

(Translation)

May 15, 2018

Ref: SET-2018-012

Re: Management Discussion and Analysis for Quarter 1' 2018

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 Quarter 1’ 2018 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 Quarter 1’2018.

The global economy has continued its steady growth as a result of a tightening monetary policy. Meanwhile, the Thai economy began to show financial signals after the Monetary Policy Committee decided to maintain the policy rate. This is a result of the Thai economy has continued to grow well in the past. As a result of this economic situation, the Company's revenue from sales and services increased by Baht 31.61 million from the same quarter of last year. The forecast of the minimum wage adjustment on April 1 And state policies that focus on the distribution of the economy to the community level to increase the people's income. It is the driving force for the company sales continue to rise.

Filter Vision Public Company Limited (Hereinafter called “**The Company**”) still has carried on offering new products continuously. 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. 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 3<sup>rd</sup> 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 renal disease treated with Hemodialysis Machine (Hemodialysis Center) have patients receiving hemodialysis services continue to increase. In 2017, two dialysis units were opened with the addition of hemodialysis machines to accommodate patients increase. Currently, the Hemodialysis Center continues to focus on expanding. And **Medical Vision Co., Ltd.** has distributed medical equipment. In the 1<sup>st</sup> 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)	for the Quarter 1 Ending 31 Mar		+/(-)	%
	2018	2017		
Revenues from sales and services	144.09	112.48	31.61	28.10%
Gross profit from sales and services	<b>22.59</b>	<b>31.62</b>	<b>(9.03)</b>	<b>(28.56%)</b>
Other income	3.13	1.62	1.51	93.21%
Selling expenses	(6.15)	(6.43)	(0.28)	(4.35%)
Administrative expenses	(24.96)	(19.25)	5.71	29.66%
Net profit before finance costs and corporate income tax	<b>(5.39)</b>	<b>7.56</b>	<b>12.95</b>	<b>171.30%</b>
Finance costs	(0.81)	(0.39)	0.42	107.69%
Corporate income tax	(0.10)	(1.48)	(1.38)	93.24%
Net profit for the Year	<b>(6.30)</b>	<b>5.69</b>	<b>(11.99)</b>	<b>(210.72%)</b>
Other comprehensive income - net of tax	0.00	0.00	0.00	0.00%
Total Comprehensive income for the Year	<b>(6.30)</b>	<b>5.69</b>	<b>(11.99)</b>	<b>(210.72%)</b>

Profit Sharing for the Year				
- The Company's Equity	(6.33)	5.30	(11.63)	(219.43%)
- Non-controlling Interest	0.23	0.39	(0.16)	(41.03%)

Total Revenues (Revenues from sales and services and other income) increased by Baht 33.12 million or 29.03% from the same quarter of last year, which can be divided into business segments as per information in following table:

Revenue by Business Segments	for the Quarter 1 Ending 31 Mar				Growth Rate
	2018		2017		
	MB	Portion (%)	MB	Portion (%)	
1. Industrial and OEM (B1) <sup>1</sup>	16.43	11.40%	20.62	18.33%	(20.32%)
2. Commercial and residential (B2) <sup>1</sup>	62.13	43.12%	57.63	51.24%	7.81%
3. Medical services (B3) <sup>2</sup>	65.53	45.48%	34.23	30.43%	91.44%
<b>Total Revenues</b>	<b>144.09</b>	<b>100.00%</b>	<b>112.48</b>	<b>100.00%</b>	<b>28.10%</b>

<sup>1</sup>B1, B2: Filters Vision Public Company Limited (Herein after “The Company”).

<sup>2</sup>B3: Irving Corporation Ltd., KT Medical Services Co., Ltd., Medical Vision Co., Ltd. and Hi Healthcare Center Co., Ltd. (Herein after “The Subsidiaries”).

### 3.1 Revenues from sales and services

In the first quarter of 2018, the Group had revenue from sales of goods and services increased by Baht 31.61 million or 28.10% from the same period last year, which can be described by business segment as follows:

#### **Industrial and OEM (B1)**

Revenue in this segment decreased by Baht 4.19 million or 20.32% compared to the same period last year. The decline in sales of industrial water systems was due to the special orders of a project contractor in the previous year. In the first quarter of 2018, there was only a normal distribution. However, the revenue of the projects that occurred in the first quarter of 2018 increased significantly from the same period last year. Due to marketing strategy that focuses on expanding the business in large scale projects with good strategies and quality of service and products that can meet the needs of the customers. As a result, the volume of business in this segment will grow in a good direction.

#### **Commercial and residential (B2)**

Revenue from this segment increased by Baht 4.50 million or 7.81% compared to the same period of last year. Due to the company focus to expand its business to CLMV countries, as well as the continued increase in sales and maintenance of convenience stores. This resulted in a significant increase in revenue.

#### **Medical services (B3)**

Revenue from this segment increased by Baht 31.30 million or 91.44% from the same period last year. Due to the revenue of the new business (Hi Healthcare Center Co., Ltd.), which started its first service under the trademark “Wuttisak Clinic” on the 10th of February, 2018, that had revenue from sales and services of Baht 34.75 million and the revenue of KT Medical Services Co., Ltd. (Hemodialysis Center) still increase Baht 8.70 million due to increasing of the two hemodialysis center in year 2017, with the number of dialysis patients continuing to increase, leading to a dramatic increase in revenue.

