



รายงานประจำปี 2561
ANNUAL REPORT
2018

บริษัท ไทยออปติคอลล กะรึบ จ้ก้กัด (มหฐฐน)
THAI OPTICAL GROUP PUBLIC COMPANY LIMITED

NEXT-GEN TECH IN VISION



zenith™ zense™ zoul™



It's time to protect your eyes.

TOG
THAI OPTICAL GROUP

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VISION :

We endeavor to remain one of the leading quality ophthalmic lens manufacturers among the global supply, in terms of profitability, innovation, value creation, growth for stakeholders and social responsibility.



MISSION :

We dedicate to:

- We provide complete solutions of vision correction products and services at effective cost and international standard quality.
- We strive to enhance benefits to all stakeholders including: social responsibility and environmental aspects.

KEY FINANCIAL HIGHLIGHT

Thai Optical Group Public Company Limited

DETAIL		Consolidated Financial Statements			Separated Financial Statements		
		2018	2017	2016	2018	2017	2016
Statements of Comprehensive Income		(million Baht)					
Total Revenues		1,915.36	1,912.26	2,006.05	1,306.55	1,392.93	1,476.69
Earnings before interest, taxes, depreciation and amortization (EBITDA)		357.86	380.85	456.69	107.20	121.92	203.24
Net Profit (Loss)		146.03	183.46	250.37	132.26	178.69	241.17
Statement of Financial Position		(million Baht)					
Total Assets		2,559.77	2,637.49	2,591.31	1,802.78	1,792.69	1,868.31
Total Liabilities		722.33	789.26	735.23	397.06	357.05	420.50
Shareholders' Equity		1,837.44	1,848.23	1,856.08	1,405.73	1,435.64	1,447.81
Share Information							
Paid-up shares at the end of the year	(million shares)	474.32	474.32	474.32	474.32	474.32	474.32
Earnings per Share	(Baht)	0.31	0.39	0.53	0.28	0.38	0.51
Book Value per Share	(Baht)	3.87	3.90	3.91	2.96	3.03	3.05
Dividend per share	(Baht)	0.28	0.35	0.42	-	-	-
Dividend Payout	(%)	91.00	90.00	80.00	-	-	-
Share Price at the end of Financial Period	(Baht)	4.36	7.95	8.40	-	-	-
Weighted average number of ordinary shares	(million shares)	474.32	474.32	474.32	474.32	474.32	474.32
Financial Ratios							
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(%)	19.43	20.28	23.61	9.72	10.44	16.23
Net Profit Margin	(%)	7.93	9.77	12.95	11.99	15.30	19.26
Return on Shareholders' Equity	(%)	7.92	9.91	13.70	9.31	12.39	16.92
Return on Total Assets	(%)	6.36	8.73	12.75	7.39	9.86	14.44
Ratio of Liability to Capital	(Times)	0.39	0.43	0.40	0.28	0.25	0.29



2018 MESSAGE from CHAIRMAN

Dear Shareholders,

Overall for year 2018, though, many countries had faced the economic deflation, fluctuation, and certain area of manufacturing and sales and marketing were disrupted by the innovation and Artificial Intelligence, and also encountered with the strong Thai Baht currency, the Company and the subsidiary companies were able to meet the performance target and had earned the income per the strategic plan successfully by maintaining the key customers and acquire new customers from Asia and America continents. The attempt of expanding our business in the United States by TOG USA, Inc., which is the Company's subsidiary, is the key entity to distribute our products into the America continent effectively.

In the year 2018, the Company has commenced the new progressive lenses, Zenith series, which is a newly innovative design product. This new product is sold in our strategic partner's retail outlets in Thailand. The Company has also aggressive marketing and distribution in other countries.

Performance

In the year 2018, the Company's net profit is 146.03 Baht from the total revenue of 1,915.36 million Baht, slightly decreased when compare to the performance of year 2017 which earned net profit of 183.46 Baht from the total revenue of 1912.26 million Baht. The Company has policy to consistently pay dividend to shareholders, therefore from the operating results of the year 2018, the Company has paid dividend in the amount of 132.81 million Baht or 0.28 Baht per share.

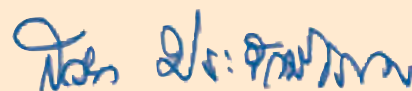
Corporate Governance and Corporate Social Responsibility

The Board of Directors recognizes the importance of monitoring good corporate governance, environmental, social responsibility to all stakeholders. In year 2018, the Company has been ranked by the Corporate Governance Report of Thai Listed Companies 2018 at 4 stars in the 1,000-2,999 million Baht Market Cap. Group. The Company has the Corporate Governance score higher than the overall Corporate Governance score of the listed company. The Company was rated as "Excellent" from the quality evaluation for conducting the Annual General Meeting of Shareholder project

for year 2018, eight consecutive years (Year 2011 – 2018). In addition, the Company has been re-certified by Private Sector Collective Action Coalition against Corruption, IOD for another 3 year. This shows the Company's commitment to operate its business without and against any kind of corruption. The Company is rated as ESG100 by Thaipat Institution for four consecutive years (Year 2015-2018). Moreover, the Company was rewarded the Total Innovation Awards Year 2018 by National Innovation Agency.

The Board of Directors and the Management Team are adhered to conduct business under the principles of good corporate governance, constancy, transparency, ethics with environmental and corporate social responsibility in conformity with the guidelines and framework of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) which shareholders, customers, employees, business partners and all stakeholders can be assured and trusted in effectiveness and highly transparency management system of the Company and the Subsidiary companies.

I, on behalf of the Board of Directors and the Management Team of the Company and the subsidiary companies, would like to thank to our customers, business partners, shareholders, employees and all those involved who are the major force in contributing the success and growth continuously as well as financial institutions that have the confidence and support financial operations to the Company continuously all along.



(Mr. Sawang Prachartam)
Chairman

THE BOARD

OF DIRECTORS AND MANAGEMENT

2. Mr. Torn Prachartam

Director / Member of the
Business Strategic Committee /
Managing Director / Acting
Human Resource Division
Manager



1. Mr. Sawang Prachartam
Chairman

3. Mr. Sarote Prachaktam

Director / Member of the
Business Strategic Committee

4. Mrs. Pornpun Thotrakul
Director

The Board of Directors

6. Mr. Nicolas Philip Green

Director / Member of the
Business Strategic
Committee



3. Mrs. Amolrat Prachartam

Director / Logistics and
Supply Chain Division
Manager



7. Mr. David Andrew Cross

Director/ Member of the
Business Strategic
Committee



8. Mr. Singh Tangtatswas

Independent Director /
Chairman of the Audit
Committee

The Board of Directors

THE BOARD

OF DIRECTORS AND MANAGEMENT



9. Mr. Wicha Jiwalai
Independent Director /
Member of the Audit Committee /
Member of Nomination and
Remuneration Committee

11. Mr. Banchong Chittchang
Independent Director /
Chairman of the Business
Strategic Committee /
Member of the Nomination
and Remuneration
Committee

10. Mr. Phairuch Mekarporn
Independent Director / Chairman
of the Nomination and
Remuneration Committee /
Member of the Audit Committee

12. Miss Wichit Thaveeprechachat
Director / Business Planning
and Finance Division Manager

The Board of Directors

2. Mrs. Anuruk Rattanasansuntorn
Internal Audit Manager



1. Mr. Torn Prachartam
Director / Member of the
Business Strategic Committee /
Managing Director /
Acting Human Resource
Division Manager

