

11 August 2017

Subject: Management Discussion and Analysis for the three-month period ended 30 June 2017

To: The President
The Stock Exchange of Thailand

Business Alignment Public Company Limited (“The Company”) would like to submit this Management Discussion and Analysis of the Company’s operation for the three-month period ended 30 June 2017, with details as follows

Statement of Comprehensive Income for the three-month period ended 30 June 2017

Statement of Comprehensive Income	Three-month period ended 30 June 2017	Three-month period ended 30 June 2016	Increase (Decrease)
	million Baht	million Baht	%
Income from Sales	173.31	62.28	178.30%
Income from Services	31.76	43.08	(26.28%)
Income from Construction	24.73	-	N/A
Income from Sales and Services	229.80	105.36	118.12%
Other Income	0.54	1.23	(56.21%)
Total Revenue	230.34	106.59	116.11%
Cost of Sales	154.29	53.05	190.83%
Cost of Service	23.01	34.26	(32.83%)
Cost of Construction	22.46	-	N/A
Gross Profit	30.04	18.05	66.48%
Selling Expenses	1.73	2.32	(25.07%)
Administrative Expenses	7.29	4.85	50.10%
Loss from exchange rate	0.56	0.00	N/A
Earnings Before Interest & Tax	21.00	12.11	73.45%
Interest Expenses	0.35	2.52	(86.14%)
Earnings Before Tax	20.65	9.59	115.35%
Tax Expenses	4.14	1.49	177.31%
Net Profit (Loss)	16.51	8.10	103.94%

Revenue from Sales, Services and Construction

For the three-month period ended 30 June 2017, the Company generated revenue from sales, service and construction of 229.80 million Baht, increasing by 124.44 million Baht or 118.12%, when compared to the same period in the previous year, with details as follows:

1. Revenue from Sales

For the three-month period ended 30 June 2017, the Company generated a revenue from sales of miscellaneous medical equipment of 173.31 million Baht, increasing by 111.03 million Baht or 178.30%, when compared to the same period in the previous year, as the Company has realized revenue from the project delivery to its customers, Bangkok Dusit Medical Services Public Company Limited (Wattanosoth Hospital). Other revenue from the sale of other medical devices has increased.

2. Revenue from Services

For the three-month period ended 30 June 2017, the Company generated a revenue from service of 31.76 million Baht, decreasing by 11.32 million Baht or 26.28%, when compared to the same period in the previous year. The revenue from the services in the same quarter in the previous year was unusually high due to the recognition of an upgrade service to a hospital with the value of 18.65 million Baht. Without considering the upgrade in the 2nd quarter of 2016, the revenue from the three-month period ended 30 June 2017 can be said to increase from the same period in the previous year by 7.32 million Baht.

3. Revenue from Construction

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, for the three-month period ended 30 June 2017, the Company generated revenue from construction of 24.73 million Baht, 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.

Cost of Goods Sold and Gross Profit from Sales

For the three-month period ended 30 June 2017, the Company had a gross profit from sales of 19.02 million Baht, or equivalent to a gross profit margin from sales of 10.97%, which is lower than the gross profit margin from sales in the same quarter of the previous year at 14.81%. Since the three-month period ended 30 June 2017, the company has delivered large projects as mentioned above which the large project would typically generate low margins compared to others. Thus, the overall gross margin of sales is slightly lower.

Cost of Services and Gross Profit from Services

For the three-month period ended 30 June 2017, the Company had a gross profit from services of 8.75 million Baht, or equivalent to a gross profit margin from services of 27.54%, which is higher than the gross profit margin from services in the same quarter of the previous year at 20.47%. This increase was because the Company had 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 to the 2nd quarter of 2017 instead, while cost of services remain constant.

Cost of Construction and Gross Profit from Construction

For the three-month period ended 30 June 2017, the Company has gross profit from construction of 2.27 million Baht or equivalent to a gross profit margin from construction of 9.19%, which was according to planned project budget.

Selling and Administrative Expenses

For the three-month period ended 30 June 2017, the Company had a selling expense of 1.73 million Baht, decreasing by 0.59 million Baht or 25.07% from the same period of the previous year. This decrease was reducing in the expense of exhibitions for provides information about the product.

For the three-month period ended 30 June 2017, the Company had an administrative expense of 7.29 million Baht, increasing by 2.4 million Baht 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

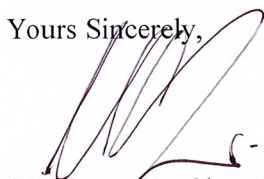
For the three-month period ended 30 June 2017, the Company had a financial cost of 0.35 million Baht, decreasing by 2.17 million Baht, or 86.14%, from the same period of the previous year as the Company relies mostly on its own working capital rather than lending from financial institutions.

Net Profit and Net Profit Margin

For the three-month period ended 30 June 2017, the Company had a net profit of 16.51 million Baht, or a net profit margin of 7.17%, compared to the same period of the previous year, which had a net profit of 8.10 million Baht or a net profit margin of 7.60%. The decrease in profit of this three-month period is due to higher administrative expenses.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekitiyanone)

Chief Executive Officer

Business Alignment Public Company Limited