

(Translation)

February 27, 2019

Ref: SET-2019-003

Re: Management's Discussion and Analysis and operating results for the Year 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 Year 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 Year 2018.

Although in 2018, the global economy as risk from international of political tensions and economic. And the uncertainty of US economic policy. But, the global economy trend as continued to improve. Thai economy is growing as slowly which the tourism and exports were driving force in past time. Including, the income and unemployment problem as improve from the government measure, such as ameliorate cost of living. In particular, the adjustment to the minimum wage in past. As a result in the year 2018, the Group has revenue from sales of products and services has increased from the previous year in the amount Baht 197.45 million, and expected in 2019 from the exist government's policy and the election that will take on March 24, 2019, will affect to demand for products and services in the wholesale business and restaurant business and hotel and accommodation business will increase as significantly and will be the important driving for revenue from sale and service as increased to continually.

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, has recognized income from installation of water treatment systems project 10 projects, KT Medical Services Co., Ltd. has provides health care facilities for patients with end-stage renal disease treated with hemodialysis machine ("Hemodialysis Center"). Currently, there are 5 Hemodialysis Center (with 63 dialysis machines), 1 hemodialysis center in Bangkok, 3 hemodialysis centers in northeastern and 1 hemodialysis center in western, which patients are increase as continuously to fully capacity. And, continue to focus on expanding hemodialysis center. Medical Vision Co., Ltd. has distributed medical equipment. In the 2018, has recognized from installation of Pneumatic Tube Carrier Systems 6 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

Profit & Loss Statements (Million Baht)	Consolidated Financial Statements			
	2018	2017	+ / (-)	%
Revenues from sales and services	656.71	459.26	197.45	42.99%
Gross profit from sales and services	125.50	120.95	4.55	3.76%
Other income	6.10	14.18	(8.08)	(56.98%)
Selling expenses	(30.05)	(25.64)	4.41	17.20%
Administrative expenses	(100.78)	(81.31)	19.47	23.95%
Net profit before finance costs and corporate income tax	0.77	28.18	(27.41)	(97.27)%
Finance costs	(6.67)	(2.41)	(4.26)	(176.76%)
Corporate income tax	2.02	(4.08)	6.10	149.51%
Net profit for the Year	(3.88)	21.69	(25.57)	(117.89%)
Other comprehensive income - net of tax	0.68	0.00	0.68	100.00%
Total Comprehensive income for the Year	(3.20)	21.69	(24.89)	(114.75%)
<u>Profit Sharing for the Year</u>				
- The Company's Equity	(4.44)	22.06	(26.50)	(120.13%)
- Non-controlling Interest	1.24	(0.37)	1.61	435.14%

3.1 Revenue

Total revenue (core revenue and other revenue) as increasing amounting Baht 189.37 Million or 40.00 per cent from the previous year, which can be divided into business segments as per information in following table:

Revenue by Business Segments	2018		2017		Growth Rate
	MB	Portion	MB	Portion	
1. Industrial and OEM (B1) ¹	100.51	15.31%	86.79	18.90%	15.81%
2. Commercial and residential (B2) ¹	255.47	38.90%	247.08	53.80%	3.40%
3. Medical services (B3) ²	300.73	45.79%	125.39	27.30%	139.84%
รวมรายได้	656.71	100.00%	459.26	100.00%	42.99%

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

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

Core revenue of the Group for the Year 2018 increasingly adjusted at 197.45 MB or 42.99 per cent from the previous year by the factor in each business segment as follows:

Industrial and OEM (B1)

The revenue from this business segment increased Baht 13.72 million or 15.81 per cent from the previous year. Due to the adjustment the business strategy to focused on the large project. And the quality of service and products which support the needs of the customers as efficiency. As a result, in 2018, has orders in large projects, such as the wastewater treatment equipment installation project, the improved treatment system of 300 cubic meters per day project, repair and improve the settling tank project, installation the ultrafiltration membrane's project and Nitrate Filter system Installation. While, in 2017, not many large project, and the revenue from the sale of products in the industrial water system be continuously. As a result, revenue has significantly increased from the previous year.

Commercial and residential (B2)

Revenue in this group as increased Baht 8.39 million or 3.40 per cent which compared to the previous year, mainly from preventive maintenance income with the needs of customer in food and beverage business who want to maintain the standards and quality of water to use in production process. While the revenue from the sale of products and installation of the water system has growth as similar with the previous year. As a result, the revenue in this group is growth as not significantly when compared from the previous year.

