transaction**

The Company plan to have the JV Company to commence the project as detail follows;

- 1.1 Establish a Joint Venture after the approval of the shareholders' meeting. With a registered capital of 200 million Baht, it will be completed within 30 days from the date of approval which the resolution of the shareholder meeting to implement the project.
- 1.2 Trading and transfer of land ownership within 30 days from the date of registration of the joint venture with registered capital of 200 million Baht.
- 1.3 Development and construction of the project within 3 months after the resolution of the shareholder meeting to implement the project.
- 1.4 Period of Related license applications and construction process are expected to finish within 16 months. As such, the Project is expected to be complete within the year 2019.

## 2. Parties involved in the Transaction

### 2.1.1 Land Purchase

- The Seller : Mr. Poompan Pattaranutaporn, Mr. Poompit Pattaranutaporn, Mr. Poompat Pattaranutaporn and Mrs. Panpit Pattaranutaporn (as a Land Owner who are spouse and age of majority of Professor Pittayapoom Pattaranutaporn MD. who will hold 20% of the registered capital of the joint venture.)
- Relationship to the Company : The seller has no relationship with the Company, major shareholders, director and executives of the Company

### 2.1.2 Construction

- Contractors : In a process of selecting the contractor(s)
- Relationship to the Company : The main contractor(s) shall not be a person who has relationship with the Company, major shareholders, director and executives of the Company

### 2.1.3 Medical Equipment and device

The Seller	:	1) Business Alignment Public Company Limited as a seller of medical equipment and device relating to radiotherapy such as linear accelerator, treatment planning system, QA tools for radiation or Oncology Information System etc.
Relationship to the Company	:	The JV Company (held on 65% of shares by BIZ) as the buyer
The Seller	:	2) Other medical equipment and device shall be provided by 10 sellers unrelated to the Company.
Relationship to the Company	:	The seller has no relationship with the Company, major shareholders, director and executives of the Company

## 3. General Characteristics of the Transaction

The JV Company will purchase land with total area of 5 Rai 3 Ngan 62 Square Wah at 9.68 million Baht per rai from the seller, amounting to a total of 59.00 million Baht (including transfer fee and related expenses relating to land purchase). After that, the Company will begin the construction of the Project on the land with total investment value of the Project of 500.00 million Baht (including value of purchased land).

### Summary of the Memorandum of Understanding (MOU) to study the feasibility of the establishing of a cancer hospital

- Parties : The Company and a group of physicians
- Joint venture of the project : 1. The Company and the group of physicians have agreed to establish a JV Company in which the Company will have a shareholding proportion of 65 percent of the

registered capital and the group of physicians of 35 percent of the registered capital. The shares will be paid by cash.

2. The joint venture between the Company and the group of physicians requires an approval from the meeting of the Board of Directors and after receiving an approval from the meeting of the shareholders of the Company, the registration of the establishment of a joint venture must be completed within 30 days from the date the shareholders' meeting of the Company approved the establishment of the joint venture.
3. The Board of Directors of the joint venture company must compose of not less than 7 members in which the Company has the right to nominate at least 4 persons and the group of physicians has the right to nominate at least 3 persons. The Quorum of the Board of Directors, the voting in the Board of Directors' meeting, the appointment of Chairman of the Company, as well as the authority to sign for binding of the joint venture company, the Company is authorized to set and must specify in the agreement between the shareholders who agreed to enter into a joint venture between the Company and the group of physicians.
4. Agreement on the management of the joint venture company, responsibilities, rights and obligations between the Company and the group of physicians will be agreed in the shareholders agreement and the agreement will be used to register for a regulation of the JV Company.
5. Subsequent to the establishment and operation of the JV Company, If the Company and the group of physicians have an opinion that the joint venture company has the potential to expand to other regions or to become a listed company on the Stock Exchange of Thailand, both parties need to discuss the possibilities and agreed on further business expansion or becoming a listed company (case by case). The interests of both parties, business image, and medical ethics of the joint venture company will be mainly taken into consideration.

- Termination of : 1. The Company and the group of physicians agreed in writing to terminate the MOU.
- the MOU 2. Either the Company or the group of physicians may terminate the MOU if there are reasonable grounds for termination and the party who wishes to terminate has submitted a written notice to the other party to correct the cause of termination but the other party does not fix within 15 days after receiving a written notice. If so, the party wishes to terminate the MOU can submit a letter stating the grounds for termination to the other party at least 30 days (after the deadline to resolve the issue for the notice of termination.) in advance and the other party has no right to claim any compensation or costs of damage from the party wishes to terminate the MOU.
3. The Company and the group of physicians have mutually agreed that the feasibility study of the project is not satisfactory and decided not to set up a joint venture company.
  4. The Company and the group of physicians have not extended the terms of the MOU in cooperation of conducting the feasibility study on the establishment of a cancer hospital when the expiration of the contract is reached.

5. When the Company informs in writing to the group of physicians that the Company cannot participate in the joint venture project due to the Company not receive an approval from the Board of Directors or the shareholders of the Company or the joint venture shall be contrary to the rules or regulations of the SET or the SEC or against other laws related to the Company.

(Note: The termination of the MOU under Clause 3 has not occurred since the Board of Directors of the Company approved the transaction as the feasibility study of the project is satisfactory. The termination of MOU will not cause any compensation or costs of damage among parties.

The JV Company's registered capital will be 200.00 million Baht with 2.00 million ordinary shares at its par value of 100 Baht per share. The Company's shareholding proportion in the JV Company will be 65.00% of its total registered capital, reflecting a holding of 1.30 million ordinary shares with the amount of 130.00 million Baht (One hundred and thirty million Baht). Another group of the shareholder will be a group of individuals holding the remaining 35.00% of registered capital of the JV Company as per the detail below:

**Shareholding Structure of the JV Company**

	Name	No. of Share	Shareholding Proportion (%)
1.	Business Alignment Public Company Limited	1,300,000	65.00
2.	Professor Pittayapoom Pattaranutaporn MD. <sup>(1)</sup>	400,000	20.00
3.	Ms. Nuttha Somkusol <sup>(2)</sup>	195,000	9.75
4.	A Group of Cancer Specialists (3 individuals)	105,000	5.25
	<b>Total</b>	<b>2,000,000</b>	<b>100.00</b>

- (1) Currently, he holds the position of deputy director, Siriraj Piyamaharajkarun Hospital, Head of the Cancer Center.
- (2) She is a Managing Director of Thermtch Medical Company Limited, an importer and distributor of equipment and accessories for cancer treatment (this company will not have trading transaction or any transactions with the JV Company). Ms. Nattha Somkusol is a senior executive in a medical equipment business. She has relationships and contacts with companies and medical personnel, and has been involved in initiating the project since its inception in the implementation of specialized cancer treatment programs. So as the project is more feasible to do and seeking a partner to invest, this joint investor is well-equipped with funding and network in the medical field and is expected to help the JV in the business and / or business expansion in the future.

Remark: The connected person is not a related person of the Company and there is no connection between them.

**Board of Director Structure of the JV Company**

The Board of directors of the JV Company shall consist of at least 7 persons. The Company has a right to nominate directors at least 4 persons, whereas the Group has a right to nominate directors at least 3 persons. In case of board of director meeting, voting activity of board of director, accreditation of a president of the Board as well as Authority of signing on behalf of the JV Company, the Company and the Group will mutually determine, and the Company shall have control authority over the JV Company. Such mutual conditions shall be written in the shareholders' agreement between the Company and the Group.

For the structure of management such as the defined organizational structure, staff recruiting, the joint venture company will continue to follow the progress of the work prior to the start of commercial operations.