3. Mrs. Amolrat Prachartam
Director / Logistics and
Supply Chain Division
Manager

4. Mr. Bancha Yongrithikul
Plant Division Manager (TOG)

Managements

THE BOARD

OF DIRECTORS AND MANAGEMENT



5. Mrs. Narueporn Prachartam
Accounting and Tax
Division Manager



6. Miss Michelle Hsieh
Sales and Marketing
Division Manager



7. Mrs. Rewadee Jantamaneechote
Company Secretary and
Office of Company Secretary &
Legal Manager



8. Miss Wichit Thaveeprechachat
Director / Business Planning
and Finance Division Manager

Managements



1. Mr. Smith Teganjanavanich
Vice President, Poly Sun Plant

2. Mr. Witoon Prachartam
Vice President, TOC Plant

3. Mr. Venkatramani Iyer
General Manager,
TOG USA, Inc.

Subsidiary Company's Managements

TOG INFORMATION

The Company, Subsidiary Company and Associated Company



Information of the Company

Company's name	: Thai Optical Group Public Company Limited
	: TOG
Type of Business	: Manufacturer and Distributor of Organic lenses
Head Office	: 15/5 Moo 6, Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi (11110) Thailand
Telephone	: (02) 194 1145 - 6 (02) 925 5518 - 9
Facsimile	: (02) 925 5710
	: <u>Sales and Customer Services</u>
Branches	: 77/141-142, 33 rd Floor, Sinn Sathorn Tower, Krungthoburi Road, Klongtongsai, Klongsan, Bangkok (10600) Thailand
Telephone	: (02) 440 0506 - 7
Facsimile	: (02) 862 0701 - 2 (02) 862 0705
Registration No.	: 0107547000044
Registered Capital	: 475,000,000 Baht
Paid-up capital	: 474,318,000 Baht
Website	: www.thaiopticalgroup.com



THAI OPTICAL

Subsidiary Company

Company's name	: Thai Optical Company Limited
	: TOC
Type of Business	: Manufacturer and Distributor of Mineral Optical Lenses, Plastic Optical Lenses and Glass Mold
Head Office	: 15/5 Moo 6, Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi (11110) Thailand
Telephone	: (02) 194 1145 - 6 (02) 925 5518 - 9
Facsimile	: (02) 925 5710
	: <u>Sales and Customer services</u>
Branches	: 77/141-142, 33 rd Floor, Sinn Sathorn Tower, Krungthoburi Road, Klongtongsai, Klongsan, Bangkok (10600) Thailand
Telephone	: (02) 440 0506 - 7
Facsimile	: (02) 862 0705



POLY SUN

Subsidiary Company

Company's name (2)	: Poly Sun Co., Ltd
	: Poly Sun
Type of Business	: Manufacturer and Distributor of Photochromic Lenses
Head Office	: 15/5 Moo 6, Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi (11110) Thailand
Telephone	: (02) 925 6142 - 3
Facsimile	: (02) 925 6144
Registration No.	: 0125540005766
Registered Capital	: 20,000,000 Baht
The proportion of the investment	: 99.99 %



TOG USA INC

Subsidiary Company

Company's name (3)	: TOG USA, Inc.
	: TOG USA
Type of Business	: Distribute products and provide sales and marketing services
Registration Office	: Delaware State, the United States of America
Office Operation	: 1958 Production Court Louisville, KY 40299, United States
Telephone	: +1 502 213 0770
Registration No.	: FEIN 82-126 8015
Registered Capital	: USD 50,000
The proportion of the investment	: 100.00 %



Associated Company

Company's name (1)	: MVISION OPTICAL PTE. LTD. : MVision (Singapore)
Type of Business	: Manufacturer and Distributor of Prescription Lenses (Rx Lenses)
Head Office	: 60 Robinson Road #12-01 Bea Building, Singapore 068892
Telephone	: +65 6222 1079
Facsimile	: +65 6827 5198
Registration No.	: 201004338 W
Paid-up capital	: 2,700,000 SGD
The proportion of the investment	: 891,000 SGD (33 %)

Company's name (2)	: MVISION OPTICAL INDUSTRY SDN BHD : MVision (Malaysia)
Type of Business	: Manufacturer and Distributor of Prescription Lenses (Rx Lenses)
Head Office	: Suite 10.03, Level 10 The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur
Telephone	: +603 4278 4668
Facsimile	: +603 4278 4661
Registration No.	: 892114-U
Paid-up capital	: 6,000,000 MYR
The proportion of the investment	: 1,980,000 MYR (33 %)



Associated Company

Company's name (3)	: Vietnam Visibility Target Company (Vina Vista)
Type of Business	: Manufacturer and Distributor of Prescription Lenses (Rx Lenses)
Head Office	: Floor 9, Room 9.7A, ETown Building, 364 Cong Hoa Street, Ward 13, Tan Binh District, HCMC, VietNam
Telephone	: +84 902 398 828
Facsimile	: +848 38134950
Registration No.	: 411022000664
Paid-up capital	: 1,450,000 USD
The proportion of the investment	: 475,000 USD (32.76%)



References

Company's Auditor	: EY Office Limited 33 rd Floor, Lake Rachada Office Complex 193/136-137 Rachadapisek Road, Klongtoey, Klongtoey, Bangkok (10110) Thailand
Telephone	: (662) 264 9090
Facsimile	: (662) 264 0789 – 90



References

Registrar	: Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok (10400) Thailand
Telephone	: (02) 009 9000
Facsimile	: (02) 009 9991
Website	: http://www.set.or.th/tsd



NATURE OF BUSINESS



Thai Optical Group Public Company Limited (the Company) or TOG was originally established by the Prachartam family to operate the retail distribution of organic lenses from year 1951 (B.E. 2494). In year 1962, the Company has established Thai Optical Company Limited (the Subsidiary Company) or TOC, where was the first factory producing the mineral lenses in Thailand with its initial investment of 50 million Baht. TOC manufactured and export mineral lenses to Asia and Europe. It also established the production line of and Prescription Lenses or Rx Lenses as well as initiated to produce the organic lenses by mold procedure in its factory located at 15/5 Moo 6, Bangbuathong-Suphanburi Rd., Laharn, Bangbuathong, Nonthaburi -Thailand, in the area of 30-2-92 Rai. For TOC, its factory consists of 2 sites; the first site located on Ngarmwongwarn Road with the area of 2 Rai for manufacturing Glass Mold and Mineral Lenses and the second site located on Bangbuathong-Suphanburi Road with the area of 18-3-57 Rai for manufacturing Organic Lenses and Prescription Lenses or Rx Lenses.

Due to the growth of the consumption of optical lenses, Thai Optical Group Limited ("TOG") was established on March 8, 1991 (BE 2534) in the name of Thailand Polymer Lenses Co.,Ltd, with an initial registered capital of 20 million Baht to expand the production line for normal organic lenses. The business of TOG and TOC had grown significantly and TOG has increased its capital to 120 million Baht for expanding its capacity of producing the normal Organic Lenses, Photochromic Lenses, High-index Lenses, and High-impact-resistance Lenses and TOC has increased its registered capital from 50 million Baht to 130 million Baht.

