

(Translation)

February 22, 2018

Ref: SET-2018-004

Re: Management's Discussion and Analysis and operating results for the Year 2017

Attn. to: President

The Stock Exchange of Thailand

Filter Vision Public Company Limited and its subsidiaries (Hereinafter called “**The Group**”) would like to submit Management’s discussion and analysis for the Year 2017 with the summary as follows:-

1. Nature of operations of the Group

The Group has principally engage in distribution of product and equipment, design, assembly and installation, and maintenance service of pure water treatment system; including operate clinical business which dialysis services for kidney patients who receive replacement therapy with dialysis by dialysis machinery (Dialysis Center) and distribution of medical equipment as well as medical service concerning health and esthetics.

2. Overview of operating results in the Year 2017.

The overall global economy still has growth direction in fine criteria from continuous consumption of private sector mainly covering with supportive factor from recovery of internal demand of several countries. In the meantime, Thai economy still has continuously expanded in the same direction from investment motivation of both governmental and private sectors, which some part mainly comes from export and tourism sectors and internal expenditure rate has gradually expanded as well. These economic situations led to the Company gained revenue from sales and services for the year 2017 amounting to 459.26 MB. And it is expected that measurement to support the earners with lower income of the Government as well as the Cabinet enforced the measurement “Holiday Shopping” at the end of Year shall create positive atmosphere in spending money for retail business much more than normal time; and shall be an opportunity for business segments to increase continuous sales volume as well.

Filter Vision Public Company Limited (Hereinafter called “**The Company**”) still has carried on offering new products continuously, which is Ozonated Water Machinery (Ozonated Water). As well, the Company also aims to expand business to CLMV countries (Cambodia, Lao PDR, Myanmar, and Vietnam); which are the countries having interesting growth direction of business. In the 1st quarter of 2017, the Company enabled to sell the beverage dispenser (Celli counter beverage dispenser) to a client in CLMV. The Company also organized the marketing activities to educate the water quality, which is consistent with the business model of the customer group continuously. Include activities to promote and educate cleaners and disinfectants to target customers in order to realize the importance and improve the quality of goods and services as well.

At the same time, the subsidiaries consist of **Irving Corporation Limited** to sell products and equipment design and installation of systems related to water treatment systems for medical services. By the 3rd quarter of this year, the sales of dialysis solution continually increased, due to the success from marketing of the new clients at the end of 2016, **KT Medical Services Co., Ltd.** provides 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 where the patients accepted replacement therapy with dialysis machines increased steadily to fully capacity. In the 1st quarter 2017, the subsidiary purchases more dialysis machines to accommodate more patients. In addition, on February 14, 2017, this subsidiary inaugurated a dialysis unit in a government hospital to provide hemodialysis services (The 2nd branch) that still has focused on continuous expansion of dialysis unit. On the past 29th September, 2017 the subsidiary additionally purchased assets from business of a dialysis unit which is business expansion as a plan laid down. And **Medical Vision Co., Ltd.** has distributed medical equipment. In the 1st quarter 2017, it recognized income from complete installation of air tube systems for transfer documents and parcel (Pneumatic Tube Carrier Systems) for 8 projects. In addition, Hi Healthcare Center Co., Ltd. was established on the past September 25, 2017 to operate medical service concerning healthcare and esthetics under trademark “**Wuttisak Clinic**”.

3. Analysis of Operating Results

Profit & Loss Statements (MB)	Consolidated Financial Statements			
	2017	2016	+ / (-)	%
Revenues from sales and services	459.26	394.31	64.95	16.47%
Gross profit from sales and services	120.95	112.72	8.23	7.30%
Other income	14.18	2.79	11.39	408.24%
Selling expenses	(25.64)	(22.72)	2.92	12.85%
Administrative expenses	(81.31)	(75.54)	5.77	7.64%
Net profit before finance costs and corporate income tax	28.18	17.25	10.93	63.36%
Finance costs	(2.41)	(1.90)	0.51	26.84%
Corporate income tax	(4.08)	(3.33)	0.75	22.52%
Net profit for the Year	21.69	12.02	9.67	80.45%
Other comprehensive income - net of tax	(0.00)	(1.65)	(1.65)	(100.00%)
Total Comprehensive income for the Year	21.69	10.37	11.32	109.16%
Profit Sharing for the Year				
- The Company's Equity	22.06	12.31	9.75	79.20%
- Non-controlling Interest	(0.37)	(0.29)	0.08	27.59%

