

(Translation)

August 14, 2018

Ref: SET-2018-016

Re: Management Discussion and Analysis for Quarter 2' 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 2' 2018 with the summary as follows: -

### 1. Nature of operations of the Group

The Group has principally engaged 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 2'2018.

Although the global economy is at risk, such as political tensions and economic of international, or the uncertainty of US economic policy. However, the global economy has continued to improve. Thai economy is growing as slowly which the tourism and exports were driving force in the first half year. Income and unemployment issues have well from the government measure, such as ameliorate cost of living. In particular, the adjustment to the minimum wage on April 1 ago. As a result, the 2nd quarter of 2018, the Group's revenue from sales and services increased by Baht 67.12 million from the same quarter in last year. And state policies that focus on the distribution of the economy to the community level to increase the people's income in the 2nd half of this year will driving force for the Group's sale to continue as well.

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** has distributed products and equipment design and installation of systems related to water treatment systems for medical services. In

the past, revenue from the installation of water treatment systems project for the medical services business has been realized 7 projects, **KT Medical Services Co., Ltd.** provides health care facilities for patients with end-stage renal disease treated with Hemodialysis Machine (Hemodialysis Center) Currently, there are 3 Hemodialysis Center (38 Dialysis Machines) a hemodialysis Center in Bangkok and two hemodialysis Center in northeastern provinces, where patients are continuously increasing. Now, the company continue to focus on expanding hemodialysis Center. **Medical Vision Co., Ltd.** has distributed medical equipment. In the 2018, it recognized income from complete installation of air tube systems for transfer documents and parcel (Pneumatic Tube Carrier Systems) for 2 projects. And, **Hi Healthcare Center Co., Ltd.** was established on September 25, 2017 to operate medical service concerning healthcare and esthetics under trademark “**Wuttisak Clinic**”, which start operate the franchise business on February 10, 2018.

### 3. Analysis of Operating Results

Statements of Comprehensive Income – Consolidated (Million Baht)	For 3-month period ended June 30,		Increase (Decrease)		1st Quarter 2018	Increase (Decrease)		For 6-month period ended June 30,		Increase (Decrease)	
	2018	2017	YoY	%		QoQ	%	2018	2017	YoY	%
Revenues from sales and services	164.67	97.55	67.12	68.81%	144.09	20.58	14.28%	308.76	210.03	98.73	47.01%
<b>Gross profit from sales and services</b>	<b>22.37</b>	<b>24.34</b>	<b>(1.97)</b>	<b>(8.09%)</b>	<b>22.59</b>	<b>(0.22)</b>	<b>(0.97%)</b>	<b>44.97</b>	<b>55.95</b>	<b>(10.98)</b>	<b>(19.62%)</b>
Other income	2.98	1.18	1.80	152.54%	3.13	(0.15)	(4.79%)	6.12	2.81	3.31	117.79%
Selling expenses	7.06	5.97	1.09	18.26%	6.15	0.91	14.80%	13.22	12.40	0.82	6.61%
Administrative expenses	25.46	20.22	5.24	25.91%	24.96	0.50	2.00%	50.42	39.46	10.96	27.77%
<b>Net profit before finance costs and corporate income tax</b>	<b>(7.17)</b>	<b>(0.67)</b>	<b>(6.50)</b>	<b>(970.15%)</b>	<b>(5.39)</b>	<b>(1.78)</b>	<b>(33.02%)</b>	<b>(12.55)</b>	<b>6.90</b>	<b>(19.45)</b>	<b>(281.88%)</b>
Finance costs	0.89	0.37	0.52	140.54%	0.81	0.08	9.88%	1.71	0.77	0.94	122.08%
Corporate income tax	(3.42)	(0.34)	(3.08)	(905.88%)	0.10	(3.52)	(3,520.00%)	(3.31)	1.14	(4.45)	(390.35%)
<b>Net profit for the period</b>	<b>(4.64)</b>	<b>(0.70)</b>	<b>(3.94)</b>	<b>(562.86%)</b>	<b>(6.30)</b>	<b>1.66</b>	<b>26.35%</b>	<b>(10.95)</b>	<b>4.99</b>	<b>(15.94)</b>	<b>(319.44%)</b>
Other comprehensive income - net of tax	0.00	0.00	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00	0.00	0.00%
<b>Total Comprehensive income for the period</b>	<b>(4.64)</b>	<b>(0.70)</b>	<b>(3.94)</b>	<b>(562.86%)</b>	<b>(6.30)</b>	<b>1.66</b>	<b>26.35%</b>	<b>(10.95)</b>	<b>4.99</b>	<b>(15.94)</b>	<b>(319.44%)</b>
<b>Profit Sharing for the Period</b>											
- The Company's Equity	(4.86)	(0.34)	(4.52)	(1,329.41%)	(6.33)	1.47	23.22%	(11.19)	4.96	(16.15)	(325.60%)
- Non-controlling Interest	0.22	(0.36)	0.58	161.11%	0.03	0.19	633.33%	0.24	0.03	0.22	1,100.00%