The transaction does not constitute a connected person transaction, however, the highest calculated transaction size based on total project value is equal to 67.60% according to a total value of consideration basis, using reviewed financial statement for the 6-month period ended June 30, 2017. The calculation method is per detail below:

1. Net tangible asset (NTA) value method

Net tangible asset (NTA) value method	= $\frac{(\text{Shareholding Proportion (increase/decrease)} \times \text{NTA of the JV Company} \times 100)}{(\text{NTA of the Company})}$
	= Cannot be calculated

2. Net profit method

Net profit method	= $\frac{(\text{Shareholding Proportion (increase/decrease)} \times \text{net profit of the JV Company} \times 100)}{(\text{Net profit of the Company})}$
	= Cannot be calculated

3. Total value of consideration method

Total value of consideration method	= $\frac{(\text{Value of consideration paid or received} \times 100)}{(\text{Value of assets of the Company})}$
	= $\frac{500.00^1 \times 100}{739.69}$
	= 67.60%

4. Securities issued to pay for acquired assets value method

Securities issued to pay for acquired assets value method	= $\frac{(\text{Value of securities issued} \times 100)}{(\text{Value of issued securities of the Company})}$
	= Cannot be calculated

Conclusion of 4 calculation methods of the transaction size

Calculation methods	Percentage
1. Transaction size based on Net tangible asset (NTA) value method	N/A
2. Transaction size based on Net profit method	N/A
3. Transaction size based on Total value of consideration method	67.60%
4. Transaction size based on Securities issued to pay for acquired assets value method	N/A

Therefore, when calculating by means of Total value of consideration methods, the transaction size will be 67.60% of Value of assets of the Company which is calculated based on the information from the reviewed 6-month period financial statements of the Company ended June 30, 2017; and since the Company did not enter into any acquisition transaction during the past 6 months; therefore, the acquisition transaction of assets is considered a Class 1 Transaction in accordance with the Notification on Acquisition or Disposal, which requires the Company to disclose the information memorandum of the transaction to the Stock Exchange of Thailand, appoint an independent financial advisor to render opinions to the shareholders in connection with the entering into the acquisition transaction of assets, and to hold a shareholders' meeting of the Company to consider and approve the entering into the transaction, whereby the shareholders' meeting shall pass an approval by the votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the rights to vote, excluding the shareholders who have conflict of interest. In this regard, the Board of Directors' Meeting No. 6/2017 has appointed OptAsia Capital Co., Ltd. as an independent financial advisor to render opinions to the shareholders in connection with the entering into such transaction.

#### **4. Description of Asset to be Acquired**

##### Detail of Land and Project Location

The land used in the Project is located at Sriracha-Khongkor, Khongkharm, Sriracha, Chonburi, with total area of 5 Rai 3 Ngan 62 Square Wah. Located in the residential area, basic infrastructure, convenient transportation and the trend is good. Traveling from motorway (torlor. 7) to Sriracha - Nong Kor Road (tor lor. 3241). Head to Nong Kho reservoir. The distance is about 1,900 meters and turn left to Soi Khao Yai, about 80 meters. Nearby is Sriracha Tiger Zoo. The distance of about 800 meters and Nong Kham subdistrict administrative organization. About 2,400 meters

Currently, the land has no obligation. It may be used as collateral for future project loans.

##### Project Characteristics

Business Alignment Public Company Limited is a solution provider in radiotherapy for cancer treatment for more than 17 years. Currently, cancer is considered as the 1<sup>st</sup> cause of death in Thailand, and continue to increase every year. As such, it is very clear that government and private sector are being aware of rising demand on cancer treatment around the country as well as the foreign patients coming to Thailand, which is presently far less than enough. It currently appears that a lot of people cannot access quality cancer treatment, and waiting time for good treatment is long. Moreover, cancer hospitals in Bangkok are now too crowded, especially in state hospitals.

In this regard, BIZ together with a group of individuals has considered this as an opportunity to start the cancer treatment business by commencing the Project to respond to the increasing demand as mentioned above. BIZ aim to use the most advance technique and technology in the treatment in order to improve chance for the patients to be able to access the quality treatment, leading to enhancement of quality of life of the patients as well as their family.

The JV Company will build a cancer hospital with 15-30 beds, 6 floors of building and 1 linear accelerators for radiotherapy focusing mainly on cancer treatment with quality and international standard in term of technology and efficiency of medical personnel. The treatment techniques used in the hospital are 1) Radiotherapy and 2) Chemotherapy. The potential customer is the patients subsequently submitted from main hospitals in the area. Types of patient are classified as 1) Self-pay patient and 2) subsidized patient such as social security and national security office (NHSO).

##### **Details of the project and nature of the business.**

The hospital specializing in cancer treatment has invested in the construction, interior decoration, and the purchase of tools, medical devices, including expenses prior to the operations, and interest during the construction in which there will be sources of fund as follows;

Purpose of spending	Million Baht	Source of fund	Million Baht
Land and improvements	59.00	Shareholders' equity	200.00
Design & Civil work	140.00	Loans from financial institution	300.00
Design & Engineering system	60.00		
Medical devices	186.00		
Expenses prior to the operation	55.00		
Total spending and working capital	500.00	Total sources of fund and short-term loan	500.00

#### Construction Period

The Company plan to have the JV Company to commence the project within 3 months after the approval from the Extraordinary General Meeting of Shareholders no.1/2018. Related license applications and construction process are expected to finish within 16 months. As detail follows;

Estimate period of time	Procedure
December 2017 – June 2018	Expected timing for the approval of the BOI
January 2018	- Shareholders' meeting to consider the establishment of a cancer hospital project. - Registration of the JV Company
January – March 2018	- Searching for a construction contractor. - Applying for construction permit with Provincial Health Office (PHO).
March – May 2018	Asking for permits to operate a hospital.
May 2018 – September 2019	Construction period of the hospital building (16 months).
August 2019	Installing radiation machine and important equipment.
September – November 2019	- Requesting for permit to engage with the hospital operation with PHO - Requesting for a permit to operate a specialized hospital from the Department of Medical Science - Requesting for a permit to possess radiation machine from the Office of Atoms for Peace
around December 2019	Starting commercial operation (preliminary schedule).

#### **5. Total value of consideration and payment conditions**

The Project has approximate total investment value of 500.00 million Baht (including value of land) with terms of payment as follows:

- 5.1 Value of Land (Including fees and other relevant expenses) amounting to THB 59.00 million (Compare with the appraised value from the independent appraiser Details of 7.1.) is expected to make full payment by cash on Right Transferring date, subject to approval from Extraordinary General Meeting No. 1/2018.
- 5.2 Construction and Decoration fee approximately amount to THB 200.00 million;

Details	Reference company	Value (approximately)	Date
5.2.1 Design and civil work	A Plus I Company Limited	140 Baht 140 million	11 September 2017
5.2.2 Design and engineering system	EEC Engineering Network Company Limited	Baht 60 million	20 October 2017

The payment term will be determined later with selected contractor(s). However, the Company has no relationship with two companies that submitted the proposal. The company has selected two companies that specialize in the design of hospital or a medical center and they can also offer a hospital model that meets the needs and budget of the project

- 5.3 Machine, Tools and Medical Equipment approximately amount to THB 186.00 million consisting of :
- medical equipment and device relating to radiotherapy, expected to be provided by BIZ, amount to THB 120 million with payment to be made at delivery. (Based on prices quoted from the company's quotations sold to hospitals in 2016-2017).
  - Other medical equipment and device amount to THB 66 million. such as restraint, Biological Safety Cabinet, bed, ambulance, equipment, and supplies, etc. The payment term will be later determined with each seller. (Based on current prices of The Comptroller General's Department (CGD) and quotations from equipment suppliers during 2016-2017).
- 5.4 Other expenses before commencement date such as interest charged during construction period, fee and expenses with respect to licenses application and miscellaneous expenses, approximately amount to THB 27.00 million
- 5.5 Contingency amounts to THB 28.00 million. Approximate 5% of total investment cost

#### 6.Value of acquired assets

The JV Company will acquire the assets as follows:

- 6.1 Land 5-3-62.0 Rai at 9.86 million Baht per rai, amounting to a total of 59 .00 million Baht including transfer fee and related expenses for land purchase
- 6.2 Building amounting to 200.00 million Baht
- 6.3 Machine, Tools and Medical Equipment amounting to 186.00 million Baht

#### 7.Criteria for determination of consideration value

The Company calculate total value of consideration based on total investment value of the Project as per detail below:

##### 7.1 Land

Land Cost is mutually agreed by parties to be not over than THB 57.16 million, excluding fees and relevant expenses which are equally responsible by both parties. The reference cost valued by an independent appraiser under the Securities Exchange Commission Office is as follow:

Name of Appraiser	Appraised Value per Rai	Total Value	Date of Appraisal	Objective
Brent Joe Cosens Consulting Co.,Ltd	THB 9.21 million	THB 54.326 million	11 October 2017	For Publication



## 7.2 Construction

For design and construction, the company is based on the assessment of A Plus I Co., Ltd. that has experience and expertise in hospital design. System design and Engineering System, the company is based on the evaluation of EEC Engineering Network Co., Ltd. as experts and consultants in engineering, building systems are reliable.

## 7.3 Machine, Tools and Medical Equipment

Cost of Machine, Tools and Medical Equipment with respect to radiotherapy are referred from quotation of the Company. Moreover, other Machine, Tools and Medical Equipment are referred from The Comptroller General's Department (CGD) and/or market price from the sellers

## 7.4 Other expenses before commencement date such as interest charged during construction period, fee and expenses with respect to licenses application and miscellaneous expenses, are calculated based construction plan.