3.1 Revenue

Total revenue (core revenue and other revenue increasingly adjusted amounting 76.34 MB or 19.22% from the previous year, which can be divided into business segments as per information in following table:

Revenue by Business Segments	2017		2016		Growth Rate
	MB	Portion	MB	Portion	
1. Industrial and OEM (B1) ¹	86.79	18.90%	9816	24.89%	(11.58%)
2. Commercial and residential (B2) ¹	247.08	53.80%	209.20	53.05%	18.11%
3. Medical services (B3) ²	125.39	27.30%	86.95	22.06%	44.21%
Total Revenues	459.26	100.00%	394.31	100.00%	16.47%

¹B1, B2: Filters Vision Public Company Limited (Herein after "The Company").

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

Core revenue of the Company for the Year 2017 increasingly adjusted at 64.95 MB or 16.47% from the previous year by the factor in each business segment as follows:

Industrial and OEM (B1)

Revenue in this segment decreased at 11.37 MB or 11.58 per cent due to the Year 2017 the Parent Company gained not much revenue from project when compared with the previous year. In this regard, such decreased revenue was caused by main factor that project value was not so much. However, when compared with numbers of project in the current year. The core projects in 2017 comprised of rain-storage system, purifying machine by UV for water in manufacturing process, and water system installation and water treatment project, etc. Despite of revenue from projects decreased, revenue from filter elements still continuously grows from product and service quality, which enabled well response to the customers' demand. Therefore, sales volume in this segment slightly decreased.

Commercial and residential (B2)

Revenue in this segment increased 37.88 MB or 18.11 per cent when compared with the previous year. Main revenue gained from special orders of various customers such as celli counter beverage dispenser from a customer in CLM and the Company has maintained orders from such customer continuously. As well, the Company received orders to change equipment of beverage dispenser in all branches of major retail trades over the countries in the 3rd quarter of the year. In this regard, the parent Company enabled to complete service to the said customer within such quarter while the previous year, there was no special order at all. In addition, sales volume in convenience store business line, which expand the business to new branch continually such as a water purification system, roller grill, kettles, sandwich machines, boilers, etc. including with preventive maintenance (PM) of the exist customers. These were resulted to obviously increase in revenue in this business segment.

Medical services (B3)

Revenue in this segment increasingly expanded at 38.44 MB or 44.21 per cent from the previous year. Main revenue was gained from KT Medical Service Co., Ltd. (special clinic for medical services by dialysis machines (Phattanakan) "Clinic"; and 2 dialysis units of government hospitals, which were inaugurated on February 14, 2017 and September 29, 2017), which higher than the previous year at 24.28 MB . These was resulted by 2 from 3 of the said clinic and dialysis units had provided service for continuously increased patients treated by replacement therapy with dialysis machines steadily until full capacity. While in the year 2016 only one clinic had been operated (dialysis service was firstly operated on February 11, 2016), which was resulted to a few patients treated by replacement therapy. Moreover, Irving Corporation Ltd. gained revenue from distribution of full-flavored product for dialysis by machine (dialysis solution) higher than the previous year at 12.07 MB, which was resulted from the success in expanding new-customer base during the ending period of 2016. These were resulted to revenue in this segment increased more than the previous year significantly.

3.2 Gross Profit

The Company Group gained gross margin for the year 2017 and 2016 amounting 120.95 MB and 112.72 MB respectively; by proportion of gross margin equals to 26.34 per cent and 28.59 per cent respectively, which decreased from the previous year. Main reason was caused by expanding of new dialysis unit of a subsidiary in the 1st quarter 2017 could not contribute revenue to cover expenses. Some reason is from depreciation of improved building and design that such depreciation must be recognized in line with contract period as well as it was necessary for customer-base expansion in dialysis solution segment to adjust selling price in order to be competitive with competitors in the same market. As a result, 2017 has gross margin as decrease. If you consider the gross profit, the Group has gross profit increase amount 8.23 million baht or 7.30 per cent from the special order in B2 segment, which order has gross profit as well. And revenue from new dialysis center has tend of income as increase continuously which it can reduce the gap of ongoing costs. This has resulted, the gross margins as increase from the previous year.

