

# Annual Report 2018

Business Alignment Public  
Company Limited

B|A  
Business Alignment



BIZ

BIZALIGNMENT.COM



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## Message from Chairman of the Board

“Genetic testing or BIZGenes that are important for treatment to detection of certain genes that may have genetic abnormalities, in order to prevent and find a treatment method from the beginning to reduce the chance of cancer.”





Business Alignment Public Company Limited (BIZ) as a leader in distribution, including medical and health services, especially in the field of cancer prevention and treatment. In order to allow people to access modern technology and equal as much as developed countries. Which is the main vision of BIZ company. In 2018 BIZ continued its vision and mission to advance into the future as promise to the shareholder. By establishing hospital that specialize in cancer treatment, nowadays the construction is going according to the plan. We expected to be able to launch our service in 2019. And this is also another mission to disseminate a chance of cancer treatment much better with our target would be the patient in the eastern region of Thailand. This specialized hospital project established in the EEC (Eastern Economic Corridor) project area and received investment promotion from the Board of Investment (BOI) that the company considered to be a support and promotion of government policies. In developing economies to spread across different regions as well as increasing the chance of earning and generating better stable cash flow of the company in the future. Including the launch of the service “Genetic testing” or BIZGenes that are important for treatment to detection of certain genes that may have genetic abnormalities, in order to prevent and find a treatment method from the beginning to reduce the chance of cancer.

These two big projects in the year 2019 that BIZ has committed and continued in order to increase long-term business potential. Which I, on behalf of the Chairman of the Board I promise that we will conduct business and develop the company and focus on creating sustainable growth and quality under good corporate governance. In the year 2018, the company was rated “Very Good CG score” of compliance with the principles of corporate with listed company assessed by the Thai institute of directors association with the support of the stock exchange of Thailand and also the office of the SEC to received the assessment of the quality of the shareholder meeting for 2018 with a full score of 100. In addition, BIZ company will continue to improve and develop the company to the better level of corporate.

As Chairman of the board of director of the company, we will administrate the company with reveal and fair to enable the organization to have sustainable development and create confident to our stakeholders in all sectors.

Finally, I would like to thank all executives and employees for dedicated ability and strength work force to drive the company forward toward stable and sustainable growth. Also thank to all stakeholders that always support Business Alignment Public Company Limited (BIZ)



**Mr. Woodtipong Moleechad**  
Chairman of the Board  
Business Alignment Public  
Company Limited

## Message from Chief Executive Officer



“The main reasons that the company profit had increase is due to the efficient cost management and company expenses included lower financial cost which is considered to be the highest level from the previous operation.”

In 2018 Business Alignment Public Company Limited (BIZ) has entered to the stock market mai, which now is already 2 years. BIZ is working hard on our vision and mission to serve the best devices and technology for all patients in Thailand to get the most efficient treatment and conveniences. At the beginning of 2018, the company has received the approval from the shareholder meeting to establish the subsidiary named "Cancer Alliance Company Limited" to build a hospital specialize in cancer treatment. This is also created opportunity to expand business and support the financial stability in the future. Nowadays, the hospital is still and ongoing construction process which is go according to the plan. There are 2 types of treatment which are radiotherapy and chemotherapy. These two types of treatment are being controlled by oncologists in order to operate efficient and safe with international standards. At the end of this year, the project is expected to be complete and ready to service.

At the end of 2018, BIZ has launched new service called "BIZGenes" which is genetic testing to find the likelihood of the patient chance of having cancer using their DNA. By using Next Generation Sequence (NGS) technology the patient will receive a precise and accurate result. The purpose of the testing is to protect, reduce the risk of cancer and improve wellbeing of our patient in the right way. We expected that our total revenue will increase at least 5% from BIZGenes service if we have the right target group of customers.

For social support activities relating continuously company's business project from 2017 called "The Power Project bring 13,000 cancer patients to better life." in 2018 the project expanded to hospitals all regions in Thailand and achieved the goal in time. The company was the sponsored with mai association to organize the press conference about the successful result in 22 October 2018 which was succeeded well.

For the total revenue in 2018, the company had 665.32 million Baht and net profit of 84.74 million Baht because we knew revenue recognition from the three upcoming projects that made the total income increased 6.72% compared to 2017 and net profit increased 43.59 million Baht or 105.94 % from 2017 also it was the highest profit year in the history of company. The main reasons that the company profit had increase is due to the efficient cost management and company expenses included lower financial cost.

On behalf of the Chief Executive Officer, I would like to thank you to shareholders, stakeholders, managers and every employee that support and encouragement the company to make it more successful in every year. Please trust Business Alignment Public Company Limited (BIZ) and I will manage and operate business under the corporate governance with social responsibility for the company to grow steadily and sustainably.



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

# Board of Directors



## 1. Mr. Woodtipong Moleechad

- Chairman of the Board
- Independent Director

## 2. Ms. Srirat Chuchottaworn

- Independent Director
- Chairman of Audit Committee
- Nomination and Remuneration Committee

## 3. Mr. Vipoota Trakulhoon

- Independent Director
- Audit Committee
- Chairman of Nomination and Remuneration Committee

## 4. Mr. Thanawat Lertwattanak

- Independent Director
- Audit Committee
- Nomination and Remuneration Committee

## 5. Mr. Sompong Chunekitiyanone\*

- Director
- Executive Chairman
- Chairman of Risk Management Sub - Committee
- Nomination and Remuneration Committee
- Chief Executive Officer
- Chief Operating Officer (Acting)

## 6. Mr. Voravid Silapusid\*

- Director
- Executive Committee
- Risk Management Sub - Committee
- Nomination and Remuneration Committee
- Chief Financial Officer
- Human Resource Manager (Acting)

## 7. Mr. Noppadol Suntanaphanich\*

- Director
- Executive Committee
- Risk Management Sub - Committee
- Service and IT Manager

\* Authorized Directors

## Company Secretary



## Ms. Srisunun Anuchornphan

- Company Secretary
- Secretary of Audit Committee
- Secretary of Nomination and Remuneration Committee
- Secretary of Executive Committee
- Secretary of Risk Management Sub - Committee

# Audit Committee



**1. Ms. Srirat Chuchottaworn**

- Independent Director
- Chairman of Audit Committee
- Nomination and Remuneration Committee

**2. Mr. Vipoota Trakulhoon**

- Independent Director
- Audit Committee
- Chairman of Nomination and Remuneration Committee

**3. Mr. Thanawat Lertwattanak**

- Independent Director
- Audit Committee
- Nomination and Remuneration Committee

# Executive Committee



**4. Mr. Sompong Chunekitiyanone**

- Director
- Executive Chairman
- Chairman of Risk Management Sub - Committee
- Nomination and Remuneration Committee
- Chief Executive Officer
- Chief Operating Officer (Acting)

**5. Mr. Voravid Silapusid**

- Director
- Executive Committee
- Risk Management Sub - Committee
- Nomination and Remuneration Committee
- Chief Financial Officer
- Human Resource Manager (Acting)

**6. Mr. Noppadol Suntanaphanich**

- Director
- Executive Committee
- Risk Management Sub - Committee
- Service and IT Manager

**7. Ms. Sukanlaya Khamnuan**

- Executive Committee
- Risk Management Sub - Committee
- Financial and Accounting Manager

# Summary of Financial Information



For the year ended Decemeber 31	(Unit : Million Baht)		
	Y 2016	Y 2017	Y 2018
	Separate financial	Separate financial	Consolidated financial
	Statements	Statements	Statements
	Audited	Audited	Audited
Total Assets	628.91	767.25	943.42
Total Liabilities	117.79	254.52	313.74
Total Equity	511.12	512.73	561.91
Revenue from sales, services and construction	737.84	616.55	658.52
Total Revenues	743.23	623.43	664.69
Gross Profit	122.66	85.67	157.41
Profit before tax	83.69	51.45	99.49
Net Profit	70.24	41.15	80.60
<b>Financial Ratio</b>			
Current Ratio (time)	6.14	7.65	3.96
Gross profit Margin (%)	16.62	13.90	23.90
Operating Profit Margin (%)	11.94	7.71	14.48
Net Profit Margin (%)	9.45	6.60	12.13
Return on Total Assets (%)	14.00	5.89	9.42
Return on Equity (%)	18.72	8.04	15.00
Debt to Equity Ratio (time)	0.23	0.50	0.56
Earning per share (Baht) <sup>/1</sup>	0.23	0.10	0.20
Book Value per Share <sup>/1</sup> (par value 0.50 Baht)	1.28	1.28	1.40

Remark : <sup>/1</sup> The 2016 Annual General Meeting of Shareholders on 12 March 2016 resolved to change the par value of 100 Baht per share was 0.50 Baht per share.



# Company's Revenue Structure



## Revenue Structure based on Revenue Type

The company's revenue can be divided into 3 categories:

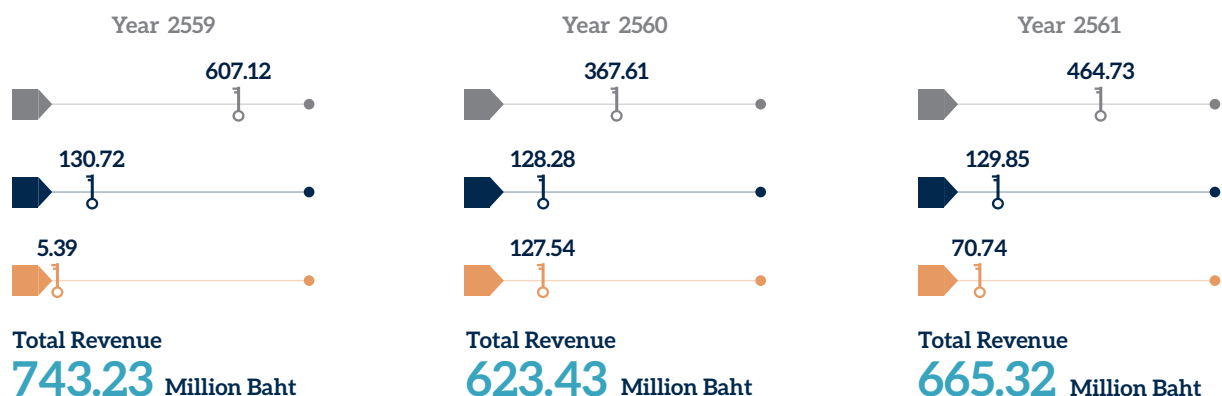
1. Sales revenue which comes from selling and installing the medical equipments and
2. Service revenue which comes from providing the maintenance service.
3. Construction revenue which derived from the project to establish a cancer patient center with proton particles.

During 2016 - 2018, the company's revenue structure is as follows:

Revenue Type	Year 2016		Year 2017		Year 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Sales	607.12	81.68	367.61	58.97	464.73	69.85
Revenue from Service <sup>/1</sup>	130.72	17.59	128.28	20.58	129.85	19.52
Revenue from Construction <sup>/2</sup>	-	-	120.66	19.35	63.94	9.61
<b>Total Revenue from Sales, Service and Construction</b>	<b>737.84</b>	<b>99.27</b>	<b>616.55</b>	<b>98.90</b>	<b>658.52</b>	<b>98.98</b>
Other Revenue <sup>/3</sup>	5.39	0.73	6.88	1.10	6.80	1.02
<b>Total Revenue</b>	<b>743.23</b>	<b>100.00</b>	<b>623.43</b>	<b>100.00</b>	<b>665.32</b>	<b>100.00</b>

- Notes :
- <sup>/1</sup> Revenue from Service includes revenue generated from maintenance service for radiation machine and othe related equipments as well as revenue generated from software upgrades related to radiotherapy equipments and revenue from Genetic Testing.
  - <sup>/2</sup> Revenue from Construction is the revenue generated from the contract for the establishment of a cancer patient center with proton particles for King Chulalongkorn Memorial Hospital. The company received the project and started construction in the second quarter of 2017
  - <sup>/3</sup> Other revenue includes interests, profits gained from currency exchange, Gain from adjustment of provisions And other income.

(Unit: Million Baht)



■ Revenue from Sales ■ Revenue from Service ■ Revenue from Construction and Other Revenue

## Comparison of financial figures for the year 2016 - 2018

(Unit : Million Baht)

As of 31 December	Year 2016	Year 2017	Year 2018
Total Revenues	743.23	623.43	665.32
Net Profit	70.24	41.15	84.74
Total Assets	628.91	767.25	876.66
Total Equity	511.12	512.73	566.04

### Total Revenues



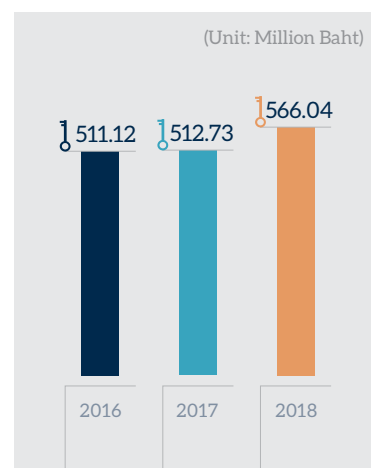
### Net Profit



### Total Assets



### Total Equity



## Revenue Structure from Sales, Service and Construction Based on Customer Type

Revenue structure from sales, service and construction based on customer type between Year 2016 - 2018 is as follows:

Customer Type	Year 2016		Year 2017		Year 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Public Hospitals	725.32	98.30	375.31	60.87	632.41	96.04
1.1 Hospitals under faculties of medicine <sup>/1</sup>	235.32	31.89	150.58	24.42	113.00	17.16
1.2 Cancer hospitals <sup>/2</sup>	372.76	50.52	90.53	14.68	214.25	32.54
1.3 General hospitals <sup>/3</sup>	117.24	15.89	134.20	21.77	305.16	46.34
2. Private Hospitals <sup>/4</sup>	0.00	0.00	157.96	25.62	0.04	0.00
3. Others <sup>/5</sup>	12.52	1.70	83.28	13.51	26.07	3.96
<b>Total Revenues from Sales, Service and Construction</b>	<b>737.84</b>	<b>100.00</b>	<b>616.55</b>	<b>100.00</b>	<b>658.52</b>	<b>100.00</b>

- Notes : <sup>/1</sup> Hospitals under faculties of medicine includes hospitals in universities and medical schools of faculties of medicine or medical colleges which are mostly under the Ministry of Education. These are super tertiary care medical centers with highest capabilities in service and treatment readiness as they are for educational purposes in order to manufacture new medical personnel and conduct new research
- <sup>/2</sup> Cancer hospitals include hospitals under the Medical Department which focus on developing their expertise in oncology excellence
- <sup>/3</sup> General hospitals include hospitals under the Ministry of Public Health which can be provincial hospitals, regional hospitals or district hospitals with tertiary care or super tertiary care capabilities
- <sup>/4</sup> Private hospitals mean private hospitals such as Bangkok Hospital, Phyathai Hospital, Bumrungrad Hospital
- <sup>/5</sup> Others include departments or organizations which are not medical clinics or hospitals such as the Department of Medical Sciences, Office of Atom of Peace or Synchrotron Light Research Institute



## Sales Revenue Structure based on Product Type and Job Type

Sales revenue structure based on product type and job type during Year 2016-2018 is as follows:

Product Type and Job Type	Year 2016		Year 2017		Year 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Teletherapy Projects and Brachytherapy Projects <sup>/1</sup>	580.05	95.54	309.27	84.13	362.11	77.92
2. Equipment and System <sup>/2</sup>	0.00	0.00	45.30	12.32	91.54	19.70
3. Others <sup>/3</sup>	27.07	4.46	13.04	3.55	11.08	2.38
<b>Total Sales Revenue</b>	<b>607.12</b>	<b>100.00</b>	<b>367.61</b>	<b>100.00</b>	<b>464.73</b>	<b>100.00</b>

Notes: <sup>/1</sup> Sales revenue from Type 1 and Type 2 are project work types which include the value of other equipments in the project but the key equipments will be the teletherapy machines and brachytherapy machines respectively.

<sup>/2</sup> Equipment and system includes the groups of equipments which are high technology equipments or systems such as radiation simulation machine, treatment planning system and radiotherapy patients database system. This can either be a project work type or a one-off sales work type

<sup>/3</sup> Others include the groups of equipments which are part of the key equipment such as applicators for afterloaders, or batteries. They could also be the groups of equipments which are for the treatment process such as quality assurance and pretreatment verification tool or gafchromic film.



# Policy and Overview of Business Operations



## Vision

Business Alignment Public Company Limited is the provider, distributor and maintenance service provider of medical and health equipment especially for cancer patients in order for them to be able to access the modern technology and equality with developed countries.

## Mission

1. Import, distribute and provide medical services as well as medical products. To help the doctor Including related medical personnel can be treated with advanced technology and allowing the patients to access the mentioned technology conveniently
2. Be the center for development in curing patients with the hospitals, doctors and medical personnels especially for cancer in order to better the quality of life of the patients equality with developed countries
3. Manage and administer under the corporate governance and medical ethics to ensure that the management and administrations are run effectively and efficiently
4. Create the highest satisfaction for all related parties, both directly and indirectly affected, in terms of quality, price, delivery and international standard service
5. Look for and expand business related to health and public health related business to prevent and promote good health and increasing revenue and profit

## Corporate Objective / Long Term Goal

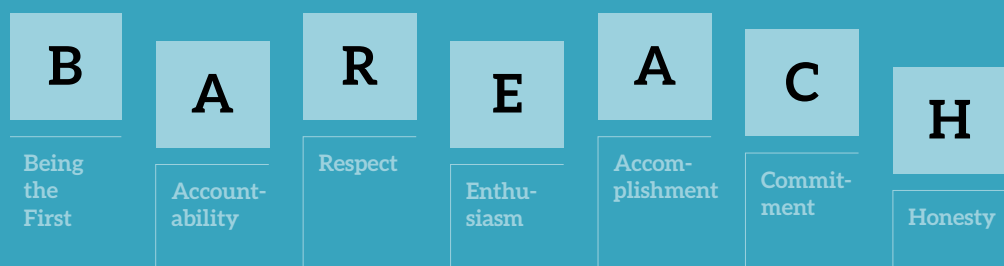
The company continues its vision to look for and expand businesses related to health and public health. Leadership in cancer treatment and prevention. In order to give people access to modern technology and equality with developed countries. Encourage people to have better health. Beyond being a distributor and install high quality medical instruments and software systems including related tools for cancer treatment by radiation treatment.

Established a specialized hospital in cancer which counseling and referral for patients. To provide services for the treatment of cancer patients including radiation therapy and chemotherapy focus on quality control, the quality of doctors, specialists in cancer, efficiency and safety in accordance with international standards. It is a new business that the company has started to work to increase its long-term business potential. Expanding the type of business from the sales and installation of medical devices related to radiation and increasing opportunities and choices of treatment for patients. Increasing sources of income and diversify risks to other businesses which increase opportunity to generate more stable income and cash flow. The company aims to see the results from the revenue of this hospital project after operating within 3 - 5 years. (The hospital will be operating within the year 2019)

With advanced technology advances, the Next Generation Sequencing (NGS) is accurate and high security. They can access, investigate and understand the secret that links their unique genetic code. This makes it possible to identify the gene mutations. Relating to increasing the risk of cancer in more than 20 types at present. When people can identify our genetic code, BIZGenes is another solution. To reach the DNA level. With this innovation make sure that the person is aware of the risk of cancer in the future. Plan for prevention of cancer. It can help to know and understand the risks of future types of cancer and plan for their health care properly and at risk. Helping to plan a family member's health to reduce or manage genetic risk and change the way of lifestyle to reduce other risks involved.

The company expects, this is a continuation of the cancer-related business which the company specializes in. It is a long - term business plan. To increase sales potential and to be more stable.

## Core Value



# Notable Changes and Development

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## 2000

- May 12, 2000: The company was registered with 1 million Baht registered capital with 10,000 common shares, at 100 Baht value per share. The office was located at 312/20 Soi Kiatchai, Asoke-Dindang Rd., Dindang, Bangkok. Its business operation was to import medical equipments especially radiation machine for cancer treatment and other related equipments.
- The company was appointed as a distributor of Varian Medical Systems Inc. ("Varian") which is the world's leading company from USA in producing and distributing medical equipments and software system for cancer treatment through radiation therapy, proton beam therapy and mineral implant therapy using up-to-date technology as well as x-ray tubes for medical purposes and linear accelerators for container inspection using high energy x-ray. We can say that Varian is the well known provider and distributor of high quality radiation therapy equipments among the medical industry both domestically and internationally.

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## 2006

- April 24, 2006: The office relocated to 69/6 Tang Hua Pak Building, 3rd Floor, Soi Suksa Wittaya, Silom Rd., Silom, Bangrak, Bangkok to cater for the business expansion and increase the convenience in coordinating with the customers and medical equipment production companies
- June 27, 2006: The company increased its registered capital from 1 million Baht to 2 million Baht by releasing 10,000 more common shares, at 100 Baht value per share and offered these shares to the original shareholders proportionally and also offered the common shares to 2 new shareholders at 300 Baht per share and these were collected in one time to support the fast expansion and the changing order behaviour of the customers which was more Turn Key style. This meant that the company needed to take greater responsibility in renovating the room or building as well as constructing and providing related equipments so that the purchased radiation machines can work at its full capacity to ensure top effectiveness. This caused the company to alter the business policy from only importing the radiation equipments to being a solution provider in cancer treatment which included providing the equipments and other related fixtures, constructing and renovating the venue to be suitable for cancer treatment for both public and private hospitals.

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## 2008

- The company was awarded the "Award for outstanding achievement 100% market share FY 2006/2007" from Varian Medical Systems Inc.

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## 2010

- December 21, 2010: The company was contracted to purchase one TrueBeams radiation machine for cancer treatment including installation and room renovation from Chulabhorn Hospital which was the first radiation machine with up-to-date technology and high accuracy in ASEAN region at the time. The machine was tested in November 2011 and was officially used in March 2012.
- The company was awarded the "Award for Record Orders FY 2009" from Varian Medical Systems Inc.

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## 2011

- The company was awarded the "Award for 100% for Thailand 2011" from Varian Medical Systems Inc.
- The company was awarded the "Emerging Market Rising Star 2011" from Thermo Fisher Scientific Inc.



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## 2012

- The company received purchase orders for TrueBeams linear accelerator including installation and building construction from Songklanagarind Hospital, Faculty of Medicine, Prince of Songkla University (1 unit), Srinagarind Hospital, Faculty of Medicine, Khon Kaen University (1 unit), Chulalongkorn Hospital, Thai Red Cross Society (2 units) and Faculty of Medicine, Siriraj Hospital, Mahidol University (1 unit). This resulted in Thailand having the highest number of TrueBeams radiation machines in ASEAN region. This was the highest state-of-the-art technology in cancer treatment at the time in the region which was of equal quality as in the USA and European countries.
- The company was awarded the “Award for placing order for a record 16M including TrueBeams” from Varian Medical Systems Inc.

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## 2013

- The company was awarded the “Award for Excellent Sales Performance and Market Share” from Varian Medical Systems Inc.

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## 2014

- November 19, 2014: The company increased its registered capital from 2 million Baht to 5 million Baht and released 30,000 more common shares, at 100 Baht value per share and offered these shares to the original shareholders proportionally to support the fast-growing expansion of the business.

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## 2015

- June 12, 2015: The office was relocated to 92/45 Sathorn Thani 2 Building, 16th Floor, Sathorn Nua Rd., Silom, Bangrak, Bangkok to allow more convenience in coordinating with customers.

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## 2016

- February 4, 2016: The Extraordinary General Meeting of Shareholders No. 1/2016 passed a resolution to increase its registered capital to 150.00 million Baht. By issuing new ordinary shares of 1.45 million shares at par value of 100 Baht to 100 Baht IPO. Offered to original shareholders in proportion. The restructuring costs for the preparation of a listing on the Market for Alternative Investment (mai).
- March 12, 2016: Annual General Meeting of Shareholders for the year 2016 has approved the capital increase of 200.00 million Baht into ordinary shares of 400,000,000 shares at par value of Baht 0.50 per share, divided into ordinary shares from capital increase of 100,000,000 shares with a par. Baht 0.50 per share to be offered to the public initial public offering: IPO or 25 percent of the paid-up capital after the offering IPO.
- March 21, 2016: The company was registered as a public company.
- July 28, 2016: First day of trading of BIZ on the Market for Alternative Investment (mai).

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## 2017

- May 9, 2017: The company has signed a project centers treating cancer patients with protons radiotherapy at King Chulalongkorn Memorial Hospital.
- November 30, 2017: The company was awarded the “SMEs Excellence Awards 2017”: Silver Award in Trading sector. The key factors of certified small and medium enterprises must be operational for at least 2 years with a good management system, arrange by TMA.

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## 2018

- January 12, 2018: Establishment of a subsidiary to operate specialized hospital for cancer treatment. The Company’s shareholding proportion in the subsidiary Company totally 65.00%
- March 23, 2018: Mr. Sompong Chunekitiyanone received awarded the Outstanding Executive of the Year 2018 in Business Administration and Management from one million merit projects.
- November 14, 2018: Press Conference Grand Opening about “BIZGenes” Genetic Testing for Cancer Screening

# General Information and Other Important Information



**Listed Company**  
**Registration Number**  
**Security Symbol**  
**Business Operations**

Business Alignment Public Company Limited  
0107559000079  
BIZ  
Distribute and install medical equipments for radiotherapy treatment and maintenance service

**Head Office Address**

92/45 Sathorn Thani 2 Building, 16th Floor, Sathorn Nua Road, Silom, Bangrak, Bangkok 10500

Tel : +66 2636 6828-9

Fax : +66 2236 3167

www.bizalignment.com

**Website**

**Registered Capital**

200 million Baht

**Paid - Up Capital**

200 million Baht

**Par value per share**

0.50 Baht

**Type and amount of**

**Outstanding Share**

Ordinary shares, 400 million Shares

**Investor Relations Contact**

IR@bizalignment.com

(Srisunun Anuchornphan - Company Secretary)

**Common Shares Securities**  
**Registrar**

The Thailand Securities Depository Co., Ltd.

The Stock Exchange of Thailand Building

1st Floor, Tower B (next to Chinese Embassy)

93 Ratchadaphisek Road, Dindaeng

Bangkok 10400

Tel : +66 2009 9000

Fax : +66 2009 9991

TSD Call center : +66 2009 9999

**Auditor**

M.R. & Associates Co., Ltd.

Ms. Kornthip Wanichwisedkul

C.P.A License No. 6947

705 - 706 Chao Phraya Tower (Shangri - La Hotel)

89 Soi Wat Suan Plu, Charoengkrung Rd., Bangrak, Bangkok 10500

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**Financial Advisor**

Asset Pro Management Co., Ltd.

999/9 The Offices at CentralWorld, 10th Floor

Room 1011-1012 Rama I Rd., Patumwan, Bangkok 10330

Tel : + 66 2264 5678

Fax : + 66 2264 5679

## Related Company

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### 1. Sathorn Sixteen Company Limited

Established Date	July 10, 2014
Head Office Address	92/45 Sathorn Thani 2 Building, 16th Floor, Sathorn Nua Rd., Silom, Bangrak, Bangkok
Business Operations	Real Estate Rental
Registered Capital	1 million Baht
Paid - up Capital	1 million Baht
Relations	Common directors and common shareholders who are Mr. Sompong      Chunekitiyanone, Mr. Voravid      Silapusid, Mr. Noppadol      Suntanaphanich

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### 2. Cancer Alliance Company Limited

Established Date	January 12, 2018
Head Office Address	115/15 Moo 7 Surasak, Sriracha, Chonburi
Business Operations	To operate specialized hospital for cancer treatment
Registered Capital	200 million Baht
Paid - up Capital	200 million Baht
Relations	The Company's shareholding proportion in the subsidiary Company totally 65.00% and common directors who are Mr. Sompong      Chunekitiyanone, Mr. Voravid      Silapusid, Ms. Srirat      Chuchottaworn

# Activities Overview in 2018

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# Business Operations

Business Alignment Public Company Limited or BIZ operates the distribution and installation of medical equipments for cancer treatment through radiotherapy by importing the equipments from world's leading professional in cancer treatment equipment and technology. The company's operations also include the maintenance service of the mentioned equipments. 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 equipments 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 18 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 equipments 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 equipments 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 equipments. In addition, the company provides maintenance service to lengthen the usage life of the equipment.

## Type of Products and Services

Business Alignment Public Company Limited or BIZ operates the distribution and installation of medical equipments 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 Varian Medical Systems Inc., distributor of Linear accelerators, treatment planning computer system, radiotherapy patient database system and Mobius Medical Systems, LP, distributor of Quality assurance and pretreatment verification tool.

The company also works with many suppliers overseas including such as IBA Dosimetry GmbH, Germany, Thermo Fisher Scientific Inc. USA, Xstrahl Limited. England, Deltabit Oy Finland, Vision RT Ltd. England, Computerized Imaging Reference Systems, Inc. (CIRS) USA, Radiation Product Design, Inc. USA, Ashland Inc., USA. All of them are high quality products and accepted by medical personnel both in Thailand and overseas.

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

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

#### 1.1 **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 equipments as detail follow;



- **Linear Accelerator**

Used for teletherapy cancer treatment by using radiation from high energy x-ray far from treatment area onto the cancer cells area to destroy them. This is an equipment with state-of-the-art technology, high accuracy and can be used on several cancer cells area in the body. That is why this equipment is the main revenue source for the company today.

The Linear Accelerator that we import is from Varian Medical Systems Inc. and its group of companies ("Varian") who is the world's leader in radiotherapy technology, proton beam therapy and mineral implant therapy. We can say that Varian is the well known provider and distributor of high quality radiation therapy equipments among the medical industry both domestically and internationally.

- **Proton Therapy**

That's product used in the treatment of cancer by remote radiation by proton radiation that derived from a particle accelerated by a particle accelerator. Proton radiation has a distinctive feature called "Bragg peak". The ability to penetrate lower body x-rays. It does not penetrate the tumor. Therefore, it can transfer energy to destroy tumors or cancer cells as well. And the good tissue or normal organs around the lesion, or the tumor mass, in the way the radiation passes, gets less energy. It is less damaged or damaged by proton radiation. Proton bombs can also adjust the size and intensity of radiation. The proton beam can be fired into the tumor precisely. Therefore, it is possible to destroy tumors or cancer cells precisely while the normal organs in the vicinity are receiving the least amount of radiation or not. Therefore, the treatment of cancer patients with radiation is the most effective and reduce the side effects of treatment even more.

- **Brachytherapy Afterloader**

Used for brachytherapy cancer treatment by placing the fully covered radioactive, namely Iridium 192, near the treatment area into the affected parts of the body. This type of treatment allows the high volume of radiation into the affected body parts accurately and can reduce the harm to the tissue surrounding the cancer cells so it is suitable for certain types of cancer only.

Image of the Brachytherapy Afterloader

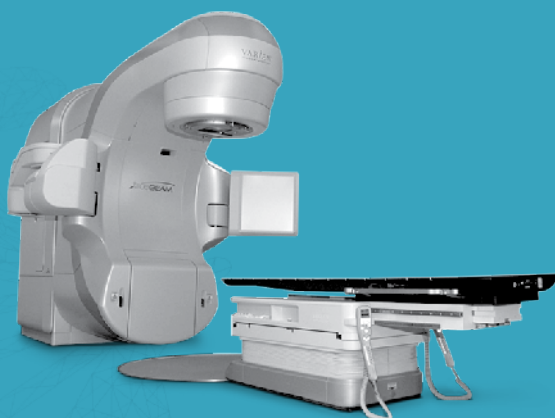


Images of different models of Linear Accelerators



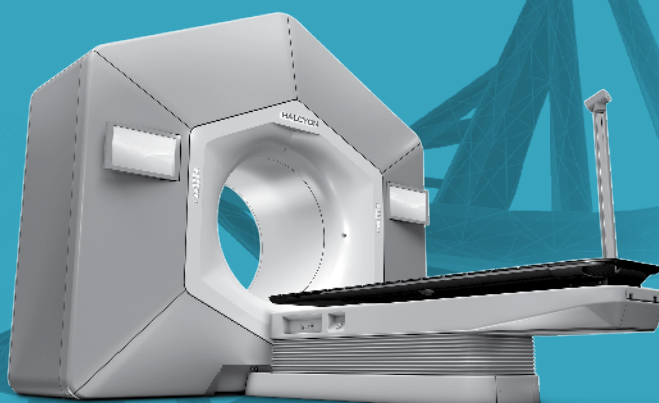
Edge

Clinac iX2



True Beam

Halcyon



### 1.2 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.

- **Treatment Planning System**

This is a software system used in planning the treatment to ensure accuracy in the radiotherapy process and prevent any harm that may happen to the surrounding tissue which can cause more harm to the patient. The software system uses state-of-the-art computer system and can plan the treatment in different ways such as 2D or 3D treatment, Intensity Modulated Radiation Therapy (IMRT), Volumetric Modulated Arc Therapy (VMAT) by using the x-ray film of the patient from the treatment 3D simulation machine to support the treatment planning process. Radiologists can accurately determine the shape and size of the designated treatment area or body parts. Medical physicists can plan the treatment in different techniques and process the calculation to see how the radiation spreads in the cancer tumors. Then, radiologists can assess to select the best treatment for each patient. The spread of radiation must cover as much of the cancer tumors as possible and least affect the surrounding body parts but must also meet the set criteria. Once the radiologists agrees with the plan, the medical physicists will send the treatment plan to the linear accelerators through the computer network system to begin the treatment.

- **Oncology Information System**

This is a software system used to record and verify the level of radiation the patient is receiving throughout the treatment process. It is also the information system that supports the hospital's electronic medical records and patients' appointment system in radiotherapy and oncology clinics for radiotherapy and chemotherapy patients. It can also support the administration of the image information in radiotherapy in order to check for accuracy of the radiation area and location.

### 1.3 Other Equipment

These are the supporting equipments for the key equipment such as applicators for the Afterloader or the group of equipments 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.

A continuous maintenance service helps the equipment to last longer and work effectively throughout their usage life. The company will issue a contract regarding the maintenance agreement between the company and the client that the company will provide the maintenance service every time there is an issue or when the maintenance period is due to ensure that the equipments can work to its highest capacity throughout its usage life period. Each contract is for 1 year and most of our clients will renew this contract on a regular basis because without a proper maintenance, the machine cannot run effectively. The company also provides maintenance services to equipments that are not in the maintenance agreements on a case by case basis depending on the issues that have arisen such as Chiller system maintenance or air-conditioning system maintenance. Moreover, the company also provides upgrade services to the software system related to radiotherapy which helps the system to be more effective such as software upgrade for the treatment planning system.

## 3. **Revenue from Construction**

The revenue from structure derived from the project to establish a cancer patient center with proton particles. The company received the project and started construction in the second quarter of the year 2017 and will be finished within the year 2019.

## Marketing and Competitions

### Marketing Strategy

The linear accelerators and other supporting equipment imported and distributed by the company are considered unique with high technology application. This means that in the overall business conditions, there are only a few companies in the market and the expert personnel in the mentioned equipment also play a vital role in driving the business. Therefore, the company employs the following marketing strategies on the competitors and target customers.

#### 1. Product Strategy

The company's policy primarily focuses on the quality of the product because the product is related to the quality of life of cancer patients as well as the patients' loved ones. Therefore, the company focuses on the quality of the product as its first priority by only selling products of international standard and that are well-accepted among the medical personnel both domestically and internationally. Most products are imported from overseas suppliers who have been certified on their production standard in different types such as Good Manufacturing Practice (GMP) and Quality Management System such as ISE 13485:2003 as well as certified by the Food and Drugs Administrations. All products sold by the company must have sales certification documents and quality control process certification documents from either public or private organization that the government of that country and must be tested by the Food and Drugs Administration according to the 2006 Ministry of Public Health announcement (Issue 34) under the Medical Device Act 1988. The company distributes from 2 companies which are Varian Medical Systems, Inc. and Mobius Medical Systems, LP (USA) along with many key suppliers in different countries such as IBA Dosimetry GmbH (Germany), Thermo Fisher Scientific Inc. (USA), Xstrahl Limited. (UK), Deltabit Oy (Finland), Vision RT Ltd. (UK), Computerized Imaging Reference Systems, Inc. (CIRS) (USA), Radiation Product Design, Inc. (USA) and Ashland Inc. (USA) which are all of high quality and well-accepted by the medical personnel both domestically and internationally.