Total Revenues (Revenues from sales and services and other income) increased amount Baht 20.43 million or 12.19 per cent from the same quarter of last year, and increased from the same period of previous year at Baht 102.04 million or 47.94 per cent. which can be divided into business segments as per information in following table:

Revenue by Business Segments	For 3-month period ended June 30,				For 6-month period ended June 30,			
	2018		2017		2018		2017	
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)
1. Industrial and OEM (B1) <sup>1</sup>	25.96	15.76%	19.89	20.39%	42.39	13.73%	40.51	19.29%
2. Commercial and residential (B2) <sup>1</sup>	61.79	37.52%	50.92	52.20%	123.92	40.13%	108.55	51.68%
3. Medical services (B3) <sup>2</sup>	76.92	46.72%	26.74	27.41%	142.45	46.14%	60.97	29.03%
<b>Total Revenues</b>	<b>164.67</b>	<b>100.00%</b>	<b>97.55</b>	<b>100.00%</b>	<b>308.76</b>	<b>100.00%</b>	<b>210.03</b>	<b>100.00%</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 2<sup>nd</sup> quarter of 2018, the Group had revenue from sales of goods and services increased by Baht 67.12 million or 68.81 per cent from the same period last year, which can be described by business segment as follows:

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

The revenue from this business segment increased by Baht 6.07 million or 30.52 per cent from the same period of last year due to the adjustment of the business strategy to focused in the large project group in the first quarter. Including the quality of service and products that can meet the needs of the customers as increased efficiency. As a result, in the second quarter of 2018, has orders in many large projects, such as the Improved treatment system of 300 cubic meters per day project (from delivery 2 times), water system installation and water treatment project. While, in the same period of 2017, has one large project only, rain water harvest system project. As a result, revenue from project has increased significantly from the previous year. In addition, the revenue from distribution of products in the industrial water supply system has continued to increase. As a result, the overall revenue of this business group has increased from the same period in last year.

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

The revenue of business segment has increased baht 10.87 million or 21.35 per cent from the same period in last year. More customers who want to maintain the standard and quality of water to production and distribution for drink business, and the expansion of the convenience stores business. As a result, the second quarter of 2018, has orders from the manufacturers and / or beverage distributors in major countries

which many orders as increased significantly compared with the same period last year. Including preventive maintenance's income from existing customers as increase. As a result, the revenue in this business segment has grown as continually.

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

Revenue from this segment increased by Baht 50.18 million or 187.66 per cent from the same period in 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 February 10, 2018, that had revenue from sales and services in 2nd quarter of 2018 amount Baht 44.75 million and the revenue of KT Medical Services Co., Ltd. (Hemodialysis Center) still increase Baht 7.51 million from the same period in last year. Due to increasing of the 2 hemodialysis centers in year 2017, with the number of dialysis patients continuing to increase, as a result, the revenue in this business segment has grown as significant.

### **3.2 Gross Profit**

The Group's gross profit decreased by Baht 1.97 million or 8.09 per cent. Due to the cost of new business "Wuttisak Clinic" as high when compare with revenues that occurred, such as medical services costs, costs of tools and equipment that include franchisor cannot able to deliver the products (medicines, supplies and tools) to us. This affect to sales and services are not in line the target. And Medical Vision Co., Ltd. has a cost of goods sold from pneumatic tube carrier systems as higher, when compare with income from the same period of last year. As a result, the Group has gross margin as lower while sale and service income as increased.