3.3 Other income

Other income has increased amount Baht 11.39 million or 408.24 per cent from the previous year, mainly from investment income in promissory note of Baht 4.96 million and promotion income of Baht 6.74 million. While in 2016, has not investment income and promotion income from overseas distributors has a little value when compared with prior year. As result, the other income has increase as significant.

3.4 Selling expenses

The Group has selling expenses increased by Baht 2.92 million or 12.85 per cent from the previous year, due to higher selling expenses, such as brokerage fees, etc. and some expenses to support for expansion of the new business line (2016, the selling expenses has not many transactions). Include the annual compensations, travelling expenses and exhibition expenses. As a result, the selling expenses increased from the previous year.

3.5 Administration expenses

The overall administrative expenses increased by Baht 5.77 million or 7.64 per cent from the previous year, due to the annual compensation of employees and executives, Research expenses for investment in CLMV countries, administrative expenses of 2 new businesses which increased from the previous year. In addition, 2017, has establishing expenses a new company, "Hi Healthcare Center Company Limited", has engage in the medical services and medical beauty treatment services. As a result, the administrative expenses increased from the previous year.

3.6 Operating results

In 2017, the net profit increased by Baht 9.67 million or 80.45 per cent from the previous year. The key factor was other income as increase Baht 11.43 million (as mentioned in 3.3). And selling and administrative expenses increased slightly compared to last year. As a result, the profit of 2017 increased as significantly from the previous year.

4. Financial position

Statement of Financial Position – Consolidated (Million Baht)	As at		Increase (Decrease)	%
	December 31, 2017	December 31, 2016		
Assets	787.13	466.93	320.20	68.58%
Liabilities	123.43	107.95	15.48	14.34%
Shareholders' equity	663.70	358.98	304.72	84.88%
Issued and fully paid-up common share (Million Share)	517.82	308.42	232.09	75.25%
Par (Baht)	0.50	0.50	0.00	0.00%

4.1 Assets

Overall asset as at 31 December 2017 was increased from 2016 by Baht 320.20 million or 68.58 per cent. The significant transactions included of, **cash and cash equivalents has net-increase amount Baht 79.98 million**, which increase from the offering of ordinary shares and exercise of warrants (FVC-W1) amounting to Baht 254.45 million and Baht 27.59 million respectively, and cash receive from loan. While, cash and cash equivalents has decrease due to paid annual bonus to the employees and management amount of Baht 9.49 million, dividend paid to the shareholders in May 2017 amount Baht 6.79 million, purchase of land in Chiang Mai amount Baht 30.48 million, invest in the second branch of Hemodialysis center amount Baht 7.30 million and **payment for purchase assets in the 3rd branch of dialysis unit at 10.00 MB**, repayment for long-term loan from financial institution at 7.72 MB, repayment for

debt to account payable for the order at the end of year 2016 at 13.46 MB, paid the deposits to franchise and asset purchase agreement amount Baht 116.82 million, and prepayment to contractors for building and warehouse construction at 0.34 MB and 39.51 MB respectively. Cash and cash equivalents decreased as mentioned above, effect to the Group's **property, plant and equipment and other advances** have increased Baht 93.37 million and Baht 116.82 million, respectively. In addition, **trade and other receivables** were increased at 10.49 MB mainly from accounts receivable of subsidiaries which are not yet due and payable within 90 days, amounting to Baht 9.63 million. And **inventory** has net increased totaling Baht 11.14 million to support the customer orders in the 1st quarter of 2018. These factors have resulted in assets to net increase as mentioned above.

4.2 Liabilities

Overall liabilities as at 31 December 2017, was increased from 2016, by Baht 15.48 million or 14.34 per cent due to **long-term loan from financial institute has net increase Baht 17.09 million, finance lease payable has net increase Baht 2.07 million**, from purchase 2 new motor vehicles for executives, **provision for long-term employee benefits has increase Baht 1.88 million** and decrease from **trading and other account payables amount 9.50 MB.**, from repayment to supplier, which ordered in last of 2016 amount Baht 10.12 million. Those factors resulted to the Group got net increased liabilities from operation as stated above.