Beside from focusing on product standard, the company also has the policy to run the business as a solution provider in cancer treatment. This means that the company not only provides and sells the linear accelerators and their related products, it also looks after the constructions and renovations of the space to be suitable for radiotherapy cancer treatment. From this, the company is also able to fully serve the clients' needs and gain trusts from the clients until today.

Beside from distributing and installing the linear accelerators for radiotherapy, the company also places its value on the after sales service especially maintenance service on the equipment for clients who ordered from the company. This helps the equipment to run at its full effectiveness through its usage life as we know that without the proper maintenance and fixing, the equipment couldn't run properly and could affect the cancer patients receiving the treatment.

#### 2. Price Strategy

The company has the policy in setting the pricing by adding the proper profit rate to the cost of the product known as Cost Plus Margin. Pricing of the product will be controlled based on the related cost such as product cost, insurance and delivery cost, exchange rate risk, installation cost plus import duty and margin by basing on the price of the production company which is a Free on Board (FOB) or Carriage and Insurance Paid To (CIP) type. The company also uses credit services to import Letter of Credit (L/C) products or Trust Receipt (T/R) products as well as setting up forward foreign currency contracts from financial institutions to reduce the risk from the fluctuation in currency exchange. The payment method depends on the agreements and conditions as agreed in the purchasing contracts which differ for each client.

For the maintenance service that occurs after the warranty period, the company will charge based on Cost Plus Margin also.

### **3. Place Strategy**

As the product and service of company is the medical tool for cancer treatment which aim at the clients in medical industry, the company needs our personnel in sales, marketing and after sales to be well informed in the product and service in order to provide the correct advice to the clients and point out the benefits gained from using the products and services of the company. Therefore, our sales team is the key in our distribution success.

The product and service presentation will be operated by the sales and marketing department which has 2 main access to the clients, one is from following the notice of procurement of the government sectors and the other is from receiving the direct contact from clients. In the past, most high value sales come from the notice of procurement of the government sectors. From this, there are 2 ways to go which is either through electronic bidding or through special procurement process which follows the government procurement process set by the Comptroller General's Department, Ministry of Finance. Due to the nature of the product which is unique and has a lot of details, the procurement must pass the Terms of Reference (TOR) from the government procurement process. For the sales of smaller values products usually come directly from the client to the company.

Beside from following the notice of procurement above, the company also sets strategies to meet the target clients to inform them of the development and advancement in the product periodically to allow those target clients to realize the importance of these equipments and be able to continuously serve the growing needs of cancer patients. If any clients become interested, they will contact the company directly for more information and start the procurement process based on the client's internal process. Moreover, the company also coordinates with the target clients and offers sessions or seminars to provide knowledge about the products before they make their final decision.

### **4. Promotion Strategy**

As this is a business that requires specific expertise with unique users and few competitors, the company does not do PR. Also, because we have been trusted by the people in the medical and radiotherapy industry both in terms of product quality and after sales service, there is no need for the company to do lots of PR. Moreover, the company cannot run advertisement on the product due to the restrictions announced in the 2010 FDA Announcement regarding the criteria, procedures and conditions in advertising medical tools, number 3.2.4 which stated that one shall not advertise the dangerous medical tools which the linear accelerators are qualified as one of the dangerous tools. However, the product that the company imports is well-known and well-accepted worldwide among the radiotherapy doctors and experts.

However, the company runs continuous marketing activities and public relation activities to promote the company and inform clients about the product knowledge on a regular basis through seminars and academic fairs of Thai Association of Radiation Oncology and Thai Medical Physicist Society which are organized specifically for the medical personnel to promote the products to the directly concerned party and to build a strong image of the company and build brand recognition and brand awareness to the target clients.

## Target Clients

Most of the company's customers in the past were hospitals under the medical university. Specialized Cancer Hospital, General hospital and the leading private hospitals in the country. The Group's customers can be classified into the following categories:

1. University hospitals under the Faculties of Medicine such as Faculty of Medicine, Siriraj Hospital, Mahidol University, Chulalongkorn Hospital, Thai Red Cross Society, Faculty of Medicine, Ramathibodi Hospital, Mahidol University, Srinagarind Hospital, Faculty of Medicine, Khon Kaen University and Songklanagarind Hospital, Faculty of Medicine, Prince of Songkla University
2. Specialized hospitals such as Lopburi Cancer Hospital, Chonburi Cancer Hospital, Ubonratchathani Cancer Hospital, Maha Vajiralongkorn Thanyaburi Hospital Patumthani, Chulabhorn Hospital and Bangkok Cancer Detection and Treatment Center
3. General hospitals such as Sawan Pracha Rak Hospital, Maharat Nakhon Ratchasima Hospital and Bhumibol Adulyadej Hospital, Roi-ed Hospital, Maharat Nakornratchasima Hospital, Phrapokklao Chantaburi Hospital.
4. Specialized Cancer Hospital such as Wattanosoth Cancer Hospital (Bangkok Dusit Medical Services) and Bangkok Cancer Hospital.

## Industry Situation

### 1. Situation of the hospitals in Thailand with radiotherapy service

At present, the list of hospitals in Thailand in tertiary level and super tertiary level and the hospitals with radiotherapy service are as follows:

Public Hospitals	Number of Hospitals <sup>/1</sup>	Hospitals with Radiotherapy Service <sup>/2</sup>
University Hospitals	21	12
Cancer Specialized Hospitals	9	9
General Hospitals	37	10
<b>Total Public Hospitals</b>	<b>67</b>	<b>31</b>

Private Hospitals	Number of Hospitals <sup>/1</sup>	Hospitals with Radiotherapy Service <sup>/2</sup>
University Hospitals	2	0
Cancer Specialized Hospitals	2	2
Large Private Hospitals (more than 250 beds)	24	5
Total Private Hospitals	28	7
<b>Total Public and Private Hospitals</b>	<b>95</b>	<b>38</b>

Sources : <sup>/1</sup> Number of hospitals taken from Thai Association of Radiation Oncology

<sup>/2</sup> Number of hospitals with radiotherapy service taken from Business Alignment Public Co., Ltd.

Note : Number of hospitals shown will only include hospitals in tertiary and super tertiary levels which are large sized hospitals and the target clients of the company

From the data above, it can be seen that there are 67 tertiary and super tertiary level public ghospitals, 31 of which offer radiotherapy service. 12 out of 21 university hospitals, all 9 cancer specialized hospital and 10 out of 37 general hospitals currently offer radiotherapy.

There are 28 targeted private hospitals, 7 of which already offer radiotherapy services. None out of the 2 university hospitals, all 2 cancer specialized hospital and only 5 out of 24 general hospitals currently offer radiotherapy.



## **2. Situation of the Cancer Patients**

The present, Cancer is the most commonly found disease and one of the first causes of death around the world. Death from cancer accounts for 15% of all death causes. World Health Organization (WHO) found that there were 8.4 million people who died from cancer and tumors in 2012 worldwide. In addition, WHO forecast that in 2015, number of deaths will increase to 8.9 million people which accounts for 15.59% of all death causes and that in 2030, number of deaths will rise to 12.9 million people which accounts for 18.45% of all death causes. The data from "Cancer Incidents in 2012 from World Health Organization" suggested that for every 100,000 people, there can be 338.1 new cancer patients maximum, 63.4 new cancer patients minimum and 182.3 new cancer patients on average.

From the cancer forecast data by World Health Organization during 2012-2035, it can be seen that the trend is moving upwards. It has been forecast that there would be 123,000 new cancer patients in 2012, 131,885 in 2015, 149,578 in 2020, 168,093 in 2025 and 185,735 in 2030 and 201,209 in 2035.

The data from "Death ratio from Cancer compared with all causes of death in Thailand" suggested that during 2007 - 2014, 50,000 - 70,000 Thai people passed away because of cancer, which accounts for 13.59-16.09%. The trend is also moving upwards and cancer is the number one cause of death in Thailand.

The data from "Death Rate separated by Cancer Type per 100,000 People of Thailand in 2010-2014" which was a diagram from the Ministry of Public Health suggesting the death rate from different cancer type patients in Thailand showed that liver cancer has the highest death rate at 20% per year, followed by throat cancer, bronchus cancer and lung cancer. The main factor of both liver cancer and lung cancer is due to the lifestyle behavior of the patient.

Bureau of Policy and Strategy, Ministry of Public Health informed that in the year 2015, Data from death certificate found that, the leading cause of death is cancer, pneumonia, ischaemic heart diseases, land transport accidents.

## **3. Situation of the Radiotherapy Equipment in Thailand**

Today, there are not sufficient radiotherapy equipment for cancer patients who need them. The new cancer patients forecast from WHO suggested that the number is likely to increase. Despite cancer being the number one cause of death in Thailand, patients today still do not have access to the necessary radiotherapy treatment as 1 linear accelerator can support approximately 400-500 patients per year (data from Oxford University research in association with International Network For Cancer Treatment and Research (INCR) by Mr. Massoud Samiei under the topic "Challenge of Making Radiotherapy Accessible in Developing Countries", 2013) However, today the data from Thai Association of Radiation Oncology together with the research from the company suggested that Thailand has only 70 LINAC while the number of cancer patients is expected to rise to 65,943 in 2015. (WHO forecast the new cancer patients in 2015 at 131,885 which the research from Oxford University in association with International Network For Cancer Treatment and Research (INCR) by Mr. Massoud Samiei under the topic "Challenge of Making Radiotherapy Accessible in Developing Countries", 2013 pointed out that at least 50% of cancer patients need to be treated with radiotherapy. Therefore, this brings the ratio of cancer patients to LINAC in 2015 to 942:1 which is more than the capacity that Thailand currently has. The number suggested that Thailand needs at least 165 LINAC to support the cancer patients which means an additional 95 LINAC. (Source: LINAC Capacity Data from International Network For Cancer Treatment and Research (INCR) by Mr. Massoud Samiei under the topic "Challenge of Making Radiotherapy Accessible in Developing Countries", 2013 and Number of LINAC from Thai Association of Radiation Oncology.

Apart from the needed LINAC mentioned above, there is also a need for replacing the Cobalt-60 Machine with the LINAC due to its treatment limitation. At present, there are 8 Cobalt - 60 Machine in Thailand which is in need of replacement to increase the effectiveness in the treatment according to the reasons stated above. For this reason, together with the need for 95 additional LINAC mentioned above, the market needs a total of 103 additional LINAC. (Source: Number of LINAC from Thai Association of Radiation Oncology)

## Competition Situation

### LINAC Manufacturers

As manufacturing a LINAC requires advanced technology, there is not a lot of manufacturers in the market. Today Thailand cannot manufacture its own LINAC either so importing the machine from overseas companies such as Varian Medical Systems, Inc. (USA) or Elekta AB (Sweden) is still required. The 2 mentioned companies are considered as the main manufacturer and distributor in LINAC in the world. There is also LINAC imported from China which has very low market share and so far Thailand has not imported any from China.

### Competitions in Thailand

The import of medical equipments is a fast-growing industry especially ones with advanced technology such as linear accelerators. Today there are only 2 companies which import and distribute the linear accelerators, and our company is the exclusive distributor of LINAC from Varian Medical Systems, Inc. (USA) while our competitor imports from Elekta AB who is also the key competitor of Varian in the world market. This allows the 2 mentioned companies to dominate the LINAC industry in Thailand.

From the data of the number of LINAC in Thailand presented above, Varian has the highest market share in Thailand with 44 LINACs or accounts for 50.57% of the market, While Elekta has 32 LINACs which accounts for 36.78% of the market. Siemens also has 11 LINACS which accounts for 12.64% of the market but it has been in use for a long time already. However, Siemens has recently altered its business operations to focus on manufacturing and developing the imaging systems equipment such as CT Scan instead.

## Product and Service Provider

The company operates the business as the solution provider in radiotherapy to hospital clients. Therefore, the distribution of the product focuses on projects which means that the company also takes on the responsibility of construction and renovations of the radiotherapy room as well as providing and installing supporting equipments related to radiotherapy treatment to make sure that it works efficiently. Then the company will hand over to the clients once all of the projects is completed.

As a project work, the company must find personnel in all related aspects such as constructions, renovations, installation and maintenance. The company also looks after the procurement of the equipments needed for the effective treatment and installation of the equipments to ensure that the machine can work perfectly.

In distributing the radiotherapy medical equipments such as LINAC, Treatment Planning System and Radiotherapy patients database system, the company imports products from Varian Medical Systems Inc. and its group of companies ("Varian") and the company is appointed as the exclusive distributor of Varian in Thailand.

For other products, the company imported and purchased from overseas suppliers such as IBA Dosimetry GmbH (Germany), Thermo Fisher Scientific Inc. (USA), Xstrahl Limited. (UK), Deltabit Oy (Finland), Vision RT Ltd. (UK), Computerized Imaging Reference Systems, Inc. (CIRS) (USA), Radiation Product Design, Inc. (USA), Ashland Inc. (USA) etc.

## Recruitment

Staff of Project and warehouse of the company are responsible for assessing the possibility of the installation of different equipments, system wiring, and installation for equipments used in the radiotherapy room, radiotherapy simulator room and afterloader room. They are responsible for coordinating with the engineers, architects, project consultants and clients to prepare the space and other things to be ready for the installation as well as assessing and following up on the project to ensure that it is completed according to the project time frame. They are also responsible for coordinating with the sales team and the clients in providing the necessary equipments that match the clients' needs. Therefore, the project and warehouse of the company must have the engineering or radiology knowledge or have worked in medical physics.

For the installation process especially the Varian products, the manufacturer will install for the clients.

For the maintenance service, our after sales personnel will coordinate with the manufacturer team to run system check up for all LINAC and important software system. For the maintenance of the afterloader, the company's after sales personnel will be responsible for changing the minerals as scheduled.

For these reasons, the company puts an emphasis on selecting the personnel who has the expertise in the area and has passed the training from the manufacturing company and has some past experience in the maintenance of medical equipments for cancer treatment.

## Contractors

In the pre-installation process, some clients will ask the company to take charge of the constructions or renovations of the space for the LINAC to match the international standard and be suitable for the use of the machine. Therefore, the company has to hire outsource contractors to do this. These contractors include constructions worker, designers and build-in designers as the company does not have its own contractors.

As LINAC is a high radiation machine, the installation process must be done in a specifically designed room to prevent any danger that may occur from the radiation. This is why the company needs to select the suitable and professional contractors to do this. The company has a set selection criteria for these contractors to ensure satisfactions to all our clients.

## Sales and Maintenance Process

**Sales Process** (through electronic bidding and special procurement)

1. Product Presentation and Consideration Process For the procurement process, clients have 2 options which depends on the detail and the complexity of the product.
  - 1.1. Electronic Bidding
    - 1.1.1 When client has the desire to purchase the product, the procurement board will invite the LINAC distributors to present the information to the board to support the drafting of the Terms of Reference (TOR).
    - 1.1.2 After the initial product presentation, the sales team of the company will follow up on the procurement announcement of the company and draft the TOR according to the announcement on the clients' websites and government's procurement website by the Comptroller Generals' Department, Ministry of Finance. The company will review the announcement to see if the company has the right qualifications according to the announcement or not by looking at the TOR. If so, the sales and marketing team of the company will calculate the costs, and in the case where the space renovation is needed, the company will assign the engineer, architect and company consultant to inspect the area and assess the cost of constructions or renovations and add it to the original costs. Then the administration team will prepare the quotation for the bidding.

### 1.2. Special Procurement

If the clients wish to purchase through special procurement process, they must appoint a special procurement board to set the estimate cost and prepare the details of the needed equipments and invite the companies to present the quotation.

2. After the company has received the selection process results or has been invited by the clients to be the provider or distributor from one of the above processes, the company will contact its partners overseas to prepare the purchase order according to the project and prepare the necessary documents to process the loan from the bank as well as any other necessary documents for contract signing
3. In the case where space renovation is needed, the company will coordinate with outsource contractors to run the constructions or renovations. The company will monitor the work process of the contractors closely to ensure the necessary standard is met.
4. After the product has been delivered to Thailand, the company will process the installation of the product in the designated space according to the clients.
5. Once the installation is complete, the company will set up an appointment with the client for quality inspection before the hand over. This will also include any necessary trainings, both domestic and overseas, to doctors or related officers so that they are able to operate the machine correctly.
6. The company hands over the project to the client and places the invoice for payment according to the terms in the contract.
7. The company provides the maintenance service to the equipment according the agreed warranty period as stated in the contract.

### **Maintenance Service Process**

1. After the warranty period, the company will prepare the quotation for the maintenance service to the client for consideration before signing the maintenance agreement to continue the maintenance on the equipments.
2. The company will send the engineer in to run the maintenance service or in some cases the clients will coordinate with the company to find the experts from the manufacturing company to provide the maintenance service on the equipments according to the maintenance agreement.
3. The company sends the invoice to the client for payment collection as agreed in the maintenance agreement.

The company has a clear policy in handing over the equipments which must be accurate according to the agreed time frame in the contract including the quality of the product must be according to the purchasing agreement as well as the commitment in quality control of the installation and maintenance service throughout its usage life.

## Environmental Consequences

The business operation of the company has no external environmental consequence. However, the company puts its emphasis on the environmental management as LINAC has high radiation energy which could be harmful to human. Therefore, to prevent radiation leak to be within the international standard, the company focuses greatly on the selection of the personnel who is the expert and has many years of experience in constructions, renovations and installation of the machine to be correct according to international standard.

In addition, the Company is a distributor and installer of medical equipment for the treatment of cancer patients by radiotherapy, the company has no research and development in the production of products. However, the company has focused on the supply of medical instrumentation products for the treatment of cancer patients by radiotherapy. The company imports medical equipment from international manufacturers, which are the world's leading specialist medical equipment manufacturers and have been recognized by medical personnel. The products of these manufacturers are standardized in accordance with the international standards approved by the FDA in the manufacturer's country. In addition, the company provides medical equipment maintenance and repair services. This allows the toolkit to run for life. To serve customers more turnkey to more customers.

## Unfinished Project

The company has projects that have not yet been delivered with a value that is more than 10 percent of the total revenue according to the consolidated financial statements for the year 2018, totaling 5 projects with a total value of 1,626.30 million Baht with delivery date for all projects within the year 2020.

No.	Project	Project Value (million Baht)	Expected Delivery Date
1	Project to establish a cancer treatment center with proton particles	1,200 <sup>/1</sup>	Year 2020
2	Distribute and installing electron particle accelerators	90.00	Year 2019
3	Distribute and installing particle accelerators	75.65	Year 2019
4	Distribute and installing high energy radiation treatment machines	110.00	Year 2019
5	Distribute and installing Halcyon radiation and other accessories	150.65	Year 2019
		<b>1,626.30</b>	

Source : Company's data

<sup>/1</sup> The company recognized revenue from construction as at December 31, 2018 of 184.60 million Baht

However, the accounting standards to recognize the revenue of the company specifies that the revenue will be recognized once the project is complete and handed over. Therefore, if the mentioned unfinished project postpones its hand over date or fails to hand over according to schedule, which mostly occurs due to the unreadiness of the hospital or the space where the machine needs to be installed, this will affect the hand over date and the revenue recognition of the company for each accounting term.

# Key Risk Factors

## Business Operations Risks

### 1. Risks from dependency on the key manufacturer in USA

In distributing radiotherapy medical equipments such as LINAC, treatment planning system and radiotherapy patients database system, the company imports products from Varian Medical Systems Inc. and its group of companies ("Varian") from USA and the key manufacturer and distributor of radiotherapy medical equipments and software system, as well as proton beam therapy and mineral implant therapy using advanced technology including x-ray tube for medical purposes and linear accelerators for container inspection using high energy x-ray. Varian is regarded as the high quality manufacturer and distributor of radiotherapy equipments and is highly accepted among the radioltherapy industry both domestically and internationally.

The company was appointed as the exclusive importer and distributor of Varian in Thailand since the establishment of the company until now which is more than 18 years. The ratio of the cost of sales and service from Varian in the year 2016 - 2018 is 455.62 Baht, 322.76 million Baht and 289.25 million Baht which accounts for 74.06 %, 76.61% and 57.72 % of sales and service cost respectively.

From the data above, it can be seen that the company has high dependency on Varian for its business operation. Beside from the cost ratio from Varian which shows high dependency from the company for its business operation, the Varian products both LINAC, treatment planning system and radiotherapy patient database system are considered as the main products which generate the main revenue for the company and is key to the company's success in selling other supporting products. Therefore, if the company fails to continue to be the exclusive distributor of Varian or in the case where Varian faces any problems in its business operation and becomes unable to distribute to the company, this will have a dramatic impact on the company that could make the company unable to continue its operation.

#### Guidelines for risk management

The company has been working with Varian for over 18 years since the establishment of the company and the company has been appointed as the exclusive distributor since 2000. Throughout this time, the company has been able to operate its business well and has been an important part in distributing Varian products to Thai clients. Moreover, Varian is the key medical equipments and software system provider for radiotherapy in USA and is registered on the New York Stock Exchange, with stable financial status So, the chance of a problem in Varian's business operation is low and the company strongly believes that it can remain the exclusive distributor in Thailand continuously. We have had strong partnership and there is no reason for Varian to cancel the appointment as the exclusive distributor in Thailand

### 2. Risk from not able to follow the key conditions as stated in the appointment agreement with Varian

In the appointment agreement with Varian, it has stated some conditions of being a distributor which could be a risk in the business operations in the future. That is the duration of the current contract which is for a period of 1 years (October 1, 2018 - September 30, 2019). Therefore, should Varian decide not to renew the contract with the company, this poses a risk for the company depending on the stated duration in the agreement

#### Guidelines for risk management

The company does not see any concern in the renewal of the contract based on the past 18 years performance of the company and the continuous renewal of the contract for the past 18 years which shows the trust and dependency between the company and Varian.

### 3. 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 18 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 enviroment 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.

#### Guidelines for risk management

Though the company has many advantages, it still realizes the risk in business competitions. Therefore, the company has the policy to differentiate itself through better service quality as well as improving the effectiveness of the company's work process. The company believes that we can maintain and improve the capacity of the company for the distribution of these products in Thailand in the long run.



#### **4. 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. Most of the sales revenue comes from high value projects which usually are the ones where the key product is the teletherapy machine which is worth 50-250 million Baht on average per project. 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.

##### **Guidelines for risk management**

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.

#### **5. 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. This will have a dramatic impact on the sales revenue of the company and may affect the operation for each accounting term.

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 4th 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 3rd or 4th 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 3rd and 4th quarter of the year while the 1st and 2nd 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

##### **Guidelines for risk management**

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

#### **6. Risk from the niche nature of the business in terms of products and market conditions**

The key products of the company such as LINAC or hardware and software of the treatment planning system are specialized products with advanced technology with high value and low manufacturers. These factors impact the nature of the market condition of this business. In another word, the target clients of the company are in a niche market which is only for public health services. Moreover, the key products of the company especially the LINAC has an average life of 12-15 years until another machine is required to replace the old one. The change in the technology of the LINAC may require a long time to develop and experiment as it is the medical equipments with direct effect to the patients. Therefore, the market condition and demand in the products may be limited to these clients only and to the limited time frame that take a long time before another replacement machine is needed. If we look at the data of the life of the LINAC by Varian above, it may affect the company's ability to expand its revenue in the long run and the company may face the risk of unstable and fluctuated revenue in the future.

##### **Guidelines for risk management**

The company realizes this risk in unstable and fluctuated revenue as it is a key factor that will impact the business operations and revenue of the company. The company does not see that being in a niche market will affect the operations of the company as there is not enough radiotherapy machine for cancer patients anyway based on the data from World Health Organization which suggested that the trend of cancer patients in Thailand is likely to rise continuously. This is not enough to serve the patients as each LINAC has the capacity to treat 400-500 patients per machine per year. With this reason, the company feels that the existing target clients will still have the demand to purchase the products continuously and the budget allocation to the target clients (both for public and private hospitals) will become essential and will be the opportunity that the supervised departments must consider to invest in product.

#### **7. Risk in following the related orders, rules and regulations**

In operating the distribution and installation of the radiotherapy machine by importing from the expert company overseas including the maintenance service, the company must follow the orders, announcements, rules, regulations, act and related law such as 2008 Medical Device Act, Ministry of Public Health Announcement, FDA Orders and Announcement, 2008 Responsibility for unsafe products Act by the Office of the Consumer Protection Board, This is to control the business operations of the manufacturers, importers and distributors of medical equipments and to protect the safety and rights of the consumers. Moreover, as the target clients are university hospitals, cancer hospitals under the Ministry of Public Health and other public hospitals which uses electronic bidding or special procurement process, the government has develop the procurement system to be more effective and of high standard.

Therefore, as the business operations under the control of the law, rules and regulations above, the company must follow to them strictly because if the company fails to do so whether by human error or ignorance, it may result in the halt in the company's operation and could incur additional cost to the company. For example, if the company fails to renew its license to import medical equipments in time, the company may not be allowed to import the product which caused the company not to be able to sell the product to the clients which in the end will result in the delay in the hand over of the project and affect the revenue of the company.

##### **Guidelines for risk management**

To reduce this risk, the company puts the emphasis on the communication to all employees to realize the importance of following orders, announcements, rules, regulations, act and related law and following up on any changes to these rules and regulations from observing government announcement or communicating with the clients on a regular basis. In addition, the company also focuses on monitoring the license and other related documents in distributing the products of the company in every step to ensure that everything is under control and will not cause the delay in the hand over of the project to the clients. Since its establishment, the company has never had an issue related to this that have caused a loss in the business operations.

## Management and Administration Risk

### **Risk from Dependency of the key Directors**

At present, the key Directors of the company includes Mr. Sompong Chunekitiyanone, Director and CEO and key shareholder of the company for 32.06 % of the paid-up capital as of December 28, 2018 and Mr. Voravid Silapusid, Director, Managing Director, Chief Financial Officer and Human Resources Director and key shareholder of the company for 31.31 % of the paid-in capital as of December 28, 2018. Both of them have been in the business for a long time with clear visions and has the direct responsibility to set the policy, directions and business operations of the company.

### **Guidelines for risk management**

Therefore, the change in these mentioned Directors may cause the company to face an issue in its future business operations. To decentralize and reduce the risk on the dependency of these key directors, the company has set up its organization chart to include honorable directors with long-term experience in management and operations and allow managers of different levels to take part in the decision and setting the directions of the company more. The company also decentralize the management authority and responsibility clearly. However, Mr. Sompong Chunekitiyanone and Mr. Voravid Silapusid will still be the ones who set the main policy of the company. As for the other details, these will be decided by other members of the management team to reduce the risk in dependency on the key Directors.

## Financial Risk

### **Risk from the fluctuation in foreign currency exchange**

As the medical equipments need to be imported from overseas such as USA, Germany, UK, and Sweden which sets the payment conditions to be paid in foreign currency. In the year 2016-2018, the company imports account for 63.05%, 66.50% and 46.14 % of the sales and service cost respectively. Therefore, the company may face a risk in the fluctuation of the foreign currency exchange. If there is an economic situation that softens the Thai Baht when compared to the foreign currency, this could have a negative effect on the overall operation of the company as can be seen that in the year 2016 - 2018, the company's profits and loss from foreign currency exchange are at 3.92 million Baht, 1.58 million Baht and 0.98 million Baht respectively.

### **Guidelines for risk management**

However, to reduce the effects from the fluctuation in the foreign currency exchange, the company has the policy to manage the risk by using currency hedging for foreign currency. The company has no policy in gaining profits from this fluctuation whatsoever. Therefore, the company sets its policy that if the company uses Letter of Credit, the company will do forward contract and use the currency exchange as of the date of the contract. Moreover, the company also monitors and assesses the risk in foreign currency exchange through economic news analysis for its business operations.

## Assets in Business Operations

Assets Table as of December 31, 2018

(Unit : Thousand Baht)					
Asset Types	Asset Description	Ownership	Contingencies	Net Value	Usage
Cars and their improvements	Trucks and trucks roofs	Company owned	No	292.71	To use in communication and deliver the products
Equipments	Small medical equipments	Company owned	No	132.51	To use in installing and quality vision and mission inspection of the radiotherapy system
Office Supplies	Office supplies used at the company's office	Company owned	No	1,922.81	To use within the office
Rental Office Renovation	Renovation of the company's rental office located at 92/45 16th Floor, and 92/32 14th Floor, Sathorn Thani 2 Building, Sathorn Nua Rd., Silom, Bangrak, Bangkok	Company owned	No	3,330.26	To use within the office
Business office	92/32 14th Floor, Sathorn Thani 2 Building	Company owned	No	23,868.44	To use within the office
<b>Total</b>				<b>29,546.73</b>	

### Intangible Assets

As of December 31, 2018, the company's intangible assets include computer programs whose net value is 337,769.97 Baht

### Important Contracts in Business Operations

1. Distributor Agreement in Thailand about radiotherapy Products with Varian Medical Systems Pacific, Inc.
2. Agreements as the exclusive distributor in Cambodia with Varian Medical Systems Pacific, Inc.
3. Distribution Agreement to distribute the products and sets its pricing and distribute freely in Thailand / Patient Confirmation System with Deltabit Oy.
4. Exclusive Distributor Agreement about Treatment Plan Verification Software with Mobius Medical Systems, LP.
5. Distributor of laboratory examinations and services with ATGenes Company Limited

## Investment in the Subsidiary Companies and Associates

To consider an investment in a subsidiary company or associate, the company will focus on the business that will support and benefit the operations of the company first by taking into account the profits, risk and liquidity of the company carefully. The investment must be considered by the Board of Directors and Shareholders Meeting according to the approved authorization and must be done in accordance with the requirements and announcement of the Capital Market Supervisory Board and the Stock Exchange Market of Thailand as well as any related laws, rules and regulations and order announcements. The company will monitor the consideration by assigning members of the board of directors or the directors of the companies as a board member to control the direction and policy in management to align with company's business operations.

As at December 31, 2018 the company invested in subsidiaries company held the Extraordinary General Meeting of Shareholders No. 1/2018 held on January 9, 2018. The meeting approved the investment in specialized cancer hospital. The company set up a joint venture with a registered share capital of 200 million Baht divided into 2,000,000 ordinary shares with a par value of 100 Baht each. The company will hold 65.00% of the registered capital of the subsidiary. It was registered with the Ministry of Commerce on January 12, 2018.

## Legal Disputes

As of December 31, 2018, the company has no legal dispute that may bring negative consequences to the business operations of the company and the company has no legal dispute that may bring negative consequences to the assets of the company which is worth more than 5% of the shareholders.

## Securities and Shareholders Information

As of December 31, 2018, the company has a registered capital and paid - up capital of 200,000,000 Baht divided into 400,000,000 ordinary shares with a par value of 0.50 Baht per share.

## Shareholders Structure

The names of major shareholders of the company as of date December 28, 2018 are as follows:

No.	Shareholder Name	No. of Shares	% of shareholding
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 Chinudomsap	11,793,000	2.95
5	Thai Nvdr Co., Ltd.	5,897,600	1.48
6	Mr. Pairin Montairat	4,361,500	1.09
7	Mr. Chaveng Suwanrat	3,596,000	0.90
8	Mr. Sitthichai Chunengjiranont	2,874,700	0.72
9	Mr. Nattapong Phanrattanamongkhon	2,850,000	0.71
10	Mr. Phoomphan Phattaranutaphorn	2,816,700	0.70
	Other Shareholders	85,322,500	21.33
	<b>Total of Shares</b>	<b>400,000,000</b>	<b>100.00</b>

Source : Thailand Securities Depository Co., Ltd.

## Other securities issued

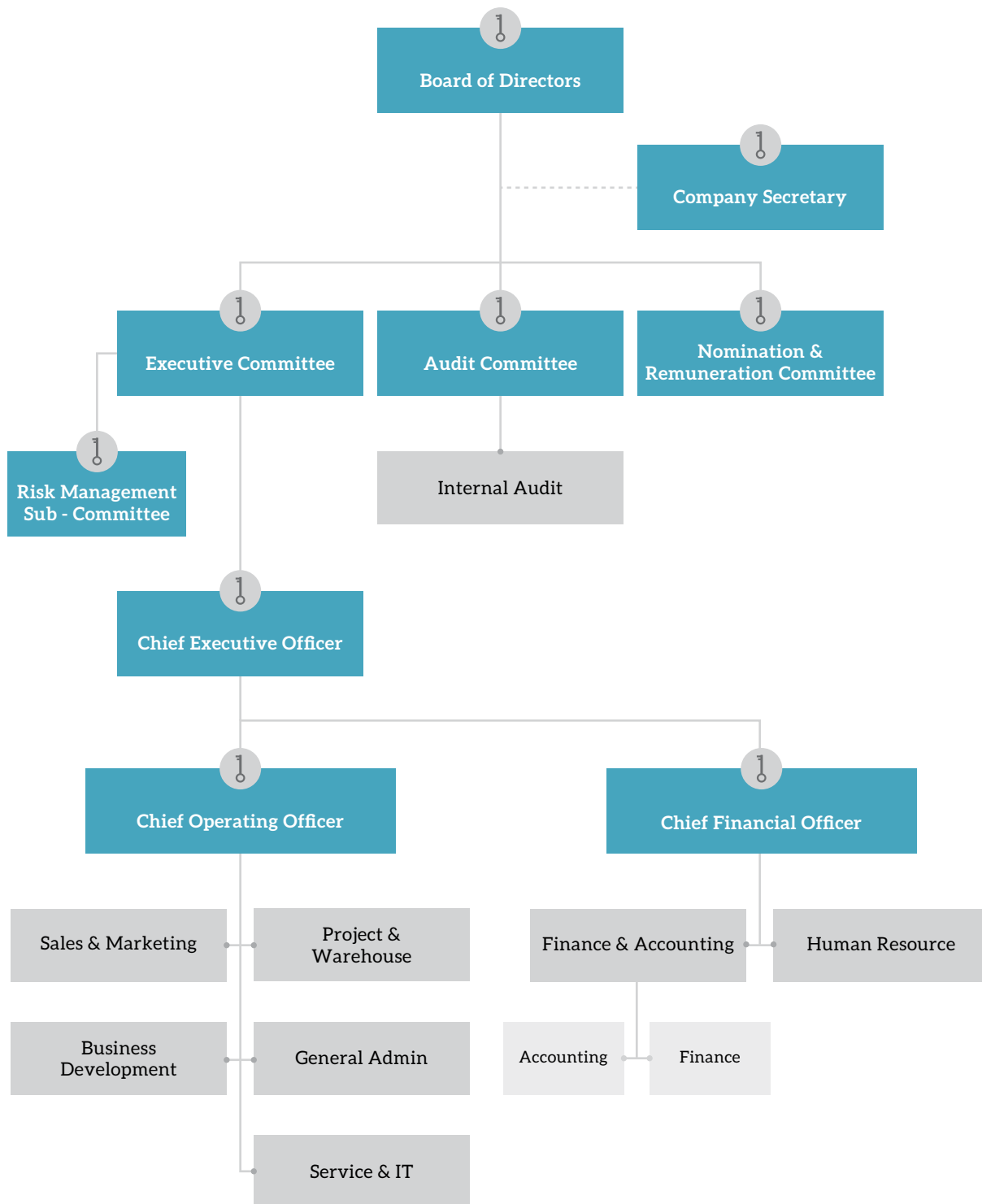
None

## Dividend Policy

The company has set a policy for the annual dividend to be paid out at a rate of not less than 40 per cent of the net profit after the deduction of all reserves as defined in the Articles of Association and the law, barring the occurrence of other necessitating events, and in the event that dividend payout does not significantly affect the normal operations of the company.

However, these dividends are subject to change depending on operation results, the company's financial situation, liquidity, investment plans as well as factors impacted by the business administration, and other necessitating events or situations which may appropriate a change in the future. Payout shall be made at the discretion of the Board of Directors, as the aforesaid dividends are under their jurisdiction. In any case, the Board of Directors' resolution to approve any payment of dividends must be proposed to the shareholders' meeting for consideration, except in the case of an interim dividend payment. The Board of Directors has the authority to approve an interim dividend payment, providing it is reported at the following shareholders' meeting.

# Management Structure



Note : The internal audit of the company is outsourced by appointing the Honor Audit and Advisory Co., Ltd. to perform the said duties.



