

November 10, 2017

Subject: Management's Discussion and Analysis for the 9 months period ended September 30, 2017

Attention: Director and Manager

The Stock Exchange of Thailand

LDC Dental Public Company Limited (LDC) would like to clarify the performance of the Company for the 9 months period ended September 30, 2017 which the details are as followed:

Performance of the Company

Unit : Million Baht	For the 3 months			Change between QoQ		Change between YoY		For the 9 months		Change between YoY	
	Q3/17	Q1/17	Q2/16	Amount	%	Amount	%	Q2/17	Q2/16	Amount	%
Revenues from medical services	104.77	92.86	90.92	11.91	12.83	13.85	15.23	286.49	253.81	32.68	12.88
Other revenues	2.76	2.46	2.36	0.30	12.20	0.40	16.95	6.92	8.34	-1.42	-17.03
Total revenues	107.53	95.32	93.28	12.21	12.81	14.25	15.28	293.41	262.15	31.26	11.92
Cost of services	100.54	95.89	95.80	4.65	4.85	4.74	4.95	289.14	271.00	18.14	6.69
Selling expenses	7.43	2.88	9.13	4.55	157.99	-1.70	-18.62	13.38	18.48	-5.10	-27.60
Administrative expenses	10.14	10.62	11.69	-0.48	-4.52	-1.55	-13.26	31.19	34.46	-3.27	-9.49
Financial Cost	0.25	0.22	0.97	0.03	13.64	-0.72	-74.23	0.70	4.13	-3.43	-83.05
Profit (loss) before income tax expenses	-10.83	-14.29	-24.31	3.46	-24.21	13.48	-55.45	-41.00	-65.92	24.92	-37.80
Income tax (expense) revenue	0.53	-1.56	0.39	2.09	-133.97	0.14	35.90	-0.57	8.66	-9.23	-106.58
Actuarial gain (loss)	-	-	-	-	-	-	-	-	0.41	-0.41	-100
Net profit (loss)	-10.30	-15.85	-23.91	5.55	-35.02	13.62	-56.96	-41.57	-56.85	15.28¹	-26.88

Note¹ Net loss decreased compared to the same quarter of prior year by Baht 15.28 million or equivalent to 26.88%

^{/2} The previous branches total 21 branches have been operated before year 2016 and located in Bangkok and vicinity: Ladprao , Ramkhamhaeng , Ram-Intra KM. 4, Changwattana , Srinakarin, Onnut, Ratchapraek, Rangsit, Petchkasem, Saijai Dental Saimai, Rama 2, Ngamwongwan, Rama 5, Bang Yai, Nawamin, Saphanmai, Seri Thai, Phetchaburi, Ram-Intra KM. 10 and Salaya.

^{/3} New branches total 11 branches have been operated since year 2016 and located in other provinces: Nakorn Panom, Mukdaharn, Nakorn Ratchsrima, Nakorn Sawan, Nakorn Sri Thammarat, Udon Thani, Lampang, Maha Sarakam, Chiang Rai, Ubonratchathani and Chiang Mai

Total revenues

For the 3 months period (quarter 3/2017), the Company has total revenues at Baht 107.53 million which increased compared to the same quarter of prior year by Baht 14.25 million or equivalent to 15.28 % and increased compared to the quarter 2/2017 by Baht 12.21 million or equivalent to 12.81%. For the 9 months period, the Company has total revenues at Baht 293.41 million which increased compared to the same quarter of prior year by Baht 31.26 million or equivalent to 11.92 %, generated by the previous branches^{/2} and new branches^{/3} especially the medical services increased by Baht 32.68 million (from the previous branches increased by Baht 12.34 million or equivalent to 5.07 % and from the new branches increased by Baht 20.35 million or equivalent to 191.14 %) because all new branches fully recognized the revenues. Other revenues decreased by Baht 1.42 million or equivalent to 17.03% due to decreasing of revenues from construction penalty of Lampang, Nakorn Sri Thammarat and Ubonratchathani by Baht 1.49 million.

Cost of services

For the 3 months period (quarter 3/2017), the Company has cost of services at Baht 100.54 million which increased compared to the same quarter of prior year by Baht 4.74 million or equivalent to 4.95 %. For the 9 months period, the Company has cost of services at Baht 289.14 million which increased compared to the same quarter of prior year by Baht 18.14 million or equivalent to 6.69 % mainly due to increasing dentist remuneration, rental expense and depreciation-medical equipment by Baht 15.15 million, Baht 2.82 million and Baht 2.82 million, respectively. Therefore, the Company has gross loss of Baht 2.64 million which partially come from high dentist remuneration of new branches comparing with the service revenues which did not cover their cost because newly operated. However, the gross loss decreased compared to the same quarter of prior year by Baht 14.54 million or equivalent to 84.61 %. Moreover, the ratio of cost of service to revenues from medical services decreased compared to the 9 months period of

prior year from 106.77 % to 100.92 % in the 9 months period of 2017, presenting the improvement on cost of service management.