In year 2003 (BE 2546) TOG and TOC has restructured their shareholding. TOG has increased its registered capital to 265 million Baht to buy 99.99 percent of ordinary shares of TOC. Hence, TOC has become a subsidiary of TOG. Then, TOG had converted itself into a public company and had increased its registered capital to 400 million Baht in year 2004 (BE 2547) and On May 16, 2006 (BE 2549) TOG raised 135 million Baht from the issuance of shares for sale to the general public and is publicly traded on the Stock Exchange of Thailand.



In year 2008 (BE 2551), the Company strengthened its business by increasing its registered capital to 475 million Baht by raising funds from Specsavers who is one of the largest glasses retailers having wide range of operations network in Europe and Australia, who has been Company's business partner and customer for long time. Specsavers 25.04% after the capital increase thereof.

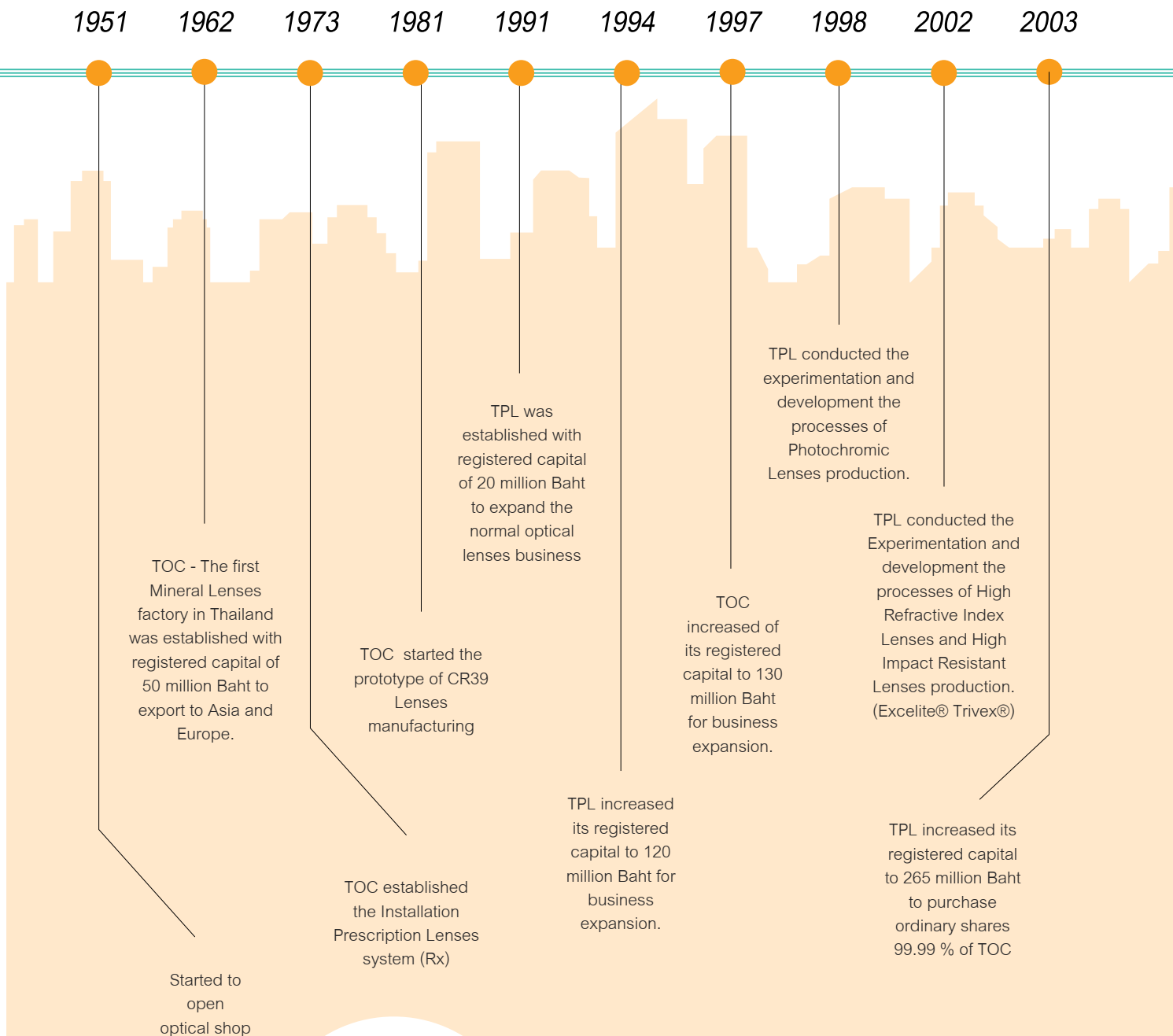
The Company and its subsidiaries have developed processes for continuous production by using Lean Manufacturing continued investment in the production of Optical Lenses and Digital Surfacing Prescription Lenses and established a joint venture company to do the wholesale of optical lenses and manufacture optical lenses for specific person in Singapore, Malaysia and Vietnam to expand its distribution channels.

In year 2011 (BE 2554), TOG has succeeded in producing High-impact resistant lenses and ultra slim type which makes TOG is known as the first manufacturer to produce this kind of lenses, the product is called "Excelite® Tribid™" In year 2015 (BE 2558), the Company has expanded its business to anti sun lenses by taking over the business of Poly Sun Co.,Ltd who was a manufacturer and distributor of colored lenses and polarize lenses. In year 2017, the company has invested in TOC for establishment of Rx Automation production line as well as open new business America Continent by establish TOG USA Inc. to be the distribution center for the company's products and providing sales and marketing services in America Continent.

Currently, the Company and its subsidiary are the manufacturer, distributor and service provider of the various optical lenses, including comprehensive type of material i.e. Lens Material, Lens Design and Lens Coating, Original Design Manufacturing Edging and Glazing Service, with a customer base spread over 50 countries around the world, at present, the Company has registered capital of 475 million baht with paid-up at 474.32 million baht (31 December 2015 (BE 2558) remains unpaid at 0.682 billion Baht, where a warrant has expired.



TOG MILESTONES IN OPHTHALMIC LENSES BUSINESS



2006 2007 2008 2010 2011 2013 2014 2015 2016 2017 2018

TOG conducted the experimentation and development the processes of High Refractive Index Lenses.

TOG issued shares for initial Public Offering and had the first trading day on May 16, 2006.

TOG increased its capital to 475 million Baht to sell its shares of 68,750,000 shares (par valued at 1 Baht per share) and offered to Specsavers Asia Pacific Holdings Limited for supporting the rights to exercise warrants under ESOP

TOG launched the new product "Tribrid" Lenses (Excelite® Tribrid™).

Joint Venture with Vina Vista, Vietnam for expanding business.

TOG and TOC started to use the 'Lean' concept in manufacturing' system.

Established MVsion Optical Pte Ltd in Singapore and MVsion Optical Industry SDN BHD in Malaysia to operation the business for prescription lenses and finished lenses by having TOG hold the shares at 33%.

TOG increase production line for normal optical lenses.

TOC expand its business by increasing the investment in Digital Surfacing Prescription Lenses.

TOG purchased ordinary shares 99.99% of Poly Sun Co.,Ltd who is a manufacturer of photochromic lenses and polarize lenses.

TOG jointly developed to produce lenses "LeafECO™" with Mitsui Chemical Co. Ltd.

