

8 August 2019

Subject: Management Discussion and Analysis for the three-month period ended 30 June 2019

To: The President  
The Stock Exchange of Thailand

Business Alignment Public Company Limited (“The Company”) and its subsidiary would like to submit this Management Discussion and Analysis of the Company’s operation for the three-month period ended 30 June 2019, with details as follows

## Statement of Comprehensive Income for the three-month period ended 30 June 2019

| Statement of Comprehensive Income         | ended 30 June 2019 | ended 30 June 2018 | Increase (Decrease) |                |
|---|--------------------|--------------------|---------------------|----------------|
|   | Million Baht       | Million Baht       | Million Baht        | %              |
| Income from sales of goods                | 156.60             | 15.92              | 140.68              | 883.59%        |
| Income from rendering of services         | 38.96              | 32.24              | 6.72                | 20.86%         |
| Income from construction                  | 10.60              | 13.54              | (2.94)              | (21.73%)       |
| <b>Income from business operation</b>     | <b>206.16</b>      | <b>61.70</b>       | <b>144.46</b>       | <b>234.13%</b> |
| Profit from Exchange                      | 0.00               | 0.28               | (0.28)              | (100.00%)      |
| Other Income                              | 0.88               | 1.54               | (0.66)              | (42.27%)       |
| <b>Total Revenue</b>                      | <b>207.04</b>      | <b>63.52</b>       | <b>143.52</b>       | <b>225.96%</b> |
| Cost of sales of goods                    | 109.99             | 9.54               | 100.45              | 1,052.93%      |
| Cost of rendering of services             | 31.44              | 25.82              | 5.62                | 21.77%         |
| Cost of construction                      | 9.63               | 12.31              | (2.68)              | (21.72%)       |
| <b>Gross Profit</b>                       | <b>55.10</b>       | <b>14.03</b>       | <b>41.07</b>        | <b>292.59%</b> |
| Distribution costs                        | 5.84               | 3.18               | 2.66                | 83.75%         |
| Administrative expenses                   | 13.37              | 7.77               | 5.60                | 72.02%         |
| Exchange Loss                             | 3.84               | 0.00               | 3.84                | 100.00%        |
| <b>Earnings Before Interest &amp; Tax</b> | <b>32.93</b>       | <b>4.90</b>        | <b>28.03</b>        | <b>571.65%</b> |
| Interest Expenses                         | 1.12               | 0.26               | 0.86                | 331.03%        |
| <b>Earnings Before Tax</b>                | <b>31.81</b>       | <b>4.64</b>        | <b>27.17</b>        | <b>585.04%</b> |
| Tax Expenses                              | 7.08               | 1.05               | 6.03                | 575.14%        |
| <b>Net Profit (Loss)</b>                  | <b>24.73</b>       | <b>3.59</b>        | <b>21.14</b>        | <b>587.92%</b> |
| Profit attributable to:                   |                    |                    |                     |                |
| <b>Equity holders of the parent</b>       | <b>26.05</b>       | <b>3.90</b>        | <b>22.15</b>        | <b>567.62%</b> |
| Non-controlling interest                  | (1.32)             | (0.31)             |                     |                |

The Consolidated Financial Statement of the Company and its subsidiary for the three-month period ended 30 June 2019, the Company generated revenue of 207.04 million Baht and net profit attributable to equity holder of the parent of 26.05 million Baht. The changes can be explained as follows;



## **Revenue from business operation**

For the three-month period ended 30 June 2019, the Company and its subsidiary generated revenue from sales, services and construction of 206.16 million Baht, increasing by 144.46 million Baht or 234.13%, when compared to the previous year, with details as follows:

### **1. Revenue from sales of goods**

For the three-month period ended 30 June 2019, the Company and its subsidiary generated revenue from sales of 156.60 million Baht, increasing by 140.68 million Baht or 883.59%, when compared to the previous year. This increase was due to the Company deliver many large projects.

### **2. Revenue from rendering of services**

For the three-month period ended 30 June 2019, the Company and its subsidiary generated a revenue from rendering of services of 38.96 million Baht, increasing by 6.72 million Baht or 20.86%, when compared to the previous year. This increase was due to the company generate additional revenue from Genetic Testing service of 1.54 million Baht. This increase was due to product warranty period according to the contract of sale after delivery of the work of many customers has expired. Therefore, there are renew maintenance contract is increased during this period.

### **3. Revenue from Construction**

For the three-month period ended 30 June 2019, the Company and its subsidiary recognized revenue from construction of project centers treating cancer patients with protons radiotherapy of King Chulalongkorn Memorial Hospital of 10.60 million Baht which the Company recorded cost of construction according to percentage of completion. Therefore, as of 30 June 2019, the Company has recognized revenue from construction of the project of 95.49%

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

For the three-month period ended 30 June 2019, the Company and its subsidiary had a gross profit from sales of 46.61 million Baht or equivalent to gross profit margin of 29.76%, which was higher than the gross profit margin from sales in the previous year at 40.08%. The decrease in gross profit margin was due to the company delivering large projects which would typically generate low gross margins.

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

For the three-month period ended 30 June 2019, the Company and its subsidiary had a gross profit from services of 7.52 million Baht or equivalent to gross profit margin of 19.31%, of the same period of previous year at 19.91%.

## **Cost of Construction and Gross Profit Margin from Construction**

For the three-month period ended 30 June 2019, the Company and its subsidiary generated gross profit margin from construction of 0.96 million Baht or equivalent to gross profit margin of 9.09% according to construction budget.



### **Distribution costs and Administrative Expenses**

For the three-month period ended 30 June 2019, the Company and its subsidiary had a distribution cost of 5.84 million Baht, increasing by 2.66 million Baht or 83.75% compared to the previous year. This increase can be attributed of the increase from human resources expenses, further advertisement and promotional expenses as well as additional expenses for product exhibition.

For the three-month period ended 30 June 2019, the Company had administrative expenses of 13.37 million Baht, increasing by 5.60 million Baht or 72.02% compared to the previous year. This increase was due to human resource expenses from the changing law regarding to the additional provision of long-term employee benefits and advisory fees which related to business operation.

### **Finance Costs**

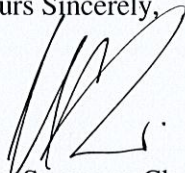
For the three-month period ended 30 June 2019, the Company and its subsidiary had financial costs of 1.12 million Baht, increasing by 0.86 million Baht or 331.03%, when compared to the previous year, resulting from recognition of interest expense of advance payment from customer of 0.94 million Baht.

### **Net Profit and Net Profit Margin**

For the three-month period ended 30 June 2019, the Company and its subsidiary had a net profit attributable to equity holder of the parent of 26.05 million Baht, or equivalent to net profit margin of 12.58% compared to the previous year, which had the net profit attributable to equity holder of the parent of 3.90 million Baht or net profit margin of 6.14%. The Company has increasing net profit margin due to the increased revenue from sales and services. Causing the proportion of revenue per fixed cost to decrease. The Company recognized a loss incurred from its investment in Cancer Alliance Co., Ltd. ("CAH") as subsidiary to operate specialized hospital for cancer treatment of 2.45 million Baht proportional to 65%.

Please be informed accordingly.

Yours Sincerely,



(Mr. Sompong Chunekeityanone)

Chief Executive Officer

Business Alignment Public Company Limited