

(Translation)

9th August, 2017

Ref: SET-2017-018

Re: Management's Discussion and Analysis and Operating Results for Quarter 2/2017

Dear: The President

The Stock Exchange of Thailand

Filter Vision Public Company Limited and the subsidiaries (Herein after called "The Group") would like to submit Management's Discussion and Analysis for Quarter 2/2017 as follows:-

1. Nature of operations of the Group

The Group has engaged in distribution of product and equipment, design, assembly and installation and maintenance service of pure water treatment system; as well as dialysis service of clinic business for kidney patients receiving replacement therapy with dialysis by dialysis machinery (Dialysis Center) and distribution of medical tools and equipment.

2. Overview of operating results in the Quarter 2/2017.

Overall global economy obtains a tendency to continuously recover and more stability. Due to the reasons that China's economy enables to be expanded while US's economy still slightly slowdowns. However, this slowdown is expected to be temporary. As well, economy of developing countries in Asia still enables to be well expanded by mainly receiving supportive factors from recovery of domestic demand, which includes a direction of continuous expansion of Thailand's economy. This is mainly driven by export sector, which enables to be well expanded including with gradual recovery of domestic economy significantly driven from expenditure of governmental sector and consumer of private sector. Those economic conditions influence the previous Quarter 2/2017 that the Group gained more revenue from product distribution and service business at 50.14MB when compared with the same period of the previous year; or 31.36 per cent increase. It is expected that tendency of positive economy shall bring continuous increase of sales volume in the remaining of the Year 2017.

In the year 2017, Filter Vision Public Company Limited (Herein after called "The Company") continuously carries on presenting new products, which is Ozone water machinery (Ozonated water), As well, the Company also intends to expand our business to CLMV countries (Cambodia, Lao PDR, Myanmar, Vietnam), which obtain an interesting direction of business growth. In the first quarter of 2017, the Company could successfully distribute the beverage dispenser (Celli counter beverage dispenser) to a customer in CLMV and currently still obtains continuous order volume from such customer. Besides, The Company regularly organizes marketing activities to educate water quality suitable for business model of our customers including organizes activities to promote and educate cleaning and disinfecting to target customers for realization of the importance and improvement of the product quality and service.

Meanwhile, the Company's subsidiaries consist of Irving Corporation Limited operating product distribution and equipment, design, assembling, and installation of water treatment systems for medical business services. In the first quarter of this year, sales volume of dialysis solution continued to increase due to the successful from opening market to new customers at the end of 2016. KT Medical Services Co., Ltd. operating service business in providing health care facilities for patients with end-stage chronic kidney disease who receive replacement therapy with dialysis kidneys (Dialysis Center). In 2016, the KT Medical Services Dialysis Center (The 1st branch - Phatthanakan) was inaugurated. The patients accepted replacement therapy with dialysis with dialysis machines increased gradually to fully capacity. The previous Quarter 2017, dialysis machines was increased to accommodate more patients. In addition, on February 14, 2017, dialysis unit was inaugurated in a government hospital to provide hemodialysis services (The 2nd branch). Medical Vision Co., Ltd. operating medical tools and equipment distribution enabled to recognize income in the Frist half of the Year 2017 from installation of air tube systems for transfer documents and parcel (Pneumatic Tube Carrier Systems) already completed at 8 projects.

3. Analysis of results of operations.

Statements of Comprehensive Income – Consolidated (Million Baht)	For six-month periods ended June 30,		Increase (Decrease)	%
	2017	2016		
Revenues from sales and services	210.03	159.89	50.14	31.36%
Gross profit from sales and services	55.95	41.77	14.18	33.95%
Other income	2.81	1.25	1.56	124.80%
Selling expenses	(12.40)	(10.82)	1.58	14.60%
Administrative expenses	(39.46)	(35.06)	4.40	12.55%
Net profit before finance costs and corporate income tax	6.90	(2.86)	9.76	341.26%
Finance costs	(0.77)	(1.04)	(0.27)	25.96%
Corporate income tax	(1.14)	0.14	1.28	914.29%
Net profit for the period	4.99	(3.76)	8.75	232.71%
Other comprehensive income - net of tax	0.00	0.00	0.00	0.00%
Total Comprehensive income for the period	4.99	(3.76)	8.75	232.71%
Profit attributable to				
- Owners of the Company	4.96	(3.04)	8.00	263.16%
- Non-controlling interests	0.03	(0.72)	0.75	104.17%

Total revenues (revenues from sales and services and other income) increase from the same period of prior year Baht 51.70 million or 32.08 per cent. The revenue can classify by business segments were follows as:-