TOG invested in Rx Automation production line.

TOG established TOG USA Inc. to expand the business in America market continental.

Zenith, premium RX lens, was launched.



The Company and its Subsidiary Company manufacture and distribute optical lenses which products can be divided into 4 groups according to product types as follows:

1. Organic lenses: sub-divided into 4 categories according to the raw materials:
 - 1.1 CR39® Lenses
 - 1.2 Photochromic Lenses
 - 1.3 High Index Lenses
 - 1.4 High Impact Resistant Lenses
 - 1.5 Sun-filtered Lenses
 - 1.6 Polarized Lenses
 2. Mineral Lenses
 3. Prescription Lenses or Rx Lenses
 4. Other products and services such as Glass Mold used in casting process, other trading lenses and hard coating lenses and anti reflected multi coating lenses.
- The Company and its Subsidiary Company distribute to wholesalers both domestic

and foreign countries on an “OEM” (Original Equipment Manufacturer) basis, and also under the Company’s own brand called “Excelite®”.

Product Characteristics

1. Organic Lenses

Organic lens is produced from plastic materials which is categorized by types of monomers as follows:

1.1 CR39®

The lens is made of Monomer with trade names as CR-39 and has the refractive index (Index) of 1.498. At present, it has been used in common as general organic lenses which both the Company and the subsidiary company had manufactured this organic lenses as generic products.

1.2 Photochromic Lenses

plastic whose tint adapts to the changing of light conditions, becoming darker in brighter conditions and clearing once in more reduced lighting conditions.

1.3 High Index Lenses

more aesthetically pleasing lenses, as thickness is greatly reduced; this lens is light and therefore suitable for extreme myopia or hypermetropia, which will ordinarily require very thick lenses.

1.4 High Impact Resistant Lenses

with its lightness, thinness and high tensile strength, lenses of this type offer maximum safety and protection to children and adults with active lifestyles. It is also suited to rimless frames. According to U.S. Food and Drug Administration which has set the regulations for those

children under the age of eighteen to use the impact resistant lenses but if parents' intention deny to use this kind of lenses for their children then, they have to sign a Limitation of Liability Letter with Optica I/ Eyewear shop. Moreover, several countries in European zone have prepared to launch the same regulation that children have to use high Impact-resistant lenses. The company's High Impact Resistant Lenses made from Monomer under the trade name of “Trivex™”

At present, TOG is the only one independent manufacturer which can produce High Impact Resistant Lenses from “Trivex™” both in Finished and Semi-Finished Lenses form.

1.5 Sun-filtered Lenses

This lens is made from the same Monomer as normal plastic lens with UV filter substance passed the controlled color coating.

1.6 Polarized Lenses

This lens is mad from the same Monomer as normal plastic lens incorporating polarizing film into the lens. This lens has ability to filter out glare and the horizontal reflection of sunlight. This lens is perfect for using in too much light atmosphere such as, outdoor or driving. This lens is made by subsidiary company.



The products of Organic Lenses are produced in 2 types:

Semi-Finished Lenses : are optical lenses with standard outer surface curves. Customers must have their own Rx Lab for grinding to adjust the inner surface to get eyesight which match with customers' requirement.

Finished Lenses : are optical lenses with standard curves on both outer and inner surfaces that can be promptly mounted on the frame as required. Finished lenses are available both with and without surface treatment coatings which is considered as Value Added product.

The coating lenses are available as follows:

- **Hard Coated** : scratch resistant finished lenses with chemical coating on optical surface.
- **Multicoated** : the anti-reflection finished lenses which add extra qualification by coated Chemical on optical surface that reduce the light reflecting, also known as "Hard-Multicoated".
- **Water Repellent Coated** : it is finished lens which is added extra qualification by coated Chemical on optical surface with the quality in repelling water. If there is the mist of water on the surface then it will be wiped off with ease.

The above lenses can also be categorized according to the functional usage into 3 types:

- **Single Vision Lenses** :

An optical lens uses for correcting either myopia or presbyopia, including oblique astigmatism correction. The standard single vision lens ranges from +/-0.25 to +/-6.00 and/or oblique from -0.25 to -2.00 at every 0.25 steps, which means the single vision lens can be divided into 384 items depending on the ratio of visual correction.

- **Bifocal Lenses**

An optical lens with 2 different focal lengths normally used by elderly people who have problems with far and near/reading distance visions. This kind of lenses demands advanced technology to assemble the 2 sections of

lenses. Once assembled the two zones are appeared visibly marked on the lens.

- **Progressive Lenses**

This type of lens (also known as "Progressive Addition Lenses" (or PAL)) provides a similar function as Bifocal lenses for presbyopia, but with highly advanced technology, its curve is designed to continuously adjust to the viewing of different distances with no visible markings on the finished product, so that the appearance of progressive lenses is similar to those of a single vision lenses.

2. Mineral Lenses

The mineral lens is made primarily of glass by grinding both inner and outer surfaces of the glass blank to achieve the required curves. Mineral lenses can be divided into 4 categories:

2.1 Mineral 1.523

the most commonly used glass lens with index of 1.523

2.2 High Index Mineral 1.6

the special component mineral lenses which have index at 1.6 which are higher and Thinner, lighter weight than general lenses. This kind of lens is suite with abnormal eyesight such as high myopia or high presbyopia.

2.3 High Index Mineral Extra 1.7

the special component mineral lenses which have index at 1.7 which is the highest index lenses, causing to produce mineral lenses with thin and light weight.

The end products of mineral lenses are delivered in 2 types:

- Semi-Finished Lenses
- Finished Lenses

Finished Lenses are available both with and without surface treatment Multicoated which are value added product. There are also 3 other categories of lenses derived by functional usage as follow:

- Single Vision Lenses
- Bifocal Lenses
- Progressive Lenses



In the Global market, Mineral Lenses tend to decrease in demand and the production and distribution of Mineral Lenses in subcategory, do not have significant value. As a result, the company and its subsidiaries company do not separate revenue structure and aggregate all categories of Mineral Lenses into one group. Hence, Mineral Lenses are totally produced by the subsidiary company.

3. Prescription / Rx Lenses

Prescription Lenses or Rx Lenses are value added products of both the Company and its Subsidiary. This type of lens is made by grinding semi-finished organic or mineral lenses to the specific needs of customers (tailor-made). Normally, buyers should grind the semi-finish Lenses by themselves but some foreign Customers of the subsidiary company have limitation to set up Rx Lab for grinding semi-finish Lenses because it is high cost of investment in machines and grinding equipment. Notwithstanding, professional employees have to employ and their salary are also high therefore

buyers hire Lens Manufacturer to produce this kind of lens instead. Prescription Lenses are totally produced by the subsidiary company.

4. Other products and services

- Glass mold used in the process of casting organic lenses production consisting of 2 pieces of glass molds: the out front mold and the inner back mold which are ground with the specific required curves as designed for each type of specific lenses conformed with the types of raw materials being produced. Moreover, the Subsidiary Company had exported its glass mold since 2004
- Trading Goods purchased for resale, which are raw materials, consuming materials and other Lens products.
- Surface treatments of hard coatings and anti-reflection coating service for organic lenses.