### 3.2 Gross Profit

In the first quarter of 2018, the Group's gross profit decreased by Baht 9.03 million or 28.56% from the same quarter of last year due to the high cost of new business "Wuttisak Clinic". Compare with revenues that occurred in the first quarter of 2018, such as medical services costs, costs of tools and equipment include franchise rights holders (franchisor) are not able to deliver the products (medicines, supplies and equipment) as they will affect the sales and services that are not in line with the target. And the cost of sales of Medical Vision Co., Ltd. increased from the period maintenance work. Meanwhile, revenue is not much. These are the result of the Group. The gross margin was lower than that of the same period of last year.

### 3.3 Selling expenses

The Group had a decrease in selling expenses 0.28 million baht or 4.35% as compared to the same period last year. Since the end of 2017, the sales structure of the subsidiary has been restructured by set to work together. As a result, the cost of staff decreased, such as the cost of travel, commission fee as the overall revenue continues to increase.

### 3.4 Administration expenses

The Group's administrative expenses increased by Baht 5.71 million or 29.66% as compared to the same period last year from the administrative expenses of the new business started in the first quarter of year 2018 (last year there was no expense item), In addition, the Group have adjusted employee and management remuneration as usual every year.

### 3.5 Operating results

The Group's net profit decreased by Baht 11.99 million or 210.72% as compared to the same period of last year. Since the new business is not able to generate a return cover the expenses incurred, the first quarter of Year 2018 have loss. However, losses incurred from the expenditures that prepare and increase efficiency the management of the business is a priority.

## 4. Financial position

Statement of Financial Position – Consolidated (Million Baht)	As at		Increase (Decrease)	%
	March 31, 2018	December 31, 2017		
Assets	835.17	787.13	48.04	6.10%
Liabilities	177.77	123.43	54.34	44.02%
Shareholders' equity	657.40	663.70	(6.30)	(0.95%)
Issued and fully paid-up common share (Million Share)	517.82	517.82	0.00	0.00%
Par (Baht)	0.50	0.50	0.00	0.00%

#### **4.1 Assets**

The total assets of the first quarter of 2018 increased by Baht 48.04 million or 6.10% from the end of 2017. Significant changes included a decrease in cash and cash equivalents Baht 130.34 due to advance payment and payment to the new office and warehouse construction contractor of Baht 28.62 million, Bonus payment to employees Baht 11.59 million and the acquisition of franchise rights and property amounting to Baht 95.00 million. As the result, the Group's property, plant and equipment increased by Baht 89.93 million due to the purchase of 21 branches, in accordance with the Sale and Purchase Agreement of Baht 62.70 million and construction in progress amounted to Baht 28.33 million. In addition, trade accounts receivable and other accounts receivable increased by Baht 50.82 million (from trade accounts receivable and other receivables of new business by Baht 36.70 million), inventories increased by Baht 28.39 million and other current assets increased by Baht 7.06 million.

#### **4.2 Liabilities**

The total liabilities in the first quarter of 2018 increased by Baht 54.34 million or 44.02% from the end of 2017. Significant changes included trade accounts payable and other payables of Baht 14.12 million. (trade accounts payable and other payables of the new business increased by Baht 16.33 million), increased in advance of Baht 10.10 million, and long-term loans from financial institutions increase of 24.18 million baht (the loan for the construction of a new warehouse and office building and to purchase hemodialysis machine), so these results increase in operating liabilities.

#### **4.3 Shareholders' equity**

The overall shareholders' equity in the first quarter of 2018 was Baht (6.30) million or 0.95%, down from the end of 2017, as a result of the operating results in the first quarter of 2018. This is a significant factor contributing to the decrease of the shareholders' equity.

### **5. Company's direction in 2018**

Overall significant events are as follows.

5.1 KT Medical Services Co., Ltd. operates a hemodialysis center to patients with chronic kidney disease. Present, patient who replacement therapy with dialysis with dialysis machines was increased steadily to fully capacity. And the second quarter of 2018, has opened and operated new hemodialysis center to provide services with 16 dialysis machines which according to the business plan. And still plans to open more dialysis units. In addition, the Company has plans to establishing more dialysis units to accommodate the increasing number of patients in presently.

5.2 Irving Corporation Limited, distribution a dialysis solution product which has ordered as continually in present. And the installation of pure water treatment system for hemodialysis unit. Currently, has ordered from 5 customers, amount Baht 6.65 million and expected to be completed in the second quarter of 2018.

5.3 Hi Health Care Center Company Limited, operated medical service and medical beauty treatment clinic under the brand "Wuttisak Clinic", which start operate the franchise business on February 10, 2018. And the first quarter of 2018, has sales and services income amount Baht 34.75 million. And our experience from

operate the business in the first quarter to set marketing strategy for appropriate the business environment in each area. We believe that sales and service income will grow as continuously and reduce the cost of sales and services that are currently available. And the result is good operation.

5.4 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.

5.5 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