# Details of Directors, Audit Committee and Executive Committee

## Mr. Woodtipong Moleechad

Chairman of the Board / Independent Director  
Age 70

Shareholding Percentage as of 28/12/2018 0.00%  
Changes in number of Shares during the year none  
Relationship between the Executive none  
The indirect shareholding of spouse and immature children none  
Appointment Date 16 December 2015 (3 years)

### Education

- Bachelor of Economics Program, Thammasat University

### Seminar and Training

- Anti - Corruption for Executive Program  
Thailand Institute of Directors: IOD Class 15/2015
- Director Certification Program Update  
Thailand Institute of Directors: IOD Class 3/2015
- Director Certification Program  
Thailand Institute of Directors: IOD Class 130/2015

### 5 Years' Work Experience

#### Positions in other public companies

2017 - Present	Chairman of Audit Committee / Independent Director Triple I Logistic Public Co., Ltd.
2012 - Present	Consultant MFC Asset Management Public Co., Ltd.
2009 - Present	Chairman of the Board / Independent Director / Chairman of Nomination and Corporate Governance Committee / Audit Committee Member / Compensation Committee Member Symphony Communication Public Co., Ltd.
2012 - 2018	Chairman of the Board / Independent Director International Research Corporation Public Co., Ltd

#### Positions in other companies

2012 - 2015	Director Alsolar 1 Co., Ltd.
2009 - 2015	Member of the Council of Experts King Mongkut's Institute of Technology Lat Krabang
2008 - 2014	Director Department of issuing, Bank of Thailand
2010 - 2013	Director / Audit Committee / Member of Corporate Affairs Sukhumvit Asset Management Co., Ltd.

## Ms. Srirat Chuchottaworn

Independent Director /  
Chairman of Audit Committee /  
Nomination and Remuneration Committee  
Age 50

Shareholding Percentage as of 28/12/2018 0.00%  
Changes in number of Shares during the year none  
Relationship between the Executive none  
The indirect shareholding of spouse and immature children none  
Appointment Date 16 December 2015 (3 years)

### Education

- Bachelor of Science, Faculty of IT in Business,  
Chulalongkorn University
- Bachelor of Engineering, King Mongkut's Institute of  
Technology Ladkrabang
- Advisory permission from SAP in financial accounting and  
management accounting. (Certified SAP consultant in FI/CO)

### Seminar and Training

- Director Certification Program  
Thailand Institute of Directors: IOD class 219/2016
- Advanced Audit Committee Program (AACP)  
Thailand Institute of Directors: IOD class 24/2016

### 5 Years' Work Experience

#### Positions in other public companies

none

#### Positions in other companies

2018 - Present	Director Cancer Alliance Co., Ltd.
2013 - Present	Director Any I Corporation Co., Ltd.
2014 - Present	Director Code IT Consulting Co., Ltd.
2011 - Present	Director I Coach Co., Ltd.
2011 - Present	Director ITS Trade Ship Co., Ltd.
2010 - Present	Director I H R Consulting Co., Ltd.
2009 - Present	Director Baseline Technology Consultants Co., Ltd.
2006 - Present	Director ECM Consulting Co., Ltd.

## Mr. Vipoota Trakulhoon

Independent Director / Audit Committee /  
Chairman of Nomination and Remuneration  
Committee

Age 52

Shareholding Percentage as of 28/12/2018 0.00%

Changes in number of Shares during the year none

Relationship between the Executive none

The indirect shareholding of spouse and

immature children none

Appointment Date 16 December 2015 (3 years)

### Education

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Business Administration, Major of Banking and Finance, Chulalongkorn University

### Seminar and Training

- Director Accreditation Program  
Thailand Institute of Directors: IOD Class 117/2015

### 5 Years' Work Experience

#### Positions in other public companies

2017 - Present	Audit Committee / Independent Director Triple I Logistic Public Co., Ltd.
2014 - Present	Executive Committee Millcon Steel Public Co., Ltd.
2011 - 2013	Executive Vice President / Head of Corporate Banking Group Krungthai Bank Public Co., Ltd.

#### Positions in other companies

2014 - Present	Director Creative Power Co., Ltd.
2013	Chairman of the Board Krung Thai IBJ Leasing Co., Ltd.

## Mr. Thanawat Lertwattanak

Independent Director / Audit Committee /  
Nomination and Remuneration Committee

Age 48

Shareholding Percentage as of 28/12/2018 0.00%

Changes in number of Shares during the year none

Relationship between the Executive none

The indirect shareholding of spouse and

immature children none

Appointment Date 16 December 2015 (3 years)

### Education

- Master of Industrial Engineering (Manufacturing) University of Tennessee, Knoxville, USA)
- Bachelor of industrial engineering from University of Tennessee, Knoxville, USA)
- Bachelor of Science, Major of Computer Science King Mongkut's Institute of Technology Lat Krabang

### Seminar and Training

- Director Certification Program  
Thailand Institute of Directors: IOD Class 219/2016
- Advanced Audit Committee Program (AACP)  
Thailand Institute of Directors: IOD class 24/2016

### 5 Years' Work Experience

#### Positions in other public companies

none

#### Positions in other companies

2013 - Present	Director Any I Corporation Co., Ltd.
2011 - Present	Director Code IT Consulting Co., Ltd.
2011 - Present	Director I Coach Co., Ltd.
2011 - Present	Director ITS Trade Ship Co., Ltd.
2010 - Present	Director I H R Consulting Co., Ltd.
2009 - Present	Director Baseline Technology Consultants Co., Ltd.
2006 - Present	Director Consultant ECM Consulting Co., Ltd.
2004 - Present	Director I am consulting Co., Ltd.

## Mr. Sompong Chunekitiyanone

Director / Executive Chairman /  
Chairman of Risk Management Sub - Committee /  
Nomination and Remuneration Committee /  
Chief Executive Officer /  
Chief Operating Officer (Acting)  
(Authorized Directors)  
Age 56

**Shareholding Percentage as of 28/12/2018** 32.06%  
**Changes in number of Shares during the year** none  
**Relationship between the Executive** none  
**The indirect shareholding of spouse and immature children** none  
**Appointment Date** 12 May 2000 (18 years)

### Education

- Master of Business Administration, National Institute of Development Administration (NIDA)
- Master of Science, Department of Forensic Science, Mahidol University
- Bachelor of Science, Department of Radiological Technology, Mahidol University

### Seminar and Training

- Advanced Master of Management Program (AMM) Class 2, National Institute of Development Administration (NIDA)
- Capital Market Leader Program, Capital Market Academy Class 26
- Director Certification Program  
Thailand Institute of Directors: IOD Class 204/2015
- Thailand's Big Strategic Move Conference 2017 by SET
- Joint discussion on the implementation of the Anti - Corruption Action Plan of the Thai Private Sector 2017
- SET Social Impact Day 2017: Partnership for the Goals  
"Combine the power for sustainability."

### 5 Years' Work Experience

#### Positions in other public companies

none

#### Positions in other companies

2018 - Present Chairman of the Board  
Cancer Alliance Co., Ltd.  
2014 - Present Director  
Sathorn Sixteen Co., Ltd.

## Mr. Voravid Silapusid

Director / Executive Committee /  
Risk Management Sub - Committee /  
Nomination and Remuneration Committee /  
Chief Financial Officer /  
Human Resource Manager (Acting)  
(Authorized Directors)  
Age 53

**Shareholding Percentage as of 28/12/2018** 31.31%  
**Changes in number of Shares during the year** none  
**Relationship between the Executive** none  
**The indirect shareholding of spouse and immature children** 0.75%  
**Appointment Date** 12 May 2000 (18 years)

### Education

- Master of Development Economics Major of Financial Economics, National Institute of Development Administration (NIDA)
- Master of Engineering, Major of Engineering Industrial and Manufacturing, Asian Institute of Technology
- Bachelor of Engineering, Major of Electronic, King Mongkut's Institute of Technology Lat Krabang

### Seminar and Training

- Director Certification Program  
Thailand Institute of Directors: IOD Class 205/2016

### 5 Years' Work Experience

#### Positions in other public companies

none

#### Positions in other companies

2018 - Present Director  
Cancer Alliance Co., Ltd.  
2014 - Present Director  
Sathorn Sixteen Co., Ltd.

## Mr. Noppadol Suntanaphanich

Director / Executive Committee /  
Risk Management Sub - Committee /  
Service and IT Manager  
(Authorized Directors)  
Age 46

**Shareholding Percentage as of 28/12/2018** 6.00%  
**Changes in number of Shares during the year** none  
**Relationship between the Executive** none  
**The indirect shareholding of spouse and immature children** none  
**Appointment Date** 3 April 2015 (3 years)

### Education

- Master of Business Administration, Major of Management, Ramkhamhaeng University
- Bachelor of Industrial Technology (Faculty of Engineering), Mahanakorn University of Technology

### Seminar and Training

- IT Governance and Cyber Resilience Program (ITG) Thailand Institute of Directors: IOD Class 8/2018
- Training course ISO13485:2016 Distribution/Service and Maintenance of Medical Device
- Directors Accreditation Program Thailand Institute of Directors: IOD Class 123/2016

### 5 Years' Work Experience

#### Positions in other public companies

none

#### Positions in other companies

2014 - Present Director  
Sathorn Sixteen Co., Ltd.

## Ms. Sukanlaya Khamnuan

Executive Committee /  
Risk Management Sub - Committee /  
Financial and Accounting Manager  
Age 34

**Shareholding Percentage as of 28/12/2018** none  
**Changes in number of Shares during the year** none  
**Relationship between the Executive** none  
**The indirect shareholding of spouse and immature children** none  
**Appointment Date** 23 December 2015 (3 years)

### Education

- Master of Business Administration, Major of Finance and Banking, Ramkhamhaeng University
- Bachelor of Business Administration, Major of Accounting, Ramkhamhaeng University

### Seminar and Training

- Training course ISO13485:2016 Distribution/Service and Maintenance of Medical Device
- Directors Accreditation Program Thailand Institute of Directors: IOD Class 136/2017
- Scholarship Program "Prepare for the adoption of the Financial Reporting Standard" Year 2017
- Communication on Strengths by ADDIE the Change Consulting Co., Ltd. 2017
- Foreign exchange risk management 2017

### 5 Years' Work Experience

#### Positions in other public companies

none

#### Positions in other companies

2018 - Present Director  
Cancer Alliance Co., Ltd.

## Ms. Srisunun Anuchornphan

Company Secretary /  
 Secretary of Audit Committee /  
 Secretary of Nomination and Remuneration  
 Committee / Secretary of Executive Committee /  
 Secretary of Risk Management Sub - Committee  
 Age 41

**Shareholding Percentage as of 28/12/2018** none

**Changes in number of Shares during the year** none

**Relationship between the Executive** none

**The indirect shareholding of spouse and  
 immature children** none

**Appointment Date** 1 January 2017

### Education

- Master of Business Administration for Executive, Major of Management, Rangsit University
- Bachelor of Business Administration Major Personnel Management Faculty of Humanities and Social Sciences, Burapha University

### Seminar and Training

- IR Fundamental Course 2018 (Thailand Securities Institute: TSI)
- Training course ISO13485:2016 Distribution/Service and Maintenance of Medical Device
- Board Reporting Program (BRP)  
 Thailand Institute of Directors: IOD Class 23/2017
- Criminal Liability of Directors and Juristic Persons 2017
- How to create a HR plan for a corporate strategy class 7/2017
- Basic Finance for IR 2017
- Communication on Strengths by ADDIE  
 the Change Consulting Co., Ltd. 2017
- Enhancing Good Corporate Governance based on CGR Scorecard  
 Thailand Institute of Directors: IOD 2017
- Smart Disclosure Program Project (SDP) 2017
- Company Reporting Program (CRP)  
 Thailand Institute of Directors: IOD Class 13/2015
- Company Secretary Program (CSP)  
 Thailand Institute of Directors: IOD) Class 46/2012
- Corporate Secretary Development Program (Faculty of Commerce and Accountancy, Chulalongkorn University)  
 Class 12/2005

### 5 Years' Work Experience

#### Positions in other public companies

1999 - 2016 Company Secretary and Admin Manager  
 Business Online Public Co., Ltd.

#### Positions in other companies

none

## Profile of Head of Internal Audit

### Ms. Piyamas Ruangsaengrob

Head of Internal Audit Team  
(Outsourcing: Honor Audit and Advisory Co., Ltd.) /  
C.P.A. Registration No. 7133  
Age 40

Shareholding Percentage as of 28/12/2018 none

Changes in number of Shares during the year none

Relationship between the Executive none

The indirect shareholding of spouse and  
immature children none

Appointment Date 16 April 2015

### Education

- Master of Financial Accounting and Assurance, Thammasat University
- Certificate of Audit Factor, Chulalongkorn University
- Bachelor of Business Administration, faculty of Accounting, Rajamangala University of Technology Rattanakosin (RMUTR) Bophit Phimuk Chakkrawat Campus
- Bachelor of Arts, faculty of Mass Communication, Ramkhamhaeng university
- Internal Audit Certificate, Class 7, Federation of Accounting Professions
- Certificate of Tax Law Thammasat University, Customs Tax Course, Excise tax and stamp duty VAT Specific business, tax Corporate, Income Tax, Personal income tax and international taxation
- Certificate of "Capital Market Auditor Development", Securities and Exchange Commission and the Federation of Accounting Professions
- Certificate of the Federation of "Accounting Professions Audit Office For quality certification under the ISQC1 standard" Class 3
- Certificate of the Association of Investors Club, course "Practices after receiving investment promotion"

### Seminar and Training

- Making paper for anti - corruption measures in the organization (2018)
- TFRS 2018
- Risk and supervision of information technology (2017)
- Cyber Security for auditors and accountants in the 4.0 era (2017)
- Digital era business and legal risks (2016)
- Internal control guidelines for companies preparing to be listed on the stock market (2016)
- Data Analytics for Internal Audit (2016)

### Seminar and Training

- Financial reporting standards for companies preparing to register on the stock exchange (2015)
- Accounting for financial instruments (2015)
- Corruption prevention in the organization (2015)

### 5 Years' Work Experience

#### Positions in other public companies

none

#### Positions in other companies

2010 - Present Managing Partner (Audit Division)  
Honor Audit and Advisory Co., Ltd.

## List of Directors and Controlling Persons in the company and subsidiary

No.	Name of Directors	Business Alignment	Cancer Alliance
1	Mr. Woodtipong Moleechad	■	
2	Ms. Srirat Chuchottaworn	●	●
3	Mr. Vipoota Trakulhoon	●	
4	Mr. Thanawat Lertwattanak	●	
5	Mr. Sompong Chunekitiyanone	● ▲	■
6	Mr. Voravid Silapusid	● ▲	●
7	Mr. Noppadol Suntanaphanich	● ▲	
8	Ms. Sukanlaya Khamnuan	▲	●

Remark : ■ Chairman ● Director ▲ Executive Committee

## Board of Directors

As of December 31, 2018, the company's Board of Directors consisted of 7 members as follows,

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

Company Secretary :

Ms. Srisunun Anuchornphan

Names of directors who are authorized signatories of the company :

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

## Scope of Duties and Responsibilities of the Board of Directors

1. The Board of Directors must perform its duties with responsibility, carefulness and integrity as well as in compliance with the laws, company objectives, the Articles of Association and resolutions of the shareholders.
2. The Board of Directors may consider for appointment a person who possesses the qualifications and does not possess any characteristics prohibited under the Public Company Act of B.E. 2535 (1992) and the laws governing SEC and SET and any notifications, regulations and/or rules relevant to the position of Director, in case a vacancy is created due to a cause other than retirement by rotation of directors.
3. The Board of Directors may consider and appoint Executive Directors chosen from the directors of the company as well as specify the scope of power, duties and responsibilities of directors.



4. The Board of Directors may consider and appoint Independent Directors and Audit Committee members based on the qualifications and prohibited characteristics under the laws governing SEC and SET, including relevant rules, regulations and/or notifications from the Stock Exchange of Thailand (SET) or they may also propose members of the company to the shareholders' meeting for appointment as Independent Directors or appointment to the Audit Committee.
5. The Board of Directors may consider, specify and amend the list of directors with the power to authorize in the company.
6. The Board of Directors may appoint any person as their proxy to operate the company under the control of the Board or may grant said person with power to act on its behalf and/or during a specific period of time as deemed appropriate by the Board. The Board of Directors may revoke, cancel, change or amend the proxy whenever it deems appropriate.
7. The Board of Directors may approve transactions of acquisition or disposition of assets, unless the aforesaid transactions are required to be subject to approval at a shareholders' meeting. In either case, approval shall be in compliance with the relevant notifications, regulations and/or rules of the SET.
8. The Board of Directors may approve related transactions, unless the aforesaid transactions are required to be subject to approval at a shareholders' meeting. In either case, such approval shall be in compliance with the relevant notifications, regulations and/or rules of the SET.
9. The Board of Directors may approve the payment of interim dividends to shareholders in the event that the company has made sufficient profits to do so. Such payments may be reported at the following shareholders' meeting.
10. The Board of Directors shall determine the company's vision, policy and operational direction, business strategies and annual budget and supervise management to ensure compliance with the policy efficiently and effectively so as to provide maximum economic value for shareholders as well as sustainable growth.
11. The Board of Directors shall be responsible for business profits and performance of the management, with attention and care throughout all of its operations.
12. The Board of Directors must ensure that management employs appropriate and effective risk management systems.
13. The Board of Directors shall establish clear and measurable targets for business operation to be adopted as guidelines in setting the company's performance goals, taking into account their feasibility and reasonability.
14. The Board of Directors shall be consistently accountable to shareholders and operate by protecting the interests of shareholders, disclosing information that is material to investors correctly and completely with adherence to high standards and transparency.
15. The Board of Directors may consider and decide on significant matters such as policies and business plans for large investment projects, with authority to manage the acquisition or disposition of assets and any other items specified by the law.
16. The Board of Directors shall determine the power and level of approval for transactions and various tasks related to the company's operation by any committee or person as appropriate and in compliance with related legal requirements, the policies of which are to be formulated into an operation manual which must be reviewed at least one (1) time per year.
17. The Board of Directors shall provide an accounting system, financial reporting and reliable auditing and must also ensure to provide a procedure for assessing internal controls.
18. The Board of Directors shall approve the proposed appointment of the auditor and consider the yearly audit fee, which shall be presented to shareholders for their approval.
19. The Board of Directors shall report on its responsibilities in preparing the financial statements by presenting the statements together with audit results in the annual report, covering all key issues in accordance with the designated policy guidelines for directors of listed companies in the Stock Exchange of Thailand.
20. The Board of Directors shall supervise the performance of various sub-committees in accordance with any specified charters.
21. The Board of Directors must personally evaluate results of its own operations and also evaluate its overall performance results.

### Scope of Duties and Responsibilities of the Chairman of the Board

1. Chairman of the Board has the duty to call a meeting of the Board of Directors and Shareholders' Meeting. Also has a role in setting the agenda with the Chief Executive Officer.
2. Control the meeting effectively. Provide enough time for the management to present the information. Support and allow the directors to freely ask questions and express their opinions and the resolution of the meeting.
3. As an important role in promoting the Board of Directors. To comply with good corporate governance principles. Ensure that all directors contribute to the company's ethical culture and good corporate governance.
4. Communicate important information to the Board of Directors.
5. Oversee, monitor, and ensure that the board efficiently carries out its duties to achieve the company's objectives.
6. Set the board meeting agenda by discussing with the chief executive officer which important matters should be included.
7. Promote a culture of openness and debate through ensuring constructive relations between executive and non - executive directors, and between the board and management.

### Term of Office of the Directors

The Board of Directors is responsible for managing the business operations of the company. The directors' term of office has been appointed in accordance with the regulations of the company, which is that at the Annual General Meeting of Shareholders one-third (1/3) of those who are directors at the time are to retire. If the number of directors at the time is not divisible by three, then the number nearest to one third (1/3) of the directors shall retire from office. Retired directors may be chosen to return to their position again.

However, any action taken to grant powers, duties and responsibilities to the Board of Directors shall not result in empowering or granting any power of attorney which may authorize the Board of Directors or a grantee to approve transactions in which she or any other person may have a conflict of interest (as defined in SEC and SET notifications) with the company or its subsidiaries.

### Meeting Attendance of the Board of Directors and Sub - Committee in the year 2018

Board of Directors and Sub - committees will acknowledge the schedule in advance throughout the year. The Board can allocate time to attend the meeting. The company secretary sends the meeting invitation letter confirming the date, time, venue, agenda and content of each meeting at least 7 days before the meeting date.

Name		Year 2017			Year 2018		
		Baord Meeting	Audit Committee Meeting	NRC Meeting	Baord Meeting	Audit Committee Meeting	NRC Meeting
1. Mr. Woodtipong	Moleechad	[8]/[8]	-	-	[6]/[6]	-	-
2. Ms. Srirat	Chuchottaworn	[8]/[8]	[6]/[6]	[1]/[1]	[6]/[6]	[4]/[4]	[1]/[1]
3. Mr. Vipoota	Trakulhoon	[8]/[8]	[6]/[6]	[1]/[1]	[6]/[6]	[4]/[4]	[1]/[1]
4. Mr. Thanawat	Lertwattanak	[8]/[8]	[6]/[6]	[1]/[1]	[6]/[6]	[4]/[4]	[1]/[1]
5. Mr. Sompong	Chunekitiyanone	[8]/[8]	-	[1]/[1]	[6]/[6]	-	[1]/[1]
6. Mr. Voravid	Silapusid	[8]/[8]	-	[1]/[1]	[6]/[6]	-	[1]/[1]
7. Mr. Noppadol	Suntanaphanich	[8]/[8]	-	-	[6]/[5]	-	-

Remark : [Total Meeting/Meeting Attendance]

## Management Team

As of December 31, 2018, the company's management team consisted of 9 members as follows:

	Name	Position
1.	Mr. Sompong Chunekitiyanone	Chief Executive Officer / Chief Operating Officer (Acting)
2.	Mr. Voravid Silapusid	Chief Financial Officer / Human Resources Manager (Acting)
3.	Mr. Noppadol Suntanaphanich	Service and IT Manager
4.	Ms. Sukanlaya Khamnuan	Financial and Accounting Manager
5.	Mr. Wutthichai Boonrat	Project and Warehouse Manager
6.	Ms. Siwaporn Imsamran	Administration Manager
7.	Ms. Anchasa Sangsrichan	Sales and Marketing Manager (Product 1)
8.	Ms. Pucharat Sakthamjaroen	Business Development Manager
9.	Ms. Prayurapat Trairat	Sales and Marketing Manager (Product 2)

### Scope of Duties and Responsibilities of the Chief Executive Officer

1. To control the business operations, determine strategic operational planning, and manage the daily administration of the company.
2. To decide on important matters of the company, determine company mission, objectives and company policies as well as control the administration in various lines of operation.
3. To have the authority to direct, contact, command as well as sign contracts, written executive orders and notices as specified in the operation manual.
4. To have the authority to hire, appoint and transfer personnel as appropriate as well as determine the scope of authority, responsibility and reasonable remuneration for said personnel, and to have the authority to dismiss and lay off the staff at various levels as appropriate, as specified in the operation manual.
5. To have the authority to determine the terms of trade for the benefit of the company.
6. To consider investments in new businesses or termination of businesses in order to present to the Executive Committee and/or Directors.
7. To approve and appoint consultants for various aspects as necessary for company operations.
8. To perform any duties as assigned by the Executive Committee and/or Directors.

However, along with the assignment of power, duties and responsibilities of the Chief Executive Officer as stated above, the CEO must comply with the requirements and agenda that has been approved by the Board of Directors which does not include granting power and/or sub-granting power to a grantee to approve transactions in which the CEO or the grantee or any person who may have conflicts of interest (as defined in the Notification of the Capital Market Supervisory Board), may be stakeholders, have a vested interest, or receive benefits in conflict with the interests of the company. The approval of such transactions must be submitted to the Board of Directors and/or the shareholders' meeting (dependant to circumstance) for approval in accordance with the Articles of Association or related laws.

## Company Secretary

As per the provisions of Article 89/15 The Securities and Exchange Act (No. 4) BE 2551, the Board of Directors must provide a Company Secretary who shall assume responsibilities on behalf of the Company or its Board of Directors. The Board of Directors' Meeting on December 23, 2016, has appointed Ms. Srisunun Anuchornphan as the Company Secretary, effective January 1, 2017, with the following roles, duties and responsibilities being applicable to the Company Secretary.

1. To prepare and maintain the following documents:
  - (A) The Register of Directors.
  - (B) Notice of the Board of Director's Meeting, minutes of the Board of Director's Meeting, and the Company Annual Report.
  - (C) Notice of the Shareholders' Meeting and minutes of the Shareholders' Meeting.
2. To maintain reports on stake holding submitted by the Directors or Management and send a copy of the report to the Chairman of the Board and Chairman of the Audit Committee within seven business days from the date the company received the report.
3. To prepare a system for the preservation of documents and evidence related to the disclosure of below information as well as to ensure the complete and verifiable preservation of such documents or evidence for a period of not less than five (5) years from the date the documents or information were created. The preservation of such documents and evidence of the above shall include storage in a computer system or any other system that allows them to be retrieved and viewed without modification of the content.
  - 3.1 Information pertaining to the resolutions of the Shareholder's Meeting.
  - 3.2 Financial statements and reports on the financial position and operating results of the company or any other reports required to be disclosed according to Section 56, Section 57, Section 58 or Section 199 of the Securities and Exchange Act.
  - 3.3 The opinion of the company towards offers tendered for the shares of the company by the general shareholders.
  - 3.4 Information provided or reports regarding any other business that the company has prepared for distribution to the shareholders or the general public as stipulated by the Capital Market Supervisory Board.
4. To perform other duties as prescribed further by the Capital Market Supervisory Board.
5. The Company Secretary must perform duties with responsibility, care and integrity and conduct the company's business in compliance with the laws, company objectives, Articles of Association, and resolutions of the Board of Directors as well as resolutions of the shareholders and not commit any act which is contrary to or significantly inconsistent with the interests of the company.
6. The Company Secretary must act with responsibility and prudence as an intelligent individual in business would under the same circumstances by adhering to the following:
  - 6.1. Decisions and actions taken in good faith and integrity, with intention for and in accordance with what will bring the greatest benefit to the company.
  - 6.2. Decisions and actions taken based on a foundation of knowledge that is believed in good faith to be sufficient.
  - 6.3. Decisions and actions taken without a vested personal interest, whether directly or indirectly, in the decision or its outcome.

In case the Company Secretary retires or is unable to perform his or her duties, the Board of Directors shall appoint the new Company Secretary within 90 days from the date which the Company Secretary retired or was unable to perform his or her duties.

## Remuneration of Board of Directors and Executives

### Remuneration in Cash

#### 1. Remuneration of Directors

The 2018 Annual General Meeting of Shareholders on April 18, 2018 approved the remuneration of the Board of Directors and Sub - Committee for the year 2018 as summarized in the table below.

Directors' remuneration	For the year 2018 (Baht)	
	Remuneration per month	Meeting allowance
1. Board of Directors		
• Chairman of the Board	20,000	15,000
• Independent Director	15,000	10,000
• Executive Director	-	10,000
2. Audit Committee		
• Chairman of Audit Committee	-	15,000
• Member of Audit Committee	-	10,000
3. Nomination and Remuneration Committee		
• Chairman of Nomination and Remuneration Committee	-	15,000
• Nomination and Remuneration Committee	-	10,000

The AGM has determined the Directors' remuneration - including other forms of Directors' remuneration - of which the total amount must not exceed two (2) million Baht per year.

#### Summary of the Remuneration of Directors in the year 2016 - 2018

Name	Year 2016 (Baht)	Year 2017 (Baht)	Year 2018 (Baht)
1. Mr. Woodtipong Moleechad	120,000	375,000	360,000
2. Ms. Srirat Chuchottaworn	155,000	370,000	330,000
3. Mr. Vipoota Trakulhoon	130,000	345,000	315,000
4. Mr. Thanawat Lertwattanak	130,000	340,000	300,000
5. Mr. Sompong Chunekitiyanone	80,000	90,000	70,000
6. Mr. Voravid Silapusid	80,000	90,000	70,000
7. Mr. Noppadol Suntanaphanich	70,000	80,000	50,000
<b>Total</b>	<b>765,000</b>	<b>1,690,000</b>	<b>1,495,000</b>

Notes :

- Directors' remunerations for the year 2016 are only meeting allowances for each attendance
- Directors' remunerations for the year 2017 and 2018 included monthly remuneration and meeting allowance for each attendance. For Mr. Sompong Chunekitiyanone, Mr. Voravid Silapusid and Mr. Noppadol Suntanaphanich Executive Director, there will be no monthly remuneration as director.
- Directors' remuneration for the year 2017 and 2018, the remaining amount from the amount of 2 million Baht, the average calculation for all independent directors.

**Other benefits** : None

## 2. Remuneration of Executives

To paying the company's remuneration. The objective is to reward the success of the company's strategy, and return the work that the management has created for the company as assigned. The remuneration will be considered as follows:

- Consider the performance. It is in line with the accomplishment of the company's strategic goals.
- Based on the results of each year's performance assessment.
- Competitive In related business This ensures that the company is able to attract and retain good employees who are skilled to work and continue to work for the company.

The company's remuneration pays its through a salary, other welfare benefits such as provident fund, health insurance plan, the annual health check, phone bills, maintenance fees, commissions and benefits are in line with the labor market practices by the law.

Executive Remuneration	Year 2016		Year 2017		Year 2018	
	Amount	Total	Amount	Total	Amount	Total
	(of persons)	(million Baht)	(of persons)	(million Baht)	(of persons)	(million Baht)
Salary	7	7.43	8	8.71	9	9.86
Bonus	7	4.67	8	2.43	9	5.00
Other <sup>/1</sup>	7	3.56	8	3.87	9	5.56
<b>Total</b>	<b>7</b>	<b>15.66</b>	<b>8</b>	<b>15.01</b>	<b>9</b>	<b>20.42</b>

Notes : <sup>/1</sup> Other forms of executive Remuneration include telephone charges, car maintenance fee, commission, over - time, group health insurance and provident funds

**Other remunerations** : None

## Personnel

### Number of employees (excluding Executives)

As of December 31, 2018, the company had the following number of employees:

Number of Employees	As of Dec 31, 2016	As of Dec 31, 2017	As of Dec 31, 2018
	Total	Total	Total
Finance and Accounting	2	2	3
Sales and Marketing	1	2	7
After Sales Service and Information Technology	3	2	3
Business Development	-	-	1
General Administration	1	1	1
Project Management and Warehouse	-	1	2
Company Secretary	-	1	1
Total	7	9	18

### Total Compensation of Staff, Company Employees and Types of Compensation

(Unit: million Baht)

Type of Compensation	Year 2016	Year 2017	Year 2018
Compensation of employees in the form of salary, bonus, overtime pay, commission, social security, provident funds, welfare, etc	7.34	6.89	12.06

Significant labor disputes in the past three years : None



## Staff Development Policy

The company places an emphasis on the development of its personnel in order to enhance their skills of all staffs levels, knowledge and understanding about the products imported to sell by the company through organizing various training and knowledge development sessions for the managers and employees continually and consistently as follows:

- Training and knowledge development for the technicians: The company has sent staff technicians to receive training and knowledge development regarding the medical device sets distributed by the company including skills for their basic repair; the training has been organized by the manufacturers of medical devices in foreign countries who have partnered with the company yearly.

Training and knowledge development for the sales and marketing department: The company's products and services consist of medical devices for the treatment of cancer and are targeted mainly towards clients in the medical field. A key component of the company is sales and marketing and after - sales service staff with knowledge and a good understanding of the products and who can provide excellent customer service, advise clients and highlight the benefits from using the company's products and services. As such, the sales team is considered an important distribution channel for our products and services.

- The company therefore places a high focus on the development of its sales personnel so that they can provide appropriate knowledge, advice and training demonstrations on the use of our products to the customers with sufficient expertise.
- Training and knowledge development for the finance and accounting department: The company is a public company and must therefore maintain financial records in accordance with the International Financial Reporting Standards (which includes the Accounting Standards, interpretations of Accounting Standards and interpretations of International Financial Reporting Standards). In line with the company's initiative to steadily improve its financial reporting standards, company has a policy of training and developing the knowledge of its finance and accounting staff. The accounting personnel receive training in updates and changes related to financial reporting standards and closely follow any changes and improvements related to the financial accounting standards.
- The company organizes work observation trips for its personnel to study and observe the manufacturer of the medical devices which the company distributes in various countries such as the United States, and fosters their participation in annual medical conferences, both at home and abroad, in order to increase their knowledge and keep them updated on the latest medical technology.

In addition to developing of the company's personnel, the company also supports the development of individuals whom its personnel must work in close conjunction with, such as physicians, radiologists, medical physicists and medical radiographers by seeking and providing support for their training in the use of machines and medical devices, both domestically and abroad, so that these individuals can operate our tools appropriately.

The company focuses on personnel development in the potential development of employees to have more knowledge and expertise. To developing oneself to progress in duties and professions Practice legally Rules and regulations. Employees can apply the knowledge gained from the training to create concrete benefits for the organization. In the year 2018, the company focused on the basic knowledge about ISO 13485 quality management system for the manufacturing of medical devices and equipment to all levels of employees involved. The budget for training of executives and employees is 0.23 million Baht. The average number of hours in training, seminar is 29 hours per person per year. The budget for training of executives and employees is 0.23 million Baht. The average number of hours in training, seminar is 29 hours per person per year.

# Corporate Governance

## Good Corporate Governance Policy

Board of Directors commit to sustainable business growth. By adding value to shareholders and all stakeholders. The Board of Directors attaches great importance to compliance with the guidelines of the Stock Exchange of Thailand. In order to have a good corporate governance system, the Corporate Governance and Ethics for directors, executives, and employees, to be used as a guideline for all stakeholders. The company announce and communicate to directors management and all employees. Also posted on the company website. The purpose is to make the employees of the company. As well as related parties have knowledge and understanding of corporate governance in the same direction to transparency, fairness, ethical conduct in business. Comply with the rules and regulations and the laws related. They are responsible for the economy, society and the environment. The Board of Directors has reviewed this corporate governance policy at least once a year.

For the part that has not been done. For example, the Board of Directors has set a policy of limiting the number of years for independent directors to no more than 9 years. The company is confident that all independent directors are knowledgeable and capable experience that is beneficial to the business of the company better. For other point, the company have not established a corporate governance committee. To oversee business operations of the company to be transparent. According to the corporate governance principles. Because of such a duty. The Board of Directors is still closely monitoring and supervising the matter. Therefore, the establishment of such committees is not considered at the present.

**The company received the award in compliance with the principles of corporate governance for the year 2018.**

1. The company received 100 points from the assessment of the Annual General Meeting of Shareholders in 2018, assessed by the Thai Investors Association.
2. The company received scores in the “very good” level of compliance with the corporate governance principles of listed companies. Assessed by the Thai Institute of Directors Association with the support of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission, which scores a very good level is scores in the range of 80 - 89 percent. The company has a score of 86 percent.

### Section 1 Rights of Shareholders

The Board of Directors recognizes the importance of respecting the fundamental rights of shareholders by adhering to the principles of fair treatment of shareholders at all times, in strict compliance with the law, such as rights to freely transfer the company’s stock, rights to receive their share of profits in the form of dividends, rights to access the company’s news and information, rights to attend the shareholders’ meeting and vote on various agendas, to appoint a proxy to attend the meeting, to appoint directors and auditors, to express their opinions and query directors at the shareholders’ meetings as well as the right to propose an agenda and nominate directors in advance. The company has strictly ensured that shareholders maintain such rights and has not in any way violated or

#### **1. Organizing the shareholders’ meeting**

The company held the Annual General Meeting of Shareholders in compliance with SET regulations following the Securities and Exchange Commission (SEC) guidelines for organizing the shareholders’ meeting.

- 1.1 The company has disclosed a policy to support or promote every group of shareholders including institutional investors to attend the shareholders’ meeting.
- 1.2 The company has provided information on the date, time, venue and agenda of the meeting with an explanation and rationale for each item on the agenda or assembled the requested resolutions as listed in the notification of the General Meeting of Shareholders and Extraordinary General Shareholders Meeting or in documents attached to the meeting agenda.