The main products and services of the Company, the Subsidiary Company and Associated Company are summarized in the table below:



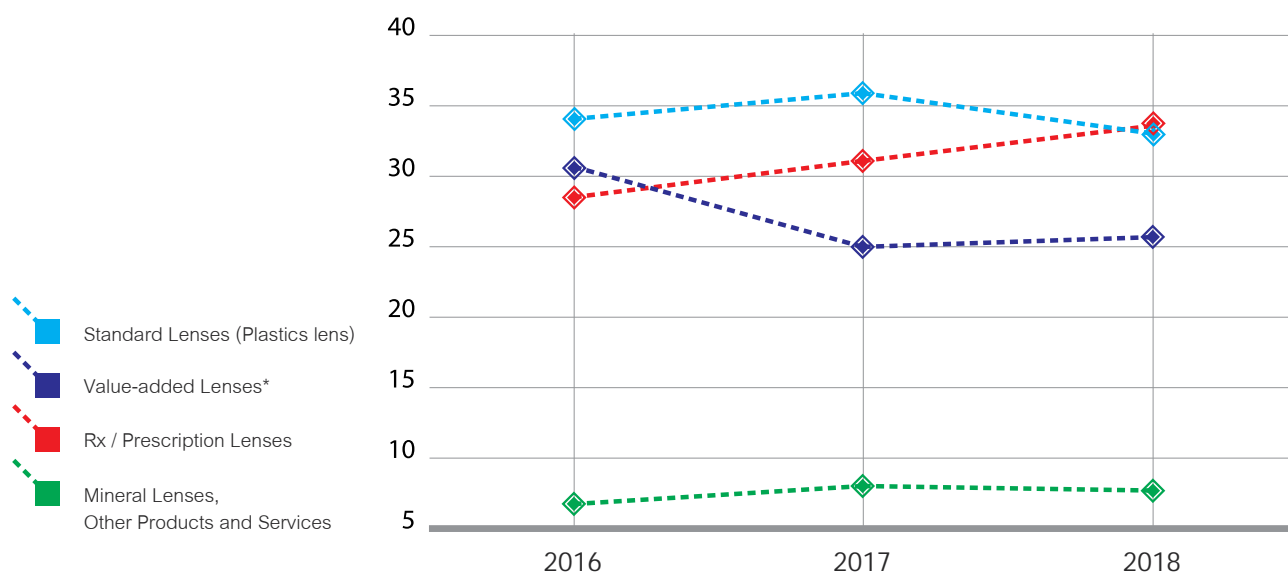
The Company	The Subsidiary company (TOC)	The Subsidiary company (Poly Sun)	The Subsidiary Company
Organic lenses (CR-39)	Organic lenses (CR-39)	Sun Lenses	Distribute products and provide sales and marketing services in America Continent.
Photochromic Lenses	Mineral Lenses	Polarized Lenses	
High Index Lenses	Prescription / Rx Lenses		
High Impact Resistant Lenses	Glass Mold		
Coating services and surface hardness Coating cut reflection.	Coating services and surface hardness Coating cut reflection.		
Glass Mold			



The Associated Company (MVISION)	The Associated Company (Vina Vista)
Organic lenses (CR-39)	Organic lenses (CR-39)
Prescription / RX Lenses	Prescription / RX Lenses



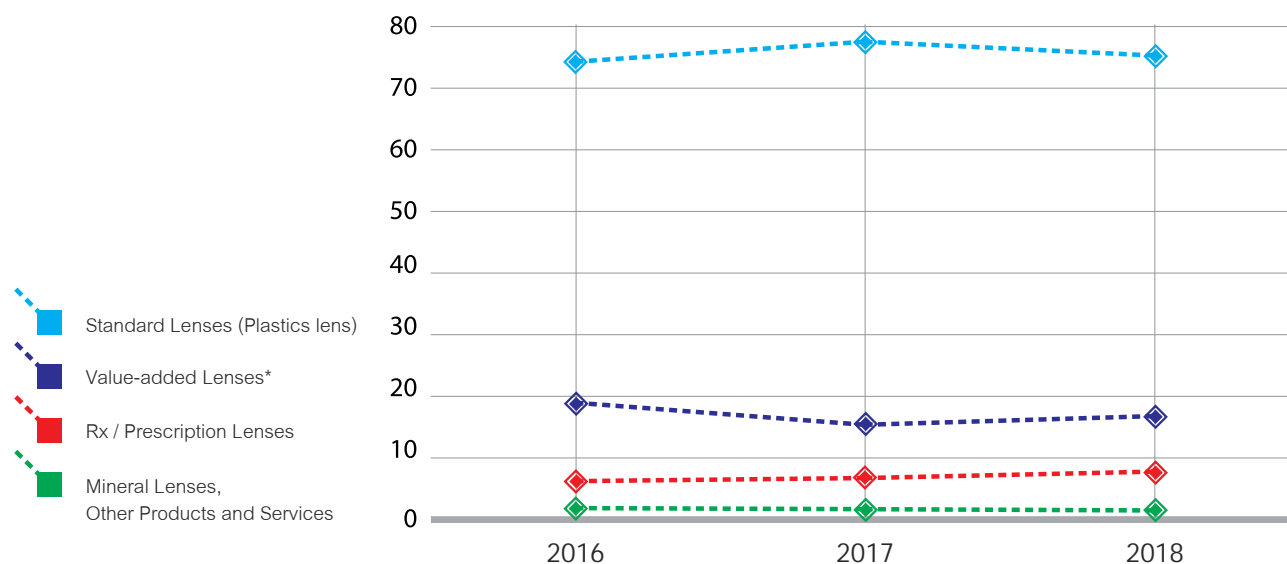
REVENUE STRUCTURE



Revenue structure of the Company and the Subsidiary by product line.

Product Types by Value

Unit : %	Manufacturer	Consolidated Financial Statement		
		2018	2017	2016
1. Standard Lenses (Plastics lens)	The Company & Sub. Company	33.04	35.90	34.07
2. Value-added Lenses*	The Company	25.68	24.99	30.68
3. Rx / Prescription Lenses	Sub. Company	33.58	31.09	28.51
4. Mineral Lenses, Other Products and Services	The Company & Sub. Company	7.70	8.02	6.74
Total		100.00	100.00	100.00