## 7.5 Contingency is set to be approximate 5% of total investment cost

## 8.Expected benefits from the transaction

Expected benefits from the investment in the Project are as follows:

- 8.1 To increase long-term competitiveness of the Company's business
- 8.2 To expand product line from existing business which can create opportunity for the patient to receive the quality treatment
- 8.3 To increase sources of revenue in order to utilize risk diversification to other businesses
- 8.4 To increase opportunity of enhancing stability of revenue and sources of cash flow.

## 9.Sources of funds for the entering into the transaction

### 9.1 Sources of fund of the Company used in Transaction:

- 9.1.1 Internal cash of the Company in an amount of 130,000,000 Baht

### 9.2 Sources of fund of Project:

- 9.2.1 **Fund from shareholders in an amount of 200,000,000 Baht**
  - 9.2.1.1 Fund from the Company in an amount of 130,000,000 Baht
  - 9.2.1.2 Fund from the Group in an amount of 70,000,000 Baht
- 9.2.2 **loan from financial institution in an amount of 300,000,000 Baht**  
(on behalf of the JV Company)

The Company expects approximately a 10 years loan (including the first two years with Grace period) and place land, buildings, Medical equipment as well as the Company and authorized directors as guarantee of loan. If necessary, the Company has to be a guarantee of the loan in proportion of the shareholding. The company will ask for a guarantee fee from the JV Company, in which details will be agreed on.

## 10. Condition of the Transaction

The entering into the transaction is at the highest value equaling to 67.60% pursuant to a total value of consideration basis which is calculated based on information from the 6-month reviewed financial statements of the Company ended June 30, 2017; and since the Company have not entered into any acquisition transaction during the past 6 months; hence, the transaction is considered a class 1 transaction in accordance with the Notification on Acquisition and Disposal of Asset. As such, the Company is required to disclose the information memorandum of the transaction to the Stock Exchange of Thailand, appoint an independent financial advisor to render opinions to the shareholders in connection with the entering into the transaction, and hold a shareholder meeting of the Company to consider and approve the engagement of the transaction, whereby the shareholder meeting shall pass an approval by the votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote, excluding the

shareholders who have conflict of interest in the transaction. However, there are no shareholders who have any interest in this transaction.

The Company will enter into this transaction after the Extraordinary General Meeting of Shareholders no.1/2018 held on Tuesday, January 9, 2018 pass a resolution to enter into the transaction.

#### **11. Opinion of the Board of Directors on the Transaction**

The Board of Directors Meeting No. 6/2017 on October 17, 2017 has considered the detail in relation to the transaction and has opinion that the investment budget for the project is reasonable in accordance with the reference data based on the feasibility study done by both the Company and its financial advisor, the appraised value of the independent property appraiser which is Brent Joe Cosens Consulting Company Limited, quotation from the construction designer which is A Plus I Company Limited, quotation from the engineering designer which is EEC Engineering Network Company Limited, suppliers of machine, devices, and equipment, as well as reference prices according to the relevant government agencies and other private companies. When comparing the market prices and the determined costs are at reasonable level. Moreover, considering the business opportunity of the Project, it is believed that the investment in the Project will benefit the Company and eventually the shareholders of the Company. As such, the Board of Directors agree to convene Extraordinary General Meeting of the Company's shareholders no. 1/2018 in order to consider and approve the entering into the transaction.

#### **12. Opinion of the Audit Committee and/or the Director whose opinion is different from the Board of Directors' opinion**

The Audit Committee, after due consideration, have the opinions in line with the Board of Directors.

#### **2. The statement relating to the responsibility of directors with respect to the information in documents sent to the shareholders.**

I, Mr. Sompong Chunekitiyanone and Mr. Voravid Silapusid as authorized director of the Company have reviewed the information in this report carefully. I hereby certify that the information contained in this Information Memorandum is accurate, complete, non-fictitious and does not mislead or materially misrepresent any material information any material information.

#### **3. Qualifications of Independent Financial Advisor who commented on the transaction.**

- (1) Shareholding and Relationship of the Financial Advisor with the Company

-None-

- (2) Consent of the Financial Advisor to publish the opinion.

OptAsia Capital Co., Ltd. The Independent Financial Advisor agrees to disseminate the opinion.

- (3) Date of Opinion

November 16, 2017

#### **4. Liability**

- (1) The total outstanding and un-issued debentures as approved by the shareholders' meeting. To authorize the Board of Directors to consider the issue as deemed appropriate.

None

- (2) The amount of the loan with a fixed period Identify the burden of bringing the asset as collateral.

-None-

- (3) Total value of other liabilities Including overdrafts. It indicates the obligation to bring assets into collateral. As at September 30, 2017 The Company has no other debt. However, the Company has fixed deposits with local commercial banks in the amount of Baht 54.00 million. The loan is secured by a short-term loan facility,

promissory note, Letter of Credit and trust Receipt Letter of guarantee Including foreign currency forward contracts.

(4) Contingent liabilities

None-

**5. Information relating to nature of business operations and business trends of the listed company, subsidiaries and associated companies of the listed company;**

**(1) Overview of Business Operations**



Business Alignment Public Company Limited or BIZ operates the distribution and installation of medical equipment for cancer treatment through radiotherapy by importing the equipment from world's leading professional in cancer treatment equipment and technology. The company's operations also include the maintenance service of the mentioned equipment. The key clients include hospitals under faculties of medicine, hospitals in the Cancer Hospital Group under Medical Department, Ministry of Public Health, other public hospitals, public health departments and organizations and private hospitals.

The company is the sole importer and exclusive distributor of radiation machine equipment for Varian Medical Systems Inc. and its affiliates, which is the world's leading company with great credibility and widely accepted among the medical industry personnel from all over the world as the medical equipment provider and modern software system for cancer treatment. The company has been trusted as the exclusive distributor for over 17 years. Additionally, the company also works with many suppliers overseas such as IBA Dosimetry GmbH (Germany), Thermo Fisher Scientific Inc. (USA), Xstrahl Limited (United Kingdom), Deltabit Oy (Finland), Vision RT Ltd (United Kingdom), Computerized Imaging Reference Systems, Inc. (CIRS) (USA), Radiation Product Design, Inc. (USA) and Ashland Inc.(USA). Beside from distribution, the company also provides maintenance service of the medical equipment to the clients who ordered from the company to ensure its functionality throughout its usage period.












The key product that the company offers is radiation treatment equipment especially the linear accelerator which is the key equipment in teletherapy. This product is highly important and has high value to the project. Moreover, the company acts as the solution provider which means the company is responsible for providing the equipment as well as a full circle service to ensure that our clients will be able to operate the machine to its highest effectiveness. Therefore, the company is responsible for providing everything starting from the construction process, renovation process to ensure the room is of high standard to increase to prevent radiation leak as well as providing other necessary equipment to ensure the effectiveness of the treatment such as treatment planning computer system, oncology information system, quality assurance and pretreatment verification tool and other supporting equipment. In addition, the company provides maintenance service to lengthen the usage life of the equipment.

**Type of Products and Services**

The present, Business Alignment Public Co., Ltd. or BIZ operates the distribution and installation of medical equipment for cancer treatment through radiotherapy and offers maintenance service to the clients who ordered from the Company. Nowadays, we are the exclusive distributor for 2 leading providers

Product	Company	Country	Type of Products
	Varian Medical Systems Inc.	USA	Linear accelerators, treatment planning computer system, radiotherapy patient database system
	Mobius Medical Systems, LP	USA	Quality assurance and pretreatment verification tool

Additionally, the company also works with many suppliers overseas including:

Product	Company	Country	Type of Products
	IBA Dosimetry GmbH	Germany	Linear accelerators' quality assurance and inspection machine
	Thermo Fisher Scientific Inc.	USA	Radiation Survey meter device
	Xstrahl Limited.	UK	Superficial X-Ray machine
	Vision RT Ltd.	UK	Patient's positioning device
	Deltabit Oy	Finland	Pretreatment patient identification device
	Radiation Product Design, Inc.	USA	Radiotherapy equipment
	Computerized Imaging Reference Systems, Inc.	USA	Quality assurance Phantoms
	Ashland Inc.	USA	Radiation film dosimetry
	Best Medical Canada Ltd.	Canada	Radiation dosimetry device
	QFix	USA	Patient Immobilization device
	C-Rad	Sweden	Patient's motion detection device in radiotherapy

The company can categorize its product and service types based on revenue type as follows:

1. **Sales Revenue** generated from the distribution and installation of the following equipment types:

**(1) Treatment Delivery Equipment**

This is the main equipment that the company sells which is the equipment used in radiotherapy and is of the highest value when compared to the other functions or equipment types of the company. Treatment Delivery equipment can be categorized into 2 groups: 1) Linear Accelerator 2) Brachytherapy Afterloader

**(2) Equipment and System Type**

This equipment type relates to high level technology equipment and system which is used together with the radiation machine in the radiotherapy process. The key equipment in this group include hardware and software system for treatment planning system, oncology information system and radiation simulation.