- 1.3 The company tries to ease the process for shareholders to fully exercise their rights to attend and vote and has refrained from any action that would restrict the opportunity for shareholders to attend the meeting - for example, preventing the meeting attendance process from being too difficult, preventing the meeting cost from being too high, and providing a venue with easy access - all in order to facilitate the casting of votes at the shareholders' meeting.
- 1.4 The company opened the opportunity for shareholders to submit queries prior to the meeting with clear guidelines on how to send queries in advance and delivered the information to shareholders along with the notice of the shareholders' meeting. In addition, the company has published guidelines for submitting queries in advance via the company's website.
- 1.5 The company encouraged shareholders to use the proxy form with which they can specify their votes and with which they must nominate at least one independent director as one channel for shareholders to authorize their votes by proxy.

## **2. Procedure on the day of the shareholders' meeting**

- 2.1 The company has used technology to enhance the procedures for the shareholders' meeting such as in the registration of shareholders, vote counting with barcode and displaying the vote - count to speed up the process of the meeting to be faster and more accurate.
- 2.2 Prepare stamp duty for shareholders to appoint a proxy and no charge
- 2.3 All Directors should attend the shareholders' meeting, with shareholders being free to query of the Chairman of each sub - committee on various related issues.
- 2.4 At the meeting, shareholders shall vote on each item of the agenda. The shareholders were informed about how to vote on each agenda item. And how to count votes for each agenda item. Processed votes on each agenda and transparent.
- 2.5 The Board should support or arrange for an independent party to canvas or examine the votes at the General or Extraordinary General Meeting of Shareholders and disclose it within the meeting as well as record the results in the meeting minutes.
- 2.6 In the agenda of the appointment of directors. The company has attached the resumes of the nominated persons to be reappointed as directors for another term. The shareholders have the right to consider and vote on the appointment of directors individually.
- 2.7 The Chairman of the Meeting should allocate appropriate time and provide shareholders with an opportunity to comment and make queries at the meeting on matters related to the company.

## **3. Preparing the minutes and disclosure of the resolutions of the shareholders' meeting**

- 3.1 The explanation of the process of voting and disclosure of the vote - count to the shareholders prior to the start of the meeting shall be recorded in the meeting minutes, as well the opportunity for shareholders to address various topics or issues or present their queries. Aside from this, any questions, answers, the results of the vote - count on each agenda item should be recorded, indicating whether shareholders approved, disapproved or abstained from voting. The list of directors who attended and those who were absent should also be recorded. The minutes of the meeting were sent to the SET within 14 days after the shareholders' meeting.
- 3.2 The company shall disclose to the public the results of the vote on each agenda item within the next business day of the shareholders' meeting at the General and Extraordinary General Meeting of Shareholders through the Company's website and newsletter to SET.

## Section 2 Equal Treatment of Shareholders

Building confidence in the shareholders that the company's Board of Directors and Management will control the use of shareholder money appropriately is a critical factor to help foster investors' trust. Therefore, the Board should ensure that all shareholders receive equal treatment and protection of their fundamental rights as follows.

### **1. The right to appoint a proxy to attend the General Shareholders' Meeting and vote**

In the event that any shareholder is unable to attend the meeting in person, they can exercise the right to appoint a third party or an Independent Director in the company named as a proxy to attend and vote instead. Shareholders must send a letter authorizing the proxy with all necessary details including a copy of their identification card, passport or other form of identification as specified back to the company prior to the day of the Shareholders' Meeting.

### **2. The right to propose additions to the agenda**

The company allows shareholders to propose additions to the agenda above and beyond the agenda of the Annual General Meeting of Shareholders by performing the following steps:

- Submit the proposed item for addition into the agenda along with the rationale, detailed facts and any supporting data needed via the proposal form for the Annual General Meeting of Shareholders.
- The company will verify the shareholding status of the person who proposed the additional agenda in the register of shareholders as of the closing date of the register of shareholders. The criterion for considering the proposed agenda for the meeting is that the item must be related to the company operations or could significantly affect the company operations. If the Board approves the proposal, it will be added into the agenda for the shareholders' meeting along with an indication that the agenda was proposed by a shareholder.

### **3. The right to nominate individuals to be appointed as Directors**

Shareholders can nominate individuals to be appointed as Directors. The company reserves the right to consider only individuals who meet the following qualifications:

- The individual must possess the right qualifications and must not possess any characteristics prohibited under the Public Company Act, the laws governing securities and exchange or the principles of Good Corporate Governance.
- The individual must possess the education, work experience or other qualifications, in this case, as stipulated by the company.
- The individual must be ready to devote sufficient time and be fully dedicated to the best of their abilities to promote the best interests of the company, considering this to be a part of their duty, and be ready to attend meetings regularly.
- The individual must not hold the position of Director in more than five (5) listed companies.

The Independent Directors Committee will consider and make a selection of those individuals who are eligible to be proposed to the shareholders' meeting for their consideration and vote. However, if the Independent Directors Committee votes not to nominate an individual at the shareholders' meeting, the individual will be nominated to the shareholders' meeting aside from the opinion of the Independent Directors Committee in order for the meeting to determine its consensus one final time by vote. The documents which shareholders must attach to the proposal for appointment are as follows: (1) Nomination form for the person(s) to be elected as director(s) and (2) background information on the person(s) nominated to the position via a share certificate or a letter of confirmation of shareholding from a securities company/agency which the nominated individual must sign in order to certify their consent and post by registered mail to the company within the period of time specified by the company.

#### **4. Preventing the use of insider information**

The company has a policy restricting the use of internal information to a specific circle consisting of intermediate to senior executives within the relevant department or within the company. Verified financial statements will be stored by the Director of Finance and Accounting. Other confidential information will be used for discussion only with individuals in the managerial level and above. The company has predetermined disciplinary measures that will be applied to related persons should any use of insider information occur which incurs a loss or other damage. Moreover, the company has stipulated that Directors and Management must report the company holdings to the SEC.

#### **5. Controlling inside trading of securities**

The company has a policy not to allow employees, executives and individuals with insider information of the company's performance to trade in the company's securities from the date of receiving the information until the information is made public. And the data must not be disclosed to the public in order to increase the value of the company's securities, especially during the first month of trading prior to the financial statements being issued publicly. The Board of Directors and Senior Executives are required to inform the Company Secretary. (As the Board of Directors assign) at least 1 day prior to the sell and buy of the company's securities.

In addition, Directors and Executives of the company must report any changes in the company's securities holdings to the Securities and Exchange Commission and the Stock Exchange of Thailand pursuant to Section 59 of the Securities Exchange Act B.E. 2535 (1992), acknowledge the penalty which will be imposed on violators under the Securities and Exchange Act B.E. 2535 (1992), and include in their report any changes in securities holdings held by spouses and underage children. The Directors and Executives must submit a copy of such reports to the company on the same day of submitting such reports to the SEC, which requires notification within three (3) business days after the change occurs. The Securities of the Board of Directors and Executives were reported to the Board of Directors in each quarter the Board of Directors's meeting.

### **Section 3 The Role of Stakeholders**

The company places high focus on the governance of all stakeholder groups, such as customers, employees, suppliers, shareholders or investors, creditors and communities where the company is located. The stakeholders will be supported by the company according to the rights granted by related laws. The company will not take any action that violates the rights of stakeholders by law or by agreement. The company has instilled initiatives to promote the participation of stakeholders according to their roles and responsibilities in order to enhance the company's performance and ensure optimal results from the business operations, also promoting long-term sustainability to the business and equitable benefits to all parties.

**Patients**: The company gives priority to patients first. Because the patient is the person who uses the products that the company distribute directly Therefore, the patient is admitted using the products that the company distribute. The company needs that patient to have access to good technology and modern that the company is trying to procure and is the center for improving the treatment of patients. To have a good quality of life and better encouragement.

**Employees** : The company values and treats all employees fairly. Encourage and support ongoing and continuous development and training of the curriculum. Consideration should be given to the appropriate return on the basis of the knowledge of the employees and in line with the company's business. In short and long term. The company provides annual employee health check, employee benefits insurance, provident fund benefit and the work environment is based on the quality of life and safety of employees.

**Shareholders** : The company pays attention to all shareholders. The policy and guideline are equal treatment for all shareholders including institutional investors. The opportunity for shareholders to access the necessary information accurate and timely.

**Customers :** The company pays great attention to treating customers with transparency, fairness, responsibility and focus on providing services that meet the needs of customers with quality standards, convenient, quickly and punctual. The company closely monitors customers and provides assistant. We aim to satisfy customers with the highest satisfaction, success in career and better quality of life.

**Supplier :** The company treat all our partners fairly. The company has a policy of selecting and screening partners clearly and concretely. It also focuses on the fulfillment of agreed terms, communicating and exchanging opinions on various aspects of operations between the company and its partners. With criteria for selection and evaluate as supplier such as product and service quality policy, price suitability, the credibility in the overall picture, financial status, expertise and experience, conflict of interest, connected transaction, etc. To maintain the relationship and improve the work in various areas to achieve common objectives and goals.

**Creditors :** The company attaches great importance to the fair treatment of creditors and is responsible to all creditors of the company, and the methods and guidelines for not violating the rights of creditors in particular the compliance with various conditions and agreements. The company strictly adheres to the creditors on time. There has never been a breach of agreement or default paying debt with the creditors of the company.

**Competitors :** The company pays attention to its competitors by conducting business within the framework of good competition, compliance with relevant rules and regulations and laws. No destroy the reputation of a competitor. No seek the confidentiality of dishonest or inappropriate partners and no the copyright infringement or the intellectual property of others.

**Society and Environment :** The company focuses on business with responsibility for the economy, society and the environment. It operates and adheres to the relevant regulations, rules and regulations. The use of ethics and morality in the business. The business is transparent, equitable and not exploitative, community and environment and all stakeholders and no any illegal and because of the company's business role and involvement in society. To create a mutual value between the economic, social, community and environmental companies. The company has continuously communicated with its employees. In order to have a better understanding of social responsibility and to cultivate a sense of value for society and the environment is in the same direction.

In addition, the company provides opportunities for employees and stakeholders. There is a way to contact the company. Any doubts about whether it will be in compliance with ethical standards in business or have complaints or have a suggestion. Employees and stakeholders can ask for their complaints, comments directly through the independent directors or company secretary. To serve as a unit to receive ethical complaints in the business as follows.

**1. Postal Mail:**

Attention to Independent Director (Complaint and Suggestion)

Business Alignment Public Company Limited

92/45 Sathorn Thani Building 2, 16th Floor, North Sathorn Rd., Silom, Bangrak, Bangkok 10500

**2. E - Mail**

biz-cg@bizalignment.com

Complaints and/or proposals will be addressed to all independent directors. To be continue the investigation as well. The company provides a process for dealing with matters that employees or whistleblowers including disclosed guidelines for protecting complainants, whistleblowers, cooperative investigators on the company website.

The company has pondered and established initiatives to promote cooperation between the company and stakeholders to generate prosperity, financial stability and promote sustainability of the business as follows:

- Value employees at all levels of the company by treating the staff equally, fairly and on basic human rights principles. To promote respect for rights and freedoms by non-discrimination. Promote equality Sex, race, age, religion, skin color. Providing adequate compensation based on the knowledge and ability of each employee, and helping them to achieve their potential by continually developing their knowledge and skills in parallel. The company also prioritizes the maintenance of a healthy work environment with regard to work safety and quality of life for all employees.
- The purchase of goods and services from suppliers will be performed based on the underlying commercial trade rules; the company will strictly adhere to trade agreements made in conjunction with the supplier in order to promote a healthy and beneficial relationship to both parties in the long run.
- Comply with all conditions of any existing loan agreements.
- Caring and showing responsibility towards all customers in every aspect by maintaining product quality, providing excellent service to a high standard, protecting the privacy of customers and keep customer information confidential, and providing pricing that is fair and equitable under the current pricing policies.
- Adhering to the principles of fair competition and avoiding the use of dishonest practices to destroy or injure competitors.
- Valuing and showing responsibility towards the community at large and protecting the environment in surrounding areas, from promoting activities for the community's public benefit to actions taken to foster the development of communal and societal environments as deemed appropriate, in order to lead to better living conditions for all inhabitants.
- The company pays great importance to the non - infringement of copyright and intellectual property of others. Without the work or information that is the right of third parties. Get used to the company before getting permission and will ensure that will not infringe on the intellectual property of others.

#### **Section 4 Disclosure of Information and Transparency**

The company emphasizes the importance of disclosure. The Board will ensure that the company discloses all important information concerning the company, both financial and non-financial, accurately, completely, transparently and in a timely manner. Disclosure will be made through various channels through which those to whom it is relevant can easily access the information. Information shall be disclosed in a fair and credible manner, through appropriate channels and venues as stipulated by the law. The important information which the company will disclose includes financial reports and non - financial information that may affect the price of the company's securities - in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

##### **1. Communication and disclosure channels**

- 1.1 The Annual Registration Statement (Form 56 - 1) and the company's Annual Report (Form 56 - 2)  
The Board of Directors has prepared the Annual Registration Statement (Form 56 - 1) and the Annual Report (Form 56 - 2) to disclose accurate, complete and accurate information of the company. To reflect the useful information to the shareholders and stakeholders in the business and operating results in the past year.
- 1.2 Disclosure through SET Portal of the Stock Exchange of Thailand and through the company website. The company discloses various news releases to shareholders, investors and related parties through the SET Portal of the Stock Exchange of Thailand both Thai and English. Provide communication channels and disclosure information through the company's website. ([www.bizalignment.com](http://www.bizalignment.com)) and update the information regularly.



1.3 Company Secretary and Investor Relations The Board of Directors appointed Company Secretary to oversee the organization of high - level meetings such as the Board of Directors meetings and sub - committees assigned. The meeting of shareholders is to disclosure information in accordance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission correctly, completely, transparently. The information will review by authorized person from the Board of Directors. The Board of Directors is responsible for the implementation of the related regulations. Including responsibility to coordination in communication between shareholders, institutional investors, investors, analysts to disclose important information. Investors can contact Company Secretary / Investor Relations as at Email: [ir@bizalignment.com](mailto:ir@bizalignment.com) or Tel: +66 2636 6828-9 ext 25

## **2. Connected transaction and conflict of interest**

The Board of Directors has provided guidelines for directors, executives and employees of the company to avoid transactions that may cause conflict of interest with the company. Including directors, executives or employees with conflict of interest in the transaction must not be involved in the approval process. The disclosure of transactions that may lead to conflicts of interests and material transactions, details of persons who may have conflicts of interest, relationship, nature of transaction, conditions, policy, price and transaction value, reason for necessity taking into account the maximum benefit of the shareholders is important. The opinions of the Audit Committee disclosure of connected transactions as shown in the Annual Registration Statement (Form 56 - 1) and Annual Report (Form 56 - 2) of the company.

## **3. Reporting of Interests**

The Board of Directors and Executives (according to the guidelines of the SEC and the Stock Exchange of Thailand) must be comply with Section 89 of the Securities and Exchange Act which prepare and submit the report of the interest. To report to the company about their own interests or those of their related parties. (Including any change) of directors and executives. This is a related party to the management of the company or its subsidiaries. The Company Secretary is responsible for collecting and summarizing the changed interest in the Board of Directors every year or every time there is a change. This is to monitor the directors and executives to perform their duty with honesty.

The company will ensure that the quality of financial reporting is accurate according to certified accounting standards and audited by an independent auditor, who has been approved by the Office of the Securities and Exchange Commission. In addition, the company will disclose the following information in order to demonstrate transparency in its operations: Information on the performance of the Board and the Audit Committee, including the number of meetings and the number of times meetings were attended by each Director in the past year, reveal of compensation director and executive including direct and indirect holding of securities and equity reports on the policy of Corporate Governance and operation results according to the policy. In any case, the above information, in addition to being disclosed to the public through the channels such as the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand, will also be disclosed by the company through the company website.

## **Section 5 Responsibilities of the Board of Directors**

The Board of Directors is comprised of experts with varied knowledge, capabilities and experience which can be used to and develop and define policies that will bring benefits to business operations of the company. The Board is independent in making decisions for the best interest of the company and the shareholders as a whole and has important functions in determining company policies including oversight, tracking and monitoring of the performance of management including the evaluation of the implementation of various plans of operation. The company has a Board of Directors comprised of seven members with three (3) members being directors who are company executives and four (4) members being directors who are not executives. Four directors are independent, which is more than one - third (1 in 3) of the total number of board members, achieving an appropriate balance of power to counter those Directors who also carry the executive titles within the company. The Chairman of the Board of Directors is not the same person as the Chief Executive Officer and there is no blood or business relationship.

In addition, the company has appointed an Audit Committee consisting of three (3) Independent Directors who shall hold office for a term of three years, whose scope and authority in the operation of the said Committee are clearly stated in the Audit Committee charter.

The Board of Directors have an important role in defining vision, strategy, goals, and organization for sustainable growth. At the Board of Directors' meetings in November every year. The Board of Directors will determine and review the strategy and corporate goals for a 3 - year accordance with the objectives and main goals of the organization with top management and consider the annual budget and allocate appropriate resources and assigned the Chief Executive Officer and the Executive Committee who take the strategy to practice and communicate the plan to the employees of the organization and report to the Board of Directors on a quarterly basis.

The company has a clear and transparent process in determining the directors' remuneration by seeking approval from the shareholders' meeting which will take into consideration the appropriate remuneration depending on the scope of the duties and responsibilities of each Director, to maintain a level of compensation which can attract and retain directors who are competent to perform their duties to the company, as well as a rate comparable to the remuneration of directors in the same or similar industries.

Every Director has been made to understand their duties and responsibilities as a Director of the company and is ready to express their opinions freely and work on continual self-improvement, keeping themselves updated at all times on essential information, as well as performing their duties with integrity, care and prudence and supervise the operation to be in accordance with the law company regulations and the resolution of the shareholders' meeting. With regard to ethics, social and environmental impacts in addition to financial results. Considering the best interests of the company and fairness and equitability all shareholders. In addition, every member of the Board devotes his/her time in order to perform all duties according to his/her responsibilities fully and adequately. Board of Directors are in important role in behaving as an example as a leader in corporate governance. including the practice of attending the Board meetings, except in the occurrence of other necessitating events which may prevent their attendance.

In addition, the Board of Directors recognizes the importance of adequate disclosure of information to shareholders, investors and all related persons and adheres to disclosure of information in an accurate, complete, transparent, thorough and in a timely manner. It includes financial reporting, operating results and other relevant information that non - financing report along with information affecting the stock prices of the company in accordance with the principles of good Corporate Governance. The data and information is disseminated to shareholders, investors and related persons to use in making investment decisions through various channels including documents delivered by post and the publications and media of the Stock Exchange of Thailand (SET) and the Office of Securities and Exchange Commission (SEC). Such information shall also subsequently be disclosed to the Company's website after each time that common shares are listed in the SET.

The Board of Directors passed a resolution to consider the minimum number of quorum policies as the Board of Directors Will vote in the Board of Directors meeting which requires at least 2 in 3 directors of the total number of directors that attend the meeting. To lead to effective corporate governance practices Board of Directors set policy regarding the number of listed companies that each director will serve as a director not more than 5 listed companies and set the policy to hold the position of director at other companies of the Chief Executive Officer must be approved by the Chairman of the Board of Directors and report to the Board of Directors at the next meeting.

## Sub - Committees

### Audit Committee

Board of Directors has approved the establishment of the Audit Committee who are three (3) Independent Directors possess all the qualifications as stipulated by the Office of the Securities and Exchange Commission (SEC), as follows:

	Name	Position
1.	Ms. Srirat Chuchottaworn	Chairman of Audit Committee / Independent Director
2.	Mr. Vipoota Trakulhoon*	Audit Committee / Independent Director
3.	Mr. Thanawat Lertwattanarak	Audit Committee / Independent Director

Note : \*Audit Committee member with knowledge and experience in verifying the creditability of the financial statements.

### Scope of Duties and Responsibilities of the Audit Committee

1. The Audit Committee shall review financial reports to ensure that they are accurate and reliable and provide adequate disclosure by coordinating with the external auditors and the Executive(s) responsible for preparing the quarterly and annual financial reports.
2. The Audit Committee shall review the appropriateness of the company's Internal Controls and Internal Audit policies to ensure that they are suitable and effective. The Committee shall also verify the independence of the Internal Audit as well as approve the appointment, transfer and dismissal of the head of the Internal Audit agency or any other agency responsible for the Internal Audit. The Audit Committee may suggest a review or inspect any items that it deems important or necessary along with providing suggestions on how to improve the essential, mandatory system of internal controls to the Board of Directors by reviewing and comparing notes with the External Auditor and the Internal Systems Audit Manager.
3. The Audit Committee shall verify the implementation Securities and Stock Exchange laws or regulations of the SET, and policies, rules or regulations and other laws relating to the company's business.
4. The Audit Committee shall appoint, reappoint or dismiss/removal by considering the independence of the auditor, knowledge, ability, experience, past audit work and make a proposal for the remuneration of the company auditor to the Board of Directors. In addition, the Audit Committee shall meet with the auditor independently of the company Management at least one time per year.
5. The Audit Committee shall review the Company's internal audit plan according to generally accepted procedures and standards.
6. The Audit Committee shall review related transactions or transactions that may have conflicts of interests to ensure that they are in compliance with the laws and regulations of the SET as well as verify that the correlating disclosure of information is accurate and complete, to ensure that any such transactions are conducted appropriately and in the best interests of the company.
7. The Audit Committee shall verify that the company's risk management systems are appropriate and effective.
8. The Audit Committee shall conduct a self-report on the performance of the Audit Committee to the Board of Directors at least four (4) times a year.

9. The Audit Committee shall prepare a report of the Audit Committee which shall be disclosed in the annual report of the company. The report must be signed by the Chairman of the Audit Committee and must contain the following information at minimum:
- An opinion on the accuracy, completeness and reliability of the financial statements of the company and an opinion on the adequacy of the company's Internal Controls.
  - An opinion on the company's compliance with Securities and Exchange laws and SET regulations or laws which relate to the company's business.
  - An opinion on the suitability of the auditor
  - An opinion on related transactions or transactions that may have conflicts of interest.
  - The number of meetings held by the Audit Committee and attendance records of each member of the Audit Committee.
  - Opinions or overall observation on the Audit Committee's performance of its duties as stipulated in the committee Charter.
  - Other matters that shareholders and investors should be informed of which pertain to their scope of duties and responsibilities as assigned by the Board of Directors.
10. The Audit Committee shall contribute their opinion whenever the company evaluates the appointment, dismissal or performance of Internal Audit officials.
11. Within its scope of duties and as part of its performance, the Audit Committee is authorized to invite any related persons from the Management, Executives, or company employees to comment, attend meetings or submit those documents which are deemed relevant or necessary.
12. The Audit Committee is authorized to hire a consultant or a third party, in accordance with company regulations, to comment or offer advice if necessary.
13. The Audit Committee shall evaluate its performance by making a self-assessment and submitting assessment reports - noting any problems and obstacles encountered which could have caused its operation to fall short of the intended objective with which the Audit Committee was established - to the Board of Directors every year.
14. The Audit Committee shall consider, review and update the Charter of the Audit Committee.
15. The Audit Committee shall perform other duties as assigned by the Board of Directors within the scope of duties and responsibilities of the Audit Committee.

#### **Term of Office of the Audit Committee**

Term of office of the Audit Committee is 3 years from the date of the resolution. At the end of the term, if the Board of Directors or the shareholders' meeting has not yet passed a resolution to appoint a new audit committee. The original audit committee shall continue to perform its duties until the Board of Directors or the shareholders' meeting has appointed the new audit committee in place of the previous one and/or the term of office of the company's director. The new audit committee must be independent directors and qualified as audit committees.

## Executive Committee

Board of Directors appointed Executive Committee consisted of four (4) members as follows

Name	Position
1. Mr. Sompong Chunekeityanone	Executive Chairman
2. Mr. Voravid Silapusid	Executive Committee
3. Mr. Noppadol Suntanaphanich	Executive Committee
4. Ms. Sukanlaya Khamnuan	Executive Committee

### Scope of Duties and Responsibilities of the Executive Committee

1. The Executive Committee shall provide oversight on the management of the company to ensure that it adheres to policies set by the Board of Directors and must report business operation results to the Board of Directors. Meetings of Executive Committee must be attended by at least half of the Directors on the Board. The Executive Committee shall form its resolutions by a majority of the votes cast at its meetings, with the majority being defined as a share of half or more of the votes cast by the entire Executive Committee.
2. The Executive Committee shall define the scope of power and level of authorization for each individual, and provide for the separation of duties that when combined could easily lend themselves to fraud, and define the appropriate steps and any due process that must be observed when performing business transactions with major shareholders, Directors, Executives or other related persons in order to prevent any inappropriate transference of benefits. These rules and requirements must be presented to the Board of Directors for approval. The Executive Committee must also ensure that all ensuing actions and practices are in compliance with those rules and requirements which have already been approved.
3. The Executive Committee shall evaluate the annual budget and budget spending process and present their conclusions to the Board of Directors. It shall also provide oversight to the company's spendings to ensure compliance with budgets that have already been approved by the Board of Directors.
4. The Executive Committee shall evaluate and improve the company's business plan as is suitable for the benefit of the company.
5. The Executive Committee shall evaluate and approve investments and set investment budgets according to its authority as prescribed in the operations manual.
6. The Executive Committee shall evaluate contracts that are binding on the company according to its authority as prescribed in the operations manual.
7. The Executive Committee shall be responsible to adequately provide significant information pertaining to the company in order to facilitate informed decisions by the Board of Directors and shareholders, including the preparation of reliable financial reporting according to good and transparent standards.
8. The Executive Committee shall evaluate the profits and losses of the company and propose the year's annual dividend payments to the Board of Directors.
9. The Executive Committee shall evaluate new business operations or the closing of a business operation in order to present its conclusions to the Board of Directors.
10. The Executive Committee shall supervise the provision of procedures for workers to report any incidents, misconduct or wrongdoing promptly to the Executive Committee. In the case that such incidents have significant repercussions, the Board of Directors must be informed in order that the matter may be corrected in the most timely manner.
11. The Executive Committee shall take any action to support the implementation of the above or the opinion of the Board of Directors or as authorized by the Board of Directors.
12. Any action proposed to the Executive Committee on any matter which has been voted on and/or approved by the Executive Committee shall be reported significant information to the Board of Directors for acknowledgement at the following meeting of the Board of Directors.

However, the assignment of powers, duties and responsibilities to the Executive Committee as stated above does not which does not include granting power and/or sub-granting power to a grantee to approve transactions in which the Executive or the grantee or any person who may have conflicts of interest (as defined in the Notification of the Capital Market Supervisory Board), may be stakeholders, have a vested interest, or receive benefits in conflict with the interests of the company. The approval of such transactions must be submitted to the Board of Directors and/or the shareholders' meeting (depending on the situation) for approval in accordance with the Articles of Association or related laws.

#### **The Risk Management Sub - Committee**

As of December 31, 2018, the company's Risk Management Sub - Committee consisted of eight (8) members as follows:

	<b>Name</b>	<b>Position</b>
1.	Mr. Sompong Chunekitiyanone	Chairman of Risk Management Sub - Committee
2.	Mr. Voravid Silapusid	Risk Management Sub - Committee
3.	Mr. Noppadol Suntanaphanich	Risk Management Sub - Committee
4.	Ms. Sukanlaya Khamnuan	Risk Management Sub - Committee
5.	Mr. Wutthichai Boonrat	Risk Management Sub - Committee
6.	Ms. Siwaporn Imsamran	Risk Management Sub - Committee
7.	Ms. Anchasa Sangsrichan	Risk Management Sub - Committee
8.	Ms. Srisunun Anuchornphan	Risk Management Sub - Committee / Secretary

#### **Scope of Duties and Responsibilities of the Risk Management Sub-Committee**

1. The Risk Management Sub - Committee shall determine the policy and structure of the company's risk management system to be presented to the Board of Directors in compliance with the guidelines for risk management from the Stock Exchange of Thailand and the Institute of Internal Auditors of Thailand.
2. The Risk Management Sub - Committee shall set up strategies in accordance with the risk management policy in order to evaluate, monitor and control each type of risk to remain within acceptable risk parameters for the firm, through involving various agencies in risk management and risk control.
3. The Risk Management Sub - Committee shall assess risks at the organizational level and determine how to manage those risks to remain within acceptable risk parameters for the firm, as well as supervise the management of risk through methods as prescribed.
4. The Risk Management Sub - Committee shall review the current policy of risk management and improve its efficiency and effectiveness in order to provide adequate risk control.
5. The Risk Management Sub - Committee shall have the authority to call any related persons to clarify or to appoint and define the role of staff at every level to be responsible for risk management as appropriate and to report to the Risk Management Sub - Committee for risk management purposes.
6. The Risk Management Sub - Committee shall report the risk management outcome to the Executive Committee and Audit Committee for presentation to the Board of Directors on a quarterly basis.
7. The Risk Management Sub - Committee shall prepare a risk management manual.
8. The Risk Management Sub - Committee shall identify risk areas and to analyze and evaluate the risk potential, including trends which affect the company.
9. The Risk Management Sub - Committee shall set up a plan to prevent or reduce risk.
10. The Risk Management Sub - Committee shall evaluate and produce a risk management report.
11. The Risk Management Sub - Committee shall set up an integrated risk management system by linking it with existing information systems.
12. The Risk Management Sub - Committee shall perform other duties as the Board deems appropriate.

## Nomination and Remuneration Committee

The Board of Directors has approved the appointment of 5 members of the Nomination and Remuneration Committee, consisting of 3 independent directors or 60% of the Nomination and Remuneration Committee. as follows;

Name		Position
1.	Mr. Vipoota Trakulhoon	Chairman of the Nomination and Remuneration Committee / Independent Director
2.	Ms. Srirat Chuchottaworn	Nomination and Remuneration Committee / Independent Director
3.	Mr. Thanawat Lertwattanak	Nomination and Remuneration Committee / Independent Director
4.	Mr. Sompong Chunekitiyanone	Nomination and Remuneration Committee
5.	Mr. Voravid Silapusid	Nomination and Remuneration Committee

## Scope of Duties and Responsibilities of the Nomination and Remuneration Committee

### Recruitment

1. The Nomination and Remuneration Committee shall determine the method of recruitment for Directors who are suitable to the company's line of business and organizational operations by specifying the Directors' required characteristics and desired areas of expertise. It also takes into accountability of Board Diversity and Board Skills Matrix for consideration.
2. The Nomination and Remuneration Committee shall recruit Directors on the occasion when Directors must be nominated for consideration by the Board. The selection may also come from Directors who are already holding the position to continue to do so, individuals nominated by shareholders, recruitment by an outside company, individuals from a directory of professional directors or allowing each Director to nominate a suitable individual, for example.
3. The Nomination and Remuneration Committee shall review the list of individuals who have been nominated and select the qualified person in accordance with the qualifications specified.
4. The Nomination and Remuneration Committee shall ensure that the person to be nominated is qualified according to the laws and regulations of the relevant authorities.
5. The Nomination and Remuneration Committee shall approach individuals who are qualified in accordance with the criteria defined in order to ensure that such individuals are willing to accept the position of Director of the company if appointed by shareholders.
6. The Nomination and Remuneration Committee shall nominate individuals for consideration by the Board and include their names in the written invitation to the shareholders' meeting for the approval of the shareholders' meeting.
7. The Nomination and Remuneration Committee shall approve the appointment of Senior Management at the Executive Vice President level and above as assigned by the Board of Directors.
8. Review the succession plan of the Chief Executive Officer. Then will also recruit qualified candidates for recruitment and propose to the Board of Directors for appointment in case vacant position.

### Remuneration

1. The Committee must consider the suitable criteria for determining the remuneration of Directors and Sub - Committee by evaluating the appropriateness of the criteria currently in use, and compare it with the remuneration used by other companies in the same industry as the company. The Nomination and Remuneration Committee shall establish suitable criteria to contribute to the expected performance which are fair and properly compensate the individuals who help the company's operation to succeed.
2. The Committee must review all forms of remuneration, such as the fixed remuneration, performance - based remuneration and attendance fees, by taking into account the practices used in the industry, business profits and the size of the company's business as well as the responsibilities, knowledge, skills and experience of the Directors and Sub - Committee as desired by the company.



3. The Committee must consider the criteria for appraising the performance of Managing Directors, Group Executive Directors and Senior Management as delegated by the Board of Directors.
4. The Committee must determine the annual remuneration of Directors and Sub - Committee according to proposed guidelines of remuneration and present it to the Board of Directors to approve the remuneration of the Directors, the Chief Executive Officer, the Group Executive Directors and Senior Management. As for the remuneration of Directors, the Board of Directors shall propose it to the shareholders' meeting for approval.
5. The Committee must consider the appropriateness and give approval in the event of a new employee stock option plan for Directors and employees, while adhering to principles that are fair to the shareholders and motivating to Directors, executive and employees in their performance, resulting in greater value for shareholders in the long term and positively maintaining qualified personnel.

Apart from the composition of the board, The Nomination and Remuneration Committee may also consider the Board Diversity, such as directors from various stakeholder groups, education, experience, age, sex etc. However, if the company has a new business strategy in addition to the existing business. The Nomination and Remuneration Committee may add additional qualifications and experience to the new business that the company will expand.

## Nomination and Appointment of Directors and Top Management

In the selection of a person to be appointed as Directors or Executives of the company, an individual who has been appointed as Director and Executive of the company must be a person who possesses all the qualifications prescribed under Section 68 of the Public Company Act B.E. 2535 (1992) and the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 Re: Application for and Approval of Offer for Sale of Newly Issued Shares, dated 15 December 2009, with the following composition and criteria for the nomination:

### Composition and Nomintion of the Board of Directors

1. The company shall have a Board of Directors to conduct the affairs of the company consisting of at least five (5) Directors. Not less than half of the total number of Directors must be residing in the Kingdom and the Directors of the company must possess the qualifications as prescribed by the law. Directors of the company may or may not be shareholders.
2. The shareholders' meeting shall appoint the Directors according to the rules and procedures below.
  - 2.1 Each shareholder has one (1) share per one (1) vote.
  - 2.2 Each shareholder shall use all his votes under 2.1 and may elect one or more individuals to be Directors. In case the shareholder selects many candidates to be directors, the total number of votes may not be split unequally among the candidates.
  - 2.3 The candidates receiving the highest number of votes respectively are elected to the Board of Directors according to the number of Directors needed to be elected at that time. In case the elected candidates with the lowest rank of the highest number of votes receive the same number of votes and exceed the number of Directors needing to be elected at that time, the Chairman of the meeting shall make a final decision by casting a vote.
3. At every Annual General Meeting of Shareholders, one-third (1/3) of all the Directors at the time shall retire from their positions. If the number of Directors is not divisible by three, then the number nearest to one third (1/3) shall retire. The retiring Directors may be re - elected to the position again. Directors who are to retire in the first and second years following the registration of the company shall retire by drawing lots. In the subsequent years, the Directors who have been in office the longest shall retire from office.
4. Any Director who wishes to resign must submit a letter of resignation to the company. Such resignation shall be effective from the day the letter of resignation arrives at the company.
5. The shareholders' meeting may pass a resolution for any Director to leave office prior to the expiration of his term by a vote of at least three - fourths (3/4) of the number of shareholders present having voting rights and holding aggregate shares amounting to not less than half of the number of shares held by shareholders who attend the meeting and have voting rights.

6. In the case a Director's position becomes vacant due to reasons other than retirement by rotation, the Board shall elect a person who possesses the qualifications and does not possess any characteristics prohibited under the laws on Public Companies or the laws governing securities and exchange to be Director in the following Board meeting, except if the former Director had less than two (2) months remaining in his term, in which case the newly elected Director shall remain in office only for the remaining term of the Director he replaces. And the resolution of the Board of Directors pursuant to the above shall be composed of not less than three - fourths (3/4) of the remaining Directors.
7. The Board shall elect one member as Chairman, and the Board may approve of electing one or several Directors to be Vice - Chairmen. Vice Chairmen have duties pursuant to the operational regulations which will be assigned to him by the Chairman.