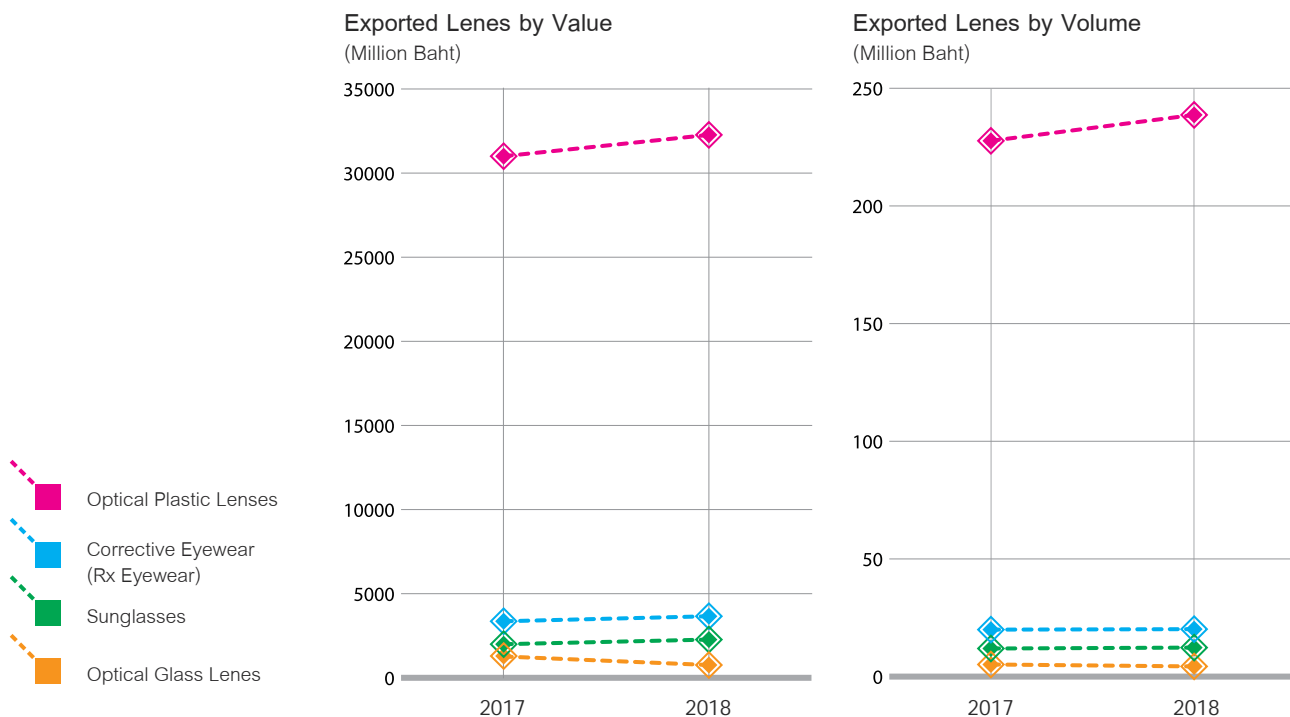
Product Types by Volume

Unit : %	Manufacturer	Consolidated Financial Statement		
		2018	2017	2016
1. Standard Lenses (Plastics lens)	The Company & Sub. Company	75.30	77.54	74.29
2. Value-added Lenses*	The Company	16.79	15.38	18.96
3. Rx / Prescription Lenses	Sub. Company	7.78	6.74	6.24
4. Mineral Lenses, Other Products and Services	The Company & Sub. Company	0.13	0.34	0.51
Total		100.00	100.00	100.00

*Value-added Lenses consist of High Refractive Index Lenses, Photochromic Lenses and High Impact Resistant Lenses.

INDUSTRIAL

CONDITIONS AND COMPETITIONS



The volume of lenses exported from Thailand to foreign countries is as follows; (Data from the Customs Department of Thailand, as at December 31, 2018).

	Year 2018	Year 2017	Changing increase / (decrease) (%)
Value (million Baht)			
Optical Plastic Lenses	32,271.93	31,011.15	4.1% ↑
Corrective Eyewear (Rx Eyewear)	1,969.27	1,670.95	17.9% ↑
Sunglasses	514.76	307.19	67.6% ↑
Optical Glass Lenses	84.26	253.18	(66.7)% ↓
Volume (million Pieces)			
Optical Plastic Lenses	238.68	227.67	4.8% ↑
Corrective Eyewear (Rx Eyewear)	2.28	2.08	9.4% ↑
Sunglasses	0.77	0.38	101.7% ↑
Optical Glass Lenses	0.31	1.13	(72.3)% ↓
Average Price (Baht /Piece)			
Optical Plastic Lenses	135.21	136.21	(0.7)% ↓
Corrective Eyewear (Rx Eyewear)	865.34	803.38	7.7% ↑
Sunglasses	667.09	803.04	(16.9)% ↓
Optical Glass Lenses	269.62	224.52	20.1% ↑

Investments tend and Market expansion.

According to, exporting statistics, it shows that Optical Lens Markets are growing slowly in accordance with the increase of populations who have eye sight problem. However, Optical Lens are necessary for the persons who have eye sight problem from the child age ,working age and elderly therefore the consumers pay more attention in selection of high quality of eye glasses and optical lens. As a result, the quality of optical lenses is also the Company's concern to deliver the best product that suite the trust of customers consistently. Moreover, the Company has always supported to invest in Research & Development for developing product in various types of lenses for matching the need of consumers in Optical Lenses Market together with provide quality optical lens to the target market continuously.

Additionally, in the USA market, the Company has a policy to expand the sale via the insurance company as the USA government provides support to American people to change eyeglasses as a social welfare. As this result, the Company sees the opportunity to expand the sale and marketing in this region by making a connection to health insurance company and eye clinic where the Company can create growth in this region.



Policy and the Nature of Marketing

1. Competitive Strategy

The Company and its Subsidiary do not focus on pricing competition but concentrate on awareness of price effectiveness to quality which will ensure the satisfaction of customers with the Company's products. Also, the Company uses three main key strategies of the competition which are the quality of products, services and providing complete range of variety products in optical lenses, which can be summarized as follows;

- **Quality of Products**

The utmost important strategy of The Company and its Subsidiary is to manufacture quality products. Every step of production is strictly controlled according to quality control process. Every lens is inspected for quality of visual power, thickness, color and free of any imperfection. Every batch of products is produced with the same high standard, ensuring quality and long shelf life that customers can rely on, resulting in long term customer relationship. At the same time, the Company and its Subsidiary can use this focus on quality to develop relationship with premium customers and acquire new customers who demand high quality products. Moreover, the Company and its Subsidiary also focus on the management of using resources efficiently for high quality products. As at January 13, 2015, the Company has recently received DS / EN ISO -13485: 2012 certificate by Bureau Veritas which is an internationally standard that defines requirements within quality management systems for manufacturers of medical devices and equipment apart from ISO 14001 by TUV CERT in the production standard, and all products are certified under international standards of U.S. Food and Drug Administration and European Union.

INDUSTRIAL CONDITIONS AND COMPETITIONS



• Services

By maintaining a good production plan and product inventory, the Company and its Subsidiary are able to supply large customers' orders and makes delivery on time. The Company and its Subsidiary provide information on the Internet via the Company's website as well as E-mail contact. The Company and its Subsidiary accept all of customers' opinion in order to develop and improve products and services, including with providing more other products to meet customer's needs. This service is provided for every customer and is account for the important strategy which can bring customers satisfaction towards the Company and its Subsidiary.

• Products Category

The Company and its Subsidiary provide variety of products covering all types of optical lenses needed in the market including Prescription Lenses (Rx lenses) which is not produced by any independent optical manufacturers. The Company and its Subsidiary are the sole manufacturers who have the capability to produce all type of products in-house. With the "One Stop Shop" service, customers can get convenience and save their budget as well as control their orders easily. This strategy makes the Company and its Subsidiary prevails over other competitors. The Company had launched a new product named " Tribid™ " : a kind of high-impact lenses and thinness which the Company is the first manufacturer of this lenses in the world.

Besides, to provide conveniences for Company's product selection, the Company has produced new product catalog which is more friendly use and support the customer satisfaction.

