

August 10, 2018

Subject: Management's Discussion and Analysis for the 6 months period ended June 30, 2018

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 6 months period ended June 30, 2018 which the details are as followed:

Summary of the Company's Performance

Unit : Million Baht	For the 3 months			Change between QoQ		Change between YoY		For the 6 months		Change between YoY	
	Q2/18	Q1/18	Q2/17	Amount	%	Amount	%	Jun. 18	Jun 17	Amount	%
Revenues from medical services	117.29	102.12	92.86	15.17	14.86	24.43	26.31	219.41	181.72	37.69	20.74
Cost of services	107.97	99.60	95.88	8.37	8.40	12.09	12.61	207.57	188.60	18.97	10.06
Gross profit (loss)	9.32	2.52	-3.02	6.80	269.84	12.34	-408.61	11.84	-6.88	18.72	-272.09
Other revenues	4.47	4.16	2.46	0.31	7.45	2.01	81.71	8.63	4.16	4.47	107.45
Distribution cost	5.68	6.56	2.88	-0.88	-13.41	2.80	97.22	12.24	-5.94	6.30	106.06
Administrative expenses	13.09	13.27	10.62	-0.18	-1.36	2.47	23.26	26.36	21.05	5.31	25.23
Financial Cost	0.18	0.21	0.23	-0.03	-14.29	-0.05	-21.74	0.39	0.45	-0.06	-13.33
Profit (loss) before income tax expenses	-5.16	-13.36	-14.29	8.20	-61.38	-9.13	-63.89	-18.52	-30.16	11.64	-38.59
Income tax (expense) revenue	-0.30	-1.52	-1.56	1.22	-80.26	1.26	-80.77	-1.82	-1.10	-0.72	65.45
Net profit (loss)	-5.46	-14.88	-15.85	9.42	-63.31	10.39	-65.55	-20.34	-31.26	10.92¹	-34.93

Note¹ Net loss increased compared to the same quarter of prior year by Baht 10.92 million or equivalent to 34.93%

² The previous branches total 20 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 2/2018), the Company has total revenues at Baht 121.76 million which increased compared to the same quarter of prior year by Baht 26.44 million or equivalent to 27.74% and increased compared to the quarter 1/2018 by Baht 15.48 million or equivalent to 14.57%. For the 6 months period of 2018, the Company has total revenues at Baht 228.04 million which increased compared to the same quarter of prior year by Baht 42.16 million or equivalent to 22.68%, generated by the previous branches² and new branches³ especially the medical services increased by Baht 37.69 million (from the previous branches increased by Baht 22.47 million or equivalent to 13.79% and from the new branches increased by Baht 15.22 million or equivalent to 80.87%) and from other revenues : interest income, gain on sales of assets, rental and relative service income, training income and tour guide income increased by Baht 4.47 million or equivalent to 107.45 %.

Cost of services

For the 3 months period (quarter 2/2018), the Company has cost of services at Baht 107.97 million which increased compared to the same quarter of prior year by Baht 12.09 million or equivalent to 12.61%. For the 6 months period of 2018, the Company has cost of services at Baht 207.57 million which increased compared to the same quarter of prior year by Baht 18.97 million or equivalent to 10.06% mainly due to increasing supplies expense, dentist remuneration, rental expense, laboratory expense and employee expense by Baht 2.00 million, Baht 12.03 million, Baht 0.40 million, Baht 2.27 million and Baht 3.45 million, respectively.

Distribution cost

For the 3 months period (quarter 2/2018), the Company has distribution cost at Baht 5.68 million which increased compared to the same quarter of prior year by Baht 2.80 million or equivalent to 97.22%. For the 6 months period of 2018, the Company has distribution cost at Baht 12.24 million which increased compared to the same quarter of prior year by Baht 6.30 million or equivalent to 106.06% mainly due to increasing of advertising and promotion expenses – CLMV by Baht 2.05 million and incentive expense Baht 4.03 million because in this year, the Company focuses on internal marketing - creating customer satisfaction by providing incentive for the successful branches.

Administrative expenses

For the 3 months period (quarter 2/2018), the Company has administrative expenses at Baht 13.09 million which increased compared to the same quarter of prior year by Baht 2.47 million or equivalent to 23.26%. For the 6 months period of 2018, the Company has administrative expenses at Baht 26.36 million which increased compared to the same quarter of prior year by Baht 5.31 million or equivalent to 25.23%, mainly due to the consultant fee at Baht 1.36 million, consultant fee - CLMV, consultant fee - Brand Strategy Development and consultant fee for tourism at Baht 3.56 million.

Income tax (expense) revenue

For the 3 months period (quarter 2/2018), the Company has deferred tax expense at Baht 0.30 million which decreased compared to the same quarter of prior year by Baht 1.26 million or equivalent to 80.77%. For the 6 months period of 2018, the Company has deferred tax expense at Baht 1.82 million which increased compared to the same quarter of prior year by Baht 0.72 million or equivalent to 65.45%, because the Company re-estimates the performance, so the Company can use the deficit lower than the last year.

Net profit (loss)

For the 3 months period (quarter 2/2018), the Company has net loss at Baht 5.46 million which decreased compared to the same quarter of prior year by Baht 10.39 million or equivalent to 65.55%. For the 6 months period of 2018, the Company has net loss at Baht 20.34 million which decreased compared to the same quarter of prior year by Baht 10.92 million or equivalent to 34.93%, 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 6 months period of prior year from -17.20% to -9.27% the 6 months period of 2018, presenting the better operating performance.

Summary of Financial Position

Performance	Jun. 30, 18	Dec. 31, 17	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Total assets	396.53	422.27	(25.74)	(6.10)
Total liabilities	95.29	100.69	(5.40)	(5.36)
Shareholders' equity	301.24	321.58	(20.34)	(6.33)

Assets

As at June 30, 2018, the Company has total assets at Baht 396.53 million which decreased from as at December 31, 2017 by Baht 25.74 million or equivalent to 6.10%, mainly due to decreasing in property, plant and equipment by Baht 7.33 million, decreasing of assets on long-term lease by Baht 6.51 million, decreasing in intangible assets by Baht 0.34 million due to amortization during the period, and decreasing of deferred income tax asset by Baht 1.82 million because the Company re-estimates the performance, so the Company can use the deficit lower than the last year.

Total liabilities

As at June 30, 2018, the Company has total liabilities at Baht 95.29 million which decreased from as at December 31, 2017 by Baht 5.40 million or equivalent to 5.36%, mainly due to decreasing of account payable and other payable Baht 2.02 million and decreasing in financial lease liabilities by Baht 3.81 million due to the installations made according to the financial lease contract.

Shareholders' Equity

As at June 30, 2018, the Company has shareholders' equity at Baht 301.24 million which decreased from as at December 31, 2017 by Baht 20.34 million or equivalent to 6.33 %, resulting from operation loss.

Please be informed accordingly.

Yours sincerely,

(Dr. Wattana Chaiwat)

Managing Director