4.3 Shareholders' equity

The overall shareholders' equity in 2017, was increased by Baht 304.72 million or 84.88 per cent. Significant changed transactions is comprised of increased registered capital from offering for sales of common shares and warrants (FVC-W1) in 2017 at net 280.82 MB (already deducted expenses from such offering at 1.22 MB); and increased form operating results in 2017 at 21.69 MB; while decreased from dividend paid to shareholders in May 2017 at 6.78 MB. Those are significant factors resulted to overall Shareholders' equity was increased.

5. Cash Flow

For the year 2017, the Company has increasing in net cash and cash equivalents totaling Baht 79.98 million when compare with previous year. The details of cash flows each activities as follows.

Statement of cash flow (Million Baht)	2017	2016	Increase (Decrease)
Net cash provided by (used in) operating activities	(5.01)	8.81	(13.82)
Net cash provided by (used in) investing activities	(211.04)	(10.67)	(200.37)
Net cash provided by (used in) financing activities	296.03	25.19	270.84
Net increase (decrease) in cash and cash equivalents	79.98	23.33	56.65

5.1 Cash flow from operating activities

Overview the Company's cash flows from operating activities net decrease Baht 13.82 million, important transactions from operating activities are follows as.

1. Trade and other receivables have cash flow increased amount Baht 6.47 million compared with the previous year (cash received as increase). From the policy and follow as strictly for debt collection between sales and finance department. As a result, the Group get receive from many outstanding debtors.

2. Proceeds from installment sale increase amount Baht 4.51 million compared with the previous year (cash flow increase). Forasmuch 2016, has ordered for ice machine under the installment sales amount 15 machines, while 2017, not ordered for sales. Therefore, in 2017, has received from customers under the installment sale only. As a result, the cash received increased.

3. Accounts payable with cash flow decreasing Baht 24.77 million compared with the previous year (payment as increase). Orders to supplier for support business expansion and customer's request in the last period of 2017, as result, must payment to supplier in 1st quarter of 2018.

5.2 Cash flow from investing activities

Cash flow used in investing activities increased Baht 200.36 million compared with the previous year. In 2016, has a lot of investment in fixed assets such as property, building for new office and warehouse (in construction), expanding and purchase dialysis center, paid the deposits to franchise and asset purchase agreement and purchase dialysis for kidney machine of subsidiary. These factors have resulted in cash flow from investing activities as increase from previous year.

5.3 Cash flow from financial activities

Cash flow from financing activities decreased amount Baht 270.84 million compared with the previous year, important transactions from operating activities are follows as.

1. Cash received from offering for sales of common shares and warrants (FVC-W1) in 2017 at net amount Baht 255.63 million.

2. Dividend paid decrease from the last year amount Baht 6.11 million (In 2017, dividend paid amount Baht 6.79 million and in 2016, dividend paid amount Baht 12.91 million).

3. Cash received in equity attributable to non-controlling amount Baht 9.00 million. (In 2016, has not transaction).

6. Financial ratios

Ratio	2017	2018	Increase (Decrease)
<u>Liquidity ratio</u>			
Current ratio (Time)	5.75	3.99	1.76
Quick ratio (Time)	3.39	2.04	1.35
Average collection period	80	81	(1)
Days of inventory	217	226	(9)
<u>Profitability ratio</u>			
Gross profit margin (%)	26.34%	28.59%	(2.25%)
Operating profit margin (%)	6.14%	4.37%	1.77%
Net profit margin (%)	4.58%	3.03%	1.55%
<u>Efficiency Ratio</u>			
Return on equity (%)	4.24%	3.46%	0.78%
Return on assets (%)	3.46%	2.75%	0.71%
<u>Financial Policy Ratio</u>			
Debt to equity ratio (Time)	0.19	0.30	(0.11)
<u>Information per share *</u>			
Basic earnings per share (Baht)	0.05	0.05	0.00
Book value per share (Baht)	1.28	1.16	0.12

*Note : **

- Basic earnings per share of the year 2016 calculate from number of weighted average ordinary shares of 408 million shares.

- Book values per share of the year 2017 calculate from number of weighted average ordinary shares of 518 million shares.

6.1 Liquidity ratio

Current ratio and quick ratio increased from the previous year by 1.76 times and 1.35 times, respectively. In 2017, has current assets amount Baht 425.66 million and in 2016, had current assets amount Baht 313.21 million. As result, the current and quick ratios increased from the previous year. And considering liquidity from cash flow, the Group's cash flow was better than last year. It shows that the Group continues to have good liquidity to repayment debt and working capital continuously.