Medical services (B3)

Revenue from this segment increased at Baht 175.34 million or 139.84 per cent from the previous year. Due to, the revenue of the new business (Hi Healthcare Center Co., Ltd.), which started operation under the trademark “Wuttisak Clinic” on February 10, 2018, has the revenue from sales and services in 2018 amount Baht 164.18 million. And the revenue of KT Medical Services Co., Ltd. (KT Medical service's Hemodialysis Center) still increase from the previous year at Baht 32.99 million or 110.05 per cent. Due to, increase the 2 hemodialysis centers in 2018, and the number of dialysis patients has increase as continuously to fully. As a result, the revenue in this segment has grown as significant when compared with the previous year.

3.2 Gross Profit

The Group has gross profit in 2018 and 2017 amounting to Baht 125.50 million and Baht 120.95 million respectively, and the gross profit margin is 19.11 per cent and 26.34 per cent respectively. Which the gross profit has decreased from new business that started operation in 2018, and the cost of sales on sales was high, such as depreciation from the purchase assets agreement which the assessor has considers in lifetime of assets as not many with compared to the value of assets that is high price, as a resulting in 2018, has the depreciation amounting Baht 5.22 million, and physicians fees amounting Baht 42.65 million as high expenses, to keep a physicians in our business as continuously. Therefore resulting, gross profit as decrease from the previous year. However, considering the gross profit of each business in the Group, it was found that the gross profit margin was significantly higher than the previous year, especially the gross profit in the hemodialysis business which increased from the previous year 203.31 per cent.

3.3 Other income

Other income has decreased amount Baht 8.08 million or 56.98 per cent from the previous year, mainly from investment income in promissory note. While in 2018, has not investment income. As result, the other income has decrease.

3.4 Selling expenses

Selling expenses as increased at Baht 4.41 million or 17.20 per cent from the previous year, mainly from the commissions of the existing and new business groups for stimulate in sales and services. As a result, the selling expenses as increasable.

3.5 Administration expenses

The Group's administrative expenses increased amount Baht 19.47 million or 23.95 per cent. Due to the administrative expenses of the new business which operate in February 10, 2018 (last year has expense from registering the company only), In addition, the Group have adjusted employee and management remuneration as usual every year. As a result, the selling expenses increased from the previous year.

3.6 Operating results

The Group's net profit decreased by Baht 25.57 million or 117.89 per cent as compared with the last year. Since the new business cannot generate income as cover the expenses incurred. As a result, in losses. However, this 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)	%
	December 31, 2018	December 31, 2017		
Assets	954.82	787.13	167.69	21.30%
Liabilities	283.75	123.43	160.32	129.89%
Shareholders' equity	671.07	663.70	7.37	1.11%
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 December 31, 2018 increased by Baht 167.69 million or 21.30 per cent from the end of 2017. Significant changes included a cash and cash equivalents was decrease Baht 137.87 million, due to payment to contractor and other expense for the new office and warehouse of Baht 34.75 million, Purchase a fixed assets amount Baht 60.86 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, payment of deposit for purchase asset, rental and service deposit amount Baht 7.65 million and increase transaction such as cash received from sales of common shares and warrants (FVC-W1) at Baht 11.90 million, cash received from Overdraft and loan amount Baht 65.03 million. As the result, the Group's property, plant and equipment increased by Baht 99.00 million due to the purchase of 21 branches, in accordance with the purchase asset agreement of Baht 38.55 million and construction in progress amounted to Baht 36.05 million. And payment PPE for new dialysis center amount Baht 35.57 million. And non-current assets increased amount Baht 8.49 million consisting of deposits for rental and service agreement amount Baht 7.65 million. In addition, trade and other receivable increased by Baht 114.41 million from trade and other receivables of new business amount Baht 82.14 million, inventories increased by Baht 27.35 million from new business by Baht 21.09 million.

4.2 Liabilities

The total liabilities as at 31 December 2018, increased from the 2017 by Baht 160.32 million or 129.89 per cent. Significant changes included trade and other payables of Baht 65.41 million from trade and other payables of the new business increased by Baht 38.46 million and dialysis machine's payable amount Baht 17.39 million, unearned income of Baht 26.20 million, overdraft and short-term loans from financial institutions increase Baht 38.83 million to support our operation activities and payment to foreign supplier, long-term loans from financial institutions increase Baht 20.06 million loan for the construction of a new warehouse and office building and to purchase hemodialysis machine. As a results net increase in operating liabilities.