### **3.3 Selling expenses**

Selling expense has increase from the last quarter amount Baht 0.91 million or 14.80 per cent. Cause, on April of 2018 has commission expense to sale employee for stimulate in sale and service income as increasable from 1st quarter of 2018, which the commission as a result to selling expense as increase from the same period in last year amount Baht 1.09 million or 18.26 per cent.

### **3.4 Administration expenses**

The Group's administrative expenses increased from the last quarter amount Baht 0.50 million or 2.00 per cent, and increase from same period of last year amount Baht 5.24 million or 25.91 per cent. Due to the administrative expenses of the new business which operate in the 1st quarter of 2018 (last year has not 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 3.94 million or 562.86% as compared with the same period of last year. Since the new business cannot generate income as cover the expenses incurred. As a result, in 2nd quarter of 2018 was losses. But compared with 1st quarter of 2018 was operation results as well, due to adjustment the

business strategy in new business. 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)	%
	June 30, 2018	December 31, 2017		
Assets	877.14	787.13	90.01	11.44%
Liabilities	213.81	123.43	90.38	73.22%
Shareholders' equity	663.33	663.70	(0.37)	(0.06%)
Issued and fully paid-up common share (Million Share)	565.14	517.82	47.32	9.14%
Par (Baht)	0.50	0.50	0.00	0.00%

##### 4.1 Assets

The total assets as at June 30, 2018 increased by Baht 90.01 million or 11.44 per cent from the end of 2017. Significant changes included a **cash and cash equivalents Baht 118.13 million was decrease**, due to payment to contractor and other expense for the new office and warehouse of Baht 34.75 million, Bonus payment to employees and management Baht 11.59 million, the acquisition in franchise agreement and purchase asset agreement amounting to Baht 95.00 million and increase transaction such as cash received from loan amount Baht 17.60 million. As the result, the Group's **property, plant and equipment increased by Baht 91.09 million** due to the purchase of 21 branches, in accordance with the purchase asset agreement of Baht 66.17 million and construction in progress amounted to Baht 36.05 million. In addition, **trade and other receivable increased by Baht 86.71 million** (trade and other receivables of new business amount Baht 57.51 million), **inventories increased by Baht 16.84 million** (from new business by Baht 10.12 million).

##### 4.2 Liabilities

The total liabilities in the first half of 2018 as increased from the end of 2017 by Baht 90.38 million or 73.22 per cent. Significant changes included **trade and other payables of Baht 32.16 million** (trade and other payables of the new business increased by Baht 16.26 million), **increased in unearned income of Baht 16.89 million**, **short-term loans from financial institutions increase Baht 19.95 million** (for payment to foreign supplier), **long-term loans from financial institutions increase Baht 17.60 million** (the loan for the construction of a new warehouse and office building and to purchase hemodialysis machine), and **other current liabilities as increase Baht 4.27 million**, so these results net increase in operating liabilities.

### 4.3 Shareholders' equity

The overall shareholders' equity in the first half of 2018 was decrease from the end of 2017 0.37 million or 0.06 per cent. Significant changes included comprised of **increased registered capital amount Baht 23.66 million**, due to from offering for sales of common shares and warrants (FVC-W1) at Baht 11.90 million and stock dividend amounting Baht 11.76 million. And **Retained earnings decrease from annual dividend payment amount Baht 13.09 million** and losses from operation in this 6 month amount baht 10.95 million. 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 July 16, 2018, has opened and operated new hemodialysis center to provide services with 17 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 4 Projects, amount Baht 4.27 million and expected to be completed in the third quarter and fourth quarter of 2018.

5.3 Medical Vision Company Limited has received purchase order for installation and maintenance of pneumatic tube carrier systems totaled Baht 3.48 million which completed. At present, the Company has received 1 purchase order for installation and maintenance of pneumatic tube carrier systems totaling Baht 3.80 million, which under installation to completely.

5.4 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 half of 2018, has sales and services income amount Baht 79.50 million. And our experience from operate the business in the first quarter to set business 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.

5.5 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.

5.6 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.

5.7 In business segment Industrial and OEM (B1) continue marketing strategies that focus on expanding the business in big project work. The Company has received order for the big project work totaling Baht 3.67 million, which was installed completely. At present, the Company has received purchase order for installation big project totaling Baht 12.83 million, which is expected to be completed in 2018.

Sincerely Yours,

Wijit Techakasem

( Dr.Wijit Techakasem )

Managing Director