

November 13, 2019

Ref: SET-2019-011

Re: Management Discussion and Analysis for Quarter 3' 2019

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 3' 2019 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 Hemodialysis services for kidney patients who receive replacement therapy with Hemodialysis by Hemodialysis machinery (Hemodialysis Center) and distribution of medical equipment as well as medical service concerning health and esthetics.

#### 2. Overview of operating results in 3 quarters of 2019.

Continued from the first Quarter of 2019 until third Quarter, the world economic still be tense from political crisis in many country including War trade crisis between USA and China however the global economy still has continuously growing up. While Thai's economic has trend to growing lower than expectation, Not only exporting business but Travelling business also have trend to growing less than expected and moreover Thai foreign exchange rate of the Baht was appreciate that cause Financial Institutions Policy Committee announce to decrease the policy rate 0.25% per year from 1.50% per year to 1.25% per year that is the second time in 1 years after first decreased on August 2019. However investment from inside and outside of Thailand will be increased from this policy Retail business, Whole sale business, Restaurant and Hotel business will be increased and it will driving our Group's sale to continue as well

Filter Vision Public Company Limited (Hereinafter called "The Company") still has carried adjustment of the business strategy to focus on the large project since last year and we got purchase order from big industry in first quarter of 2019 in an amounting of Baht 89.84 million. Almost of all revenue was gradually recognized since first quarter until this quarter. Moreover the Company still has carried on offering new products continuously which is an innovation of power saving in Air Conditioner (WATER INT PAD: Water Intelligent). In addition the Company still development quality of product and service followed by client's standard

that appropriate with their business. The Company also organized the marketing activities to educate the water quality to target's group continuously. 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. So far the Company still received purchase order for project of installation water treatment systems for medical services and Hemodialysis Solution continuously.

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 6 Hemodialysis Center (75 Hemodialysis Machines) one Hemodialysis Center in Bangkok, three Hemodialysis Centers in northeastern provinces and two Hemodialysis Centers in western provinces. So far the patients are continuously increasing and now the company continuously to focus on expanding hemodialysis Center.

Medical Vision Co., Ltd. has distributed medical equipment. Now we can recognize income from complete installation of air tube systems for transfer documents and parcel (Pneumatic Tube Carrier Systems) for 9 projects.

Hi Healthcare Center Co., Ltd. was operated medical service concerning healthcare and esthetics under trademark "Wuttisak Clinic" the Company has change the business strategy for appropriate with the business environment by closed 7 departments which have accumulate loss in July 2019 and decreased rental area for some branch for reduce rental fee and moreover the Company has promotional activity, made an advertisement in each area for increased sale.

### 3. Analysis of Operating Results

Statements of Comprehensive Income – Consolidated (Million Baht)	For 3-month period ended September 30,		Increase (Decrease)	%	For 9-month period ended September 30,		Increase (Decrease)	%
	2019	2018			2019	2018		
	Revenues from sales and services	190.74			166.84	23.90		
Gross profit from sales and services	44.21	24.49	19.72	80.52%	128.84	69.46	59.38	85.49%
Other income	0.72	3.09	(2.37)	(76.70%)	3.36	9.21	(5.85)	(63.52%)
Selling expenses	10.40	8.34	2.06	24.70%	28.75	21.56	7.19	33.35%
Administrative expenses	38.60	25.09	13.51	53.85%	129.06	75.52	53.54	70.90%
Net loss before finance costs and corporate income tax	(4.07)	(5.85)	1.78	30.43%	(25.61)	(18.41)	(7.20)	(39.11%)
Finance costs	(3.17)	(2.70)	0.47	17.40%	(9.30)	(4.40)	4.90	111.36%
Corporate income tax	1.44	1.62	0.18	11.11%	7.39	4.93	2.46	49.90%
Net profit for the period	(5.80)	(6.93)	1.13	16.31%	(27.52)	(17.88)	(9.64)	(53.91%)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-
Total Comprehensive income for the period	(5.80)	(6.93)	1.13	16.31%	(27.52)	(17.88)	(9.64)	(53.91%)
Profit Sharing for the Period								
- The Company's Equity	(6.23)	(7.27)	1.04	14.31%	(28.47)	(18.46)	(10.01)	(54.23%)
- Non-controlling Interest	0.43	0.34	0.09	26.47%	0.95	0.58	0.37	63.79%

Total Revenues (Revenues from sales and services and other income) was increased from 3 months (Jul – Sep) in the same period of previous year in an amounting of Baht 23.90 million or 14.33 percent and increased from 9 months (Jan – Sep) in the same period of previous year in an amounting of Baht 155.73 million or 32.74 percent which can be divided into business segments as per information in following table