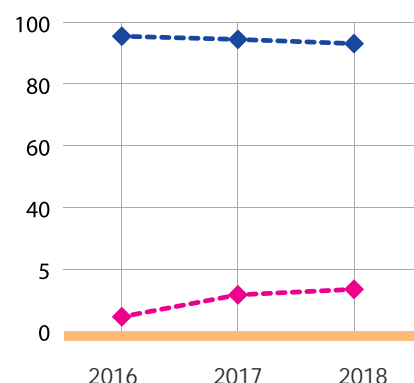
2. Target Customers

Target customers of the Company and its Subsidiary are wholesale distributors, group of large chain stores and finishing factories that use semi-finished lenses as raw materials. The target customers are customers who wish to market their own brands but do not have their own factories or any suppliers in their countries. The Company and its Subsidiary play the role of original equipment manufacturer that produce high quality lens under customers' brand names. These customers do not source their branded products from the major branded producers as they are considered as threat and competitors.

3. Channel of Distribution

The Company and its Subsidiary distribute products to both domestic and foreign markets, which can be summarized the proportion of revenue and services based on financial statements as follows;

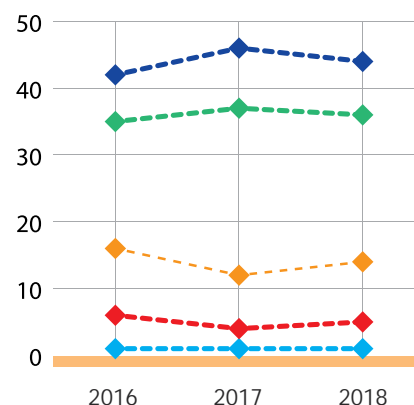
Distribution	Consolidated financial statements Year 2018	Consolidated financial statements Year 2017	Consolidated financial statements Year 2016
● Domestic	4.76%	4.70%	4.53%
● Foreign	95.24%	95.30%	95.47%



Most of domestic sales and services of the Company and its Subsidiary are made to a related company, Nam Silp Thai Co., Ltd., as the sole representative distributor in Thailand. The details of connected transactions are shown in 'Note to Consolidated Financial Statement'.

For distribution channel of the Company in foreign market, a proportion in each region of the world is as follows;

Foreign Markets	Consolidated financial statements Year 2018	Consolidated financial statements Year 2017	Consolidated financial statements Year 2016
● Europe	44%	46%	42%
● Australia	36%	37%	35%
● Asia and Pacific	14%	12%	16%
● America	5%	4%	6%
● Africa and Middle East	1%	1%	1%



The Company and its Subsidiary do not have any customer who holds more than 30 % of total revenue gaining from product sales and services, except the major shareholders of the Company which sale price is the market price and also is presented to the Audit Committee for approval in the beginning of each year.



INDUSTRIAL CONDITIONS AND COMPETITIONS



Product Provision

1. Production

At present, the Company and its Subsidiary produce lenses 300 days per year, working 1-2 shifts / day (8 hours per shift) which depend on production line and products delivery time as ordered within the production capacity of machines to produce each category products of the Company and its Subsidiary. Moreover, this year the Company has applied Productivity Improvement Program for reducing cost and increasing productivity which make the Company can produce Casting lens about 50% up without investment to buy more machine and setting plan to cost down in Prescription/Rx at 5% per year.

2. Raw materials

The Company and its Subsidiary use all raw materials purchasing from abroad. The price of raw materials does not depend on the fluctuation of oil price. In case that the prices of raw material have been changed, the suppliers will inform the case in advance, so that it will not affect the customer's production. From the past, the change in raw materials prices affected the cost of production a little.

Environmental Impact

The Company and its Subsidiary have awareness on the environmental impact, employee health, and its neighbor premises. Therefore, the Company has regulation in the chemical production process, particularly to wear rubber gloves and boots, protective gown, and nose and mouth guards for and safety. In the plant, there are installation of powder tracking device for the grinding process, and the waste-water treatment to eliminate refuse and sewage. The Company has been certified to qualify the standard sewage treatment from the Ministry of Industrial. Since established, the Company and its Subsidiary have never conducted any disputes or do receiving law suits in connection with the environmental issues.

Research and Development

Among Ophthalmic Lens Industry, whenever the new material that suitable for producing lens is discovered, each manufacturer will bring that material to experiment and develop the production process with customized technology. The Company has established Research and Development Institution that is responsible to experiment new technology and new material that change in regard to the market demand. After developing researches, some kind of thinness High-impact resistant lenses which named "Tribrid™" has been launched to market.



BUSINESS

OBJECTIVES & FUTURE PLANS



Thai Optical Group PCL.(the Company)and its Subsidiary Companies are committed to continually produce optical lenses to the highest international quality standards, with attention to details in all areas of production. Moreover, by focusing on Research & Development as well as stringent controls and sound business practices, customers can be assured of the efficiency, cost-effectiveness and quality of the Company's products and services. The Company aims to maximize growth opportunities and enhance profitability to the benefit of shareholders and business partners, while optimizing its product offering, to suit all customers demand, meanwhile conduct social and environmental responsibility.

FUTURE PLANS

The Company realizes on the importance of producing quality products and follow standards deemed to be acceptable at the global level through the prime strategies includes the enhancement on potential and consistency to the business with the objectives of achieving extensive high returns that would yield long term benefits to the investors. Therefore the Company and its Subsidiary Companies set business objectives as follows:

Marketing

- Increasing sales volume and market shares both domestically and globally especially in Asia and Australia by enhancing the quality and diversity of products such as the provision of optical services for customers in abroad, in connection with their prescription (Rx) lenses orders of the Subsidiary company. This can reflect an impressive and premium services as well as delivering the most convenient and rapid means to the customers.
- Build up profits by emphasizing efficient work force development as well as establishing an effective expenditure controlling system.
- Expanding Rx Lens Laboratories for fast delivery to customers.
- In the year 2015,take over all share of Poly Sun Co.,Ltd. for adding Tinted lenses and Polarized lenses(Blocked light) product to meet the need of target market.
- In the year 2016, the Company expanded the production line of RX automation
- In the year 2017, the Company established TOG USA

Inc. to distribute more products in America continent with the anticipation to have fast delivery and logistic service.

- In the year 2018, Zenith, premium RX lens, was launched.

Human Resource

- Emphasize the continuity of human resource development by progressive training, and modification to become a learning organization in its professional fields.
- Set target and establish a system to record the training programs for the employees including an evaluation process as well as the assessment procedure to validate the benefit of the training programs given to the employees where the Company can develop and improve the potential in the employees continuously.
- Provide social welfare to all employees equitably, improve the social welfare and benefit to all employees ensuring they have a better living life.
- Provide health insurance and accident insurance to all employees equivalent to the same standard in other company having the same location and same type of business.
- Provide concentration to the working period of employees ensuring that the employees have appropriate rest period as well as improve the working area to have a good landscape and improving the working area condition.

INDUSTRIAL CONDITIONS AND COMPETITIONS



RESEARCH AND DEVELOPMENT

Focus on Research and Development in order to create new products to meet market demands as well as continue to develop the quality of existing products of the Company. The Company has signed MOU with NECTEC Institution, Thailand for co-developing year 2015 to 2017.