Revenue by business segments	For six-month periods ended June 30,				Growing Rate of business segments
	2017		2016		
	Million Baht	(%)	Million Baht	(%)	
1. Industrial and OEM (B1) ¹	40.51	19.29%	38.05	23.80%	6.47%
2. Commercial and residential (B2) ¹	108.55	51.68%	93.59	58.53%	15.98%
3. Medical services (B3) ²	60.97	29.03%	28.25	17.67%	115.82%
Total Revenues	210.03	100.00%	159.89	100.00%	31.36%

¹ B1, B2: Filters Vision Public Company Limited (Herein after “The Company”)

² B3: Irving Corporation Ltd., KT Medical Services Co., Ltd. and Medical Vision Co., Ltd. (Herein after “The Subsidiaries”)

3.1 Revenue from sales and services.

The operations in the first half of 2017, the Group has revenues from sales and services increased from the same period of prior year Baht 50.14 million or 31.36 per cent which can be explained by business segments were follows as:-

Industrial and OEM (B1)

Revenue in this segment has increased Baht 2.46 million or 6.47 per cent when compared to the same period of last year. In the first half of 2017, the Company had special orders from many contractors such as, UV sterilizer for water in the production, rainwater harvesting systems including installation of water systems and water treatment services. In addition, the sales volume of the filter product’s group sold as consistently from the quality of services and products that can responsibility on demands of customers as well. As a result, the volume of business in this group is growing in a good direction.

Commercial and residential (B2)

Revenue in this segment has increased Baht 14.96 million when compared to the same period of last year or 15.98 per cent. Due to commitment for expanding their business to CLMV, effect to the first quarter of 2017 The Company distributes a celli counter beverage dispenser to a customer in Cambodia and in the second quarter of 2017, the Company still has orders from customers in these countries has consistently. Including the sales volume from clients in the convenience store business line, which expand the business to new branch continually such as a water purification system, roller grill, boiler and sandwich machines, as well as preventive maintenance (PM) of the exist customers. These resulted in a significant increase in revenue in this business segment.

Medical services (B3)

Revenue in this segment has increased Baht 32.72 million or 115.82 per cent from the same period of last year. The mainly increase of the revenue from 2 new businesses (Medical Vision Co., Ltd. and KT Medical Service Co., Ltd.). In the first half of 2017, has revenue from sales and services amount Baht 19.98 million, while the same quarter of last year the 2 new businesses did not have much revenue. Including the revenue from decorate projects and the sale of dialysis solution products of the existing subsidiary has increased continuously. As a result, the revenue in this segment has continuous growth direction.

3.2 Gross profit

The Group has gross profit higher than the same period of last year amount Baht 14.18 million or 33.95 per cent, because the 2 new businesses can generate revenue cover the fixed costs in 2017, especially the projects from new business that can generate good returns and tend to increase continuously. As a result in the first half of 2017 has gross margin as soared.

3.3 Selling expenses

The Group's selling expenses have increased amount Baht 1.58 million when compared with the same period of last year, representing a percentage of 14.60. Due to in 2017, Medical Vision Co., Ltd., is new business which has revenue to increase from the same quarter of the previous year more than 100 per cent (2016, the first revenue is recognize in the second quarter). As a result, selling expenses are increased related to the growth rate of revenue as mentioned in the title "Medical Services (B3)". Including the number of sales staff was increased in 2017, to support the growth of business continuity render to these selling expenses are increase.

3.4 Administration expenses

The Group has administration expenses increase from the same period of previous year Baht 4.40 million or 12.55 per cent, by the normal policy to improve the emolument for staff and executives. And 2017, has expenses of the new Subsidiaries to support the growth of business continuity as mentioned.

3.5 Finance costs

The Group's finance costs has decreased amount Baht 0.27 million or 25.96 per cent from the same period of last year. Due to in 2016, the Group had borrowed from financial institutions for purchase the building and decoration for dialysis center (KT Medical Services Dialysis Center (Phatthanakan)). As a result, the Group has fees from mortgage and interest expenses. While the first half of 2017, the Group did not borrowed added. Including on January 2017, the Group began repaying principal from loan. In addition, the outstanding balance of financial lease contract is decreased from always repayment. These result to the finance costs in the first half of 2017 decreased from the same period of last year.