Revenue by Business Segments	For 3-month period ended September 30,				For 9-month period ended September 30,			
	2019		2018		2019		2018	
	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)	Million Baht	(%)
1. Industrial and OEM (B1) <sup>1</sup>	34.91	18.30%	28.38	17.01%	175.01	27.72%	70.78	14.88%
2. Commercial and residential (B2) <sup>1</sup>	72.34	37.93%	63.15	37.85%	218.05	34.54%	187.07	39.33%
3. Medical services (B3) <sup>2</sup>	83.49	43.77%	75.31	45.14%	238.28	37.74%	217.76	45.79%
<b>Total Revenues</b>	<b>190.74</b>	<b>100.00%</b>	<b>166.84</b>	<b>100.00%</b>	<b>631.34</b>	<b>100.00%</b>	<b>475.61</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 3<sup>rd</sup> Quarter of 2019, Revenue from sales of goods and services for the group was increased from the same period of previous year in an amounting of Baht 23.90 million or 14.33 percent, which can be described by business segment as follows:

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

The revenue from this business segment was increased from the same period of last year in an amounting of Baht 6.53 million or 23.01 percent mainly came from the Company has adjustment of the business strategy to focus on the large project since last year including with the quality of service and products which can meet efficiency the customer needs that made the Company got purchase order from large project such as Industrial water supply system, Pre Treatment system etc. and we start recognize revenue from these projects in each Quarter of 2019 while the same period of previous year the Company has just started adjustment of the business strategy to focus on the large project.

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

The revenue of business segment was increased from the same period of previous year in an amounting of baht 9.19 million or 14.55 percent. Mainly income came from Preventive Maintenance (PM) from food and beverage business which they would like to maintain the standard and quality of water to production and distribution for food and beverage business, while revenue from sales of goods and services were increased closely from the same period of previous year that the reason why revenue from this business was higher than last year.

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

Revenue from this segment was increased from the same period of previous year in an amounting of Baht 8.18 million or 10.86 percent. Mainly came from Medical Vision Co., Ltd. which recognized revenue from complete installation of air tube systems for transfer documents and parcel (Pneumatic Tube Carrier Systems) in third quarter of 2019 more than the same period of previous year in an amounting of Baht 8.07 million

## **3.2 Gross Profit**

The Group's gross profit was increased from the same period of previous year in an amounting of Baht 19.72 million or 80.52 percent. Mainly came from Thai foreign exchange rate of the Baht was appreciate more than the same period of previous year and effected to cost of goods sold was decreased from the same period of previous year.

## **3.3 Selling expenses and Distribution expense**

Selling expense and Distribution expense was increased from the same period of previous year in an amounting of Baht 2.06 million or 24.70 percent. Mainly came from commission expense from Hi Healthcare center Co., Ltd. for improve sale and service.

## **3.4 Administration expenses**

The Group's administrative expense was increased from the same period of previous year in an amounting of Baht 13.51 million or 53.85 percent. Mainly came from Hi Healthcare center Co., Ltd. has recognize allowance for doubtful debt in an amounting of baht 10.68 million in third quarter of 2019.

## **3.5 Operating results**

The Group's net loss was decreased from the same period of previous year in an amounting of Baht 1.13 million or 16.31 percent. Mainly came from Filters Vision Public Company Limited, Irving Corporation Ltd., and Medical Vision Co., Ltd can generate a profitability more than the same period of previous

year while Hi Healthcare Center Co., Ltd. can't generate income for cover all expense so they got loss more than the same period of previous year. However almost of loss was happened from allowance for doubtful debt in an amounting of baht 10.68 million.

#### 4. Financial position

Statement of Financial Position – Consolidated (Million Baht)	As at		Increase (Decrease)	%
	September 30, 2019	December 31, 2018		
Asset	1,001.92	954.82	47.10	4.93%
Liabilities	364.02	283.75	80.27	28.29%
Shareholders' equity	637.90	671.07	(33.17)	(4.94%)
Issued and fully paid-up common share (Million Share)	565.14	565.14	0.00	0.00%
Par (Baht)	0.50	0.50	0.00	0.00%

##### 4.1 Assets

The total asset as at September 30, 2019 was increased in an amounting of Baht 47.10 million or 4.93 percent from year end 2018. Significant changes was included

**Cash and cash equivalents** was decreased in an amounting of Baht 7.89 million, which was a significant decrease from purchase property, annual bonus payments to employees and executives, corporate income tax payment and the repayment of principal and interest totaling approximately 57.31 million baht. And mainly increase from receiving loans from financial institutions approximately 44.28 million baht