#### **Composition and Nomination of the Audit Committee.**

The Audit Committee shall be appointed by the Board of Directors and approved by the shareholders' meeting, and designated as Directors of the company with qualifications according to the Securities and Exchange Law, including notifications, regulations and/or rules as regulated by the Stock Exchange of Thailand. There must be at least three (3) persons in the Audit Committee. Out of the three, at least one (1) person must have knowledge of accounting and finance. The Audit Committee shall hold office for a term of three years from the date of the appointment. At the end of the term, if the Board of Directors or shareholders' meeting has not appointed a new Audit Committee, the retiring Audit Committee may continue to hold office until the Board of Directors or shareholders' meeting appoints the new Committee to replace the Audit Committee whose term is set to expire and/or in accordance with the term of office of Directors. Anyone recruited to the Audit Committee must be an Independent Director and possess the qualifications of an Audit Committee member as follows:

#### **Qualifications of Independent Directors**

The company has defined the "Independent Director" in accordance with the requirement set by the SEC and SET, as follows:

1. Holds shares - not exceeding 1% of the total shares with voting rights - of the company, the parent company, subsidiaries, associates, major shareholders or controlling parties of the company. In this regard, the shares of related persons of the aforesaid Independent Director shall be counted as well.
2. Is not or has never been an Executive Director, employee, staff, advisor with regular salary, or controlling person of the company, parent company, subsidiaries, associates, same - level subsidiaries, major shareholder or controlling person of the company, unless the foregoing status has ended for not less than two (2) years prior to the date of submitting the application to the Office of the Securities and Exchange Commission. In this regard, such prohibited characteristics shall not include the case that such an Independent Director has been an official or advisor of a government unit which is a major shareholder or controlling party of the company.
3. Is not an individual who has a relationship by blood or legal registration with the status of father, mother, spouse, brother, sister, and child, including spouse of a daughter or son of an Executive, major shareholder, controlling person or person who is in the process of nomination to be Management or controlling person of the company.
4. Does not have nor used to have a business relationship with the company, the parent company, subsidiaries, associates, major shareholders or controlling parties of the company which may interfere with the independent judgment of said Independent Director, including not being nor has ever been a significant shareholder or controlling person of any party having a business relationship with the company, the parent company, subsidiaries, associates, major shareholders or controlling parties of the company, unless such status has ended for not less than two (2) years prior to the date of submitting the application to the Office of the Securities and Exchange Commission.
5. Is not or has never been the auditor of the company, parent company, subsidiaries, associates, major shareholders or controlling parties of the company, and is not a significant shareholder, controlling person, or partner of the auditing firm employing the external auditor of the company, parent company, subsidiaries, associates, major shareholders or controlling parties of the company, unless such status has ended for not less than two (2) years prior to the date of submitting the application to the Office of the Securities and Exchange Commission.

6. Is not or has never been a professional service provider including, but not limited to, legal service or financial advisor and receiving a service fee exceeding 2 million Baht per year from the company, parent company, subsidiaries, associates, major shareholders or controlling parties and is not a significant shareholder, controlling person, or partner of a firm providing such professional services, unless the foregoing status has ended for not less than two (2) years prior to the date of submitting the application to the Office of the Securities and Exchange Commission.
7. Is not a Director who has been appointed to be the representative of the Directors of the company, the major shareholders, or any other shareholder who is a related person connected to any major shareholder.
8. Does not operate the same or a significantly competitive business with the business of the company or subsidiaries, is not a significant partner in a partnership, neither is an Executive, employee, staff or advisor receiving regular salary, nor holds shares in the amount exceeding 1% of the total shares with voting rights of any other company which operates the same and significantly competitive business with the business of the company.
9. Does not having any characteristics which may hinder the ability to provide an independent opinion about the company's operations.
10. Independent Directors with such qualifications may be assigned by the Board of Directors to make decisions on the business operations of the company, parent company, subsidiaries, associates, same-level subsidiaries, major shareholders or controlling parties in the form of a collective decision.

#### **Qualifications of Audit Committee Members**

1. The Committee members must not be Directors who are assigned or authorized by the Board to be able to make decisions concerning the operations of the company, parent company, subsidiaries, associates, same-level subsidiaries or major shareholders.
2. The Committee members must not be Directors of any parent company, subsidiaries or same - level subsidiaries, which are listed companies.
3. The Committee members must possess sufficient knowledge and experience to serve as Audit Committee. At least one member of the Committee must have sufficient knowledge and experience to review the credibility of financial statements.
4. The Committee members perform the same duties as set forth in the Notification of the Stock Exchange of Thailand on the qualifications and scope of operation of the Audit Committee.

#### **Composition and Nomination of Executive Committee**

The Executive Committee must be Directors and/or Management of the company and/or employees and/or suitable individuals who are appointed by the Board of Directors, the number of which the Board deems appropriate. Accordingly, the Board of Directors will appoint an Executive Director as Chairman of the Executive Committee.

#### **Composition and Nomination of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee shall be appointed by the Board of Directors. The Committee is composed of at least three (3) persons and should consist mainly of Independent Directors and/or Non - Executive Directors. In this case, one member of the Nomination and Remuneration Committee shall be appointed as Chairman of the Nomination and Remuneration Committee.

#### **Composition and Nomination of the Risk Management Sub - Committee**

The Risk Management Sub - Committee must be Directors and/or Executives of the company and/or employees and/or suitable individuals who were appointed by the Board of Directors, the number of which the Board deems appropriate. Accordingly, the Board of Directors shall appoint a member of the Risk Management Sub - Committee to be the Chairman of the Risk Management Sub - Committee.

## Composition and Nomination of the Chief Executive Officer

The Chief Executive Officer shall be nominated by the Executive Committee by selecting among current members of the Executive Committee or recruiting from the qualified person who through preliminary screening from the Nomination and Remuneration Committee as qualification listed in the succession plan in order to present to the Board of Directors in order that the nominated candidate may be appointed as the Chief Executive Officer.

## Code of Conduct

The Board of Directors encourages business ethics for directors, executives and employees. It is a burden and responsibility including also promotes the practice and monitoring of the practice. To the maximum benefit to the stakeholders of the company. It also creates credibility in the business that will make the company grow sustainably.

## Risk Management Policy

The company has setup a systematic risk management policy throughout the organization. The Risk Management Sub - Committee under the Executive Committee. The policy is to set the system and assess the risks, both from the external factors, the management and from working in the organization. Set up the guidelines for risk management at an acceptable level. Communicate to employees to be aware of the importance of risk management. The company's risk management process is as follows.

### 1. Policy formulation and risk management

Determine policy, objectives, scope of responsibilities, principle and guidelines for risk management in accordance with the strategy, goals, business plan and direction and it will work together with the business plan to be consistent.

### 2. Risk identification

Identifies risks that may affect the achievement of objectives and goals. Considering the risks external and internal factors such as environment, financial, law, information system, decision - making information system, the satisfaction of investors, investment management, human resource reputation and image of the company. the risk by prioritizing the control system. If it is high and very high, the company will take the risk to analyze it for management.

### 3. Risk analysis

An analysis to assess the level of remaining risk after the assessment. Existing control systems and prioritization of risk. If the risk remains high or very high. Risk management measures should be set forth immediately by senior management responsible. if the risk is moderate or low assign to management measures at the department level or modify the process.

### 4. Risk management

It defines how to plan an important risk management. It is classified in the risk analysis process. There are several ways to manage risk, such as risk transfer control, avoiding risk, take advantage of the risks or acceptance risk.

### 5. Monitoring and Review

It is the process of monitoring the risk management plan including risk assessment. The Risk Management Sub - committee will monitor and report to top management and the Audit Committee.

## Guidelines for determining the remuneration of directors and sub - committees

Remuneration for Directors and Sub - Committees, Nomination and Remuneration Committee will be based on the remuneration criteria. Based on operating results and meeting allowance considering the same industry practices. The company's business performance and size of business. The remuneration of directors and sub - committees will approve by the shareholders' meeting.

### **Self Assessment of the Board**

The Board of Directors will evaluate self assessment on an annual basis. The Board of Directors should jointly consider the performance and problems for improvement and increase the effectiveness of the performance of the directors.

1. Individual Evaluation Form (Self assessment)
2. Evaluation Form for the entire Board
3. Evaluation Form for Sub - Committee Performance (Audit Committee and the Nomination and Remuneration Committee)

### **Rules and procedures for evaluate of the Board of Directors**

There are 6 main topics: 1) Structure and qualifications of the Board. 2) Roles and Responsibilities of the Board 3) Board Meetings 4) Duties of Directors 5) Relationships with Management 6) Self Improvement Director's and Executive Development. The scoring method is 5 levels (0 - 4). (Should improve) until very agree (excellent) The evaluation process is the company secretary prepare assessment forms for the Board to conduct annual assessments. Then was collected, summary and provide guidance on improving performance. After that report to the Board for acknowledge.

The results of the evaluation in 2018 are in good and excellent level.

3 = Agreed or have a good deal on it.

4 = Very agreed or have done so well.

Performance Evaluation	Average Result (%) *
Evaluation Form for the entire Board	98.45
Evaluation Form for the Audit Committee	98.03
Evaluation Form for the Nomination and Remuneration Committee	97.49
Individual Evaluation Form	96.63

\*100% rating means the evaluation of the performance of that committee. Have a rating of 4 full (excellent) and all.

Additional opinion/remark from the self - assessment is the level of % average scores in all evaluation results were higher than the results of the previous year. Overall average increased by 2.62%.

### **Development of Directors and Executives**

The Board of Directors requires a new director orientation. To ensure that directors have a good understanding of the company's business and related regulations. In addition, the Board of Directors has the policy to encourage all directors, top executive including company secretary continued training on corporate governance. This is due to internal training and other external institutions such as the Stock Exchange of Thailand, The Office of the Securities and Exchange Commission (SEC) or Thai Institute of Directors (IOD)

In the year 2018, the company has directors and company secretary attend training and develop additional knowledge in the following courses;

Name	Position	Courses in 2018
1. Mr. Sompong Chunekeityanone	Director / Executive Chairman / Chairman of Risk management Sub - Committee / Chief Operating Officer (Acting)	<ul style="list-style-type: none"> <li>Advanced Master of Management Program(AMM)Class2,NationalInstitute of Development Administration(NIDA)</li> <li>Capital Market Leader Program, Capital Market Academy Class 26</li> </ul>
2. Mr. Noppadol Suntanaphanich	Director / Executive Committee / Service & IT Manager	<ul style="list-style-type: none"> <li>IT Governance and Cyber Resilience Program (ITG) (Thailand Institute of Directors : IOD) Class 8/2018</li> </ul>
3. Ms. Srisunun Anuchornphan	Company Secretary	<ul style="list-style-type: none"> <li>IR Fundamental Course 2018 (Thailand Securities Institute: TSI)</li> </ul>

#### **Succession Plan**

The Nomination and Remuneration Committee is responsible for reviewing policies and criteria for selection of top executives and/or specialists. The succession policy in the case of emergency or retirement of top executives and/or specialists has transparent process. It is based on knowledge and ability including experience and ethics. Proposed to the Board of Directors for further appointment.

#### **Orientation for the Board**

For Directors, the company provides basic information about the company, including organizational structure and management, main products, rules, regulations and the related laws, including the regulations of the office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand, are applicable to new directors. To allow the directors to understand the operation of the company. It also acknowledges the roles and responsibilities of being a director or an independent director. The company will send new directors to attend the training course and receive a certificate of foundation course on corporate governance development guidelines for directors.

#### **Meetings between non - executive directors**

The company has convened non-executive directors' meetings and/or with the auditor as appropriate To provide opportunities for non - executive directors to discuss issues that arise in the company and suggestion issues that should be implemented in the company once a year (in the past year, the meeting was held in November)

#### **Information Technology Security Policy**

Board of Directors has always been aware of the importance of information technology security and has adopted the security standards of information technology systems within the company and supervising the directors, executives, employees as well as related third parties comply with the rules. This standard sets various guidelines related to information technology systems of the company that meet international standards such as encryption to prevent access to management information, username and password, certification and approving the entry/exit of the network security system, connection security and back up important information of the company etc. Along with an information security system to safeguard against unauthorised access to information, measures to maintain the integrity of relevant data and ensure availability of critical data.

## Overseeing Operations of Subsidiaries and Associates

Board of Directors give priority and provide mechanisms to supervise operations that can control and manage the operations of the subsidiaries and associated companies. In order to safeguard the interests of the company's investments, such as considering sending persons to represent the company to be directors, executives or controlling persons in subsidiaries and associates. At least in proportion to the shareholding. By a person appointed as a director in a subsidiary or associated company who has the duty to perform for the best benefit of that subsidiary or associated company.

In the case of a subsidiary, the company has established an appropriate and concise internal control system Including other mechanisms for overseeing such subsidiaries, such as the mechanism to supervise the disclosure of financial status and results of operations, transactions between subsidiaries and connected persons, acquisition or disposition of assets or other important transactions. To be complete, accurate Including the supervision of data storage and accounting records of subsidiaries for the company to be able to verify and gathered to prepare the consolidated financial statements on time.

## Insider Information Control

The Board of Directors Meeting passed a resolution concerning the regulations applying to the use of the inside information of the company - information which has not been disclosed - for the benefit of themselves or others. The company has set the following regulations:

1. Directors, Management, staff and employees of the company must adhere to the following practices:
  - A. Maintain confidentiality of secrets and/or inside information of the company.
  - B. Must not use any confidentialities and/or inside information of the company to disclose or seek benefits for themselves or the benefit of any other person, whether directly or indirectly and whether or not they receive any form of Remuneration as a result.
  - C. Must not trade, transfer or acquire a transference of the company's securities using confidential and/or inside information of the company and/or enter into any other transactions or trade agreements using confidential and/or inside information of the company which may cause damage to the company, whether directly or indirectly.

In this case, the Directors, Executives, staff and employees of company who are in agencies which receive inside information of the company should avoid or refrain from trading in the securities of the company for a period of one month prior to the disclosure of financial statements to the public, and 24 hours after the disclosure of financial statements or important information to the public and inform to the company Secretary. (as the Board of Directors assigned) at least 1 day prior to the sell and buy of the company's securities. The aforementioned regulations also apply to the spouses/who live together, husband and wife and underage children of Directors, Executive and employees of the company. If they are not complying with the aforementioned regulations will be considered a serious offense.

2. Directors and Executives of the company, including the Auditors of the company must report changes to their shareholdings in the company as well as those of their spouses and underage children to the Office of the Securities and Exchange Commission pursuant to Section 59.

For any other persons who are not Directors and Executives (as defined by the SEC), but are likely to be equally informed about inside information of the company such as Directors and Executives (as defined by the SEC) and who have the duty to report their holding of any such securities pursuant to Section 59, the company has stipulated that all such persons must prepare and disclose a report of their shareholding including the holding of such securities by their spouse/who live together, husband and wife and underage children as well as any changes in such shareholding to the Company Secretary within three (3) days. The Company Secretary shall collect trading data and notifications of any changes in the holding of the aforesaid securities in order to report to the Audit Committee at each Board of Directors' meeting.

3. The company has announced the aforesaid regulations to all Directors, Executives and employees.



## Auditor Remuneration

### 1. Remuneration of Auditor (Audit Fee)

The company paid audit fees for the review of the year 2017 and 2018 financial statements to M.R. & Associates Company Limited.

- Mr. Pisit Chiwaruangroch, Certified Public Accountant No. 2803, was the Auditor of the company for the year 2017
- Ms. Kornthip Wanichwisedkul, Certified Public Accountant No. 6947, was the Auditor of the company for the year 2018

The details of the audit fees are as follows:

(Unit: Baht)		
Audit Fees	Year 2017	Year 2018
Annual audit fee	750,000	800,000
Audit fee for quarterly financial statements	750,000	800,000
<b>Total</b>	<b>1,500,000</b>	<b>1,600,000</b>

### 2. Other charges (Non - Audit Fee) : None

The company's policy is to conduct its business with responsibility toward society, the environment and stakeholders in accordance with the guidelines of corporate social responsibility set forth by the Stock Exchange of Thailand, which has prescribed the following eight principles: 1) Fairness of operation, 2) anti - corruption measures, 3) respect for human rights, 4) fair treatment of workers, 5) responsibility toward consumers, 6) environmental preservation 7) development of the community or society and 8) innovation and dissemination of innovation, which are results from operating with responsibility toward society, the environment and stakeholders.

## Policy Overview

The Board of Directors' Meeting has approved a Code of Business Conduct manual and Anti - Corruption Policies as guidelines for strict adherence by the company's Board of Directors, Management and all employees, to be enforced in all segments of the business in order to produce a management system that is efficient, transparent and verifiable, and which enhances the trust and confidence of shareholders, investors, stakeholders and all parties involved. These guidelines must be applied in all normal business operations from the procurement process with partners, product education, product research and services that do not affect the environment all the way to creating the awareness as to the roles and duties that constitute a good member of society. This is done by giving priority to engaging and building relationships between the company and society on the basis of accuracy, transparency, fairness and promoting activities that are beneficial to society and the community and the welfare of staff by establishing regulations for operational procedures in all areas that are clear and strictly enforced to ensure the safety and equality in the workplace. Directors, Management and staff must perform their duties with integrity, giving focus and paying close attention to customers as well as providing a quality product at a fair price to the company's customers and consumers, according to the ideals of honesty and integrity which the company has adhered in over 18 years of business.

The company also has a system to maintain efficient corporate governance, preventing conflicts of interest, including corruption, through audits by certified public accountants and internal control system auditors who are licensed by the Office of the Securities and Exchange Commission in order to ensure that the company recognizes the rights of stakeholders, both as defined in the law and through company policy as relating to the treatment of shareholders, employees, customers, suppliers, etc.

## Implementation and Reporting

The company has established its corporate social responsibility practices under the Code of Business Conduct as follows.

### 1. Operating with fairness

The company is committed to business integrity and business operations with social responsibility and good deeds toward individuals, groups, communities and the environment and operating with a good standard and control by through full use of its expertise and proceeding with caution, with enough information and verifiable evidence. This includes the strict adoption of the laws and regulations, treating customers fairly and not disclosing any customers information which it has obtained in the course of its business operations - this pertains to all information which is not normally not disclosed unless the disclosure made due to obligation under the law.

## 2. Anti - corruption measures

The company has stipulated guidelines for Directors, Management and staff that they shall neither claim, nor receive money nor benefits nor items which are inappropriate, dishonest or unsuitable from individuals involved in the affairs of the company. They shall neither claim, nor receive money nor benefits nor items from any person or juristic person they do business with, whether directly or indirectly, neither in order to give an advantage in exchange of privileges nor to benefit the business operations of the company.

The company is a distributor of medical equipment imported from abroad, with emphasis mainly on imports from the United States. The United States Foreign Corrupt Practices Act is an international anti-corruption legislation to incriminate any US firm trading with foreign companies that have engaged in bribery of state authorities. (The U.S. Department of Justice defines "corporate citizenship within the United States" to include those "directors, officers, employees, agents, distributors and shareholders working for the benefit of a company with the corporate citizenship within the United States.") Thus, the company is very conscientious of anti-corruption in order to maintain good relationships to corporate partners and strengthen the company's business in the long run, and company will not undertake to bribe public officials under any circumstance.

## 3. Respect for human rights

The company is aware of respect for life and human dignity of every person, which is the foundation of management and human resource development including building relationships in society. As a result, the company has set up guidelines to promote compliance with the basic principles of human rights and equality regardless of differences in race, color, sex, language, religion, political belief or faith or any other differences which may extend to ethnicity, social origin, property, birth or status. It also provides opportunities for employees and stakeholders can express their opinions through the company's recommendation channels.

## 4. Treating workers fairly

The company believes that the most important factor in business which adds value and benefit to the business is its human resources, since the company's operation in various fields requires knowledge, skills and dedication of both strength and resolve in working to achieve the goal. Consequently, the company has determined guidelines for the treatment of employees. Executives must treat employees fairly, manage the business without bias, build potential for the employees' advancement and efficiency in their work including promoting an understanding of appropriate conduct for employees, establishing suitable welfare for them and dealing with them sincerely by rationally hearing out their feedback and suggestions.

The company has a policy and practice of recognizing safety, healthy and working environment. As part of its success in business. All employees of the company must be secure, good health under working conditions and good environment prevent or accident statistics or strike rate. In the past 2017, there were no accident statistics or breakdowns due to occupational safety. Employees are the most valuable asset and the key to success. Therefore, the company aims to develop culture and working environment. As well as promoting teamwork. Employees are treated with courtesy and respect for individuality, appointment, and transfer of employees. It is based on merit and the use of human resources to the maximum benefit to the company. It also has a policy to supervise the management of compensation and welfare in a fair manner. Taking into account the various factors such as qualifications experience, level, position, responsibilities. In addition, the provident fund is provided for management and employees. The company also has strict adherence to the law on labor.

## 5. Responsibility toward consumers

The company's policy is to deliver quality products that meet the standards set for the consumer with attention to every process, consideration of customer satisfaction and an emphasis on providing our customers with the best quality products at a price that is fair and responsible toward the customer including to provide customer service with courtesy and all willingness to recommend useful information to customers.

## 6. Environmental protection

Company's Business does not affect the environment directly. However, the emphasis on environmental protection by cultivating awareness for employees by educating them through communication and campaigning for employees to know how. Basic environmental management such as water saving, energy saving, resource utilization, separation of waste and waste to contribute to environmental responsibility. The campaign encourages and supports the conservation of the environment and the use of natural resources.

- Digital technology is used for meetings to reduce printing and paper consumption.
- Encouraging the collection of data by scanning the data in a soft file format instead of storing it in hard copy. The company began using document storage.
- Encouraging email communication. Use paperless to send documents within the organization. Including the use of paper valu, by printing the front - back or recycled, use both sides.
- Support and use of environmentally friendly products. By choosing products environmentally friendly or packaging that can be refilled. To reduce the potential impact of packaging production.
- Electricity and water usage campaigns within the organization are closed when not used.

## 7. Community or social development

With the company operating the distribution and installation of medical equipment for treatment of cancer patients with radiology. The company meets with doctors, medical officer even cancer patients. So, keep in mind that sometimes it will help cancer patients have knowledge in dealing with cancer correctly. To increase the survival rate and increase the quality of life for cancer patients in Thailand. In 2017, the company has the opportunity join in the creative activities for society. "The Power Project bring 13,000 cancer patients to better life." The purpose of the project is to help cancer patients have knowledge in dealing with cancer correctly. To increase the survival rate. And quality of life for cancer patients in Thailand. and to encourage patients through difficult times. In support fund of the Survivor Planner, the Survivor Planner will distribute "Survivor Planner" and educate cancer survivors. Resolving the plan and recommending the use of Survivor Planner to relatives, caregivers, cancer patients in 5 government hospitals and expanded to regional hospitals throughout Thailand throughout 2018. The project has been completed according to the target and the Association of Listed Companies in the MAI held a press conference to summarize the project performance. "The Power Project bring 13,000 cancer patients to better life." on 22 October 2018.



## 8. Innovation and the spread of innovation which results from operating with social and environmental responsibility and responsibility toward stakeholders

The company will encourage the innovative processes at both the organizational level and the level of cooperation between organizations. This means operating in new ways, and could also mean a change in thinking. The goal of all innovation is positive change, to cause all things to change for the better, increase productivity, and in this case, to achieve the maximum benefit to society.

The spreading of innovation is considered to be part of the company's social responsibility, which it accomplishes by communicating and disseminating knowledge to all stakeholders both directly and indirectly. The company uses training as a channel to ensure that the company's knowledge reaches all company stakeholders completely and thoroughly. The company has cooperated with the Office of Atoms for Peace to arrange a training on radiation safety in Radiotherapy to ensure safety for all personnel involved in Radiotherapy and to ensure safety of patients from radiation equipment.

## Activities for the Benefit of Society and the Environment

The company recognizes the importance of building good relationships between the company and society and the academic world by supporting activities in the area of social and educational development such as donations of money and items to hospitals and medical universities. It also provides training and knowledge about Radiotherapy to medical personnel by sending its management as lecturers as part of a training project on Radiation Safety in Radiation Therapy which was organized for the first time by the Division of Administration and Development of Academic Knowledge of the Office of Atoms for Peace (OAP) in 2014.

In 2017, the company and co-founder of the ART for CANCER project, an art project and creative work for poorer patients. The founders of the project found themselves cancerous and inspired the project since they were still in cure. By choosing the potential of art and creative work to raise funds to help cancer patients who lack treatment. To Siriraj Hospital, Ramathibodi Hospital and the National Cancer Institute. The project is to help each other. Starting from the main problems of society which related to the company's core products. To develop in the long run. The company has the opportunity to exhibit and give a souvenir at the 4th Laem Chabang Health Expo, which is the plan to focus on the cancer. At Laem Chabang Common Hall, Chonburi, held from 2 - 4 August 2017. To help promote products from the project to be more known. It also encourages interested people in the product to know the channel to contribute funds through various channels. At the exhibition company has exhibited at the event with Chonburi Cancer Hospital. To introduce people to walk the visit. Learn how to prevent cancer and how to treat cancer patients.

In 2018, the company and our staff joined in the charity ceremony Purchase medical equipment and improve cancer centers with various hospitals such as Prapokhlao Hospital, Chanthaburi And support charity organizations Phradabos Foundation through the activities of the Foundation for Thai Society etc.



## Investor Relations Activities

The company also focuses on disclosure information through investor relations activities. Executives are involved in providing information and meeting investors, analysts to gain a better understanding of the operating of the company and to strengthen the relationship. It also promotes continuous exchange of information such as,

- Participation in the Opportunity Days organized by the SET on a quarterly basis.
- Meet analysts from Yuanta, Phillip Securities (Thailand)
- Attend mai FORUM 2018 No. 5th
- Participation in Dinner Talk, the Executives of listed companies meet investors, organized by APM at Phitsanulok.



# Internal Control and Risk Management



## Internal Control and Risk Management Systems

At the Board of Directors' Meeting has assessed the adequacy of the internal control system of the company based on five components which are the organization and environment, risk management, operational control of the Management, the information and data communication systems and the monitoring system. For the year 2018, the Board of Directors concluded that the company's internal control system is sufficient and appropriate for the business of the company.

For the implementation of the internal control system, the Audit Committee of the company reviewed the internal control system and the business operations of the company by cooperating with the Auditor, the internal auditor and Management on the review of the financial reports for the adequate and reliable disclosure of information in order for the operations of the company to comply with the law on Securities and Exchange, regulations of the Stock Exchange of Thailand, as well as any rules, notifications and laws related to the business of the company. It will prepare a report on the operation of the Audit Committee to report to the Board of Directors and in the Annual Report of the company. The report shall be signed by the Chairman of the Audit Committee.

## Internal Audit and Regulatory Affairs

The company has no internal audit department within the company. However, it has appointed Honor Audit and Advisory Co., Ltd., outsourcing its audit office to the said party to assess the internal controls of the company and the adequacy of the internal control system. The Internal Auditor will report the results of the internal audit to the meeting of the Audit Committee. The person has direct contact with the internal auditor is the Chief Financial Officer. as well as prepare an annual internal audit plan to present to the Audit Committee for approval of the plan in order to track and monitor the integrity of the operations to be in line with the company policy. The company has continually updated and improved the quality of its internal controls. The Audit Committee has concluded that the Honor Audit and Advisory Co., Ltd., which served as the internal audit department within the company, is qualified to be the Auditor due to its trusted history and experience in auditing listed companies in the Stock Exchange of Thailand; therefore, it is a reliable choice for auditor.



# Connected Transactions

## Description of Transactions

The Company had transactions with persons who may have conflicts of interest which were connected transactions that occurred between Directors and/or Management and/or major shareholders and related companies, of which the persons who have conflicts of interest are Directors and/or Management and/or major shareholders of the company, occurring in fiscal year 2017 which ended on December 31, 2017 and fiscal year 2018, which ended on December 31, 2018, respectively, as follows:

Companies / Persons who may have a conflict	Description of Connected Transactions	Connected transaction	
		Fiscal Year 2017	Fiscal Year 2018
		As of December 31, 2017	As of December 31, 2018
1. Mr. Sompong Chunekeityanone	<ul style="list-style-type: none"> <li>Tenure as Director, Chairman of Executive Committee, Chief Executive Officer, Chairman of Risk Management Sub-Committee, Nomination and Remuneration Committee member, Executive Chairman and Chief Operating Officer (Acting) of the company.</li> <li>The company's major shareholder, holding 32.063 percent of the paid-up capital of the company as of December 31, 2018.</li> </ul>	✓	✓
2. Mr. Voravid Silapusid	<ul style="list-style-type: none"> <li>Tenure as Director, Executive Committee, Chief Finance Officer, Risk Management Sub-Committee member, Nomination and Remuneration Committee, Human Resources Manager (Acting) of the company.</li> <li>The company's major shareholder, holding 31.313 percent of the paid-up capital of the company as of December 31, 2018.</li> </ul>	✓	✓

## Details of Connected Transactions

Details of connected transactions between the company and persons who may have conflicts of interest, which occurred in fiscal year 2017 (ended December 31, 2017) and fiscal year 2018 (ended December 31, 2018) are as follows.

Persons who may have a conflict	Description of Connected Transactions	Value of the transaction (million Baht)		Necessity and Rationale
		As of	As of	
		December 31, 2017	December 31, 2018	
1. Mr. Sompong Chunekitiyanone	<u>Guaranteeing the collateral for credit line and short - term loans to financial institutions for the company</u> - Mr. Sompong Chunekitiyanone made collateral guarantees for the company in the amount of 123.53 million Baht for the year 2017 and the amount of 105.83 million Baht for the year 2018 without having charged any fee for making the guarantee and currently there are still outstanding amounts from the letter of guarantee of the aforesaid transaction.	Out- standing balance 55.87	Out- standing balance 38.69	<p>The Company is required to have a guarantee for a credit line and short - term loan from domestic financial institutions to be used as working capital for the company's liquidity in operations. For this type of guarantee for the loan, there will be no charges or fees for the guarantee whatsoever.</p> <p><u>Opinion of the Audit Committee</u></p> <p>The Audit Committee has evaluated and commented that such transaction is reasonable and occurred because there is a need to bring benefits to the company in requesting credit line guarantees and short - term loans from financial institutions in order to carry out its business.</p>

Persons who may have a conflict	Description of Connected Transactions	Value of the transaction (million Baht)		Necessity and Rationale
		As of	As of	
		December 31, 2017	December 31, 2018	
2. Mr. Voravid Silapusid	<p><u>Guaranteeing the collateral for credit line and short-term loans to financial institutions for the company</u></p> <p>- Mr. Voravid Silapusid made collateral guarantees for the company in the amount of 123.53 million Baht for the year 2017 and the amount of 105.83 million Baht for the year 2018 without having charged any fee for making the guarantee and currently there are still outstanding amounts from the letter of guarantee of the aforesaid transaction.</p>	Out- standing balance 55.87	Out- standing balance 38.69	<p>The company is required to have a guarantee for a credit line and short-term loan from domestic financial institutions to be used as working capital for the company's liquidity in operations. For this type of guarantee for the loan, there will be no charges or fees for the guarantee whatsoever.</p> <p><u>Opinion of the Audit Committee</u></p> <p>The Audit Committee has evaluated and commented that such transaction is reasonable and occurred because there is a need to bring benefits to the company in requesting credit line guarantees and short-term loans from financial institutions in order to carry out its business.</p>

Persons who may have a conflict	Description of Connected Transactions	Value of the transaction (million Baht)		Necessity and Rationale
		As of	As of	
		December 31, 2017	December 31, 2018	
3. Sathorn Sixteen Company Limited	<u>The expenses of the rent office space.</u>	The rents	The rents	The company rents office space which the company's proprietary of Sathorn Sixteen Company Limited space leased 227 square meters for use the office for 12 months, start from 1 February 2018 to 31 Janu- ary 2019 total 600 Baht per square meter per month totaling 136,200 Baht per month. The rental rates are rate similar to the rate in Sathorn Thani Build- ing, which is equal to 600 Baht per square meter per month. In addition, the contract provides the company is responsible for payment of utilities and other services to the juristic person Sathorn Thani and MEA directly. If the company would like to renew the contract. The company must be informing by letter in advance in writing within 90 days before the expiration of this contract. Both sides have agreed to the new rates.
	- The company rents office space from Sathorn Sixteen Company Limited.	1.50	1.62	
	<u>Current Assets</u>	Deposits	Deposits	
	- Deposits office space	0.38	0.41	
	<u>Accounts payable and other payables</u>	House	House	
	- Accrued expenses	and building tax 0.21	and building tax 0.23	

Persons who may have a conflict	Description of Connected Transactions	Value of the transaction (million Baht)		Necessity and Rationale
		As of	As of	
		December 31, 2017	December 31, 2018	
				<u>Opinion of the Audit Committee.</u> The Audit Committee considered and commented that the transaction is reasonable and to the benefit of the business. In addition, rental rates and contract terms are reasonable and according to the nature of its business.

## Measures or Procedures in Approving Related Transactions

In the Board of Directors' meeting No. 1/2016 (the first after conversion) on 22 March 2016, the Board of Directors has approved principles pertaining to trade agreements with under general terms of trade in transactions between the company and related companies or persons, persons who may have a conflict of interest and persons who are stakeholders or may potentially have a conflict of interest in the future. The approved principles allow the Management to approve such transactions if the transaction is performed under a trade agreement such as would be made between a reasonable individual and the other contract party in the same circumstances, through the use of trade negotiation power that is free from the influence of their status as Directors, Executives or related persons. Moreover, its priced according to fair and at arms' length principle. In this case, the Management of the company can operate normally under the principles that the Board of Directors has approved and summarize a report of any such transactions that occurred during the previous period in order to report to the meeting of the Audit Committee on a quarterly basis or upon the request of the Board of Directors.

In the event the transaction is not a normal commercial transaction, the company will provide an opinion by the Audit Committee about the necessity and appropriateness of the transaction. If the Audit Committee does not have the expertise to evaluate a potential transaction, the company will consider allowing an independent appraiser, independent specialist or an auditor to comment on the related transaction to the Audit Committee with an evaluation that the Committee may use to form its decision and comment to the Board of Directors or shareholders, according to circumstance, for approval before such a transaction is made. In this case, the company will disclose the related transaction in the accompanying notes to the financial statements which have been audited by the auditor of the company. And if the company's ordinary shares are listed on the Market for Alternative Investment (mai) the company will disclose such transactions in the Annual Registration Statement (Form 56-1) and the company's Annual Report (Form 56-2), in accordance with the regulations and laws of the Securities and Exchange Commission. In this event, the approval of such related transactions shall be treated in accordance with the laws of the Securities and Exchange Commission and the regulations, notifications, orders or provisions of the Stock Exchange of Thailand. Persons who may have conflicts or interests in related transactions will not be entitled to vote on such related transactions.

## Policy and Trends of Future Related Transactions

The Board of Directors' Meeting has specified a policy on entering into related transactions that in the future, if it is necessary to have related transactions with persons who may have conflicts of interest with the company, the company will determine the conditions according to the nature of its normal trade practices and market prices which can be compared with reference prices or conditions that would occur in with companies running the same or similar business which the company has dealt with externally. In such a situation, the company will allow the Audit Committee to comment on the price, remuneration, as well as the necessity and appropriateness of such transactions. If the Audit Committee does not have the expertise to consider the transaction, the company will select an independent appraiser, independent specialist, or the auditor of the company, to comment on the aforesaid transaction to provide the Audit Committee with sufficient background to formulate its decision and comment to the Board of Directors or shareholders, according to the circumstance. The company will disclose the related transaction in the accompanying notes to the financial statements which have been audited by the auditor of the company. And if the company's ordinary shares are listed on the Market for Alternative Investment (mai), the company will disclose such transactions in the Annual Registration Statement (Form 56 - 1) and the company's Annual Report (Form 56 - 2), in accordance with the regulations and laws of the Securities and Exchange Commission. In this event, the approval of such related transactions shall be treated in accordance with the laws of the Securities and Exchange Commission and the regulations, notifications, orders or terms of the Stock Exchange of Thailand.

For related transactions that may occur in the future, Directors must comply to prescribed rules and must not approve any transaction which the Directors themselves or other persons may have conflicts of interest with the company. They must also disclose such transactions to the Board of Directors for consideration. The company must comply with the laws of the Securities and Exchange Commission and regulations, notifications, orders or terms of the Stock Exchange of Thailand and with requirements relating to the disclosure of related transactions and the acquisition or disposition of the company's assets, and maintain strict compliance with the accounting standards set by the Association of Accountants. In addition, the company will not carry out any related transaction with related companies which do not occur within the normal business operations of the company.