In 2017, the average collection period has faster than last year. As result, the policy of debts collector between finance and sales departments.

In 2017, the Group had days of inventory (sell products) faster than 2016, because the Group can sell some products which purchased in last period of 2017, on special order of customer. In addition, the products which order in past year can be sold as well. As a result, sales increased significantly from the previous year. Inventories, as at December 31, 2017 has average level close to the previous year. As a result, the Group's day of inventories was better than last year.

6.2 Profitability ratio

The gross profit margin in 2017 decreased from the previous year. Because the income as increase from low margin products. In addition, the Subsidiary's business expansion was not generated revenue to cover expenses incurred (as mentioned 3.2). When consider in net profit margin has increased by 1.55 per cent from the previous year. It shown, the Group is also managed and generated sustainable returns for shareholders as continuously.

6.3 Efficiency ratio

In 2017, the Company received Baht 254.45 million from offering of ordinary shares and Baht 27.59 million from the exercise of warrants (FVC-W1). As result, the shareholders' equity as increased. While the performance in 2017, has grown significantly from the previous year. As a result, the ratio of return on assets and return on equity has increased slightly from the previous year under a limited of time. However, the Group believes to generate better return on assets and return on equity as well.

6.4 Financial policy ratios

Debt to equity ratio has decreased from the previous year. Since the Group has payment to trade and other payable (accrued bonuse) as continuously. Including repayment to loans from financial institution on due period (loan in 2016 and 1st repayment in January 2017). So the debt to equity ratio as decrease. The above events reflect of the Group's ability to repayment as well. Which the repayment will reduce the cost of finance. As a result, the Group has performance as well.

7. Company's direction in 2018

Overall significant events are as follows.

7.1 KT Medical Service Company Limited operates to provide health care facilities for patients with end-stage chronic kidney disease who receive replacement therapy with dialysis kidneys. Present, with patients accepted replacement therapy with dialysis with dialysis machines increased steadily to fully capacity. In the first quarter of 2017, the Company purchases dialysis machines to accommodate more patients. In addition, on February 14, 2017, the Company opened the second branch of dialysis unit and first hemodialysis service was started on February 15, 2017. Currently, the number of patients undergoing hemodialysis is increasing continually. In addition, on September 29, 2017, the Company purchased asset of dialysis unit in order to expand this business according to the target goal. In addition, the Company has plans to establishing more dialysis units to accommodate the increasing number of patients in presently.

7.2 Medical Vision Company Limited has received purchase order from 8 customer for installation and maintenance of pneumatic tube carrier systems totaled Baht 9.29 million which completed. At present, the Company ordered the products from foreign manufacturers for install to the ordered from customer on a continuous order. In the first quarter of 2018, pneumatic tube carrier systems was installed and delivered to a customer amount Baht 2.19 million. Which the growth of business has a good direction.

7.3 Irving Corporation Ltd. in 2017 enabled to install water purification system for dialysis units for 13 projects at total value of Baht 14.15 million and still gets order to install such system continuously. Currently, the subsidiary gets orders from 4 customers at total value Baht 3.90 million. While current sales volume of dialysis solution still enables to expand to target group continually.

7.4 Hi Healthcare Center Co., Ltd. was established on the past September 25, 2017 to operate in order to operate medical service business for healthcare and esthetics under trademark "Wuttisak Clinic". On February 9, 2018, Hi Healthcare Center Co., Ltd. had already signed on the Franchise Agreement; and the Agreement to Acquire and Dispose Assets of "Wuttisak Clinic" 21 branches total value of Baht 220 million. The company will start operate and recognize revenue on February 10, 2018.

7.5 Focusing on business expansion to CLMV countries (Cambodia, Lao PDR, Myanmar, Vietnam), by set up a team to oversee business in these countries. Including picks the business partners among the Group to maintain the standard of products and services from the Company continuously.

7.6 Continue to offer new products, the machine 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 new innovation product to related purification and treatment water systems in Thailand to the target's consumers.

Sincerely Yours,

Wijit Techakasem

(Dr.Wijit Techakasem)

Managing Director