### (3) Other Equipment

These are the supporting equipment for the key equipment such as applicators for the Afterloader or the group of equipment that is used in supporting the treatment process such as the Quality Assurance and Pretreatment Verification Tool, Gafchromic film, Motion Detector during radiation process and patients' immobilization solution.

## 2. Revenue from Maintenance Services

Service revenue comes from the maintenance services for the medical equipment after the warranty period is over according to the sales contract. This warranty usually lasts 1-2 years after the handover of the equipment depending on each agreement.

- (2) Summary of financial statements during the past 3 years and the present year until the latest quarter, as well as the explanation and analysis of financial condition and operating result in the past year and the present year until the latest quarter including risk factor which may affect the profit of the listed company;

### Financial Position of the Company

STATEMENTS OF FINANCIAL POSITION	31 Dec 2014		31 Dec 2015		31 Dec 2016		30 Sep 2017	
	MB	%	MB	%	MB	%	MB	%
<b>ASSETS</b>								
<u>CURRENT ASSETS</u>								
Cash and cash equivalents	3.54	1.42%	47.33	12.65%	223.98	35.61%	324.01	37.93%
Current investments	214.20	85.83%	35.15	9.40%	41.50	6.60%	23.28	2.72%
Trade and other receivables	18.87	7.56%	236.89	63.32%	236.95	37.68%	172.52	20.19%
Inventories	5.48	2.20%	44.67	11.94%	107.45	17.09%	81.02	9.48%
Construction contract work in process	0.00	0.00%	0.00	0.00%	0.00	0.00%	60.25	7.05%
Other current assets	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b>Total current assets</b>	<b>242.09</b>	<b>97.00%</b>	<b>364.04</b>	<b>97.30%</b>	<b>609.88</b>	<b>96.97%</b>	<b>661.07</b>	<b>77.38%</b>
<u>NON-CURRENT ASSETS</u>								
Long-term trade receivable	0.00	0.00%	0.00	0.00%	7.91	1.26%	5.43	0.64%
Other long-term investments	0.00	0.00%	0.00	0.00%	0.00	0.00%	30.75	3.60%
Property, plant and equipment	2.39	0.96%	4.39	1.17%	4.08	0.65%	29.86	3.50%
Intangible assets	0.10	0.04%	0.08	0.02%	0.20	0.03%	0.20	0.02%
Deferred tax assets	3.58	1.43%	3.92	1.05%	6.41	1.02%	7.35	0.86%
Money advance to buy medical equipment.	0.00	0.00%	0.00	0.00%	0.00	0.00%	89.86	10.52%
Other non-current assets	1.41	0.56%	1.70	0.45%	0.43	0.07%	29.78	3.49%
<b>Total non-current assets</b>	<b>7.48</b>	<b>3.00%</b>	<b>10.09</b>	<b>2.70%</b>	<b>19.03</b>	<b>3.03%</b>	<b>193.24</b>	<b>22.62%</b>
<b>TOTAL ASSETS</b>	<b>249.57</b>	<b>100.00%</b>	<b>374.13</b>	<b>100.00%</b>	<b>628.92</b>	<b>100.00%</b>	<b>854.30</b>	<b>100.00%</b>
<b>LIABILITIES</b>								
<u>CURRENT LIABILITIES</u>								

STATEMENTS OF FINANCIAL POSITION	31 Dec 2014		31 Dec 2015		31 Dec 2016		30 Sep 2017	
	MB	%	MB	%	MB	%	MB	%
Short-term borrowings from financial institutions	0.00	0.00%	12.55	3.35%	0.00	0.00%	0.00	0.00%
Trade and other payables	15.10	6.05%	112.36	30.03%	96.53	15.35%	170.10	19.91%
Income tax payable	3.86	1.55%	0.89	0.24%	0.23	0.04%	2.69	0.31%
Other current provisions	6.38	2.56%	4.42	1.18%	2.62	0.42%	4.86	0.57%
Other current financial liabilities	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.21	0.03%
<b>Total current liabilities</b>	<b>25.34</b>	<b>10.15%</b>	<b>130.22</b>	<b>34.81%</b>	<b>99.38</b>	<b>15.80%</b>	<b>177.87</b>	<b>20.82%</b>
<b>NON-CURRENT LIABILITIES</b>								
Long-term trade payable	0.00	0.00%	0.00	0.00%	12.55	2.00%	8.72	1.02%
Provisions for employee benefit	3.79	1.52%	4.35	1.16%	5.51	0.88%	6.05	0.71%
Other non-current provisions	0.44	0.18%	0.25	0.07%	0.35	0.06%	0.80	0.09%
Advance from customers	0.00	0.00%	0.00	0.00%	0.00	0.00	135.04	15.81%
Other non-current financial liabilities	0.00	0.00%	0.00	0.00%	0.00	0.00%	19.52	2.28%
<b>Total non-current liabilities</b>	<b>4.23</b>	<b>1.69%</b>	<b>4.60</b>	<b>1.23%</b>	<b>18.41</b>	<b>2.93%</b>	<b>170.12</b>	<b>19.91%</b>
<b>Total liabilities</b>	<b>29.57</b>	<b>11.85%</b>	<b>134.82</b>	<b>36.04%</b>	<b>117.79</b>	<b>18.73%</b>	<b>347.99</b>	<b>40.73%</b>
<b>SHAREHOLDERS' EQUITY</b>								
Authorized share capital	5.00		5.00		200.00		200.00	
Issued and paid-up share capital	5.00	2.00%	5.00	1.34%	200.00	31.80%	200.00	23.41%
Share premium on ordinary shares	0.40	0.16%	0.40	0.11%	222.33	35.35%	222.33	26.02%
Retained earnings:								
Legal reserve	10.25	4.11%	10.25	2.74%	14.42	2.29%	14.42	1.69%
Unappropriated	202.89	81.30%	223.66	59.78%	74.38	11.83%	69.57	8.14%
Other components of shareholders' equity	1.46	0.59%	0.00	0.00%	0.00	0.00%	0.00	0.00%
<b>Total shareholders' equity</b>	<b>220.00</b>	<b>88.15%</b>	<b>239.31</b>	<b>63.96%</b>	<b>511.13</b>	<b>81.27%</b>	<b>506.32</b>	<b>59.27%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>249.57</b>	<b>100.00%</b>	<b>374.13</b>	<b>100.00%</b>	<b>628.92</b>	<b>100.00%</b>	<b>854.31</b>	<b>100.00%</b>

#### Total Assets

As of 31 December 2014 – 2016 and 30 September 2017, the company had total assets of 249.57 million Baht, 374.13 million Baht, 628.91 million Baht and 854.30 million Baht, respectively. Significant assets that influenced the changes in the total assets of the company are as follows:

- Trade accounts and other receivables - net : As of 31 December 2014 – 2016 and 30 September 2017, the company had a net value of trade accounts receivables and other accounts receivables of 18.87 million Baht, 236.89 million Baht, 236.95 million Baht and 172.52million Baht or 63.32%, 7.56%, 37.68% and 20.19% of the total assets, respectively, The net value of trade accounts receivables at the end of 2015 was high due to the company

delivering projects with high value towards the end of 2015 and awaiting payments from customers, such as the Stereotactic Radiotherapy Project, Faculty of Medicine, Ramathibodi Hospital of 170.00 million Baht, and the project for Faculty of Medicine, Chiang Mai University of 25.29 million Baht, resulting in a higher value of trade receivables at the end of the year 2015. As of 31 December 2016, the company's important receivables include the Faculty of Medicine, Siriraj Hospital, valued at 174 million Baht, whose project the company has already completed and handed over in late 2016. The company's key receivables as of 30 June 2017 are the projects of Bangkok Dusit Medical Services Public Company Limited (Wattanosoth Hospital) which has been delivered and waiting for payment, valued at 126.75 million Baht