In any case, for related transactions that are short-term loans from the Directors of the company, the company's policy is not to rely any longer on loans from Directors as the company plans to find its own alternative sources of funding. Additionally, the company speculates that once it is listed on a Stock Exchange, there will be sufficient capital raised from the public for the first time which will leave the company with adequate working capital for its business operations.

However, the related transaction that may occur in the future is the rent of the company's office space from Sathorn Sixteen Co., Ltd. under conditions and rates that are appropriate and adhere to general business practices. However, if, in the future, the company changes the conditions, price or any detail of the company's office space rental from Sathorn Sixteen Co., Ltd., the company will comply with the regulations that have been set up and disclose such transactions to the Audit Committee and the Board of Directors for assessment and/or consideration before proceeding with the said transaction.

## Investor Protection Measures

In the future, in order to protect investors, if there are related transactions of the company with persons who may have a conflict of interest, are stakeholders or may potentially show a conflict of interest in the future, the company will present such transactions at meetings of the Board with the Audit Committee members attending the meeting (excluding related transactions performed between contract parties under a trade agreement with general terms of trade) in order to ensure that the related transactions are carried out fairly and with reasonable pricing policies). The Board of Directors must perform their duties in strict compliance with the laws of the Securities and Exchange Commission and regulations, notifications, and terms of the Stock Exchange of Thailand as well as in strict compliance with those requirements relating to the disclosure of related transactions and the acquisition or disposition of any significant assets by listed companies.

# Key Financial Data



## Summary of Financial Position and Results of Operations

### 1. Statement of Financial Position

Statement of Financial Position	(Unit: Million Baht)					
	Separated		Separated		Consolidated	
	Statement as of		Statement as of		Statement as of	
	31 December 2016		31 December 2017		31 December 2018	
	Audited / Separated		Audited / Separated		Audited / Consolidated	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Assets</b>						
Cash and cash equivalents	223.98	35.61	366.37	47.75	119.28	12.64
Current investments	41.50	6.60	28.68	3.74	59.77	6.34
Trade and other receivables	236.95	37.68	86.57	11.28	243.28	25.79
Construction contract work in progress	0.00	0.00	71.26	9.29	76.63	8.12
Inventories	107.45	17.08	9.25	1.21	72.30	7.66
Current Financial Asset	0.00	0.00	0.00	0.00	1.11	0.12
Other Current Asset	0.00	0.00	0.00	0.00	0.65	0.07
<b>Total current assets</b>	<b>609.88</b>	<b>96.97</b>	<b>562.13</b>	<b>73.27</b>	<b>573.02</b>	<b>60.74</b>
Other long - term investments	0.00	0.00	30.75	4.01	30.75	3.26
Long - term trade receivables	7.91	1.26	5.43	0.71	2.79	0.30
Property, Plant and Equipment	4.08	0.65	31.07	4.05	141.77	15.03
Intangible assets	0.20	0.03	0.19	0.02	0.36	0.04
Deferred tax assets	6.41	1.02	6.16	0.80	6.51	0.69
Advance for purchase of medical equipment	0.00	0.00	89.86	11.71	89.86	9.52
Other non - current assets	0.43	0.07	41.66	5.43	98.36	10.42
<b>Total non - current assets</b>	<b>19.03</b>	<b>3.03</b>	<b>205.12</b>	<b>26.73</b>	<b>370.40</b>	<b>39.26</b>
<b>Total assets</b>	<b>628.91</b>	<b>100.00</b>	<b>767.25</b>	<b>100.00</b>	<b>943.42</b>	<b>100.00</b>
<b>Liabilities and shareholders' equity</b>						
Trade and other payables	82.13	13.06	51.29	6.68	103.31	10.95
Income tax payable	0.23	0.04	2.05	0.27	7.58	0.80
Other current provisions	17.02	2.70	20.18	2.63	21.37	2.27
Current Financial Liabilities	0.00	0.00	0.00	0.00	11.46	1.21
Other Current Liabilities	0.00	0.00	0.00	0.00	1.10	0.12
<b>Total current liabilities</b>	<b>99.38</b>	<b>15.80</b>	<b>73.52</b>	<b>9.58</b>	<b>144.82</b>	<b>15.35</b>
Long - term trade payables	12.55	2.00	7.54	0.98	3.32	0.35
Provisions for employee benefits	5.51	0.88	5.82	0.76	6.33	0.67
Other non - current provisions	0.35	0.05	0.80	0.10	1.27	0.13
Advance from customer	0.00	0.00	135.04	17.60	135.04	14.32
Other non - current financial liabilities	0.00	0.00	31.80	4.15	22.96	2.44
<b>Total non - current liabilities</b>	<b>18.41</b>	<b>2.93</b>	<b>181.00</b>	<b>23.59</b>	<b>168.92</b>	<b>17.91</b>
<b>Total liabilities</b>	<b>117.79</b>	<b>18.73</b>	<b>254.52</b>	<b>33.17</b>	<b>313.74</b>	<b>33.26</b>
Issued and paid - up share capital	200.00	31.80	200.00	26.07	200.00	21.20
Share premium on ordinary shares	222.33	35.35	222.33	28.98	222.33	23.57



## 1. Statement of Financial Position

(Unit: Million Baht)

Statement of Financial Position	Separated		Separated		Consolidated	
	Statement as of		Statement as of		Statement as of	
	31 December 2016		31 December 2017		31 December 2018	
	Audited / Separated		Audited / Separated		Audited / Consolidated	
	Million Baht	%	Million Baht	%	Million Baht	%
Retained earnings						
Appropriated - Legal reserve	4.41	0.70	16.50	2.15	20.00	2.12
Appropriated - working capital reserve	10.00	1.59	0.00	0.00	0.00	0.00
Unappropriated	74.38	11.83	73.90	9.63	119.58	12.67
<b>Total shareholders' equity</b>	<b>511.12</b>	<b>81.27</b>	<b>512.73</b>	<b>66.83</b>	<b>561.91</b>	<b>59.56</b>
<b>Minority Interest</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>67.77</b>	<b>7.18</b>
<b>Total liabilities and shareholders' equity</b>	<b>628.91</b>	<b>100.00</b>	<b>767.25</b>	<b>100.00</b>	<b>943.42</b>	<b>100.00</b>

## 2. Statement of Comprehensive Income

Comprehensive Income	Separated Statement of Year 2016		Separated Statement of Year 2017		Consolidated Statement of Year 2018	
	Audited		Audited		Audited	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from sales of goods	607.12	81.69	367.61	58.97	464.73	69.92
Revenue from rendering of services	130.72	17.59	128.28	20.58	129.85	19.54
Revenue from construction	-	-	120.66	19.35	63.94	9.62
Other income	5.39	0.72	6.88	1.10	6.17	0.92
<b>Total revenues</b>	<b>743.23</b>	<b>100.00</b>	<b>623.43</b>	<b>100.00</b>	<b>664.69</b>	<b>100.00</b>
Cost of sales of goods	505.13	67.96	325.20	52.16	335.82	50.52
Cost of rendering of services	110.04	14.81	96.08	15.41	107.20	16.13
Cost of construction	-	-	109.60	17.58	58.09	8.74
<b>Gross profit (excluding other income)</b>	<b>122.67</b>	<b>16.62</b>	<b>85.67</b>	<b>13.90</b>	<b>157.41</b>	<b>23.90</b>
Selling expenses	10.82	1.46	8.78	1.41	20.20	3.04
Administrative expenses	27.66	3.72	30.95	4.97	42.85	6.45
<b>Total expenses</b>	<b>38.48</b>	<b>5.18</b>	<b>39.73</b>	<b>6.38</b>	<b>63.05</b>	<b>9.49</b>
<b>Profit before financial costs and income tax</b>	<b>89.58</b>	<b>12.05</b>	<b>52.82</b>	<b>8.47</b>	<b>100.53</b>	<b>15.12</b>
Financial costs	5.88	0.79	1.37	0.22	1.04	0.16
<b>Profit before income tax</b>	<b>83.70</b>	<b>11.26</b>	<b>51.45</b>	<b>8.25</b>	<b>99.49</b>	<b>14.97</b>
Tax expense (revenue)	13.46	1.81	10.30	1.65	21.12	3.18
<b>Net income for the period</b>	<b>70.24</b>	<b>9.45</b>	<b>41.15</b>	<b>6.60</b>	<b>78.37</b>	<b>11.79</b>
Other comprehensive income	(0.36)	(0.05)	0.45	0.07	0.58	0.09
<b>Total comprehensive income for the year</b>	<b>69.88</b>	<b>9.40</b>	<b>41.60</b>	<b>6.67</b>	<b>78.95</b>	<b>11.88</b>
<b>Total comprehensive income for Majority Shareholders</b>	<b>69.88</b>		<b>41.15</b>		<b>80.60</b>	
Total comprehensive income for Minority Shareholders	0.00		0.00		(2.23)	
Earnings per share (Baht / share) (based on par value of Baht 0.50)	0.23		0.10		0.20	

### 3. Statement of Cash Flows

(Unit: Million Baht )

Cash Flow Statement	Year 2016	Year 2017	Year 2018
	Separated	Separated	Consolidated
	Statement	Statement	Statement
	Audited	Audited	Audited
<b>Cash flows from operating activities</b>			
Profit (loss) before income tax	83.69	51.45	99.49
Adjustments to reconcile profit (loss) to net cash provided by operating activities			
Depreciation and amortisation	1.19	1.67	2.21
Provision for employee benefits	0.72	0.88	1.24
Provision for liabilities from product guarantee	3.86	11.97	12.91
Unrealised loss (gain) on exchange	0.90	(0.26)	(0.11)
Interest expenses	5.88	1.37	1.04
Interest income	(0.79)	(2.61)	(3.48)
Loss on sales of equipment	0.00	-	0.01
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>95.45</b>	<b>64.47</b>	<b>113.31</b>
Decrease (increase) in operating assets			
Trade and other receivables	(7.47)	153.09	(154.03)
Construction contract work in progress	-	(71.26)	(5.37)
Inventories	(61.91)	98.20	(63.05)
Advance for purchase of medical equipment	-	(89.86)	-
Other non - current assets	1.27	(9.43)	(41.87)
Increase (decrease) in operating liabilities			
Trade and other payables	(4.23)	(35.44)	47.65
Advance from customer	-	135.04	-
Provisions paid	(5.56)	(8.35)	(11.26)
Income tax paid	(16.51)	(8.33)	(16.10)
<b>Net cash provided by (used in) operating activities</b>	<b>1.04</b>	<b>228.13</b>	<b>(130.72)</b>
<b>Cash flows from investing activities</b>			
Interest received	0.29	2.39	3.43
(Increase) Decrease in short - term investments	(6.35)	(17.93)	(31.10)
Investment of Minority Interest	-	-	70.00
Purchase of property, plant and equipment and intangible assets	(1.88)	(28.66)	(112.72)
Advance from Construction and Equipments	-	-	(12.86)
<b>Net cash flows provided by (used in) investing activities</b>	<b>(7.94)</b>	<b>(44.20)</b>	<b>(83.25)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(5.82)	(1.39)	(1.05)

### 3. Statement of Cash Flows

(Unit: Million Baht)

Cash Flow Statement	Year 2016	Year 2017	Year 2018
	Separated	Separated	Consolidated
	Statement	Statement	Statement
	Audited	Audited	Audited
Decrease in short - term loans from financial institutions	(12.56)	-	-
Proceeds from capital increase	416.93	-	-
Dividend paid	(215.00)	(40.00)	(32.00)
<b>Net cash flows provided by (used in) financing activities</b>	<b>183.55</b>	<b>(41.39)</b>	<b>(33.05)</b>
Effect from foreign exchange in cash and cash equivalents	-	(0.15)	(0.07)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>176.65</b>	<b>142.39</b>	<b>(247.09)</b>
Cash and cash equivalents at beginning of year	47.33	223.98	366.37
Cash and cash equivalents at end of year	223.98	366.37	119.28

### 4. Key Financial Ratios

Financial Ratios	Year 2016	Year 2017	Year 2018
	Audited	Audited	Audited
<b>Liquidity ratio</b>			
Current ratio (times)	6.14	7.65	3.96
Quick ratio (times)	4.85	6.18	2.75
Cash flow (times)	0.01	2.64	(1.20)
Accounts receivable turnover ration (times)	3.34	4.48	4.74
Average collection period (days)	108	80	76
Inventory turnover ratio (times)	11.97	9.63	12.46
Average sale period (days)	30	37	29
Creditors' turnover ratio (times)	10.88	13.98	9.80
Repayment period (days)	33	26	37
Cash cycle (days)	105	91	68
<b>Profitability ratio</b>			
Gross profit margin (%)	16.62	13.90	23.90
Operating margin (%)	11.94	7.71	14.48
Cash to profitability (%)	1.17	480.05	(137.10)
Net profit margin (%)	9.45	6.60	12.13
Return on equity (%)	18.72	8.04	15.00
<b>Efficiency ratio</b>			
Return on assets (%)	14.00	5.89	9.42
Asset turnover (times)	1.48	0.89	0.78

#### 4. Key Financial Ratios

Financial Ratios	Year 2016	Year 2017	Year 2018
	Audited	Audited	Audited
<b>Financial policy ratio</b>			
Liabilities to shareholders' equity ratio (times)	0.23	0.50	0.56
Interest coverage ratio (times)	3.50	172.38	(103.31)
Debt service coverage ratio (Cash Basis) (times)	0.00	3.26	(0.90)
Dividend payout ratio (%) <sup>/1</sup>	56.95 <sup>/2</sup>	77.77 <sup>/3</sup>	75.53 <sup>/4</sup>

Note: <sup>/1</sup> Dividend payout ratio was calculated from dividends paid divided by net income for the year.

<sup>/2</sup> The Board of Directors' Meeting No. 1/2017 held on February 23, 2017 resolved to approve the dividend payment from the net profit of the year 2016 to the shareholders whose names are listed in the shareholders list of the company at 13 March 2017 at the rate of Baht 0.10 per share, representing a total dividend of 40 million Baht.

<sup>/3</sup> The Board of Directors' Meeting No. 1/2018 held on February 23, 2018 resolved to approve the dividend payment from the net profit of the year 2017 to the shareholders whose names appear in the shareholder list of the company at April 26, 2018 amounting to 400,000,000 shares at the rate of Baht 0.08 per share, representing a total dividend of 32 million Baht.

<sup>/4</sup> The Board of Directors' Meeting No. 1/2019 held on February 21, 2019 resolved to approve the dividend payment from the net profit of the year 2018 to the shareholders whose names appear in the shareholder list of the company at April 26, 2019 amounting to 400,000,000 shares at the rate of Baht 0.16 per share, representing a total dividend of 64 million Baht. (Subject to approval by the Annual General Meeting of Shareholders for the year 2019)

## Operating Results

Business Alignment Public Co., Ltd. conducts the sales and installation of medical equipment for treating cancer patients with radiotherapy by importing products from the manufacturer with expertise on world - class equipment and technologies for the treatment of cancer, including providing maintenance services for such medical equipment sets. The main groups of customers are hospitals affiliated with medical universities, hospitals in the cancer hospital network of the Department of Medical Services under the Ministry of Public Health, other state hospitals or public health organizations in the country and private hospitals.

A large proportion of the company's revenues come from product sales in the form of projects, acting as an end-to-end Solution Provider who is responsible for everything from structural work to systems such as electrical and cooling systems, and interior design to support the installation of radiation equipment and other ancillary equipment in the radiation room. Afterwards, the company is also responsible for the procurement and installation of various equipment associated with radiation (i.e., radiotherapy equipment, treatment planning system devices and other necessary accessories to facilitate the use of products ordered by customers).

The nature of our business is such that the resulting pattern of revenue recognition from the company's sale is revenue recognition upon delivery of the completed project. As a result, it is necessary for the company to continue construction of a radiation room, purchase and install the equipment and pass inspection by the client's project inspection committee before the revenue of the complete project can be recognized. The period of implementation of each project will be between 210 - 360 days before revenue can be recognized. This is one factor that makes the company more vulnerable to the instability and inconstancy of revenue should the company fail to deliver its product according to the plan.

### **An overview of the past results of operations**

For the operating results for the past three years from the year 2016 - 2018, the company's main revenue from sales, rendering services, and construction were 737.84 million Baht, 616.55 million Baht, and 658.52 million Baht respectively. Revenue from sales were 607.12 million Baht, 367.61 million Baht and 464.73 million Baht respectively. Revenue from rendering of services were 130.72 million Baht, 128.28 million Baht and 129.85 million Baht, respectively. Revenue from construction were 0 million Baht, 120.66 million Baht and 63.94 million Baht, respectively.

In the year 2016 saw the revenue from sales increase by 370.41 million Baht, or by 156.48%, from the previous year, as many large, high - value projects were completed, and thus their revenues recognized. Furthermore, the revenues from services in 2016 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, as well as the increasing number of maintenance agreements signed resulting from the expiry of the warranties on previously sold products. In the year 2017, decrease in revenue from sales was due to the completion and revenue recognition of only three significant projects. The revenue of rendering of services dropped compared to the previous year; however, excluding the revenue recognition of software upgrade service of radiation machine to the hospital with the value of 31.98 million Baht in 2016, the revenue from services in 2017 showed an increase by 29.54 million Baht due to increase in the number of maintenance agreements as the expiry of the warranties on previously sold products. In addition, in 2017 the Company generated revenue from construction generated from the establishment of project centers treating cancer patients with protons radiotherapy with King Chulalongkorn Memorial Hospital, which commenced in the 2<sup>nd</sup> quarter of 2017. In the year 2018, the company generated higher revenue, compared to the previous year, since 3 big projects has been delivered during the year.

The company's gross profits in the year 2016, 2017 and 2018 were 122.67 million Baht, 85.67 million Baht and 157.41 million Baht, or 16.62%, 13.90%, and 23.90% gross profit margin. In the year 2017, the company had a gross profit from sales of goods of 42.41 million Baht or 11.54% gross profit margin from sales of goods, lower than that of the previous year at 16.80%. The decrease in gross profit margin was due to the company delivering large - scale projects which would typically generate low gross margins. The gross profit from rendering of services of 32.20 million Baht or 25.11% gross profit margin from services was higher than that of previous year at 15.81%. This increase can be attributed to improvement in cost management and pricing strategy amendment for its maintenance agreements for both renewed contracts and new contracts following the expiry of warranty period. The company had gross profit from construction of 11.06 million Baht or 9.16% gross profit margin from construction. In the year 2018, the company's gross profit from sales was 128.91 million Baht, representing 27.74% of gross profit margin which was higher than that of the previous year at 11.54%. It was because the company has been able to improve costing management during the period.

The company's net profits for the year 2016, 2017 and 2018 were 70.24 million Baht, 41.15 million Baht and 80.60 million Baht, respectively, or a net profit margin of 9.45%, 6.60% and 12.13 %, respectively. In the year 2016, the Company's net profit margin rose due to the Company's ability to manage costs efficiently and to maintain expenses at a stable value. Net profit margin for the year 2017 was at 6.60%, lower than that of previous year at 9.45%, because of decrease in gross profit margin and sales. In the year 2018, the company had net profit of 80.60 million Baht with 12.13% of net profit margin, which was higher than that of the previous of 41.15 million Baht with 6.60% of net profit margin. This was due to higher gross profit margin, causing a decrease in proportion of fixed cost to revenue.

The analysis of operating results and financial position for the accounting periods of the year 2016, 2017 and 2018 are summarized below

## Analysis of Operating Results

### Revenue

The company's total revenues in the year 2016, 2017 and 2018 were 743.23 million Baht, 623.43 million Baht and 664.69 million Baht respectively, with details on the revenue structure as follows:

Year 2016 - 2018 Revenue structures

Type of Revenue	Year 2016		Year 2017		Year 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Revenue from sales of goods	607.12	81.69	367.61	58.97	464.73	69.92
2. Revenue from rendering of services <sup>/1</sup>	130.72	17.59	128.28	20.58	129.85	19.53
3. Revenue from Construction <sup>/2</sup>	-	-	120.66	19.35	63.94	9.62
<b>Revenue from sales, services and construction</b>	<b>737.84</b>	<b>99.28</b>	<b>616.55</b>	<b>98.90</b>	<b>658.52</b>	<b>99.07</b>
Other income <sup>/3</sup>	5.39	0.72	6.88	1.10	6.17	0.93
<b>Total revenues</b>	<b>743.23</b>	<b>100.00</b>	<b>623.43</b>	<b>100.00</b>	<b>664.69</b>	<b>100.00</b>

Note: <sup>/1</sup> Revenues include revenues from services, maintenance and repair of radiation equipment and various accessories including revenues from upgrade services for system software related to radiation products.

<sup>/2</sup> Revenue from construction is the revenue generated from the contract for the establishment of a cancer patient center with proton particles. The company received the project and started construction in the second quarter of 2017.

<sup>/3</sup> Other income include interest income, gains on currency exchange, gains from employee benefit adjustment and other income.

### Revenues from Sales, Services, and Construction

Main revenues from sales, services and construction in the year 2016, 2017 and 2018 were 737.84 million Baht, 616.55 million Baht and 658.52 million Baht, representing 99.28%, 98.90% and 99.07% of total revenue, respectively. Revenue from sales and services can be divided into 3 categories as follows:

#### 1. Revenue from sales of goods

Most of the company's sales revenues are from the sale and installation of medical equipment in contracts resulting from project sales of which revenues are recognized when significant risks and significant rewards of ownership of the significant goods in the contract have passed to the buyer. The nature of business of the company, as mentioned above, means that the company must carry out the construction of a radiation therapy room (if any), purchase and install various equipment and pass inspection from the client's project inspection committee before the revenue of the completed project can be recognized. Aside from this, the company also had income from merchandising of other medical equipment of which the value is not very high.

In the year 2016, 2017 and 2018, sales revenues were 607.12 million Baht, 367.61 million Baht and 464.73 million Baht, or 81.69%, 58.97% and 69.92% of total revenue, respectively. In comparison, sales revenue during the year 2016 - the year 2018 shows that revenues from sales in the year 2017, revenue from sales of goods was 367.61 million Baht, dropped by 39.45% from previous year due to lower rate of project deliveries, compared to the previous year. In the year 2018, the company has revenue from sales of goods of 464.73 million Baht, increasing by 97.12 million Baht or 26.42% from the previous year. This was because the company was able to make 3 high - valued projects delivery during the period.



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

Revenue from rendering of services is revenue 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 2016, 2017 and 2018, the company's services revenues were 130.72 million Baht, 128.28 million Baht and 129.85 million Baht, or 17.59%, 20.58% and 19.53% of the total revenues, respectively.

In the year 2017, revenue from rendering of services was 128.28 million Baht, decreasing by 1.86% from the previous year. In 2016, there was revenue recognition of software upgrade service of radiation machine to the hospital with the value of 31.98 million Baht. Excluding this software upgrade service, the revenue from services in 2017 showed an increase by 29.54 million Baht due to increase in the number of maintenance agreements as the expiry of the warranties on previously sold products.

In the year 2018, the company had revenue from rendering of services of 129.85 million Baht, increasing by 1.57 million Baht or 1.22% from the previous year of 128.28 million Baht. This was because a recognition of revenue from Genetic Test service which has just started in the forth quarter of this year.

## **3. Revenue from Construction**

Revenue from construction is the revenue generated from the contract for the establishment of a cancer patient center with proton particles. The company received the project and started construction in the second quarter of 2017 and will be recognized by the proportion of work completed. For year 2017 ended 31 December 2017, the Company generated revenue from construction service of 120.66 million Baht, showing 54.54% of completion as at the end of the period. In the year 2018, the company had revenue from construction of 63.94 million Baht, based on percentage of completion (PoC). At this point, the company recognized 83.44% of total revenue from construction.

## Costs and Gross Profit Margins

The company's costs of sales, services, and construction in the year 2016, 2017 and 2018 were 615.17 million Baht, 530.88 million Baht and 501.11 million Baht, or 82.77%, 85.15% and 75.39% of total revenues respectively. As a result, the total gross profit of the company was 122.67 million Baht, 85.67 million Baht and 157.41 million Baht, or a gross profit margin of 16.62%, 13.90% and 23.90%, respectively. The total cost can be divided into the cost of sales of goods, cost of rendering of services, and cost of construction which correspond to the types of revenue. This change can be explained as follows:

### Structures of Costs to Total Revenue 2016 - 2018

Type of cost	Year 2016		Year 2017		Year 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Costs of sales of goods	505.13	67.96	325.20	52.16	335.82	50.52
Costs of rendering of services	110.04	14.81	96.08	15.41	107.20	16.13
Costs of construction	-	-	109.60	17.58	58.09	8.74
<b>Costs of sales, services and construction</b>	<b>615.17</b>	<b>82.77</b>	<b>530.88</b>	<b>85.15</b>	<b>501.11</b>	<b>75.39</b>

### Cost of Operation and Cost to Revenue Ratio by Type of Operation

Cost of Operation and Cost to Revenue Ratio by Type of Operation	Year 2016		Year 2017		Year 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Costs of sales of goods	505.13	83.20	325.20	88.46	335.82	72.26
Costs of rendering of services	110.04	84.19	96.08	74.89	107.20	82.56
Costs of construction	-	-	109.60	90.84	58.09	90.85
<b>Total costs</b>	<b>615.17</b>		<b>530.88</b>		<b>501.11</b>	

### Gross Profit and Cost to revenue Ratio by type of operation

Gross Profit and Cost to Revenue Ratio by type of operation	Year 2016		Year 2017		Year 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Gross profit from sales of goods	101.99	16.80	42.41	11.54	128.91	27.74
Gross profit from rendering of services	20.68	15.81	32.20	25.11	22.65	17.44
Gross profit from construction	-	-	11.06	9.16	5.85	9.15
<b>Total gross profit</b>	<b>122.67</b>		<b>85.67</b>		<b>157.41</b>	
<b>Gross profit margin (%) <sup>/1</sup></b>	<b>16.62%</b>		<b>13.90%</b>		<b>23.90%</b>	

Note: <sup>/1</sup> Gross profit margin is calculated from the total of the gross profit divided by the total of revenue from sales, services and construction.

## **1. Cost of sales of goods and gross profit margin from sales of goods**

The cost of sales of goods 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 percent 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 2016, 2017 and 2018 were 505.13 million Baht, 325.20 million Baht and 335.82 million Baht. And gross profit from sales in 2016, 2017 and 2018 were 101.99 million Baht, 42.41 million Baht and 128.91 million Baht, or 16.80%, 11.54%, and 27.74% of the gross profit margin of sales to revenues from the sales respectively.

In the year 2017, the gross profit margin from sales was 11.54% of revenue from sales, which was lower than the gross profit margin from sales in the previous year at 16.80%. The decrease in gross profit margin was due to the company delivering projects which would typically generate low gross margins as it is expected to be a market penetration strategy. Thus, the overall gross profit margin in this period was lower.

In the year 2018, the company had gross profit for sales of goods of 128.91 million Baht or 27.74% of gross profit margin, which was higher than that of the previous year of 11.54%. This was due to improved cost management during the period.

## **2. Cost of rendering of services and gross profit margin from rendering of services**

The cost of rendering of services can be classified into the following two types:

- 2.1 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.
- 2.2 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.
- 2.3 Cost of service from Genetic test

In the year 2016, 2017 and 2018 the company's cost of services were 110.04 million Baht, 96.08 million Baht and 107.20 million Baht and gross profit from services during such periods were 20.68 million Baht, 32.20 million Baht and 22.65 million Baht, representing 15.81 %, 25.11 %, and 17.44% 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.

In the year 2017, the gross profit from rendering of services of 32.20 million Baht or 25.11% gross profit margin from services was higher than that of previous year at 15.81%. This increase can be attributed to improvement in cost management and pricing strategy amendment for its maintenance agreements for both renewed contracts and new contracts following the expiry of warranty period.

In the year 2018, the company has gross profit from service rendering of 22.65 million Baht or 17.44% of service rendering revenue which was lower than that of the previous year of 25.11%. This was because of delay in process of contract renewal on some cases, leading to an occurrence of maintenance cost over revenue in the period.

### **3. Cost of construction**

Construction cost derived from the establishment of project centers treating cancer patients with protons radiotherapy with King Chulalongkorn Memorial Hospital, which commenced in the 2nd quarter of 2017.

In the year 2017, the cost of construction was 109.60 million Baht and generated gross profit from construction of 11.06 million Baht or equivalent to a gross profit margin of 9.16%, according to planned project budget.

In the year 2018, the company had cost of construction of 58.09 million Baht with gross profit of 5.85 million Baht or 9.15% of revenue from construction, following the budgeted gross margin of the projects.

### **Distribution costs**

Distribution costs consist 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 2016, 2017 and 2018, the company's cost of sales were 10.82 million Baht, 8.78 million Baht and 20.20 million Baht, or 1.46%, 1.41% and 3.04% of the total revenues respectively

In the year 2017, the Company had a distribution cost of 8.78 million Baht, decreasing by 18.87% compared to the previous year. This was because of decrease in commission expenses, decreasing in advertising and sales promotion expenses and product exhibition expenses as none of new product was exhibited.

In the year 2018, the company had distribution cost of 20.20 million Baht, increasing by 11.43 million Baht or 130.19% from the previous year. The reason behind this was mainly an increase in personnel expense on selling department as well as higher advertising expense on new service (Genetic Test Service).

### **Administrative Expenses**

Significant administrative expenses consist of salaries, bonuses, employee expenses, miscellaneous expenses, depreciation and other charges, etc. The company's administrative expenses were relatively stable, and in the year 2016, 2017 and 2018 were 27.66 million Baht, 30.95 million Baht and 42.85 million Baht, representing 3.72 %, 4.97 % and 6.45 % of the total revenues, respectively.

In the year 2017, the administrative expenses were 30.95 million Baht, increasing by 11.91% from the previous year due to increase in meeting allowances and directors' remuneration, financial advisory fee, annual meeting fee and building depreciation.

In the year 2018, the company had administrative expenses of 42.85 million Baht, increasing by 11.90 million Baht or 38.43% from the previous year. The increase was mainly due to higher personnel expense, advisory fee and administrative expenses from the subsidiary which was 5.80 million Baht.

### **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 2016, 2017 and 2018, the company had a financial cost of 5.88 million Baht, 1.37 million Baht and 1.04 million Baht or 0.79%, 0.22% and 0.16% of the total revenue respectively.

### Net Profit and Net Profit Margin

The company's net profit in the year 2016, 2017 and 2018 were 70.24 million Baht, 41.15 million Baht and 80.60 million Baht respectively. In the year 2017 that net profit was 29.09 million Baht or 41.42% lower than that of previous year. This decrease was mainly as a result of the reduction in income from sales. In the year 2018, net profit of the company increased by 95.89% from the previous year.

The net profit margins of the company in the year 2016, 2017 and 2018 were 9.45%, 6.60 % and 12.13%, respectively, which could explain the change in the net profit margin indicated below.

In the year 2017, net profit margin was at 6.60%, lower than that of previous year at 9.45%, as a result of decrease in net profit and lower net profit margin for this three-month period was from decrease in gross profit margin, and revenue which lead to the lower proportion of revenue per fixed cost.

In the year 2018, the company had net profit of 80.60 million Baht with net profit margin of 12.13%, which was higher than that of the previous year of 41.15 million Baht with net profit margin of 6.60%. Higher net profit margin was mainly driven by increased gross profit which lead to lower fixed cost per revenue.

### Return on Equity

The company's returns on equity for the year 2016, 2017 and 2018 were 18.72%, 8.04% and 15.00% respectively.

In the year 2017, Return on Equity dropped from previous year mainly due to decrease in net profit in 2017. In the year 2018, the company had higher Return on Equity as a result from greater net profit in 2018.

## Financial Position of the Company

### Total assets

As of 31 December 2016, 2017 and 2018, the company had total assets of 628.91 million Baht, 767.25 million Baht and 943.42 million Baht, respectively. Significant assets that influenced the changes in the total assets of the company are as follows:

#### Current assets

As of 31 December 2016, 2017 and 2018, the company's total current assets were 609.88 million Baht, 562.13 million Baht and 573.02 million Baht, representing 96.97%, 73.27 % and 60.74 % of the total assets, respectively. The details of each significant item are as follows:

- **Cash and cash equivalents:** On 31 December 2016, 2017 and 2018, cash and cash equivalents were at 223.98 million Baht, 366.37 million Baht and 119.28 million Baht, or 35.61%, 47.75% and 12.64% of the total assets respectively, consisting of petty cash, current accounts and fixed accounts deposits. In the year 2018, level of cash and cash equivalent was decreased because of an investment in subsidiary company as well as a huge purchase of product for radiotherapy projects.

- **Current investments** : As of 31 December 2016, 2017 and 2018, these were 41.50 million Baht, 28.68 million Baht and 59.77 million Baht, or 6.60%, 3.74% and 6.34% of total assets, respectively. In the year 2016, current investment increased from previous year as the Company had many pending large-scale projects on hand and needed to have investments in deposits used as collateral for a loan. In the year 2017, lower current investment from previous year was due to withdrawal of collateral deposits. In the year 2018, the company had higher current investment as a huge portion of cash has been deposited in fixed deposit account as a part of loan guarantee to financial institutions.
- **Trade accounts and other receivables - net** : As of 31 December 2016, 2017 and 2018, the company had a net value of trade accounts receivables and other accounts receivables of 236.95 million Baht, 86.57 million Baht and 243.28 million Baht or 37.68%, 11.28% and 25.79% of the total assets, respectively, which are described below:

(Unit: Million Baht)			
	31 Dec 2016	31 Dec 2017	31 Dec 2018
Trade accounts receivables	216.17	59.00	219.03
Less the allowance for doubtful accounts	(0.00)	(0.00)	(0.00)
Trade accounts receivables - net	216.17	59.00	219.03
Other accounts receivables - net	20.78	27.57	24.25
<b>Total trade accounts and other receivables - net</b>	<b>236.95</b>	<b>86.57</b>	<b>243.28</b>

The evaluation of trade accounts receivables as of 31 December 2016, 2017 and 2018 showed that the net value of trade accounts receivables at the end of 2016 was high due to the company delivering projects with high value towards the end of the year.

As of 31 December 2017, the company's important receivables such as King Chulalongkorn Memorial Hospital, which was the receivables from construction as indicated in the contract. In the year 2018, main customer of trade account receivables were Maharaj Nakorn Ratchasrima Hospital and Chulalongkorn Hospital.

The company has an allowance for doubtful accounts in the amount of receivables unexpected to be billed, based on debt collection experience in the past, coupled with the current status of existing receivables. However, due to customers being mainly medical university hospitals and cancer hospitals affiliated with the Department of Medical Services under the Ministry of Health, the likelihood of collection of receivables is not considered low. Consequently, the company did not set up the allowance for doubtful accounts. In the past, the company has never faced any problem in debt collection from customers, and has not had any bad debt during its operation.

Value of Trade accounts Receivables	31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Current</b>	186.42	86.24	25.95	43.98	187.94	85.81
<b>Overdue</b>						
Not over 3 months	9.74	4.51	1.96	3.33	1.27	0.58
Over 3 months	0.03	0.01	-	-	-	-
<b>Total trade accounts receivables</b>	<b>196.19</b>	<b>90.76</b>	<b>27.91</b>	<b>47.31</b>	<b>189.21</b>	<b>86.39</b>
Unbilled trade receivables	17.64	8.16	28.61	48.49	27.18	12.41
Long - term trade accounts receivables	2.34	1.08	2.48	4.20	2.64	1.20
Due in 1 year						
<b>Trade accounts receivables - net</b>	<b>216.17</b>	<b>100.00</b>	<b>59.00</b>	<b>100.00</b>	<b>219.03</b>	<b>100.00</b>

The company has a policy of providing a credit term with trade receivables for a period not exceeding 90 days. The above table shows the value of receivables sorted by aging which indicates that trade receivables are mainly current receivables that are not yet due for payment, which equals 186.42 million Baht, 25.95 million Baht and 187.94 million Baht or 86.24%, 43.98% and 85.81% of total trade receivables as of 31 December 2016 and 2017, 2018 respectively.

For other receivables such as unbilled trade receivables are receivables that the Company already rendered the services but had to wait for billing invoice due to conditions specified in the contract. For long - term trade accounts receivables due in one year are receivables from a software upgrade agreement with a client which permits the payment to be made in annual installments.