Selling expenses

For the 3 months period (quarter 3/2017), the Company has selling expenses at Baht 7.43 million which decreased compared to the same quarter of prior year by Baht 1.70 million or equivalent to 18.62 %. For the 9 months period, the Company has selling expenses at Baht 13.38 million which decreased compared to the same quarter of prior year by Baht 5.10 million or equivalent to 27.60 %, mainly due to decreasing of advertising and promotion expenses by Baht 9.13 million because in this year, the Company focuses on internal marketing by creating customer satisfaction.

Administrative expenses

For the 3 months period (quarter 3/2017), the Company has administrative expenses at Baht 10.14 million which decreased compared to the same quarter of prior year by Baht 1.55 million or equivalent to 13.26 %. For the 9 months period, the Company has administrative expenses at Baht 31.19 million which decreased compared to the same quarter of prior year by Baht 3.27 million or equivalent to 9.49 %, mainly due to decreasing of office supplies, other fees and garden decoration.

Financial cost

For the 3 months period (quarter 3/2017), the Company has financial cost at Baht 0.25 million which decreased compared to the same quarter of prior year by Baht 0.72 million or equivalent to 74.23 %. For the 9 months period, the Company has financial cost at Baht 0.70 million which decreased compared to the same quarter of prior year by Baht 3.43 million or equivalent to 83.05 %, mainly due to decreasing of interest expense from bill of exchange in amount of Baht 3.54 million. At present, the Company already paid for bill of exchange issuance.

Income tax (expense) revenue

For the 3 months period (quarter 3/2017), the Company has deferred tax expense at Baht 0.53 million which increased compared to the same quarter of prior year by Baht 0.14 million or equivalent to 35.90 %. For the 9 months period, the Company has deferred tax expense at Baht 0.57 million which increased compared to the same quarter of prior year by Baht 9.23 million or equivalent to 106.58 % because the Company re-estimates the performance, so the Company can use the deficit lower than the last year.

Net profit (loss)

For the 9 months period (quarter 3/2017), the Company has net loss at Baht 41.57 million which decreased compared to the same quarter of prior year by Baht 15.28 million or equivalent to 26.88%, mainly due to high cost of new branches comparing with the service revenues which did not cover their cost because of newly operated. However, the ratio of net loss to revenues from medical services decreased compared to the 9 months period of prior year from 22.40 % to 14.51 % the 9 months period of 2017, presenting the better operating performance.

Summary of Financial Position

Performance	Sep. 30, 2017	Dec. 31, 2016	Increased (Decreased)	
	Million Baht	Million Baht	Million Baht	%
Total assets	438.24	486.57	(48.33)	(9.93)
Total liabilities	97.68	104.44	(6.76)	(6.47)
Shareholders' equity	340.56	382.13	(41.57)	(10.88)

Assets

As at September 30, 2017, the Company has total assets at Baht 438.24 million which decreased from as at December 31, 2016 by Baht 48.33 million or equivalent to 9.93 %, mainly due to decreasing of cash and cash equivalent by Baht 38.38 million which is used as a working capital, decreasing in property, plant and equipment by Baht 4.23 million because in previous year the Company made financial lease – medical equipment lease which was fully depreciated in this year, decreasing of assets on long-term lease by Baht 6.93 million due to increasing of depreciation and decreasing of deferred income tax asset by Baht 0.57 million because the Company re-estimates the performance, so the Company can use the deficit lower than the last year.

Total liabilities

As at September 30, 2017, the Company has total liabilities at Baht 97.68 million which decreased from as at December 31, 2016 by Baht 6.76 million or equivalent to 6.47%, mainly due to decreasing of account payable and other payable in by Baht 7.66 million or equivalent to 10.14 %.

Shareholders' Equity

As at September 30, 2017, the Company has shareholders' equity at Baht 340.56 million which decreased from as at December 31, 2016 by Baht 41.57 million or equivalent to 10.88 %, resulting from operation loss.

Please be informed accordingly.

Yours sincerely,

(Dr. Wattana Chaiwat)

Managing Director