- Inventories - net: As of 31 December 2014 – 2016 and 30 September 2017, the company had a net value of inventories of 5.48 million Baht, 44.67 million Baht, 107.45 million Baht and 81.02 million Baht, or 2.19%, 11.94%, 17.08% and 9.48% of the total assets, respectively. As of 31 December 2016, and 30 June 2017, the company's Inventories are primarily products that are in the process of being installed for the clients, valued at 100.21 million Baht and 77.21 million Baht, respectively.
- Property, plant and equipment - net: As of 31 December 2014 – 2016 and 30 September 2017, the company's net value of Property, plant and equipment was 2.39 million Baht, 4.39 million Baht, 4.08 million Baht and 29.86 million Baht or 0.96%, 1.17%, 0.65% and 3.50% of the total assets, respectively., consisting of a unit of condominium for its office, office supplies, office improvements, vehicles, etc. As of 30 September 2017, Property, plant and equipment increased because the Company acquired a unit of condominium for its office amounting to Baht 25.3 million in March 2017.
- Long-term trade receivables: As of 31 December 2014, 2015 and 2016, the company had long-term trade accounts receivables of 0.00 million Baht, 0.00 million Baht and 7.91 million Baht or 0.00%, 0.00% and 1.26% of total assets, respectively. In the year 2016, the company's Long-term trade accounts receivables were usually from software upgrade agreements with clients, which permits the payment to be made in annual installments. When combined with the long-term trade receivables of 2.34 million Baht due within one year, the company's total long-term trade receivables in the year 2016 equaled 10.25 million Baht.

## Source of Fund

### Debt

As of 31 December 2014 – 2016 and 30 September 2017, the company had total liabilities of 29.57 million Baht, 134.82 million Baht, 117.79 million Baht and 347.99 million Baht, respectively, or 11.85%, 36.04%, 18.73% and 40.73% of the liabilities and shareholders' equity, respectively. The liabilities with major changes are as follows:

- Trade and other payables: As of 31 December 2014 – 2016 and 30 September 2017 were 15.10 million Baht, 112.36 million Baht, 96.53 million Baht and 170.10 million Baht, representing 6.05%, 30.03%, 15.35% and 19.91% of the liabilities and shareholders' equity, respectively. From the evaluation of trade payables, As of 31 December 2015, 2016 and 30 September 2017, the company's trade payables rose significantly from the year 2014, as the Company received many Bills of Lading from the orders of various medical equipment from abroad to be used in its ongoing projects. Therefore, as the accounting standard states that the moment the Company receives the Bill of Lading, it must immediately be noted as a trade payable, the significant rise in trade payables is the result of the increasing number of projects.
- Provision for contractual product warranty (Short-term provisions) : As of 31 December 2014 – 2016 and 30 September 2017, the company had outstanding liabilities under contractual warranties of 6.38 million Baht, 4.42 million Baht, 2.62 million Baht and 4.86 million Baht or 2.56%, 1.18%, 0.42% and 0.57% of the liabilities and

shareholders' equity, respectively. The above items are provisions for the contractual product warranties provided after delivery, the costs of which are a part of the business that the company shall be responsible for, as the manufacturer does not provide such warranty provisions.

- Long-term provisions: As of 31 December 2014 – 2016 and 30 September 2017, the company's provision for long-term debt was 0.44 million Baht, 0.25 million Baht, 0.35 million Baht and 0.80 million Baht, or 0.18%, 0.07%, 0.06% and 0.09% of the liabilities and shareholders' equity, respectively. The said provisions were also for contractual product warranties; however, they are costs for the warranties with a period of over one year.
- Advance from customer: As of 31 December 2014 – 2016 and 30 September 2017, advance from customer was 0.00 million Baht, 0.00 million Baht, 0.00 million Baht and 135.04 million Baht, or 0.00%, 0.00%, 0.00% and 15.81% of the liabilities and shareholders' equity, respectively. As of 30 September 2017, Advance from customer was 135.04 million Baht as the Company entered into an agreement to sale medical equipment including installation, and construction of a building (under Project center treating cancer patients with protons radio therapy) to a local hospital at Baht 1,200 million. Under the terms of the agreement, the Company will make progress billings up to the completion of the project, and has to deliver the project within September 2020.

### Shareholders' Equity

As of 31 December 2014 – 2016 and 30 September 2017, the shareholders' equity of the company was 220.00 million Baht, 239.31 million Baht 511.12 million Baht and 506.32 million Baht, or 88.15%, 63.96%, 81.27% and 59.27% of the liabilities and shareholders' equity, respectively. The details of each significant item are described in the following list:

- Retained earnings : As of 31 December 2014 – 2016 and 30 September 2017, the company's retained earnings were 202.89 million Baht, 223.66 million Baht 74.38 million Baht and 69.57 million Baht or 81.30%, 59.78%, 11.83% and 8.14% of the liabilities and shareholders' equity, respectively. The main reason for the significantly lower unappropriated retained earnings as of 30 September 2017, when compared to the previous year, was the resolution at the Shareholders' Meeting, held on the 18 April 2017, to pay dividends to the Company's shareholders at the rate of 0.10 Baht per share, or 40.00 million Baht in total, from the unappropriated retained earnings as of 31 December 2016.

### Operating Performance or Statement of income

STATEMENTS OF COMPREHENSIVE INCOME	2014		2015		2016		Jan – Sep 2017	
	MB	%	MB	%	MB	%	MB	%
Revenue from sales of goods	999.58	93.91	236.71	74.22	607.12	81.69	286.25	63.34
Revenue from rendering of services	63.04	5.92	73.83	23.15	130.72	17.59	97.40	21.55
Revenue from construction	0.00	0.00	0.00	0.00	0.00	0.00	66.24	14.66
Other income	1.73	0.16	8.40	2.63	5.39	0.73	2.03	0.45
<b>Total revenues</b>	<b>1,064.35</b>	<b>100.00</b>	<b>318.94</b>	<b>100.00</b>	<b>743.23</b>	<b>100.00</b>	<b>451.91</b>	<b>100.00</b>
Costs of sales of goods	885.20	88.56	203.08	85.79	505.13	83.20	250.64	87.56
Costs of rendering of services	49.04	77.79	58.48	79.21	110.04	84.18	69.77	71.64
Costs of construction	0.00	0.00	0.00	0.00	0.00	0.00	60.17	90.84
<b>Gross Profit (excluding other revenues)</b>	<b>128.38</b>	<b>87.92</b>	<b>48.98</b>	<b>84.23</b>	<b>122.67</b>	<b>83.37</b>	<b>69.30</b>	<b>84.60</b>



STATEMENTS OF COMPREHENSIVE INCOME	2014		2015		2016		Jan – Sep 2017	
	MB	%	MB	%	MB	%	MB	%
Distribution costs	10.14	0.95	5.76	1.81	10.82	1.46	5.48	1.21
Administrative expenses	20.63	1.94	20.80	6.52	27.66	3.72	20.77	4.59
Loss on exchange rate	0.00	0.00	4.41	1.38	0.00	0.00	0.00	0.00
<b>Total expenses</b>	<b>30.77</b>	<b>2.89</b>	<b>30.97</b>	<b>9.71</b>	<b>38.48</b>	<b>5.18</b>	<b>26.24</b>	<b>5.81</b>
Finance costs	12.90	1.21	0.26	0.08	5.88	0.79	1.08	0.24
<b>Profit before income tax</b>	<b>86.44</b>	<b>8.12</b>	<b>26.15</b>	<b>8.20</b>	<b>83.70</b>	<b>11.26</b>	<b>44.01</b>	<b>9.74</b>
Tax expense	17.31	1.63	5.36	1.68	13.46	1.81	8.82	1.95
<b>Net income for the period</b>	<b>69.13</b>	<b>6.50</b>	<b>20.79</b>	<b>6.52</b>	<b>70.24</b>	<b>9.45</b>	<b>35.19</b>	<b>7.79</b>
Other comprehensive income	1.54	0.14	(1.48)	-0.46	(0.36)	-0.05	0.00	0.00
<b>Total comprehensive income for the year</b>	<b>70.67</b>	<b>6.64</b>	<b>19.31</b>	<b>6.05</b>	<b>69.88</b>	<b>9.40</b>	<b>35.19</b>	<b>7.79</b>

### Revenue

The company's total revenues in the year 2014 – 2016 and the first nine-month period of 2017 were 1,064.35 million Baht, 318.94 million Baht, 743.23 million Baht and 451.91 million Baht respectively, with details on the revenue structure as follows:

Type of Revenue	2014		2015		2016		Jan – Sep 2017	
	MB	%	MB	%	MB	%	MB	%
Sales Revenue	999.58	93.91	236.71	74.22	607.12	81.69	286.25	63.34
Services Revenues	63.04	5.92	73.83	23.15	130.72	17.59	97.40	21.55
Construction Revenue	0.00	0.00	0.00	0.00	0.00	0.00	66.24	14.66
<b>Total</b>	<b>1,062.62</b>	<b>99.84</b>	<b>310.54</b>	<b>97.37</b>	<b>737.84</b>	<b>99.27</b>	<b>449.88</b>	<b>99.55</b>
Other revenues	1.73	0.16	8.40	2.63	5.39	0.73	2.03	0.45
<b>Total revenues</b>	<b>1,064.35</b>	<b>100.00</b>	<b>318.94</b>	<b>100.00</b>	<b>743.23</b>	<b>100.00</b>	<b>451.91</b>	<b>100.00</b>

#### 1) Sales Revenue

In the year 2014 – 2016 and the first nine months of 2017, sales revenues were 999.58 million Baht, 236.71 million Baht, 607.12 million Baht and 286.25 million Baht, or 93.92%, 74.22%, 81.69% and 63.64% of total revenue, respectively. In comparison, sales revenue during the year 2014 - the year 2016 shows that revenues from sales in 2014 reached 999.58 million Baht. Because of the company has installed and delivered to some customers. This is a company that will deliver jobs and revenue recognition since 2013 but has been extended due to deliver a customer cannot deliver on schedule as agreed. For some projects, the customer has changed the requirement of certain items. It needs to postpone delivery. This results in a postpone of revenue recognition to the year 2014, about 240.74 million Baht, in 2014 the company has also been active with the high value of King Chulalongkorn Memorial Hospital because it sells products modern generation of radiation therapy models. This is a contract since 2012, but the contract for a period longer than other project due to the construction and operation of complex systems than other projects. So delivery and revenue recognition in the year 2014.

In the year 2015, sales revenues decreased by 762.87 million Baht or 76.32 percent from a year earlier as the company delivered and recognized revenue from only two high value projects. In the year 2016 saw the Revenue from Sales rose by 370.41 million Baht, or by 156.48%, from the previous year, as many large, high-value projects were completed, such as Bangkok Cancer Sanatorium, Sawan Pracharak Hospital, Lopburi Cancer Hospital, Chonburi Cancer Hospital, and the Faculty of Medicine, Siriraj Hospital and thus their revenues recognized.

In 6 months period of 2017, the Revenue from Sales rose by 122.53 million Baht, or by 185.13%, from the previous year, as many large.

For the nine-month period of 2017, sales revenues decreased by 109.25 million Baht or 27.62 percent from the same period in the previous year. This decrease is due to the completion and revenue recognition of only 2 large projects as expected in the company's backlog were the projects of Bangkok Dusit Medical Services Public Company Limited (Wattanosoth Hospital) and Roi Et Hospital.

## 2) Services Revenues

Services revenues are revenues from providing maintenance service for medical equipment sets, after the customer's insurance contract expires post-project delivery. Such service will allow the equipment to operate efficiently throughout its lifespan. The company has provided customers with annual maintenance agreements of which the average revenue is recognized on a monthly basis at equal monthly rates. In addition, the company also provides maintenance services and supplies various types of equipment not covered under the maintenance agreement for which customers can request service on a case by case basis according to the nature of the problem, such as maintenance of the chiller system, maintenance of the air conditioning and cooling systems, etc. The company also has services revenue from the upgrade of software systems used in radiation equipment in order to progress towards more efficient software systems. These include software system upgrades for the development of treatment plans which allow treatment plans to be developed with greater efficiency and accuracy.

In the year 2014 - 2016 and the first nine month of 2017, the company's services revenues were 63.04 million Baht, 73.83 million Baht, 130.72 million Baht and 97.40 million Baht, or 5.92%, 23.15%, 17.59% and 21.55% of the total revenues, respectively. In the year 2015, the company's services revenues were all obtained from maintenance services, showing 17.11% growth from the services revenues of the previous year or a 36.09 percent growth in services revenue resulting from maintenance services. This was because the warranty period after delivery of the product as stipulated in the sale contract had expired for many customers. Such customers approached the company for maintenance agreements to allow the company to continue product maintenance, which resulted in a total of 30 maintenance agreements in 2015.

In the year 2016, Revenues from Services was 130.72 million Baht, rising by 77.04% from the previous year. This rise in Revenue from Services can be attributed to the revenue recognition of the software upgrades to the radiotherapy products of 2 hospitals with a combined value of 31.98 million Baht, as well as the increasing number of maintenance agreements signed resulting from the expiry of the warranties on previously sold products.

For the nine-month period of 2017, the Company generated a revenue from service of 97.10 million Baht, decreasing by 10.80% when compared to the same period in the previous year due to the recognition of the software upgrades to the radiotherapy products.

## 3) Construction Revenue

Construction Revenue generated from the establishment of project centers treating cancer patients with protons radiotherapy with King Chulalongkorn Memorial Hospital, which occurred for the first time in the 2nd quarter of 2017.

Therefore, the Company generated revenue from construction of 66.24 million Baht or 14.66% of the total revenues, which the Company will recognize construction revenue from the ratio of the cost of work performed under the contract to the estimated total cost of construction.

#### 4) Other Revenues

The company's other revenues in 2014 - 2016 and nine-month period of 2017 were 1.73 million Baht, 8.40 million Baht, 5.39 million Baht and 2.03 million Baht, or 0.16%, 2.63%, 0.72% and 0.45% of total revenues, respectively. Other revenues included interest income, gains on currency exchange, gains on sale of investments, etc.

In the year 2015, the company had a large increase of other revenues from gains on the sales of short-term investments of 3.72 million Baht, from the reversal of a provision of 2.31 million Baht, and compensation from an insurance of 1.55 million Baht which was compensation the company received from the insurance company from an accident during the installation of equipment for a customer. Typically, the company will purchase insurance coverage for projects during the installation period for the majority of high value projects.

In the year 2016, the Company's revenue from other sources was 5.39 million Baht, which is primarily from the 3.92 million Baht profit from foreign exchanges, with other contributions from receiving interests and discounts received. For the nine-month period of 2017, the Company's other income was 2.03 million Baht, decreasing from the same period in the previous year by 3.41 million Baht or 62.68%, as there was a decrease in the profit from the foreign exchange.

#### **Costs and Gross Profit Margins**

The company's costs of sales and services in the year 2014 - 2016 and 9 months of 2017 were 934.24 million Baht, 261.56 million Baht, 615.17 million Baht and 380.58 million Baht, or 87.78%, 82.01%, 82.77% and 84.22% of total revenues respectively. As a result, the total gross profit of the company was 128.38 million Baht, 48.98 million Baht, 122.67 million Baht and 69.30 million Baht, or a gross profit margin of 12.08%, 15.77%, 16.62% and 15.40%, respectively. The total cost can be divided into the cost of sales and cost of services which correspond to the types of revenue. This change can be explained as follows:

##### (1) Cost of sales and gross profit margin from sales

The cost of sales is comprised of the costs of merchandise which include medical equipment and other accessories, material, interior decoration to ready the space for installation of radiation equipment, labor, travel, transportation, consultation for the project implementation as well as other costs and provision for contractual guarantees. The cost of merchandise is the largest proportion of the costs at approximately 70-80% of the cost of sales. The company purchased such equipment from multiple vendors, both foreign and domestic. As for the labor cost, the company hired subcontractors to carry out structural work such as structural construction, electrical, mechanical and air conditioning systems and interior renovation, by contracting for materials and labor or labor only, in order to reduce the load on personnel management and labor. Hiring subcontractors also allowed for efficient cost management.

The company's cost of sales in the year 2014 - 2016 and the first nine-month period of 2017 were 885.20 million Baht, 203.08 million Baht, 505.13 million Baht and 250.64 million Baht. And gross profit from sales in 2014 - 2016 and the first nine-month period of 2017 were 114.38 million Baht, 33.63 million Baht, 101.99 million Baht and 35.61 million Baht, or 11.44%, 14.21%, 16.80% and 12.44% of the gross profit margin of sales to revenues from the sales respectively.

In the year 2014, aside from revenue recognition in segments of business with high sales costs resulting in a low gross profit margin for the year, as mentioned above, the company also delivered and recognized revenue from projects of high value which usually have low profit margins. Additionally, in the year 2014, the company delivered multiple projects and

incurred costs during the project warranty period. In the category of after-sales warranty provisions, training seminar costs and the cost of after-sales insurance were actually incurred. As a result, in the year 2014, the company had a total of provisions and after the sale costs of 26.06 million Baht.