- **Construction contract work in progress:** As of 31 December 2017 and 2018, the construction contract work in progress valued 71.26 million Baht and 76.63 million Baht, which was during invoice billing for the project center treating cancers with proton radiotherapy to the King Chulalongkorn Memorial Hospital
- **Inventories - net:** As of 31 December 2016, 2017 and 2018, the company had a net value of inventories of 107.45 million Baht, 9.25 million Baht and 72.30 million Baht, or 17.08%, 1.21 % and 7.66% of the total assets, respectively.

	31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Million Baht	%	Million Baht	%	Million Baht	%
Goods under installation	100.21	93.26	8.66	93.63	67.56	93.44
Parts	0.77	0.72	0.59	6.37	3.60	4.98
Goods in transit	6.47	6.02	-	-	1.14	1.58
<b>Inventories - net</b>	<b>107.45</b>	<b>100.00</b>	<b>9.25</b>	<b>100.00</b>	<b>72.30</b>	<b>100.00</b>

As of 31 December 2016 and 2017, the company's Inventories are primarily products that are in the process of being installed for the clients, valued at 100.21 and 8.66 million Baht, respectively.

#### Non - current assets

As of 31 December 2016, 2017 and 2018, the company's non - current assets were valued at 19.03 million Baht, 205.12 million Baht and 370.40 million Baht, or 3.03%, 26.73% and 39.26% of total assets, respectively, as described in each of the following:

- **Other long - term investments :** As of 31 December 2017 and 2018 , the Company's other long - term investments valued 30.75 million Baht and 30.75 million Baht or 4.01% and 3.26% of total assets. This investment is 12 - month fixed deposits as collateral with financial institution for loan of project cancer treating cancers with proton radiotherapy to the King Chulalongkorn Memorial Hospital.
- **Long - term trade receivables :** As of 31 December 2016, 2017 and 2018, the company had long - term trade accounts receivables of 7.91 million Baht, 5.43 million Baht and 2.79 million Baht or 1.26%, 0.71% and 0.30% of total assets, respectively. 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 and 2.48 million Baht and 2.63 million Baht due within one year, the company's total long-term trade receivables in the year 2016 and 2017 equaled 10.25 million Baht and 7.91 million Baht, and 5.43 million Baht respectively.
- **Property, Plant and Equipment - net :** As of 31 December 2016, 2017 and 2018, the company's net value of property, plant and equipment was 4.08 million Baht, 31.07 million Baht and 141.77 million Baht, or 0.65%, 4.05% and 15.03% of total assets, respectively, consisting of office supplies, office improvements, vehicles, etc. In the year 2018, the company had significantly higher property, plant and equipment due to an investment in land and building of Cancer Center Project in its subsidiary.

- **Advance for purchase of medical equipment** : As of 31 December 2017 and 2018, the company had advance purchase of medical equipment for the overseas supplier valued 89.86 million Baht and 89.86 million Baht or 11.71% and 9.53% of total assets under the project center treating cancer patients with protons radiotherapy to King Chulalongkorn Memorial Hospital.
- **Other non - current assets** : As of 31 December 2018, the Company had other non-current assets valued 98.35 million Baht or 10.43 % of total assets. Other non - current assets include fair value of unrecognized firm commitments of 33.76 million Baht, advance payment from radiotherapy project of 48.06 million Baht, deferred charges of 3.19 million Baht, advance payment for construction of Cancer Center Project of 12.86 million Baht, and office rental deposit of 0.47 million Baht.

## Sources of Funds

### Debt

#### Total liabilities

As of 31 December 2016, 2017 and 2018, the company had total liabilities of 117.79 million Baht, 254.52 million Baht and 313.74 million Baht, respectively, or 18.73%, 33.17 % and 33.26 % of the liabilities and shareholders' equity, respectively. The liabilities with major changes are as follows:

#### Current liabilities

As of 31 December 2016, 2017 and 2018, the company's current liabilities values were 99.38 million Baht, 73.52 million Baht and 144.82 million Baht, respectively, or 15.80%, 9.58% and 15.35% of liabilities and shareholders' equity, respectively. The details of each significant item are as follows:

- **Trade and other payables** : As of 31 December 2016, 2017 and 2018 were 82.14 million Baht, 51.29 million Baht and 103.31 million Baht, or 13.06%, 6.68% and 10.95% of liabilities and shareholders' equity respectively, as described in the table below:

	(Unit: Million Baht)		
	31 Dec 2016	31 Dec 2017	31 Dec 2018
Trade accounts payables	29.82	44.75	57.50
Accrued expenses	8.41	1.56	13.40
Advance Deposits	39.49	-	23.22
Other accounts payables	4.42	4.98	9.19
<b>Total trade accounts and other payables</b>	<b>82.14</b>	<b>51.29</b>	<b>103.31</b>

From above information, most payables are trade payables from the orders of various medical equipment from abroad to be used in its ongoing projects. Other payables include some accrued expenses and deposit from customers etc.

- **Other current provisions** : As of 31 December 2016, 2017 and 2018, the company had outstanding liabilities under contractual warranties of 17.01 million Baht, 20.18 million Baht and 21.37 million Baht, or 2.71%, 2.63% and 2.27% of 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. Moreover, provision for training cost was also included.



### Non - current liabilities

As of 31 December 2016, 2017 and 2018, the company had non - current liabilities of Baht 18.41 million, 181.00 million Baht and 168.92 million Baht, or 2.93%, 23.59% and 17.90% of liabilities and shareholders' equity respectively, as described below:

- **Long - term trade payable** : As of 31 December 2016, 2017 and 2018, the company's long - term accounts payables were valued at 12.55 million Baht, 7.54 million Baht and 3.32 million Baht, or 2.00%, 0.98% and 0.35% of liabilities and shareholders' equity, respectively. In the year 2016, 2017 and 2018, the company's Long - term trade payables were usually from software upgrade agreements that the company buys from its supplier, to be resold to clients in contracts which permits the payment to be made in annual installments. When combined with the long - term trade payables due within one year of 4.00 million Baht, 3.92 million Baht and 4.17 million Baht, respectively, the Company's total long - term trade payables in the year 2016, 2017 and 2018 equaled 16.55 million Baht, 11.46 million Baht and 7.49 million Baht, respectively.
- **Advance from customer** : As of 31 December 2017 and 2018, the company's advance from customer was 135.04 million Baht and 135.04 million Baht or 17.60% and 14.31% of liabilities and shareholders' equity. The advance from customer existed as the Company received an installment under the project center treating cancer patients with protons radiotherapy for King Chulalongkorn Memorial Hospital.
- **Other non - current financial liabilities** : As of 31 December 2017 and 2018, Other non - current financial liabilities, which were fair value of forward contracts under the project center treating cancer patients with protons radiotherapy, equaled to 31.80 million Baht and 22.96 million Baht. Representing the ratio of liabilities and shareholders' equity equal to 4.15% and 2.43% which is the fair value of the forward foreign exchange contract for the contract for the project center treating cancer patients with protons radiotherapy for King Chulalongkorn Memorial Hospital.

### Shareholders' Equity

As of 31 December 2016, 2017 and 2018, the shareholders' equity of the company was 511.12 million Baht, 512.73 million Baht and 561.91 million Baht, or liabilities and shareholders' equity 81.27%, 66.83% and 59.56% liabilities and shareholders' equity respectively. The details of each significant item are described in the following list:

#### Issued and paid - up capital

The General Meeting of Shareholders for 2016 on 12 March 2016 resolved to change the par value of the shares from Baht 100.00 per share to Baht 0.50 and resolved to increase the registered capital by Baht 50.00 million to Baht 150.00 million by issuing 100,000,000 ordinary shares at par value of Baht 0.50 per share to be offered to the public for the first time (IPO), representing 25.00 percent of the paid-up capital after the IPO. As a result, currently the company has a registered capital of Baht 200.00 million, consisting of 400,000,000 ordinary shares with a par value of Baht 0.50 per share and Baht 150.00 million in paid - up capital consisting of 300,000,000 ordinary shares with a par value of Baht 0.50 per share. As a result, as of 31 December 2016 and as of 31 December 2017 the company has a registered capital of 200.00 million Baht, divided into 400,000,000 ordinary shares with a par value of 0.50 Baht per share.

**Premium on ordinary shares** : As at 31 December 2016 and 2017, the Company had a share premium of Baht 222.33 million, representing 35.35% of total liabilities and shareholders' equity, due to the issuance of 100 million new ordinary shares. For the initial public offering (IPO) of IPO during 20 - 22 July 2016 at 2.90 Baht per share. The company received net income after deducting the distribution fees and expenses related to the offering of shares amounting to 221.93 million Baht.

**Retained earnings** : As of December 31, 2016, 2017 and 2018, the company had unallocated earnings of Baht 74.38 million, Baht 73.90 million, and 119.57 million, representing 11.83% of total liabilities and shareholders' equity. 9.63% and 12.67% respectively, resulting in a significant decrease in unappropriated retained earnings at the end of 2016. In the year 2018, annual shareholder meeting of 2017 has resolved to approve dividend payment of 32 million Baht, affecting retained earning as at 31 December 2018 to be 119.58 million Baht.

### Debt to Equity Ratio

As of 31 December 2016, 2017 and 2018, the company had a ratio of debt to equity of 0.23 times, 0.50 times and 0.56 times respectively.

### Interest Coverage and Debt Service Coverage Ratios

In the year 2016, 2017 and 2018, the company had an interest coverage ratio of 3.50 times, 172.38 times and (103.31) times respectively. From the above data, it can be observed that the company's interest coverage ratio was volatile each year, depending on whether the company was able to deliver the projects and receive payments within the accounting period or not. In the year 2017, the Company received advance from customer and received payment from all delivered projects in the year that made the Company had high amount of cash flow from operations, resulting in higher interest coverage ratio. In the year 2018, the company had negative interest coverage ratio because lower cash payment from customers even though project tasks has been proceeded, leading to negative cash flow.

In the year 2016, 2017 and 2018, the company had a ratio of debt service coverage of 0.00 times, 3.26 times and (0.90) times respectively. The reason such ratios fluctuated was partly from fluctuations in cash flow from the operation in each period.

Although in some periods, the ratio of interest coverage and debt service coverage were negative, reflecting a lack of cash flow from operations to repay incurred obligations, the company managed its liquidity by using short-term loans from financial institutions such as L/C or T/R or O/D, etc. It is common for businesses typically to get paid by customers only upon delivery. If payment was not received within the prescribed period, the company managed the lack of liquidity with short - term loans from financial institutions. However, after the Company was listed on the Stock Exchange of Thailand, the funds raised from the Initial Public Offering can be used as an alternative source of working capital.

### Liquidity

As of 31 December 2016, 2017 and 2018, the company had current assets of 609.88 million Baht, 562.13 million Baht and 573.02 million Baht, or 96.97%, 73.27% and 60.74% of total assets respectively.

As of 31 December 2016, 2017 and 2018, the company had current liabilities of 99.38 million Baht, 73.53 million Baht and 144.82 million Baht or equal to 15.80%, 9.58% and 15.35% of the liabilities and shareholders' equity respectively.

The changes in such current assets and current liabilities caused the company's liquidity ratio in the year 2016, 2017 and 2018 to be 6.14 times, 7.65 times and 3.96 times respectively, and the quick ratio was 4.85 times, 6.18 times and 2.75 times respectively. The figures showed the Company had better liquidity over the past three years as after the Company was listed on the Stock Exchange of Thailand and had proceeds from IPO to use as working capital for the business that help improve the company's liquidity. In the year 2018, company's liquidity level was dropped as cash has been used in Cancer Center project in its subsidiary.

## Cash Cycle

As of 31 December 2016, 2017 and 2018, the company had a cash cycle of 105 days, 91 days, and 68 days respectively. From the above information, it can be observed that the company had a relatively long average cash cycle as the company was engaged primarily in the form of projects, which took a rather long time to complete. As a result, the company's inventories were high, leading to a low inventory turnover ratio and longer than average sale period. The average collection period of the company was prolonged as well, since the company delivered and billed for projects with high values at the end of the year, causing a year-end increase in trade accounts receivable. Consequently, the accounts receivable turnover ratio was lowered. Additionally, the purchases of merchandise from foreign or local manufacturers require a short period of repayment leading to a high creditor turnover ratio.

Also, it can be observed that the cash turnover ratio fluctuated throughout such period due to the unique nature of the business of the company, where revenue will only be recognized when delivery is complete.

## Cash flow for fiscal year 2018 ended 31 December 2018

### Net cash provides by (used in) operating activities

The company's cash flows from operating activities was (130.72) million Baht, mainly from decrease in trade receivables and inventories, as well as an increase in advance from customer.

### Net cash provides by (used in) investing activities

The company's cash flows used in investing activities was (83.25) million Baht, due to the cash outflows from temporary investments of 31.10 million Baht and the outflows from buying additional property used as office of 112.72 million Baht.

### Net cash provides by (used in) financing activities

The company's cash flows used in financing activities was (33.05) million Baht, due to a significant outflow of dividends of 32 million Baht.

## Factors which may affect the company's future operations

As the company's main business deals with products that are very specific in terms of technology, there are certain aspects that could affect the company's performance:

1. **Standard accounting practice states** that the company must recognize its revenue only when it has completely transferred the risks concerning the product to the client. For high - value projects, it takes about 210 - 360 days (from the date of the sale contract) to complete and hand over the project to the client, which is when the revenue can be entirely recognized. Therefore, in the case that the company is unable to hand the project over to the client in the planned quarter, especially regarding high - value projects, the company risks fluctuations in its performance each quarter.
2. **Because of the specialty of the company's products** which have a lifespan of 12 - 15 years, in conjunction with the slow pace of technological advancement in the field of radiotherapy, the time for the product's replacement could be relatively long and the company's client base can be considered a niche market, which is limited to the healthcare sector. Therefore, it is possible that these two factors could affect the company's growth in the long term, as there are risks concerning the continuity of future sales.

However, the World Health Organization (WHO) predicts a continual growth in the number of cancer patients in Thailand, despite not having enough radiotherapy machines in the country. The company, therefore, believes that there will be a constant demand from the existing clientele, as they continually allocate their budget (both from the state and private sectors) towards buying the company radiotherapy products to fulfill the high demands from patients. The necessity of the radiotherapy machines presents an opportunity for the healthcare sector to consider its investments into these products.

# Audit Committee's Report



The Audit Committee ("The Audit Committee") of Business Alignment Public Company Limited ("The company") comprises of 3 independent Directors as follows:

- |                 |                |  |
|-----------------|----------------|--|
| 1. MS. SRIRAT   | CHUCHOTTAWORN  | Independent Director and Chairman of Audit Committee |
| 2. MR. VIPOOTA  | TRAKULHOON*    | Independent Director and Audit Committee Member      |
| 3. MR. THANAWAT | LERTWATTANARAK | Independent Director and Audit Committee Member      |

\* Director with experience in accounting, finance, and auditing

Each of the Directors meets the qualification mandated therein the Audit Committee Charter in accordance with the Good Governance Guideline from the SEC.

In the year 2018, the Audit Committee had quarterly meetings with Internal Auditors and Auditors, together with the management and the accounting team in attendance as appropriate, to audit the financial statements and exchange recommendations to ensure the financial statements are prepared in accordance with the Generally Accepted Accounting Standard with sufficient information disclosure. The Audit Committee does not found any practice conflicting with the regulations and law related to the company. In the year 2018, there were 4 Audit Committee meetings. The Audit Committee informed the Board of Directors of the result of the work conducted by the Audit Committee in every Board of Director meeting. The key areas are as follows:

## 1. Financial statements audit

The Audit Committee audited the quarterly, annual, and financial statements with the auditors, management, and Internal Audit to present to the Board of Directors. The Audit Committee also meet with the auditors without the management team in attendance at least once a year.

## 2. Potential conflict of interest

The Audit Committee reviewed connected transactions and the list of potential conflict of interests between the company and its subsidiaries based on the reasonableness principle and considered the benefits of stakeholders, including the sufficient disclosure in accordance to the rules from the SEC.

## 3. Internal control and risk management

The Audit Committee reviewed the internal control adequacy of the company's and its subsidiaries from the report prepared by Internal Audit Department, and Auditors to assess the sufficiency and effectiveness of the internal control and the management of key risks.

## 4. Law and regulations

The Audit Committee reviewed the business conducted in compliance with the law and regulations.

## 5. Good Governance

The Audit Committee audited the company to ensure good governance for transparency and confidence of stakeholders.

## 6. Internal Audit

The Audit Committee reviewed the objective and scope of the work and approved the Internal Audit plan for the year 2019. The Audit Committee also provided recommendations and acknowledged the result of the audit and recommendations for the year 2018 from both the auditors and Internal Audit. The Audit Committee presented Audit Committee report to the Board of Directors every time after the meeting and provided recommendations to the management team, which the management have implemented as appropriate according to the guideline provided by the Audit Committee and SEC.

## 7. Appointment of the company's auditor and remuneration

The consideration and appointment of the auditor and the remuneration was conducted based on the qualification and expertise of the auditors in accordance to the amount of work required for the fiscal year 2019. The Audit Committee proposed to the Board of Directors to appoint M.R. Associates Company Limited who are independent and have acceptable qualifications. They are auditors approved by the SEC. to be the company's Auditor with the following auditors:

Ms. Kornthip	Wanichwisedkul	C.P.A. Registration No. 6947	or
Mr. Pisit	Chiwaruangroch	C.P.A. Registration No. 2803	or
Mr. Maethee	Rattanasrimaetha	C.P.A. Registration No. 3425	or
Mr. Akkaradech	Piensakul	C.P.A. Registration No. 5389	

The Audit Committee believed that, in the year 2018, the company reported financial statements and operations with sufficient internal control and business conduct in compliance with the law and regulations mandated by the SEC. The internal control and risk management is appropriate and effective. The company provided appropriate and sufficient disclosure of the interconnectivity and conducted of business within reliable means and good governance.



**Ms. Srirat Chuchottaworn**

Chairman of the Audit Committee

Business Alignment Public Company Limited

# Nomination and Remuneration Committee's Report



The Nomination and Remuneration Committee was established according to the resolution of the company's Board of Directors meeting comprising 5 persons as follow;

1. Mr. Vipoota	Trakulhoon	Independent Director / Chairman of Nomination And Remuneration Committee
2. Ms. Srirat	Chuchottaworn	Independent Director / Nomination And Remuneration Committee
3. Mr. Thanawat	Lertwattanarak	Independent Director / Nomination And Remuneration Committee
4. Mr. Sompong	Chunekitiyanone	Director / Nomination And Remuneration Committee
5. Mr. Voravid	Silapusid	Director / Nomination and Remuneration Committee

The proportion of Independent Directors is 60% of the Nomination and Remuneration Committee. There will be one meeting of the Nomination and Remuneration Committee in the year 2018.

Nomination and Remuneration Committee set the policy, criteria and method of recruiting and considering remuneration clearly. To comply with relevant regulatory and regulatory requirements, such as the Public Limited Company Act, the Securities and Exchange Act BE.2535, the Articles of Association of the Company and good corporate governance principles. The recruiting and selecting qualified candidates will be consider;

- Must not be prohibited by law and the criteria are strictly defined.
- No overlapping interests or conflict of interest with the company.
- Consider the appropriateness of knowledge, experience, and expertise that are beneficial to companies with experience in the core business or industry in which they operate. The Board of Directors has set up the Board Skill Matrix, which makes the selection of directors consistent with the business direction of the company in business, strategy, law, finance, accounting, international business, information technology. To combine the knowledge and ability to benefit the operation of the company.
- Have integrity, ethics, honesty
- Can allocate time to perform duties properly.

The remuneration of the Board of Directors will consider the responsibilities of the Board of Directors and the performance of the Directors in accordance with their duties and responsibilities, the intention of the Director, type and size of business and considering the criteria in the same industry is used. The remuneration must be at an appropriate level and sufficient to attract and retain qualified directors.

The Nomination and Remuneration Committee has performed its duties with careful judicious and independence as per good corporate governance principles which considering the maximum benefit and important of the company, shareholders and all stakeholders.

**Mr. Vipoota Trakulhoon**  
Chairman of Nomination and Remuneration Committee  
Business Alignment Public Company Limited

# The Board of Directors' Duties on Financial Disclosure

The Board of Directors of Business Alignment Public Company Limited understands the responsibility of ensuring integrity, sufficient, relevant and transparent disclosure of the company's fiscal year 2018 financial statements. Such disclosure abides by the generally accepted accounting principles, ensuring the integrity of the company's operations/ appropriate accounting policies have been put in place and adhered to on a consistent basis while due consideration has been placed on the process of preparing the company fiscal year 2018 financial statements including other information that has been included in this year's annual report.

To enhance stakeholder trust, the Board of Directors appointed an Audit Committee comprising of Independent Directors with qualifications as stipulated by the guidelines of Stock Exchange of Thailand. Ensuring that the company provides sufficient, transparent, correct and appropriate financial disclosure along with information regarding related party transactions is a key function of the committee. Ensuring appropriate, sufficient and effective risk management guidelines, appropriate internal control procedures along with robust internal audit processes are also the functions of the committee. Legal compliance is at the forefront of the Board's concerns therefore the committee is also charged with ensuring that the company's operations adheres to all relevant external and internal legal, guidelines and policies.

The Board of Directors believes that the company fiscal year 2018 financial statements ending December 31, 2018, which has been reviewed by the Audit Committee, management and the company's financial auditor to be correct, complete, appropriate, in compliance with generally accepted accounting practices and employs appropriate accounting policies on a consistent basis. The financial disclosure is deemed to be transparent, provides an appropriate level of disclosure and is in compliance with all the relevant legal, guidelines and policies.



**Mr. Sompong Chunekitiyanone**  
Director & Executive Chairman



**Mr. Voravid Silapusid**  
Director

# Statements of Financial Position





# Report of Certified Public Accountant

## REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and Board of Directors of Business Alignment Public Company Limited

### Opinion

I have audited the consolidated financial statements of Business Alignment Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. I have also audited the separate financial statements of Business Alignment Public Company Limited, which comprise the separate statement of financial position as at December 31, 2018, and the separate statement of comprehensive income, separate statement of changes in shareholders' equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Business Alignment Public Company Limited and its subsidiary as at December 31, 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Thai Financial Reporting Standards. Also, the accompanying separate financial statements present fairly, in all material respects, the financial position of Business Alignment Public Company Limited as at December 31, 2018, and its separate financial performance and its separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

### Revenue from rendering of services and its related costs

I focused on recognition of revenue from rendering of service and its related costs to check that revenue and its related costs were recorded in the correct period.

The Company provides repair and maintenance services for medical equipment. The ranges of service agreements are not parallel with the accounting period. The related costs are, mainly, costs paid to sub-contractors. The ranges of service agreements with sub-contractors are, also, not parallel with the accounting period.

To ensure that the revenue from rendering of service and its related costs are recorded in the correct period, the Company maintains monthly details of the revenue from rendering of service and its related costs, and consistently reviews the correctness of recognition of the revenue from rendering of service and its related costs.

I reviewed the details of the revenue from rendering of service and its related costs prepared by the Company. I also tested the recognition of the revenue from rendering of service and its related costs by reference to the agreements, and test the accuracy of computation in the details to ensure that the revenue from rendering of service and its related costs were recorded in the correct period.

### Revenue from construction

As mentioned in Note 22, the Company entered into an agreement to sale medical equipment including installation, and construction of the building with a local hospital. Value of construction of the building (excluding value-added tax) amounts to Baht 221.2 million.

The Company recognized revenue from construction by reference to the stage of completion of the project. The stage of completion is assessed as the ratio of project costs in the current period to total expected project costs.

I checked total expected project costs against the construction contract and other documents relating to the project; checked project costs in the current period against the related supporting documents; checked computation of realized revenue from construction. I also observed the progress of the construction project.

## **Other Matter**

The separate financial statements of Business Alignment Public Company Limited for the year ended December 31, 2017 were audited by another auditor in my office whose report dated February 23, 2018, expressed an unmodified opinion on those statements.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the information included in the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to audit committee.

## Responsibilities of Management and Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit Committee is responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.  
Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with audit committee, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Ms. Kornthip Wanichwisedkul)  
Certified Public Accountant  
Registration No. 6947

M.R. & ASSOCIATES CO., LTD.  
Bangkok  
February 21, 2019

# Statements of Financial Position

## BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

### STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018 AND 2017, AND JANUARY 1, 2017

#### ASSETS

		In Baht			
		Consolidated	Separate		
		financial statements	financial statements		
		December 31,	December 31,	December 31,	January 1,
Note		2018	2018	2017	2017
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		119,283,334	48,045,613	366,374,373	223,976,737
Current investments	5	59,772,778	59,772,778	28,675,013	41,497,013
Trade and other receivables	6	243,282,519	242,952,377	86,573,537	236,957,262
Construction contract work in progress	22	76,626,913	76,626,913	71,259,475	-
Inventories	7	72,302,744	72,302,744	9,252,327	107,452,628
Other current financial assets	23	1,104,891	1,104,891	-	-
Other current assets	23	650,215	650,215	-	-
<b>Total current assets</b>		<b>573,023,394</b>	<b>501,455,531</b>	<b>562,134,725</b>	<b>609,883,640</b>
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiary	8	-	130,000,000	-	-
Other long-term investments	5	30,750,000	30,750,000	30,750,000	-
Long-term trade receivable	6	2,791,516	2,791,516	5,425,021	7,909,460
Property, plant and equipment	4, 5, 9	141,769,977	29,546,734	31,067,955	4,083,588
Intangible assets		356,270	337,770	195,623	195,803
Deferred tax assets	10	6,513,988	6,456,946	6,156,675	6,412,210
Advance for purchase of medical equipment	22	89,862,300	89,862,300	89,862,300	-
Other non-current assets	4, 11	98,354,221	85,462,554	41,660,502	430,050
<b>Total non-current assets</b>		<b>370,398,272</b>	<b>375,207,820</b>	<b>205,118,076</b>	<b>19,031,111</b>
<b>TOTAL ASSETS</b>		<b>943,421,666</b>	<b>876,663,351</b>	<b>767,252,801</b>	<b>628,914,751</b>

The accompanying notes are an integral part of these financial statements.

**BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018 AND 2017, AND JANUARY 1, 2017**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

		In Baht			
		Consolidated	Separate		
		financial statements	financial statements		
		December 31,	December 31,	December 31,	January 1,
Note		2018	2018	2017	2017
<b>CURRENT LIABILITIES</b>					
Trade and other payables	2, 4, 12, 31	103,313,934	100,477,783	51,285,995	82,136,124
Income tax payable		7,581,729	7,581,729	2,056,655	229,215
Other current provisions	2, 13, 31	21,368,450	21,368,450	20,183,079	17,012,035
Other current financial liabilities	23	11,454,325	11,454,325	-	-
Other current liabilities	23	1,104,891	1,104,891	-	-
<b>Total current liabilities</b>		<b>144,823,329</b>	<b>141,987,178</b>	<b>73,525,729</b>	<b>99,377,374</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term trade payable	12	3,319,949	3,319,949	7,539,624	12,554,638
Provisions for employee benefits	14	6,333,582	6,048,371	5,817,197	5,508,190
Other non-current provisions	13	1,266,500	1,266,500	800,000	350,000
Advance from customer	22	135,039,000	135,039,000	135,039,000	-
Other non-current financial liabilities	23	22,959,724	22,959,724	31,805,137	-
<b>Total non-current liabilities</b>		<b>168,918,755</b>	<b>168,633,544</b>	<b>181,000,958</b>	<b>18,412,828</b>
<b>Total liabilities</b>		<b>313,742,084</b>	<b>310,620,722</b>	<b>254,526,687</b>	<b>117,790,202</b>

The accompanying notes are an integral part of these financial statements.

**BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2018 AND 2017, AND JANUARY 1, 2017**

**LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)**

		In Baht			
		Consolidated	Separate		
		financial statements	financial statements		
		December 31,	December 31,	December 31,	January 1,
Note		2018	2018	2017	2017
<b>SHAREHOLDERS' EQUITY</b>					
Share capital					
Authorized share capital	15	200,000,000	200,000,000	200,000,000	200,000,000
Issued and paid - up share capital	15	200,000,000	200,000,000	200,000,000	200,000,000
Share premium on ordinary shares	16	222,332,048	222,332,048	222,332,048	222,332,048
Retained earnings					
Legal reserve	17	20,000,000	20,000,000	16,494,702	4,414,625
Working capital reserve	17	-	-	-	10,000,000
Unappropriated		119,574,600	123,710,581	73,899,364	74,377,876
<b>Equity attributable to owners</b>					
<b>of the parent</b>		561,906,648	566,042,629	512,726,114	511,124,549
Non - controlling interests		67,772,934	-	-	-
<b>Total shareholders' equity</b>		629,679,582	566,042,629	512,726,114	511,124,549
<b>TOTAL LIABILITIES AND</b>					
<b>SHAREHOLDERS' EQUITY</b>		943,421,666	876,663,351	767,252,801	628,914,751

The accompanying notes are an integral part of these financial statements.

**BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	Note	In Baht	
		Consolidated	Separate
		financial statements	financial statements
		2018	2017
<b>REVENUES</b>			
Revenue from sales of goods		464,730,779	367,610,962
Revenue from rendering of services		129,850,880	128,283,409
Revenue from construction		63,936,598	120,660,970
Gain on exchange rate		984,491	1,580,568
Other income	4	5,189,841	5,298,569
<b>Total revenues</b>		<b>664,692,589</b>	<b>623,434,478</b>
<b>EXPENSES</b>	18		
Costs of sales of goods		335,819,074	325,203,606
Costs of rendering of services	4	107,204,082	96,075,561
Costs of construction		58,087,301	109,604,277
Distribution costs		20,201,228	8,775,737
Administrative expenses	4	42,849,888	30,953,993
Finance costs		1,037,815	1,373,103
<b>Total expenses</b>		<b>565,199,388</b>	<b>571,986,277</b>
<b>Profit before income tax</b>		<b>99,493,201</b>	<b>51,448,201</b>
Tax expense	10	21,119,031	10,302,434
<b>Profit for the year</b>		<b>78,374,170</b>	<b>41,145,767</b>

The accompanying notes are an integral part of these financial statements.



**BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF COMPREHENSIVE INCOME (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

		In Baht		
		Consolidated	Separate	
		financial statements	financial statements	
	Note	2018	2018	2017
<b>Other comprehensive income</b>	19			
Items that will not be reclassified subsequently to profit or loss				
- Actuarial gain on remeasurements of defined benefit plan		579,298	579,298	455,778
<b>Total comprehensive income for the year</b>		78,953,468	85,316,515	41,601,545
<b>Profit (loss) attributable to:</b>				
Equity holders of the parent		80,601,236	84,737,217	41,145,767
Non -controlling interests		(2,227,066)	-	-
		78,374,170	84,737,217	41,145,767
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the parent		81,180,534	85,316,515	41,601,545
Non -controlling interests		(2,227,066)	-	-
		78,953,468	85,316,515	41,601,545
<b>Basic earnings per share</b>	20	0.202	0.212	0.103

The accompanying notes are an integral part of these financial statements.

**BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	Note	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings	Equity attributable to owners	Non-controlling interests	Total shareholders' equity
			Legal reserve	Unappropriated	of the parent		
<b>Balance as at January 1, 2018</b>		200,000,000	16,494,702	73,899,364	512,726,114	-	512,726,114
Comprehensive income for the year							
Profit (loss) for the year		-	-	80,601,236	80,601,236	(2,227,066)	78,374,170
Other comprehensive income for the year		-	-	579,298	579,298	-	579,298
Total comprehensive income (loss) for the year		-	-	81,180,534	81,180,534	(2,227,066)	78,953,468
Investments of non-controlling interests		-	-	-	-	70,000,000	70,000,000
Appropriation for legal reserve	17	-	3,505,298	(3,505,298)	-	-	-
Dividends	21	-	-	(32,000,000)	(32,000,000)	-	(32,000,000)
<b>Balance as at December 31, 2018</b>		200,000,000	20,000,000	119,574,600	561,906,648	67,772,934	629,679,582

The accompanying notes are an integral part of these financial statements.

**BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	Note	Separate financial statements (In Baht)					Total shareholders' equity
		Issued and paid-up share capital	Share premium on ordinary shares	Legal reserve	Retained earnings Working capital reserve	Unappropriated	
<b>Balance as at January 1, 2018</b>		200,000,000	222,332,048	16,494,702	-	73,899,364	512,726,114
Comprehensive income for the year							
Profit for the year		-	-	-	-	84,737,217	84,737,217
Other comprehensive income for the year		-	-	-	-	579,298	579,298
Total comprehensive income for the year		-	-	-	-	85,316,515	85,316,515
Appropriation for legal reserve	17	-	-	3,505,298	-	(3,505,298)	-
Dividends	21	-	-	-	-	(32,000,000)	(32,000,000)
<b>Balance as at December 31, 2018</b>		200,000,000	222,332,048	20,000,000	-	123,710,581	566,042,629

The accompanying notes are an integral part of these financial statements.



**BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Separate financial statements (In Baht)						
Note	Issued and paid - up share capital	Share premium on ordinary shares	Retained earnings			Total shareholders' equity
			Legal reserve	Working capital reserve	Unappropriated	
<b>Balance as at January 1, 2017</b>						
	200,000,000	222,332,048	4,414,625	10,000,000	74,377,876	511,124,549
Comprehensive income for the year						
Profit for the year	-	-	-	-	41,145,767	41,145,767
Other comprehensive income for the year	-	-	-	-	455,778	455,778
Total comprehensive income for the year	-	-	-	-	41,601,545	41,601,545
17	-	-	2,080,077	-	(2,080,077)	-
Transferring of working capital reserve to legal reserve						
17	-	-	10,000,000	(10,000,000)	-	-
21	-	-	-	-	(39,999,980)	(39,999,980)
<b>Balance as at December 31, 2017</b>						
	200,000,000	222,332,048	16,494,702	-	73,899,364	512,726,114

**BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	In Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
<b>Cash flows from operating activities</b>			
Profit before income tax	99,493,201	105,913,290	51,448,201
Adjustment for			
Depreciation and amortization	2,214,417	2,190,488	1,672,946
Provisions	14,153,243	13,868,032	12,848,729
Unrealized gain on exchange rate	(113,673)	(113,673)	(257,783)
Interest income	(3,478,301)	(2,796,563)	(2,614,738)
Interest expense	1,037,815	1,037,815	1,373,103
Loss on disposals of equipment	7,301	7,301	2,846
	113,314,003	120,106,690	64,473,304
Decrease (increase) in operating assets			
Trade and other receivables	(154,026,954)	(153,703,629)	153,092,205
Construction contract work in progress	(5,367,438)	(5,367,438)	(71,259,475)
Inventories	(63,050,417)	(63,050,417)	98,200,301
Advance for purchase of medical equipment	-	-	(89,862,300)
Other non-current assets	(41,871,855)	(41,843,355)	(9,425,315)
Increase (decrease) in operating liabilities			
Trade and other payables	47,650,661	45,127,485	(35,443,586)
Advance from customer	-	-	135,039,000
Provisions paid	(11,260,864)	(11,260,864)	(8,348,956)
Income tax paid	(16,102,912)	(16,096,095)	(8,333,403)
<b>Net cash provided by (used in)</b>			
<b>operating activities</b>	<b>(130,715,776)</b>	<b>(126,087,623)</b>	<b>228,131,775</b>

The accompanying notes are an integral part of these financial statements.

**BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	In Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
<b>Cash flows from investing activities</b>			
Interest received	3,433,043	2,751,305	2,391,794
Investment in subsidiary	-	(130,000,000)	-
Current investments	(31,097,765)	(31,097,765)	(17,928,000)
Investments of non - controlling interests	70,000,000	-	-
Additions to property, plant and equipment, and intangible assets	(112,721,412)	(768,715)	(28,660,633)
Advances for construction of building, and equipment	(12,863,167)	-	-
Proceed from disposals of equipment	-	-	654
<b>Net cash used in investing activities</b>	<b>(83,249,301)</b>	<b>(159,115,175)</b>	<b>(44,196,185)</b>
<b>Cash flows from financing activities</b>			
Interest paid	(1,050,855)	(1,050,855)	(1,391,125)
Dividends paid	(32,000,000)	(32,000,000)	(39,999,980)
<b>Cash used in financing activities</b>	<b>(33,050,855)</b>	<b>(33,050,855)</b>	<b>(41,391,105)</b>
Effect from foreign exchange in cash and cash equivalents	(75,107)	(75,107)	(146,849)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(247,091,039)</b>	<b>(318,328,760)</b>	<b>142,397,636</b>
Cash and cash equivalents at beginning of the year	366,374,373	366,374,373	223,976,737
<b>Cash and cash equivalents at end of the year</b>	<b>119,283,334</b>	<b>48,045,613</b>	<b>366,374,373</b>

The accompanying notes are an integral part of these financial statements.