3.6 Operating results

The Group has net profit increased amount Baht 8.75 million or 232.71 per cent when compared with the same quarter of last year. As a result of the higher total revenue combined with lower overall operating expenses. As a result the operation in the first half of 2017, increase as significantly. These successes are the result from management policies and key expenses in 2016, to prepare us for market expansion and growth for the Group in the year 2017, as previously described in last year

4. Financial position

Statement of Financial Position – Consolidated (Million Baht)	As at		Increase (Decrease)	%
	June 30, 2017	December 31, 2016		
Assets	726.77	466.93	259.84	55.65%
Liabilities	91.92	107.95	(16.03)	(14.85%)
Shareholders' equity	634.85	358.98	275.87	76.85%
Issued and fully paid-up common share (Million Share)	511.51	308.42	203.09	65.85%
Par (Baht)	0.50	0.50	0.00	0.00%

4.1 Assets

Overall asset in the six months of 2017 increased from 2016 by Baht 259.84 million or 55.65 per cent. Significant transactions included of cash and cash equivalents comprised of net-increase amounting to Baht 27.39 million and temporary investment increase amounting to Baht 200.00 million, which increase from offering of ordinary shares for sales to the Existing shareholders in proportion of their shareholding and exercising of warrants No.1 (FVC-W1) in the second quarter of 2017 amounting to Baht 254.45 million and Baht 24.44 million, respectively. While, cash and cash equivalents decreased from annual bonus paid to the employees and management amounting to Baht 9.49 million, dividend paid to the shareholders in May 2017 amounting to Baht 6.79 million, purchase of land in Chiang Mai amounting to Baht 20.02 million, invest in the second branch of Hemodialysis center amounting to Baht 7.30 million and prepayment to contractors for new office and warehouse construction projects amounting to Baht 4.22 million. Cash and cash equivalents decreased as mentioned above, which impact to increase of Group's property, plant and equipment and other advances at Baht 23.76 million and Baht 3.35 million, respectively. In addition, inventory gained net increase totaling Baht 9.66 million to support the customer orders in next quarter. These factors influenced assets to net increase as mentioned above.

4.2 Liabilities

Overall liabilities in the first half of 2017 decreased from the end of 2016, by Baht 16.03 million or 14.85 per cent due to accrued bonus gained net decrease of Baht 3.52 million (decrease from the bonus paid in March 2016 amounting to Baht 9.49 million and increased by Baht 5.97 million from estimation of bonus for the six-month of 2017) including with decrease of account payable and other payable transactions amounting to Baht 10.64 million, partial payment to suppliers amounting to Baht 10.12 million from purchase of goods at the end of 2016 and decrease of long-term loans amounting to Baht 1.43 million from reimbursement of principal under agreement, which the first installment was paid in January 2017. As a result, the Group gained liabilities as net decrease as mentioned above.

4.3 Shareholders' equity

Overall shareholders' equity in the first half of this year increased by Baht 275.87 million or 76.85 per cent from the end of 2016. Significant transactions consist of increase from increasing in share capital and the exercised warrants to purchase the Company common shares No.1 (FVC-W1) in the second quarter of 2017 totaling Baht 277.66 million (deducted expenses for the offering of Baht 1.22 million) and increase from operation in six months of this year of Baht 4.99 million, while decrease of Baht 6.79 million from the dividends paid to the shareholders in May 2017. These factors impacted the shareholders' equity gained net increase.

5. Company's direction in 2017

Overall significant events are as follows.

5.1 KT Medical Service Company Limited operating business to provide health care facilities for patients with end-stage chronic kidney disease who receive replacement therapy with dialysis kidneys. In 2016, the patients accepted replacement therapy with dialysis with dialysis machines increased steadily to fully capacity. In 2017, the Company purchases dialysis machines to accommodate more patients. In addition, on February 14, 2017, the Company inaugurated the second branch of dialysis unit and the first hemodialysis service was launched on February 15, 2017. Currently, the number of patients undergoing hemodialysis is increasing continually. In addition, the Company has plans to establish more dialysis units to accommodate the increasing number of patients at present.

5.2 Medical Vision Company Limited got purchase order from 8 projects for installation and maintenance of pneumatic tube carrier systems totaling Baht 9.29 million, which their installation was already completed. At present, the Company orders the products from foreign manufacturers for installing to continuous order from customers. And business growth obtains a direction of positive income.

5.3 Irving Corporation Ltd obtains special order from 8 projects for water purification system in dialysis center totaling Baht 7.61 million, Currently, this project under installation to customers. In addition, the sale volume of dialysis solution has continually expanded to the target customers.

5.4 Focusing on business expansion to CLMV countries (Cambodia, Lao PDR, Myanmar, Vietnam), by setting up a team to oversee business in these countries including picking the business partners among the group to continuously maintain standard of products and services of the Company.

5.5 Continually offer new products, the machines producing high concentration ozonated water for foods and beverage industrial (Biosure) and the machine producing high concentration ozonated Water for commercial laundry application (Biospin), which are new innovative products concerning purification and treatment water systems in Thailand to the target consumers after launching of this product in 2015.

5.6 The Group emphasizes on encouraging customers to be aware of water quality and new technology of water system, and innovative of disinfection for food and beverages industrial, through the seminars in 2017 including taking technology of customer management - Application: Cloud for Customers to use in sales and service management..

Sincerely Yours,

Wijit Techakasem

(Dr.Wijit Techakasem)

Managing Director