4.3 Shareholders' equity

The overview of shareholders' equity in 2018 has increased from the end of 2017, amounting to 7.37 million baht or 1.11 percent. The significant changes include the paid-up capital of 23.66 million baht which consist of exercised warrant (FVC-W1) in the amount of 11.89 million baht and from the stock dividend payment of 11.77 million baht and retained earnings decreased from dividend payment for operating year 2017, amount of 13.09 million baht, including the operating loss of 3.20 million baht in 2018. These are main result in a decrease in shareholders' equity.

5. Cash Flow

For the year 2018, the Company has decreasing in net cash and cash equivalents totaling Baht 137.87 million when compare with previous year. The details of cash flows each activities as follows.

Statement of cash flow (Million Baht)	Consolidated Financial Statements		
	2018	2017	+ / (-)
Net cash provided by (used in) operating activities	(52.55)	(5.01)	(47.54)
Net cash provided by (used in) investing activities	(149.80)	(211.04)	61.24
Net cash provided by (used in) financing activities	64.48	296.03	(231.55)
Net increase (decrease) in cash and cash equivalents	(137.87)	79.98	(217.85)

5.1 Cash flow from operating activities

The company had cash flow from operating activities increased by 47.54 million baht. The significant items from operating activities are as follows:

1. Trade and other receivables have decreased cash flow by amount of 105.88 million baht compared to the previous year. (Decreased cash receipts) mainly from trade accounts receivable and other receivables in the new business of Baht 82.14 million at present the debtor is in the process of filing. In addition, including trade accounts receivable of hemodialysis business group, amount of 24.11 million baht. From increased

revenue including such trade accounts receivable from government which have a long period of disbursement procedures these results have decreased in the Company's cash flow from operating activities.

2. Trade and other payables have increased cash flow by amount of 61.43 million baht compared to last year. (Decrease payment payables) mainly from Trade and other payables of new business, amount of 38.69 million baht and other payables from the purchase of assets for the hemodialysis center in the amount of 14.18 million baht. Negotiation of management with various manufacturers and distributors to extend the payment period longer from the previous period these resulted in a decrease in payment cash flow.

3. Unearned Income has increased cash flow by amount of 26.20 million baht compared to the previous year. (The first operation started on February 10, 2018) by organizing new business promotion activities for customers to use the service. And pay for the service in advance.

4. Inventories have increased cash flow by amount of 16.30 million baht due to support selling and providing services of health and beauty clinics business in the amount of 21.09 million baht and product pneumatic tube carrier systems projects that will occur in the first quarter of the year 2019, amount 5.29 million baht.

5.2 Cash flow from investing activities

The company used cash flow from investing activities decreased by 61.24 million baht compared to the previous year. Since in 2017, there were many high-value fixed assets such as land, construction of new office buildings and warehouses. (Under construction) Expansion and acquisition of property groups in the Hemodialysis Center, Advance payment for rights Franchise and purchase of new business assets and dialysis machines of subsidiaries in the amount of 216.00 million baht, while in 2018 there was only the payment for the purchase of franchise rights and the purchase of new business assets, the remaining amount of 88.79 million baht and the purchase of assets for operation of 60.86 million baht. Therefore resulting in a decrease in cash flow from investment activities, which was significantly reduced from the previous year.

5.3 Cash flow from financial activities

The company had cash flows from financing activities decreased by 231.55 million baht compared to the previous year. Significant items from financing activities since in 2017, there was cash received for the capital increase and the exercise of warrants to purchase ordinary shares of the warrant holders (FVC-W1) in the amount of 280.82 million baht. In the year 2018, there was only cash received from the exercise of warrants (FVC-W1) of 11.89 million baht. However, in 2018, the company had cash received from overdraft and money Short-term loans in the amount of 38.83 million baht, while the previous year there was no such transaction. As a result, the cash flow from financing activities decreased significantly from the previous year.

6. Financial ratios

	Consolidated Financial Statements		
	2018	2017	+ / (-)
<u>Liquidity ratio</u>			
Current ratio (Time)	2.04	5.75	(3.71)
Quick ratio (Time)	1.06	3.39	(2.33)
Average collection period	85	80	(5)
Days of inventory	206	217	(11)
<u>Profitability ratio</u>			
Gross profit margin (%)	19.07%	26.34%	(7.27%)
Operating profit margin (%)	0.12%	6.14%	(6.02%)
Net profit margin (%)	(0.59%)	4.58%	(5.17%)
<u>Efficiency Ratio</u>			
Return on equity (%)	(0.58%)	4.24%	4.82%
Return on assets (%)	(0.45%)	3.46%	3.91%
<u>Financial Policy Ratio</u>			
Debt to equity ratio (Time)	0.42	0.19	0.23
<u>Information per share **</u>			
Basic earnings per share (Baht)	(0.01)	0.04	(0.05)
Book value per share (Baht)	0.59	0.65	(0.69)

Note : *

1. Basic earnings per share of the year 2017 calculate from number of weighted average ordinary shares of 535 million shares. And book value per share of 2017 is calculated from the number of ordinary shares at 518 million shares.