**BUSINESS ALIGNMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	In Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
<u>Cash and cash equivalents at end of the year</u>			
Cash on hand	15,277	13,149	40,000
Cash at banks - current accounts	9,249,606	9,238,556	20,630,753
Cash at banks - savings accounts	109,307,059	38,082,516	320,842,574
Time deposits - less than 3 months			
from acquisition date	711,392	711,392	24,861,046
Total	<u>119,283,334</u>	<u>48,045,613</u>	<u>366,374,373</u>
<u>Additional information</u>			
Purchases of fixed asset and			
building under construction - unpaid	<u>362,975</u>	<u>50,000</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

## Notes to Financial Statements December 31, 2018 and 2017

### 1. GENERAL

Business Alignment Public Company Limited (“the Company”) is incorporated in Thailand and has its registered office at 92/45 Sathorn Thani Building 2, 16<sup>th</sup> Floor, Sathon Nuea Road, Kwang Silom, Khet Bangrak, Bangkok.

The principal activities of the Company are sale of medical equipment including installation and related activities such as construction of building for locating medical equipment, repair and maintenance, and increase efficiency of medical equipment.

Cancer Alliance Company Limited (65% owned subsidiary) is incorporated in Thailand on January 12, 2018 and has its registered office at 115/15 Moo 7, Tambol Surasak, Amphur Sriracha, Chonburi. The subsidiary is incorporated to invest in specialized cancer hospital project. Presently, the subsidiary has not start its operations.

### 2. BASIS FOR FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are prepared in Thai Baht in the Thai language in accordance with the financial reporting standards in Thailand. Accordingly, the accompanying financial statements are intended solely to present the financial position, results of operations and cash flows in accordance with the financial reporting standards in Thailand.

Except as disclosed in the accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

The Group disclosed information for the year ended December 31, 2017 for being the comparative information in the financial statements for the year ended December 31, 2018 in the form of corresponding figures.

The Company additionally presented separate statement of financial position as at January 1, 2017 due to reclassification of certain accounts as disclosed in Note 31 to the financial statements.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

#### Thai Financial Reporting Standards not yet adopted

The Federal of Accounting Professions (FAP) issued and revised Thai Financial Reporting Standards (TFRS) effective for the accounting period beginning on or after January 1, 2019. The adoption of these standards will have no material effect on the financial statements in the period of initial adoption, except TFRS 15 “Revenue from Contracts with Customers”. This standard requires adjustment of the promised amount of consideration for the effects of the time value of money arose from significant financial component. The Group will adopt this standard using cumulative method. The cumulative effect of initially applying this standard will be recognized as an adjustment to unappropriated retained earnings at January 1, 2019. This change will decrease unappropriated retained earnings at January 1, 2019 by Baht 3.8 million. Deferred tax assets and Advance from customer at that date will increase by Baht 1 million and Baht 4.8 million, respectively.



## Notes to Financial Statements December 31, 2018 and 2017

FAP issued TFRS effective for the accounting period beginning on or after January 1, 2020 as follows:

TAS 32	Financial Instruments : Presentation
TFRS 7	Financial Instruments : Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These standards relates to financial instruments. The Group's management is considering the potential impact of adopting these standards on the financial statements in the period of initial application.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The significant principle accounting policies adopted in the preparation of these financial statements are as follows:

#### Basis of consolidation

The consolidated financial statements relate to the financial statements of the Company and its subsidiary (together referred to as the "Group").

Significant intra-group transactions between the Company and its subsidiary are eliminated on consolidation.

#### Subsidiary

Subsidiary is the company controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes in a parent's ownership interest in subsidiary that does not result in the loss of control are accounted for within equity. When an entity loses control of subsidiary, any gain or loss is recognized in the profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost.

#### Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

## **Notes to Financial Statements**

### **December 31, 2018 and 2017**

#### **Derivative financial instruments**

The Group operates internationally and is exposed to risks from changes in foreign exchange rates. The Group uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognized in profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments without restriction of use.

#### **Trade and other receivables**

Trade and other receivables are stated at their invoice values or accrued amount less allowance for doubtful accounts.

The Group provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on the historical collection experience coupled with a review of the current status of existing receivables.

#### **Inventories**

Inventories are stated at the lower of cost (after deduction of allowance for obsolete and slow-moving of inventories) and net realizable value. Costs of inventories are determined as follows:

Medical equipment and work in progress	- Specific identification
Spare parts and supplies	- First-in, First-out

Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less necessary selling expenses.

#### **Investment in subsidiary**

Investment in subsidiary in the separate financial statements is stated at cost net of allowance for impairment loss (if any).

#### **Investments in other debt and equity securities**

Debt securities and marketable equity securities other than securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognized in other comprehensive income.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortized cost, less any impairment losses (if any).

## Notes to Financial Statements

### December 31, 2018 and 2017

#### Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and allowance for impairment losses (if any).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of an item of equipment. Depreciation is calculated based on cost of the property and equipment less residual value. Useful lives and residual values are reviewed at each year-end. The estimated useful lives are as follows:

	<u>Period (years)</u>
Condominium unit - office	20
Office and leasehold improvements	10
Tools, furniture, and office equipments	3, 5
Vehicles	<u>5</u>

#### Intangible assets

Intangible assets are computer software, and stated at cost less accumulated amortization and allowance for impairment losses (if any).

##### Amortization

Amortization is charged to profit or loss on a straight-line basis over the estimated period of 10 years during which economic benefits are expected to flow to the Group.

#### Impairment of assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of an asset's net selling price or value in use) are estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to be at its recoverable amount and recording the devaluation in profit or loss. The reversal of impairment losses is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. The reversal of the impairment losses shall not exceed the carrying amount of the asset, net of depreciation or amortization, that would have been determined had no impairment losses been recognized for the asset in prior years.

#### Trade and other payables

Trade and other payables are stated at cost.

## **Notes to Financial Statements December 31, 2018 and 2017**

### **Employee benefits**

#### **Short-term benefits**

Salaries, wages, bonuses and contributions to social security fund are recognized as an expense upon their occurrences and on an accrual basis.

#### **Post-employment benefits**

Obligations on defined contribution plan which is the provident fund are recognized as an expense in profit or loss when contribution to the fund on an accrual basis.

The Group's obligation in respect of post-employment benefits, which are compensations under labor protection acts, is recognized as liability and expense in the financial statements based on the amount calculated, using the projected unit credit method by a qualified actuary. Expenses from the estimated liability for post-employment benefits are recognized in profit or loss and comprise of current service cost and interest cost. Actuarial gain or loss on remeasurements of defined benefit plan is recognized in other comprehensive income. This employee benefit plan is unfunded and has no any incurred plan asset.

### **Provisions**

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### **Revenues**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Revenue from sale is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, or the probable return of goods.

The revenue from rendering of services derived from rendering services on repair and maintenance, and increase efficiency of medical equipment. The revenue is recognized on a straight-line basis over the period the services are provided. When service are performed by an indeterminate number of acts over a specific period of time, and a specific act is much more significant than any other acts, the recognition of revenue is postponed the until the significant act is exceeded.

When the outcome of a contract can be estimated reliably, revenue from construction contract is recognized in profit or loss by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is assessed as the ratio of contract costs incurred at the reporting date to total expected contract costs. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately as an expense in profit or loss.

Other income is recognized on an accrual basis.

## **Notes to Financial Statements**

### **December 31, 2018 and 2017**

#### **Expenses**

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease.

Interest expense and similar costs are charged to profit or loss for the period in which they are incurred.

#### **Income tax**

Tax expense for the year comprises current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **Use of estimates**

In order to prepare financial statements in conformity with financial reporting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant estimates and underlying assumptions used in preparation of the accompanying financial statements which may be affected by uncertainty are as follows:

- Provision
- Revenue from construction

**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**4. TRANSACTIONS WITH RELATED PARTIES**

Related parties are parties controlled by the Group or have power control over the Group, directly or indirectly, or has significant influence over the financial or operating policies of the Group.

Name of entities	Nature of relationships
Cancer Alliance Company Limited	Subsidiary
Sathorn Sixteen Company Limited	Common shareholders and directors
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies are as follows:

Type of transactions	Pricing policies
Income from guarantee of credit facilities	0.5% per annum computed from credit facilities of the subsidiary.
Rental expense	Market price

Significant outstanding balances with its related parties as at December 31, 2018 and 2017 were as follows:

	In Thousand Baht		
	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
<b>Other related party</b>			
Other non-current assets			
- Rental deposit	409	409	375
Trade and other payables			
- Accrued expense	232	232	214

## Notes to Financial Statements December 31, 2018 and 2017

Significant transactions with related parties for the years ended December 31, 2018 and 2017 were as follows:

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
<b>Subsidiary</b>			
Income from guarantee of credit facilities	-	780	-
Reimbursement of advance for cancer project study	-	500	-
<b>Other related party</b>			
Rental expense	1,623	1,623	1,498
Purchase of land from the family of a director of the subsidiary (at approximately price appraised by an independent professional appraiser)	57,160	-	-
<b>Key management compensation</b>			
Short-term benefits	15,194	12,694	9,556
Post-employment benefits	1,391	1,132	681
<b>Total</b>	<b>16,585</b>	<b>13,826</b>	<b>10,237</b>

The Company entered into an agreement to lease office space from Sathorn Sixteen Co., Ltd. The terms of the agreement expired on January 31, 2019. Non-cancellable operating lease commitment is as follows:

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Within one year	136	136	125

The Company has renewed the term of the agreement to expiring on December 31, 2019.

**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**5. INVESTMENTS AND CREDIT FACILITIES**

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
<b>Current investments</b>			
Unit trusts	-	-	-
Time deposits	59,773	59,773	28,675
<b>Total</b>	<u>59,773</u>	<u>59,773</u>	<u>28,675</u>
<b>Other long-term investments</b>			
Time deposits	<u>30,750</u>	<u>30,750</u>	<u>30,750</u>

**Credit facilities**

As at December 31, 2018 and 2017, the Group had credit facilities from local banks as follows:

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
<b>Credit facilities from local banks</b>			
Bank overdrafts, short-term borrowings, letters of credit, letters of guarantee, forward contracts on foreign currency, etc.			
- Company	1,995,206	1,995,206	1,002,445
- Subsidiary	<u>20,000</u>	<u>-</u>	<u>-</u>
	<u>2,015,206</u>	<u>1,995,206</u>	<u>1,002,445</u>
Long-term borrowings			
- Subsidiary	<u>309,000</u>	<u>-</u>	<u>-</u>

Credit facilities of the Company are secured by time deposits (shown under current investments and other long-term investments) as at December 31, 2018 and 2017 totaling Baht 89.5 million and Baht 58.8 million, respectively, and are guaranteed by certain directors of the Company (free of charge).

Credit facilities of the subsidiary of Baht 329 million are secured by land and construction thereon, and are guaranteed by the Company. The Company charged guarantee fees at 0.5% per annum computed from its credit facilities of totaling Baht 329 million.



**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**6. TRADE AND OTHER RECEIVABLES AND LONG-TERM TRADE RECEIVABLE**

Trade and other receivables

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Trade receivables			
Current	187,937	187,937	25,951
Overdue			
Not over 3 months	1,272	1,272	1,958
	189,209	189,209	27,909
Unbilled trade receivables	27,183	27,183	28,613
Long-term trade receivable			
due within one year	2,634	2,634	2,484
	219,026	219,026	59,006
Advances for construction of building			
for locating the medical equipment	7,214	7,214	7,593
Advances for purchase of merchandise			
and equipment	1,103	1,103	554
Prepaid expenses	12,525	12,408	12,169
Revenue Department receivable	1,265	1,265	4,167
Others	2,150	1,936	3,085
	24,257	23,926	27,568
<b>Total</b>	<b>243,283</b>	<b>242,952</b>	<b>86,574</b>

Long-term trade receivable

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Due within one year	2,634	2,634	2,484
Due after one year but not over May 2020	2,792	2,792	5,425
<b>Total</b>	<b>5,426</b>	<b>5,426</b>	<b>7,909</b>

Long-term trade receivable is all future receipts discounted using interest rate at 6% per annum.

**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**7. INVENTORIES**

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Medical equipment and work in progress	67,557	67,557	8,663
Spare parts and supplies	3,604	3,604	589
Goods in transit	1,142	1,142	-
<b>Total</b>	<b>72,303</b>	<b>72,303</b>	<b>9,252</b>

**8. INVESTMENT IN SUBSIDIARY**

As at December 31, 2018, investment in subsidiary in the separate financial statements was as follow:

Name of the entity	Ownership interest (%)	In Thousand Baht	
		Paid-up capital	Investment (cost method)
Cancer Alliance Company Limited	65	200,000	130,000

Summarized financial information of the subsidiary are as follow:

	In Thousand Baht
<u>As at December 31, 2018</u>	
Current assets	71,574
Non-current assets	125,190
Current liabilities	2,842
Non-current liabilities	285
<u>For the year ended December 31, 2018</u>	
Revenue	682
Net loss	6,363
Cash flows from operating activities	(4,628)
Cash flows from investing activities	(124,134)
Cash flows from financing activities	200,000



**Notes to Financial Statements**  
**December 31, 2018 and 2017**

	Separate financial statements (In Thousand Baht)			
	Condominium unit, and office and leasehold improvements	Tools, furniture and office equipments	Vehicles	Total
<b>Cost</b>				
At January 1, 2018	29,396	3,991	925	34,312
Additions	86	556	-	642
Disposals	-	(93)	-	(93)
<b>At December 31, 2018</b>	<b>29,482</b>	<b>4,454</b>	<b>925</b>	<b>34,861</b>
At January 1, 2017	1,499	3,293	925	5,717
Additions	27,897	739	-	28,636
Disposals	-	(41)	-	(41)
<b>At December 31, 2017</b>	<b>29,396</b>	<b>3,991</b>	<b>925</b>	<b>34,312</b>
<b>Accumulated depreciation</b>				
At January 1, 2018	1,043	1,754	447	3,244
Depreciation charge for the year	1,240	731	185	2,156
Disposals	-	(86)	-	(86)
<b>At December 31, 2018</b>	<b>2,283</b>	<b>2,399</b>	<b>632</b>	<b>5,314</b>
At January 1, 2017	237	1,134	262	1,633
Depreciation charge for the year	806	658	185	1,649
Disposals	-	(38)	-	(38)
<b>At December 31, 2017</b>	<b>1,043</b>	<b>1,754</b>	<b>447</b>	<b>3,244</b>
<b>Net Book Value</b>				
At December 31, 2018	27,199	2,055	293	29,547
At December 31, 2017	28,353	2,237	478	31,068

The gross carrying amounts of fully depreciated property, plant and equipment those are still in use as at December 31, 2018 and 2017 are as follows:

	In Thousand Baht	
	2018	2017
Consolidated financial statements	559	-
Separate financial statements	559	398

As at December 31, 2018, the subsidiary had outstanding commitments relating to construction of building, and equipment of Baht 103.5 million.

## Notes to Financial Statements December 31, 2018 and 2017

### 10. INCOME TAX

Details of deferred income tax assets (liabilities) as at December 31, 2018 and 2017 were as follows:

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Trade and other receivables	(1,144)	(1,144)	(1,660)
Trade and other payables	1,864	1,864	2,457
Provisions for employee benefits	1,267	1,210	1,163
Other provisions	4,527	4,527	4,197
<b>Total</b>	<b>6,514</b>	<b>6,457</b>	<b>6,157</b>

#### Tax expense

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Current tax expense	21,621	21,621	10,161
Deferred income tax			
Movements in temporary differences	(502)	(445)	141
<b>Total</b>	<b>21,119</b>	<b>21,176</b>	<b>10,302</b>
<b>Reconciliation of effective tax rate</b>			
Profit before income tax	99,493	105,913	51,448
Income tax using the corporate tax rate (20%)	19,899	21,183	10,289
Tax loss of a subsidiary for which no deferred tax asset was recognized	1,224	-	-
Others	(4)	(7)	13
<b>Total</b>	<b>21,119</b>	<b>21,176</b>	<b>10,302</b>

The subsidiary expects that it is not probable that future taxable profit will be utilized and, accordingly no deferred tax asset is provided for the subsidiary.

As at December 31, 2018, the subsidiary had tax losses amounting to approximately Baht 6.1 million, such tax losses is able to be used as tax credit until 2023.

**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**11. OTHER NON-CURRENT ASSETS**

	Note	In Thousand Baht		
		Consolidated	Separate	
		financial statements	financial statements	
		2018	2018	2017
Fair value of unrecognized firm commitments	23	33,764	33,764	31,805
Advances and costs relating to installation of medical equipment		48,058	48,058	4,401
Advances for construction of building, and equipment		12,863	-	-
Deferred charges		3,195	3,195	5,042
Others		474	446	413
<b>Total</b>		<b>98,354</b>	<b>85,463</b>	<b>41,661</b>

**12. TRADE AND OTHER PAYABLES AND LONG-TERM TRADE PAYABLE**

Trade and other payables

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Trade payables	52,499	52,499	39,696
Unbilled trade payables	837	837	1,137
Long-term trade payable due within one year	4,166	4,166	3,915
	<b>57,502</b>	<b>57,502</b>	<b>44,748</b>
Accrued expenses	13,401	12,894	1,561
Advances from customer	23,222	23,222	-
Others	9,189	6,860	4,977
	<b>45,812</b>	<b>42,976</b>	<b>6,538</b>
<b>Total</b>	<b>103,314</b>	<b>100,478</b>	<b>51,286</b>

## Notes to Financial Statements December 31, 2018 and 2017

### Long-term trade payable

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Due within one year	4,166	4,166	3,915
Due after one year but not over September 2020	3,320	3,320	7,540
<b>Total</b>	<b>7,486</b>	<b>7,486</b>	<b>11,455</b>

Long-term trade payable is all future payments discounted using interest rate at 7% per annum.

### 13. OTHER PROVISIONS

	In Thousand Baht			
	Consolidated financial statements /			
	Separate financial statements			
	Training	Warranty	Others	Total
At January 1, 2018	13,575	3,728	3,680	20,983
Provisions made	8,080	5,769	-	13,849
Amounts paid	(8,146)	(2,723)	(392)	(11,261)
Unused amounts reversed	(48)	(888)	-	(936)
<b>At December 31, 2018</b>	<b>13,461</b>	<b>5,886</b>	<b>3,288</b>	<b>22,635</b>

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
<u>Balance - shown under</u>			
Other current provisions	21,368	21,368	20,183
Other non-current provisions	1,267	1,267	800
<b>Total</b>	<b>22,635</b>	<b>22,635</b>	<b>20,983</b>

**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**14. PROVISION FOR EMPLOYEE BENEFITS**

Movement in the present value of the obligations (unfunded) were as follows:

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
At January 1	5,817	5,817	5,508
Current cost	1,038	753	686
Interest on obligations	202	202	193
Expense recognized in profit or loss	1,240	955	879
Actuarial gain on remeasurements of defined benefit plan recognized in other comprehensive income	(724)	(724)	(570)
<b>At December 31</b>	<b>6,333</b>	<b>6,048</b>	<b>5,817</b>

Actuarial gain on remeasurements of defined benefit plan recognized in other comprehensive income arising from:

	Loss (gain) - In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Change in financial assumptions	774	774	-
Change in demographic assumptions	(1,454)	(1,454)	-
Experience adjustments	(44)	(44)	(570)
<b>Total</b>	<b>(724)</b>	<b>(724)</b>	<b>(570)</b>

Principal actuarial assumptions:

	%		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Discount rate	2.9 - 3.2	3.2	3.5
Salary increase rate	8.0	8.0	7.0
Employee turnover rate	0.0 - 5.0	0.0 - 5.0	0.0



## Notes to Financial Statements December 31, 2018 and 2017

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Defined benefit obligation at December 31, 2018				
Discount rate (1% change)	(561)	660	(539)	635
Salary increase rate (1% change)	717	(621)	694	(600)
Employee turnover rate (10% change)	(163)	176	(161)	174

On December 13, 2018, Thai National Legislative Assembly approved a new draft Labor Protection Act. According to the draft, termination compensation rate for employees with working hours over 20 years increases from 300 days to 400 days. Additional provision for compensation at December 31, 2018 based the new rate amounted to Baht 2 million in consolidated financial statements and separate financial statements. The draft is effective 30 days after the draft of publication in the Royal Gazette. At December 31, 2018, the draft has not been published in the Royal Gazette. The Group will recognize this additional provision as expense when this Act is effective.

### 15. SHARE CAPITAL

	In Thousand shares	In Thousand Baht
<b>Authorized share capital, ordinary shares</b>		
At Baht 0.50 par value		
<b>At December 31, 2017 and 2018</b>	<u>400,000</u>	<u>200,000</u>
<b>Issued and paid-up share capital, ordinary shares</b>		
At Baht 0.50 par value		
<b>At December 31, 2017 and 2018</b>	<u>400,000</u>	<u>200,000</u>

The Stock Exchange of Thailand accepted the Company's ordinary shares of 400 million shares as listed securities in the Market for Alternative Investment and to be traded starting July 28, 2016.

### 16. SHARE PREMIUM

Share premium represents share subscription monies received in excess of the par value of the shares issued. Share premium is not available for dividend distribution.

## Notes to Financial Statements December 31, 2018 and 2017

### 17. LEGAL RESERVE

Section 116 of the Public Company Act, B.E. 2535 requires a company to allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

On April 18, 2017, the shareholder approved transferring of working capital reserve of Baht 10,000,000 to legal reserve.

### 18. EXPENSE BY NATURE

Significant expenses by nature are as follows:

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Costs of sales of goods	335,819	335,819	325,204
Costs of rendering of services	100,893	100,893	90,865
Costs of construction	58,087	58,087	109,604
Employee expenses	25,063	24,098	15,141
Directors’ and management’s remuneration	16,585	13,826	10,237
Advertising and sale promotion	4,021	4,021	801
Rental expenses	2,543	2,346	1,984
Depreciation and amortization	2,214	2,190	1,673

### 19. OTHER COMPREHENSIVE INCOME

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Items that will not be reclassified subsequently to profit or loss			
- Actuarial gain on remeasurements of defined benefit plan	724	724	570
Tax expense	(145)	(145)	(114)
<b>Net</b>	<b>579</b>	<b>579</b>	<b>456</b>

## Notes to Financial Statements December 31, 2018 and 2017

### 20. BASIC EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2018 and 2017 were determined by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the years as follows:

	In Thousand Baht / In Thousand shares		
	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Profit attributable to equity holders of the parent	80,601	84,737	41,146
Weighted average number of ordinary share	400,000	400,000	400,000
Basic earnings per share (In Baht)	0.202	0.212	0.103

### 21. DIVIDENDS

On April 18, 2017, the shareholders approved dividends of Baht 40,000,000 (400,000,000 shares at Baht 0.10 per share). Dividends were paid in May 2017 amounting to Baht 39,999,980.

On April 18, 2018, the shareholders approved dividends of Baht 32,000,000 (400,000,000 shares at Baht 0.08 per share). Dividends were paid in May 2018.

### 22. PROJECT CENTER TREATING CANCER PATIENTS WITH PROTONS RADIO THERAPY

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), with 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. The details are as follows:

	In Thousand Baht		
	Excluding Value-added tax	Value-added tax	Total
Sale of medical equipment including installation	900,260	63,018	963,278
Construction of building for locating the medical equipment	221,234	15,486	236,720
<b>Total</b>	<b>1,121,494</b>	<b>78,504</b>	<b>1,199,998</b>

## Notes to Financial Statements

### December 31, 2018 and 2017

#### Medical Equipment

In July 2017, the Company received an installment of Baht 144.5 million (including value-added tax of Baht 9.5 million). The amount of Baht 135 million (excluding value-added tax) was presented as “Advance from customer” under “Non-current liabilities” at December 31, 2018 and 2017, since the project will be delivered over one year from December 31, 2018 and 2017.

The Company entered into an agreement, to purchase medical equipment including installation, with a foreign company at US\$ 17.4 million. Under the terms of the agreement, the Company will make payment by installments up to October 2020. In July 2017, the Company paid an installment of US\$ 2.6 million (Baht 89.9 million). This amount was shown as “Advance for purchase of medical equipment” under “Non-current assets” at December 31, 2018 and 2017, since the medical equipment will be received over one year from December 31, 2018 and 2017. The balance of US\$ 14.8 million is covered by forward contract at Baht 509 million.

As at December 31, 2018, the Company had outstanding commitments relating to installation of medical equipment (excluding value-added tax) of Baht 66.7 million.

#### Construction

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Costs incurred and recognized profit	184,598	184,598	120,661
Progress billings	(107,971)	(107,971)	(49,402)
<b>Net</b>	<b>76,627</b>	<b>76,627</b>	<b>71,259</b>
Outstanding commitments on construction with the contractor (including value-added tax)	27,632	27,632	77,402

## Notes to Financial Statements December 31, 2018 and 2017

### 23. FORWARD CONTRACTS ON FOREIGN CURRENCY

As at December 31, 2018 and 2017, the Company had outstanding forward contracts to purchase as follows:

	In Thousand	
	US\$	Baht
<u>2018</u>		
Purchase of medical equipment under project center treating cancer patients with protons radio therapy (see Note 22)	14,790	509,002
Trade payable in foreign currency	3,500	112,644
<b>Total</b>	<b>18,290</b>	<b>621,646</b>
<u>2017</u>		
Purchase of medical equipment under project center treating cancer patients with protons radio therapy (see Note 22)	14,790	509,002

As at December 31, 2018 and 2017, fair value (Level 1 inputs) of the forward contracts was presented in the statements of financial position as follows:

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Other current financial assets	1,105	1,105	-
Other current financial liabilities	11,454	11,454	-
Other non-current financial liabilities	22,960	22,960	31,805

As at December 31, 2018 and 2017, fair value (Level 1 inputs) of unrecognized firm commitments corresponding to fair value of forward contract was presented in the statements of financial position as follows:

	In Thousand Baht		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
Other current assets	650	650	-
Other non-current assets	33,764	33,764	31,805
Other current liabilities	1,105	1,105	-

## **Notes to Financial Statements December 31, 2018 and 2017**

### **24. SEGMENT INFORMATION**

The Company operates only sale of medical equipment including installation and related activities such as construction of building for locating medical equipment, repair and maintenance, and increase efficiency of medical equipment in Thailand. The management considers that the Company has only one operating segment.

Revenue from sales of goods, rendering of services and construction from major customers for the years ended December 31, 2018 and 2017 amounting to approximately Baht 537.6 million and Baht 430 million, respectively.

Presently, the subsidiary has not started its operations.

### **25. REGISTERED PROVIDENT FUND**

The Company has arranged a contributory registered provident fund in accordance with the Provident Fund Act. Membership to the fund is on a voluntary basis. Under the plan, the Company and employees contribute an amount equivalent to 3% - 8% of the employees' basic salaries.

The Company's contribution, which was charged to expense for the years ended December 31, 2018 and 2017, amounted to Baht 0.8 million and Baht 0.7 million, respectively.

### **26. AGREEMENTS**

The Company entered into two distribution agreements with a foreign company. Under the terms of the agreements, the Company was appointed as the exclusive distributor for Radiotherapy products and Brachytherapy products in Thailand and Cambodia; and shall use its best efforts to purchase the products not less than the amounts specified in the agreements. The terms of the agreements are effective up to September 30, 2018. The agreements were extended for one year ending September 30, 2019. The agreements may be early terminated by either party giving to the other notice in writing at least thirty days.

The Company entered into another distribution agreement with another foreign company. Under the terms of the agreement, the Company was appointed as an exclusive distributor of software for use in Radiotherapy in Thailand; and shall purchase the software not less than the amount specified in the agreement. The terms of the agreement are effective up to December 31, 2018 and automatically extended for one year. The agreement may be early terminated by either party giving notice in writing.

The Company entered into an agreement with a local company for the latter to investigate genetic risk of cancer for the Company's customer. Under the terms of the agreement, the Company has to supply customers to the latter not less than the numbers specified in the agreements. The terms of the agreement are effective up to August 3, 2021 and automatically extended for three years. If the Company does not want to extend the terms of the agreement from August 3, 2021, The Company must give advance notice in writing prior to June 3, 2021.

## Notes to Financial Statements December 31, 2018 and 2017

### 27. PROMOTIONAL PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the subsidiary has been granted privileges by the Board of Investment relating to specialized cancer center. The privileges granted include among others, exemption from payment of income tax from promoted operations for a period of 8 years from the dates on which the income is first derived from such operations and reduction of income tax of net profit from the promoted business at 50% for 5 years afterwards.

As a promoted company, the subsidiary must comply with certain conditions and restrictions provided for in the promotional certificates.

### 28. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1 inputs”), secondary priority to other observable inputs (“Level 2 inputs”), and the lowest priority to unobservable inputs (“Level 3 inputs”).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

As at December 31, 2018 and 2017, the Group had current investment in unit trusts that are measured at fair value (both on a recurring or non-recurring basis) in the statements of financial position amounting to Baht 13 (Level 1 inputs).

As at December 31, 2018 and 2017 the Group had other current financial assets, other current financial liabilities and other non-current financial liabilities; and fair value of unrecognized firm commitments (shown under “other current assets, other non-current assets and other current liabilities”) that are measured at fair value (both on a recurring or non-recurring basis - Level 1 inputs) in the statement of financial position (see Note 23).

However, the Group had financial assets and liabilities not measured at fair value in the statements of financial position as at December 31, 2018 and 2017 but for which the fair value is disclosed in Note 29.

**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**29. DISCLOSURES OF FINANCIAL INSTRUMENTS**

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates, and liquidity risk. The Group does not issue derivative financial instruments for trading purposes.

**Interest rate risk**

Interest rate risk incurs from the future interest rate instability, which may affect the Group operating result and cash flow. The Group also incurs interest rate risk from borrowings from financial institutions.

**Foreign currency risk**

The Group is exposed to foreign currency risk relating to purchases of goods and expenses which are denominated in foreign currencies.

As at December 31, 2018 and 2017, the Group had liabilities in foreign currencies not covered by forward contract as follows:

	In Thousand		
	Consolidated	Separate	
	financial statements	financial statements	
	2018	2018	2017
U.S. Dollars	910	910	595
Euro	57	57	-

Management believes that said foreign currency risk is minimal.

**Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

**Fair value**

Cash and cash equivalents, current investments, trade and other receivables - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments (Level 2 inputs).

Trade and other payables - the carrying amounts of these financial liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments (Level 2 inputs).

Other long-term investments, long-term trade receivable and payable - the carrying values approximate their fair value since these financial instruments bear interest at market rates (Level 2 inputs).



**Notes to Financial Statements**  
**December 31, 2018 and 2017**

**30. CAPITAL MANAGEMENT**

Significant objectives of the capital management of the Group is to ensure that they have appropriate financial and capital structures as well as the financial liquidity and ability to continue their businesses as a going concern.

**31. RECLASSIFICATION OF ACCOUNTS**

Certain accounts in the separate statements of financial position as at December 31, 2017 and January 1, 2017 have been reclassified to conform to the presentation in the separate statement of financial position as at December 31, 2018.

The effects are as follows:

	In Thousand Baht		
	Before reclassification	Reclassification	After reclassification
<u>At December 31, 2017</u>			
Trade and other payables	68,541	(17,255)	51,286
Other current provisions	2,928	17,255	20,183
<u>At January 1, 2017</u>			
Trade and other payables	96,533	(14,397)	82,136
Other current provisions	2,615	14,397	17,012

**32. EVENTS AFTER THE REPORTING PERIOD**

On February 21, 2019, the Company's Board of Directors resolved a proposal to the Shareholders' meeting to approve dividends of Baht 64,000,000 (400,000,000 shares at Baht 0.16 per share).

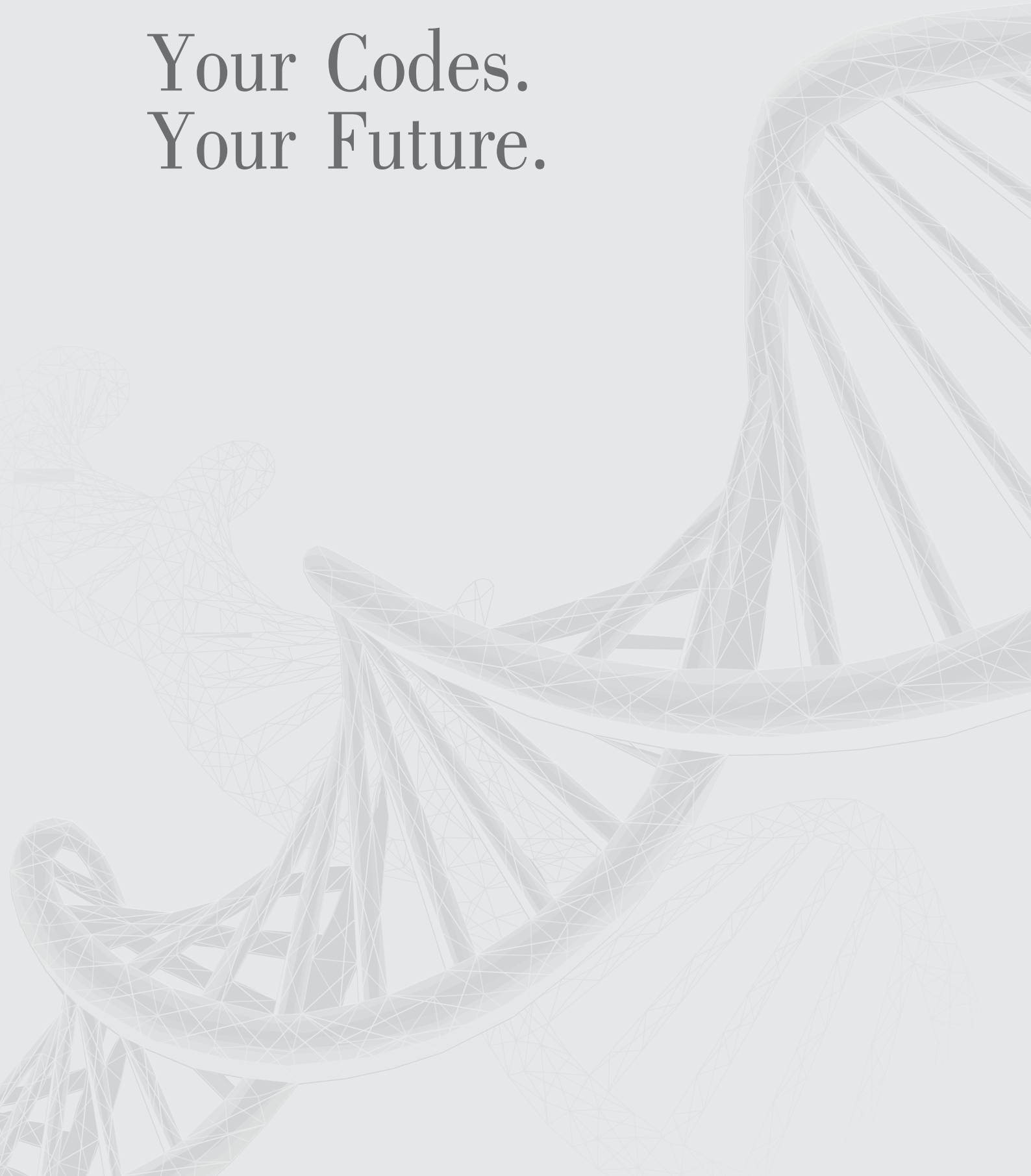
**33. OTHER**

The subsidiary entered into an agreement to lease certain building space for one year ending February 28, 2019 at annual rental of Baht 180,000. The terms of the agreement are renewable for one year.

**34. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Company's Board of directors on February 21, 2019.

Your Codes.  
Your Future.



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