**Trade and other receivable** was increased in an amounting of Baht 46.26 million due to trade accounts receivable, industrial and OEM business unit (B1) increased in an amounting of Baht 59.81 million, trade accounts receivable, Hemodialysis unit business was increased in an amounting of Baht 18.47 million, trade accounts receivable, Pneumatic Tube Carrier Systems was increased in an amounting of Baht 8.42 million followed by increased in revenue while trade accounts receivable and other receivables, health and beauty clinics group was decreased in an amounting Baht 31.16 million that mainly comes from the allowance for doubtful accounts

**Advance payments for purchases of goods** were decreased in an amounting of Baht 1.76 million. Mainly came from the Company ordered goods in last quarter of 2018 and paid advance payment for purchases of goods followed by supplier's condition.

**Deferred tax assets** was increased by Baht 19.07 million due to unused tax losses and allowance for doubtful accounts of Hi Healthcare Center Co., Ltd. Moreover provision for long-term employee benefits

according to the changes in the additional legal severance pay rates for employees who have worked for an uninterrupted period of 20 years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate according to the Labor Protection Act (No. 7) BE 2562.

#### **4.2 Liabilities**

The total liability for 9 months of 2019 was increased from year end of 2018 by Baht 80.27 million or 28.29 percent. Significant changes was included

**Bank overdrafts and short-term loans from financial institutions** were increased in an amounting of Baht 26.28 million because the company used as a revolving credit to pay for account payables and sub-contractor.

**Trade and other payables** was increased in an amounting of Baht 37.45 million due to trade payable from purchase goods and other payables from project work.

**Advance received** was increased in an amounting of Baht 5.99 million due to advance payment of business for health and beauty.

**Long term loan from financial institution** was increased in an amounting of Baht 8.82 million due to receiving a loan to compensate for the purchase of land together with the construction of 2-storey buildings and the purchase of Hemodialysis machines. During the period, the loan was repayment according to the financial institution conditions.

**Provision for long-term employee benefits** was increased in an amounting of Baht 6.98 million due to changes in the additional legal severance pay rates for employees who have worked for an uninterrupted period of 20 years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate according to the Labor Protection Act (No. 7) BE 2562.

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

The overall shareholders' equity in 9 months of 2019 was decrease from year end 2018 in an amounting of Baht 33.17 million or 4.94 percent. Mainly came from operation loss and dividend paid in an amounting of Baht 5.65 million.

### **5. Company's direction in 2019**

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 Hemodialysis with Hemodialysis machines was increased steadily. Now we have plans to open two new Hemodialysis centers with totally 8 Hemodialysis machines, One is in North province of Thailand and another one is in East province of Thailand which according to the business plan.

5.2 Irving Corporation Limited, distribution a Hemodialysis solution product and equipment design and installation of systems related to water treatment systems for medical services which got orders from customers by 4 projects in an amounting of Baht 3.79 million and expected to be completed in fourth quarter of 2019.

5.3 Medical Vision Company Limited which service for installation and maintenance of pneumatic tube carrier systems. Present we received 2 purchase orders in an amounting of Baht 2.96 million, which under installation and expected to be completed in fourth quarter of 2019 and another one will be complete in 2020.

5.4 Hi Health Care Center Company Limited, operated medical service and medical beauty treatment clinic under the brand "**Wuttisak Clinic**", has change the business strategy for appropriate with the business environment by closed 7 departments which have accumulate loss in July 2019 and decreased rental area for some branch for reduce rental fee and moreover the Company has promotional activity, made an advertisement in each area for increased sale. 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 Filters Vision Public Company Limited continuously introducing new products which are energy-saving innovations for air conditioners (WATER INT PAD: Water Intelligent). Present the Company got purchase order from two customer for install such products with a cooling machine at the factory building with a value of Baht 10.50 million which was recognize as revenue in quarter 1-2 in an amounting of Baht 7.73 million and recognize as revenue in quarter 3 in an amounting of Baht 2.01 million and expect to be complete and recognize the remaining amount as revenue in fourth quarter of 2019. In business segment Industrial and OEM (B1) continue marketing strategies that focus on expanding the big project. The Company has received order for the big project in an amounting of Baht 20.32 million, which is expected to be completed in 2020. And moreover the Company will recognize the remaining amount from the old project as revenue in fourth quarter of 2019 in an amounting of Baht 15.03 million.

Sincerely Yours,

Wijit Techakasem  
( Dr.Wijit Techakasem )  
Managing Director