In the year 2015, the company had a gross profit margin increase from the previous year as the company accounted for a high level of sales of other medical equipment which were not high in value. This results in administrative costs in the distribution segment being more streamlined, with higher margins. However, over the year, the company delivered and recognized revenue from projects of high-value, two of which have lower margins. The average sales margin came in at 14.21 %. In the year 2016, the Gross Profit Margin from Sales was 16.80% of Revenue from Sales, higher than that of the previous year at 14.21%, as the Company was able to manage the costs of projects more efficiently

For the nine-month period of 2017, the company's gross profit margin was 12.44% of the sales revenues which lower than the gross profit margin from sales in the same period of the previous year at 21.67%, as the company has delivered projects would typically generate low margins as it is expected to be a market penetration strategy. Thus, the overall gross margin of sales was lower.

#### (2) Cost of services and gross profit margin from services

Cost of services can be classified into the following 2 types:

1) The cost of the maintenance agreement and/or software systems upgrades service back-to-back contracts, which the company made with the subcontracting company for the maintenance of the products within the scope of services of the manufacturer. For this type of service, when a customer needs maintenance or has problems with any part of the products, the company can coordinate and arrange for the manufacturing company to provide maintenance or solutions to its clients without any costs to the company.

2) The cost of labor and materials for the maintenance of medical equipment for customers, for the maintenance, service and supply of equipment not covered by the back-to-back maintenance contract with the subcontractor. Such costs are incurred when a customer requests for service on a case by case basis, based on the nature of the problem.

In the year 2014 – 2016 and the first nine-month of 2017, the company's cost of services were 49.04 million Baht, 58.48 million Baht, 110.04 million Baht and 69.77 million Baht and gross profit from services during such periods were 14.00 million Baht, 15.35 million Baht, 20.68 million Baht and 27.63 million Baht, representing 22.22%, 20.79%, 15.81% and 28.36% of the gross profit margin from services to revenues from services respectively. The Gross Profit Margin from Services declined in 2016, due to the slow process in renewing maintenance agreements with a number of state-owned hospitals, whilst still responsible for the costs from back-to-back maintenance contracts with the manufacturers. Nonetheless, the Company successfully renewed the contracts with its clients as of January 2017.

For the nine-month period of 2017, the company's gross profit from services is higher than the gross profit margin from services in the same quarter of the previous year at 20.31%. this increase was because the company maintenance agreement has increased since the customer's insurance contract expires and recently increased the price of its maintenance agreements. Moreover, due to the delay in renewing the maintenance agreements with a number of state hospitals previous period, the revenue recognition for the services was delayed.

#### (3) Cost of construction and gross profit margin from construction

For the first nine-month period of 2017, the company's cost of construction was 60.17 million Baht and gross profit from construction during such period was 6.07 million Baht or equivalent to a gross profit margin of 9.16%, which was according to planned project budget.

### Cost of Sales

The cost of sales consists mainly of expenses related to salaries and benefits for employees. In addition, expenses in this segment included commissions and other sales costs such as customer training seminars, product exhibits, etc. In 2014 - 2016 and the first nine-month of 2017, the company's cost of sales were 10.14 million Baht, 5.76 million Baht, 10.82 million Baht and 5.48 million Baht, or 0.95%, 1.81%, 1.46% and 1.21% of the total revenues respectively, while the expenses on salaries and employee benefits were 1.70 million Baht, 2.07 million Baht, 3.10 million Baht and 4.39 million Baht or 16.73%, 35.97%, 28.67% and 80.11% of the total cost of sales, respectively.

In the year 2015, the cost of sales decreased from the previous year by 4.38 million Baht, or a decline rate of 43.20 percent, since the company did not incur any cost for bidding on major projects, as was the case with 2014. That costs to prepare for the bidding of a large project, the company will have to design structures and systems to deliver before the bidding process as a condition to the bidding, the company took costs amounting to 1.09 million Baht which the project was canceled. Moreover, the company's cost of sales related to study visits of interested customers was 0.36 million Baht, which decreased by 3.94 million Baht, compared to 4.29 million Baht in 2014.

In the year 2016, the Company's Selling Expenses was 10.82 million Baht, increasing by 87.82% from the previous year, with the main reason being the increased costs in employing new sales officers, in addition to the costs associated with exhibiting products, bidding for projects and the increased commission from completing more projects. For the first nine-month period of 2017, the company had a selling expense of 5.48 million Baht, decreasing by 12.48% from the same period of the previous year as reducing in the expense of exhibitions for provides information about the product and commissions.

### Administrative Expenses

Significant administrative expenses consist of salaries, bonuses, employee expenses, miscellaneous expenses, depreciation and other charges, etc. In 2014 - 2016 and the first nine-month period of 2017, the company's administrative expenses were 20.63 million Baht, 20.80 million Baht 27.66 million Baht and 20.77 million Baht, representing 1.94 %, 6.52 %, 3.72 % and 4.59% of the total revenues, respectively.

In the year 2016, the company's Administrative Expenses was 27.66 million Baht, increasing by 33.00% from the previous year, due to the restructuring of the salary base, the remuneration for the members of Board of Directors and the banking fees associated with acquiring credit loans. For the first nine-month period of 2017, the company had an administrative expense of 20.77 million Baht, increasing by 12.40% from the same period of the previous year. Due to the company listed on the Stock Exchange of Thailand. There are some incremental expenses to comply with corporate governance principles such as the meeting allowances, directors' remuneration, advertising expenses and financial advisory fees and so on.

### Financial costs

Financial expenses comprise interest expenses resulting from the use of credit lines from financial institutions and/or other financing sources, such as interest expenses in the use of credit lines, Letters of Credit (L/C), trust receipts and interest on debt agreements, etc. In the year 2014 - 2016 and the first nine-month period of 2017, the company had a financial cost of 12.90 million Baht, 0.26 million Baht, 5.88 million Baht and 1.08 million Baht or 1.21%, 0.08%, 0.79% and 0.24% of the total revenue respectively. For the first nine-month period of 2017, the company's financial cost decreasing by 80.29% from the same period of 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

The company's net profit in the year 2014 - 2016 and the first nine-month period of 2017 were 69.13 million Baht, 20.79 million Baht, 70.24 million Baht and 35.19 million Baht, respectively. In 2014, although the company's total income grew by 55.51% from the previous year, the company's net profit increased 2.84 million Baht, or an increase of 4.29% because of the ratio of the cost of sales to selling expenses increased, whereas in the year 2015, the net profit fell from a year earlier by 48.34 million Baht or 69.92 %, mainly as a result of the reduction in income from sales.

The net profit margins of the company in the year 2014 - 2016 and the first nine-month period of 2017 were 6.49%, 6.52 %, 9.45% and 7.79%, respectively. For 2015, the company had a net profit margin of 6.52%, up slightly from the year 2014, with a net profit margin of 6.49%, which, although the gross profit margin increased from 12.08% in the year 2014 to 15.77% in the year 2015, the proportion of administrative expenses to revenue increased because total revenue declined but the cost of sales and administrative expenses remained constant. In the year 2016, the company's net profit margin was 9.45%, higher than in the year 2015 which was 6.52%, due to the company's ability to maintain its costs while increasing its revenue.

For the nine-month period of 2017, the company's net profit margin was 7.79%, decreased from the same period of the previous year. The decrease in net profit and lower net profit were from decrease in gross profit margin, and revenue which lead to the lower proportion of revenue per fixed cost.

#### **Risk factor which may affect the profit of the listed company;**

##### Risk from the increase of competition

The medical equipments import business is a fast-growing industry especially the ones with advanced technology such as radiotherapy machine which Thailand cannot manufacture and must be imported from overseas. To do so, the company needs to have registered for a license to manufacture or import the medical equipments according to the law. However, this does not stop new competitors to enter into the industry much.

Therefore, the company has the risk of new competitors and also the risk of Varian to run its own operation in the country against the company. This will not enable the company to continue its operations as the key products of the company are from Varian.

However, the company views that the rising of new competitors or for Varian to run its own operations in the country are highly impossible due to 3 reasons.