2. Book values per share of the year 2018 calculate from number of weighted average ordinary shares of 556 million shares. . And book value per share of 2018 is calculated from the number of ordinary shares at 565 million shares.

6.1 Liquidity ratio

In 2018, the Group has invested in the health and beauty business group with amount of 220 million baht, resulting in the need to use the large amount of revolving funds to invest and operate in that business. Including the payments of trade accounts receivable is likely to be delayed over the previous year partly due to the increase in trade accounts receivable of health and beauty businesses. At present, it is in the process of filing the trade accounts receivable. As a result, the current ratio has decreased as compared to the previous year. However, considering the ability to sell, that Days of inventory has improved compared the

previous year. Which believes that with the good days of inventory and close cooperation in monitoring the debt of the finance department and the sales department closely will result in the company group returned to have a higher working capital ratio.

6.2 Profitability ratio

Since in the first quarter of 2018, the Group signed a franchise agreement and entered into an asset purchase agreement with Wuttisak Clinic Inter Group Co., Ltd. with amount of 220.00 million baht. From a limited time compared to the cost of investing in high value assets including service costs that have continued to increase, such as compensation for employees and doctors Property depreciation Rental and service fees Therefore, the return on assets and the return on equity of the group of companies is not good compared to the previous year.

6.3 Financial policy ratios

The debt to equity ratio is likely to increase from the previous year clearly. Since in 2018, the group company has loan from financial institutions to decorate new office buildings and warehouses. Expanding the Hemodialysis Business Unit Increasing the efficiency of the management of new businesses including other short-term loans to support working capital of the Group's operations including liabilities from unearned income received from the health and beauty businesses that are constantly increasing as a result, the debt to equity ratio increased significantly from the previous year. However, considering the debt that is in advance of the business group, the health and beauty that occurs will mean the revenue recognition that will occur. And will result in the group of companies have good performance.

7. Company's direction in 2019

Overall significant events are as follows.

7.1 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. Currently, there is still a plan for increasing the hemodialysis unit continuously. In the first quarter of 2019, an additional hemodialysis center will be opened in the northern region with 8 dialysis machines and increasing 4 dialysis machines in the existing hemodialysis unit within the same quarter in order to support the increasing number of patients currently which is in accordance with the business goals.

7.2 Irving Corporation Limited, distribution a dialysis solution product which has ordered as continually in present. And the installation of purified water treatment system for hemodialysis unit. Currently, has ordered from 6 Projects, amount Baht 4.98 million and expected that some project to be completed in the first quarter of 2019.

7.3 Medical Vision Company Limited provides installation and maintenance services for pneumatic tube carrier systems in the hospital, in 2018. The project has been completed to install 6 projects. Currently, accepting orders from 5 additional government customers amount a total of 17.08 million baht which the project was

completed in early 2019 with 2 projects amount 4.08 million baht. And expected to complete the installation within the first quarter of 2019, another 2 projects, amount 5.05 million baht.

7.4 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. From past operations, revenue from sales and services can be recognized in the amount of Baht 164.18 million. The results from the experience led to the business strategy to suit the business environment in each area. Therefore believe that the revenue from sales and services will increase continuously including to reduce the cost of sales and services that are currently available and will result in good business performance.

7.5 Continuously introducing new products which are energy-saving innovations for air conditioners (WATER INT PAD: Water Intelligent) In 2018, can sell such products which the quality and efficiency of the products resulting in the year 2019, the company received orders from a local customer to install such products with a cooling machine at the factory building with a value of 7.00 million baht which is expected that some parts will be installed and completed in the first quarter of 2019.

7.6 Business segment Industrial and OEM (B1) continue marketing strategies that focus on expanding the business in big project work. Currently, three orders have been received from customers totaling 11.05 million baht, which is expected to be recognized in the 1st quarter of 2019.

Sincerely Yours,

Wijit Techakasem

(Dr.Wijit Techakasem)

Managing Director