Firstly, radiotherapy equipments that are highly-accepted by the medical personnel domestically and internationally only come from 2 key manufacturers. One of them is by Varian Medical Systems Inc. (Varian) from USA which the company is representing. The other is by Elekta AB from Sweden which the company's competitor is representing. Therefore, the risk in new competitors within the country that will have the same potential as the company is very unlikely as the distribution of medical equipments especially ones related to cancer treatment requires knowledge and expertise in the product. Moreover, the company has its strength in being the solution provider for the clients which includes providing the equipments and supporting equipments, renovating the space to be suitable for installation and after sales maintenance service. And the reputation of the company for over 17 years has build strong credibility to Varian which means that the chance that Varian will change its distributor is highly unlikely as there is a chance that the new distributor might not be able to operate up to the standard of the company which will reflect negatively on Varian itself.

Secondly, Varian has its cost both monetary and time in managing the sales, marketing and after-sales service. To run the mentioned operations in a non-familiar territory to Varian might not be worth it especially when compared with

the sales ratio in Thailand. As a result, to appoint a distributor who is familiar with the territory and target clients and understands the culture and environment of its own country is probably better and can create more value to Varian.

Lastly, Varian alone cannot serve the needs of the clients in Thailand which need a full circle solution provider who can take responsibility in all aspects including space preparation to installation like what the company is currently operating. As this makes the clients experience more convenient, faster and less complicated. When comparing with other countries such as Singapore which does not need a distributor who is a solution provider, this allows Varian to be able to operate its own business there where clients will take care of the other aspects themselves. The company sees that as long as the needs of Thai clients still remain this way, it will be impossible for Varian to compete with the company.

#### Risk from Revenue Recognition Standard based on Accounting Standards

The key revenue of the company comes from distributing and installing the medical equipments for radiotherapy patients. The standard for recognizing revenue based on the accounting standards stated that the company may recognize new revenue only when the company has transfer the risk in the product to the client. For large scale projects, this will take approximately 210-360 days (from the signing date) to complete the project and hand over to the clients and recognize the revenue at one time. Therefore, should the company not be able to install or hand over the project within the scheduled accounting terms or the project was postponed, the company will face the risk of unstable income on each accounting term as the revenue will have to be moved to the following term once it has been handed over.

However, the company fully realizes the risk from using this standard, and it focuses mainly on the management of the project to ensure that everything will run according to the scheduled time frame. In the past, the company never fails to hand over the project to the clients on time unless the reasons were from the clients' unreadiness for the company to install the machine which caused the postponement in the revenue recognition.

#### Risk from most customers are hospitals affiliated with the government.

In the past, the company's target clients are mainly hospitals affiliated with the government. One key factor that sets the need for these hospitals to order from the company or not is the budget allocated from the supervised department. This means that even if the hospitals would like to purchase from the company but if the budget allocation does not support the purchase, the hospitals may not be able to order. Moreover, the annual budget allocation for the governmental departments is done on a seasonal basis which means that it will cover the period from October 1 to September 30 of the following year. In each fiscal year, if the clients are allocated with sufficient budget, the purchase order may begin and contracts will be signed during the 4<sup>th</sup> quarter (after budget allocation). Then, it will take the company between 210-360 days from the signing date to complete the project and recognize the revenue which would be around the 3<sup>rd</sup> or 4<sup>th</sup> quarter of the following year. Therefore, with the mentioned nature of the annual budget, it can be seen that the company will see higher revenue in the 3<sup>rd</sup> and 4<sup>th</sup> quarter of the year while the 1<sup>st</sup> and 2<sup>nd</sup> quarter, the company may not see high revenue as there may be no hand over of high value projects.

With the 2 reasons above, the company may face the risk of not receiving the purchase order from public hospitals if they are not allocated with sufficient budget in each fiscal year, together with the nature of the annual budget allocation also mentioned above may cause the company to generate low revenue continuously on each accounting terms. These factors affect the unstable and fluctuated income of the company

However, the company still has another revenue from maintenance service which is another continuous revenue following on from the key products of the company and this income is a more stable one for each year. This means that if the company can increase its sales of products, it will gain more revenue from maintenance service which will bring more stability to the company's overall revenue

**(3) Financial projections in the present year (if any), including assumptions on trade, economics, industry and review of the figures by a certified public auditor and the opinion of an independent financial advisor that the projections have been carefully prepared**

-None-

**(4) List of the management and list of the first 10 shareholders as at the date of close of share register book**

As of 30th September 2017, the Company's Board of Directors are as follows,

	Name	Position
1	Mr. Woodtipong Moleechad	Chairman of the Board
2	Mr. Sompong Chunekitiyanone *	Executive Chairman / Chief Executive Officer
3	Mr. Voravid Silapusid *	Director
4	Mr. Noppadol Suntanaphanich *	Director
5	Ms. Srirat Chuchottaworn	Chairman of the Audit Committee/Independent Director
6	Mr. Vipoota Trakulhoon	Audit Committee/Independent Director
7	Mr. Thanawat Lertwattanak	Audit Committee/Independent Director

\* Persons who are member of management

Names of directors who are authorized signatories of the company:

Mr. Sompong Chunekitiyanone, Mr. Voravid Silapusid and Mr. Noppadol Suntanaphanich - Any two signatures of three directors with company's seal shall bind the company.

**Shareholding Structure** of the Company as of 15<sup>th</sup> November 2017 is as follows:

Name	No. of shares	Percent
1. Mr. Sompong Chunekitiyanone	128,250,000	32.06%
2. Group Family Silapusid	128,238,000	32.06%
2.1 Mr. Voravid Silapusid	125,250,000	31.31%
2.2 Mrs. Sivika Silapusid	2,988,000	0.75%
3. Mr. Noppadol Suntanaphanich	24,000,000	6.00%
4. Mrs. Sarin Chin-udomsap	11,792,700	2.95%
5. Mr. Nattapong Phanrattanamongkhon	6,248,400	1.56%
6. Thai NVDR Co., Ltd	4,824,700	1.21%
7. Mr. Chaveng Suwanrat	3,596,000	0.90%
8. Mr. Pailin momtairat	3,121,700	0.78%
9. Mr. Jinnawat Jungjiranon	2,633,800	0.66%
10. Mr. Chaowarat Vechpinyo	2,095,500	0.52%
11. Ms. Chatya Tosirawatthananon	2,000,000	0.50%
<b>Total</b>	<b>316,800,800</b>	<b>79.20%</b>



Note: Total paid-up capital as of 30 September 2017 at 200 million Baht, par value at 0.50 Baht

(5) Other information that may materially affect the decision of investors (if any).

-None-

6. The opinion of the Board of Directors of the company relating to the sufficiency of cash flow. Where cash flow is not sufficient, the sources of funds to resolve the situation shall also be included.

The Board of Directors has the opinion that the Company Cash flow for the project is adequate and appropriate.

As at September 30, 2017, the Company had cash and cash equivalent of Baht 324.01 million

7. Pending material lawsuits or claims.

-None-

8. Interests or connected transactions between the listed company and directors, management and shareholders directly or indirectly holding shares amounting to 10 percent to more, including the nature of the transaction or the interests;

The Company has entered into an office rental agreement with Sathorn Sixteen Co., Ltd. which Mr. Sompong Chunekitayanone, Mr. Voravid Silapusid and Mr. Noppadol Suntanupanich are the directors of Sathorn Sixteen Co., Ltd. and holds share 100% of paid up capital of Sathorn Sixteen Co., Ltd.

9. Summaries of material contracts during the past 2 years.

Detail – Dealer agreement with Varian Medical Systems Pacific, Inc. (“Varian”)		
Contract Party	:	Varian Medical Systems Pacific, Inc.
Contract Duration	:	1 October 2017 – 30 September 2018 (12 months)
Contract Details	:	Distributor Agreement in Thailand about radiotherapy Products
Scope of supplier	:	In cases where Varian sells its products directly to its customers within the territory agreed upon with the supplier, Varian shall pay the commission to the distributor.
Supplier Obligations	:	<ul style="list-style-type: none"> <li>- The distributor must have a minimum order amount per fiscal year from Varian as agreed. Otherwise, Varian has the right to terminate the contract.</li> <li>-The distributor can not provide installation and maintenance service to the customer. Unless authorized by Varian.</li> <li>-Territory: Thailand</li> </ul>
Products	:	- Radiotherapy Products

10. Proxy form with at least one name of a member of the Audit Committee being nominated as shareholder’s proxy.

as per the attachments 3 and 4 of this Invitation letter to Exordinary General Meeting of Shareholder

The Company hereby certifies that the information contained in this report is true and complete in all respects, accurate and complete.

Please be informed accordingly.

Yours faithfully,

(Mr. Sompong Chunekitiyanone)  
Chief Executive Officer  
Business Alignment Public Company Limited