- Emphasize value added products by increasing greater qualities to the high impact resistant lenses. The Company has been acknowledged to be the first Ophthalmic lenses manufacturer of High impact resistant lenses – “Excelite® Trivex®”, in finished single vision, and Progressive lenses. The Company has joined the agreement with Transitions Optical Inc., the world-leading producer of photochromic lenses, to add the quality to change color for 2 kinds of lenses, i.e. High impact resistance lenses “Excelite® Trivex®” and High index lenses. These lenses have their quality in being darken immediately when exposed to light, and can be turned into clear lenses when they are in shade. Besides, they prevent 100% UV, both UV-A and UV-B and serve to prevent risk from the ultraviolet ray. Popular colors among customers are gray and brown.
- TOG has joined with PPG Industries which is a chemical manufacturing in the United States in launching super thin High-Impact Resistant Lenses - Excelite® Tribid™. This material was developed with advanced technology by hybrid combination that a research in the optical lens production process with this material had been studied for more than one year. In addition, the lens had been launched on October, 2011 at International Eyewear Exhibition (SILMO)-Paris, France and International Eyewear Exhibition (MIDO)-Italy which had received high interest from optical wholesalers in various countries.
- TOG has jointed researched and developed with Mitsut Checimal Inc. to produce Leaf ECO™.



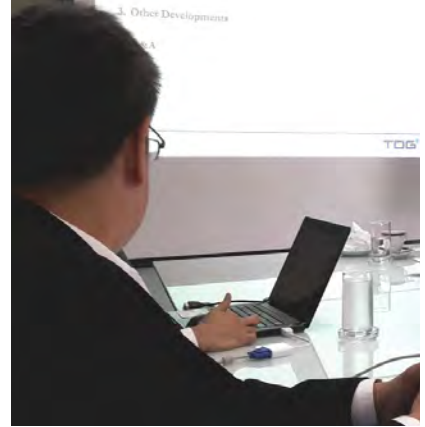
CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

- Build trust with DS / EN ISO - 13485: 2012 Certificate which is an internationally published standard that defines requirements within quality management systems for manufacturers of medical devices and equipment.
- Maintain standard procedures of efficient operations in accordance with the international standard of ISO 9001: 2015 From Bureau Veritas in order to enhance its capability in the global market competition.
- Maintain and Develop in accordance with ISO 14001: 2004 certification.
- Continuing to implement the Corporate Social Responsibility (CSR) and Sustainability Development both inside and outside organization (See more: The Company Report regarding to Social Responsibility (CSR)).
- Apply for Thai Labor Standard 8001: 2010

Sustainability Report : 2018



RISK FACTORS



In the year 2018, the Company and its Subsidiaries require all departments to assess systematically any possible risks, effects, prevention and solution including with appoint Risks Management Team to assess, analyze risk, set measure or action plan for risks management as well as systemically follow-up and taking into account internal factors and external factors such as production process, marketing, exchange rates and personnel, etc. The Company has reviewed and prepared medium-term-plan which will analyze the risk of business related to economic conditions including marketing and procurement of raw materials to prevent and respond the risk that may occur in the future, including setting proactive strategy to manage the problems. Each department is required to perform the assessment and report to the superior in accordance to the organization structure. In the case of a realization of any risk, all departments and management must jointly address and execute the required mitigation measure and report to the Board of Directors to establish the risk mitigation measure policy accordingly. Risk mitigation measures will be announced guidelines to employees to prevent or mitigate future reoccurrences, which may affect the Company and its Subsidiary's business.

1. BUSINESS RISK

1.1 Risks from Substituted Products

The optical lenses of the Company and its Subsidiary are internationally considered as medical products that are used to correct visual disorders, such as myopia, hypermetropia and oblique astigmatism. At present, there are two alternative technologies that are considered to be substituted for optical lenses, namely contact lenses, and a laser eye surgery method including Laser Assisted In-Situ Keratomileusis (Lasik). However, the detractions of contact lenses are their relatively shorter lifespan, special care required and the continual expenses of cleaning solutions. It can be uncomfortable for people with parched eyes as contact lenses sit directly on their cornea, which may also lead to other eyes diseases that can easily be infected due to unsanitary conditions. As for LASIK, this method now can cure only one type of myopia or hypermetropia and cannot cure presbyopia in elderly people. Lasik is also very costly and cannot guarantee that the eye disorder will not return. Therefore, the aforementioned product and method have inherent limitations, which prohibit them from replacing the use of eyeglasses.



1.2 Risks from Competition

In Thailand, the Ophthalmic Lenses Industry is mainly an export industry. Aside from domestic competition, the Company has to compete globally with manufacturers from many other countries, especially China, whose manufacturers can produce CR39 (basic plastic lenses) at very low cost. Therefore, the competition for pricing CR39 is very aggressive. Due to changing of economic condition, customers want to save money as well as getting good quality products. Thus, the Company has coped with price competition by implementing 'Lean Manufacturing' system and "Productivity Improvement program" to apply in production process. These systems help to produce the best quality of products and provide the lowest production cost and shortest production time. Therefore, the Company can fulfill customers' requirements and also compete with others.

1.3 Risk from 3D Printing

Recently, there are some entrepreneurs can produce optical lenses by using 3D printing technology which can reduce the complexity in the optical lenses production. 3D printing technology is in the primary stage and there are some restriction in cost of manufacturing and the variety of material to be used for optical lenses production. The Company anticipates that this 3D printing technology may be a factor to alter optical lenses industry including molding production and RX lenses production. The Company shall closely follow up and monitor this factor and be prepared to encounter with this challenging technology.

RISKFACATORS

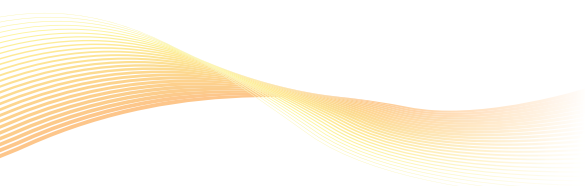
2. PRODUCTION RISK

2.1 Risks over Price and Raw Material Procurement

The Company and its Subsidiary import main raw materials such as glass blanks, monomer and other chemicals from only a few main producers and distributors. Approximately 70% of the raw materials used in the production of organic lenses are plastic monomer, which account for approximately 50% of the total production costs. Each plastic monomer is proprietary and owned by certain producers. The risk of this factor stems from having to depend on a sole supplier, and consequently being unable to control the cost. In case that such supplier has a problem in production, the Company and its Subsidiary can have potential on shortage of raw materials. However, for more than 10 years, the Company and its Subsidiary have never encountered a problem over price or shortage of raw materials. Moreover, the fluctuation of oil price does not affect to the price of raw materials as well.

2.2 Labor Risk

At Present, Thailand is facing a labor shortage at operation level especially in the private sector because most people have continued their education in higher level as a result, operation labor may shortage in the future. In this issue, the Company set various measures such as investment in Automation machines as well as offer compensation and employees' Multi-skill development as well as applying Thai Labor Standard to develop the employees' living quality.



3. FINANCIAL RISK

3.1 Financial risk management

The Company and its subsidiaries are exposed to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. They seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarized below.

(Unit : Baht)

Currency	Assets	Liabilities	Different of Asset and Liabilities	Average Exchange Rate as at December 31,2018	Different of Asset and Liabilities in Thai Baht
US Dollar	9,843,551	2,330,789	7,512,762	32.4036	243,440,535
EURO	1,467,692	5,295,114	(3,827,422)	37.0731	(141,894,399)
JPY	20,230,697	19,549,380	681,317	0.2926	199,353
MYR	13,167	-	13,167	7.7815	102,467
GBP	-	97,930	(97,930)	41.0040	(4,015,522)

3.2 Risk from Related parties guarantee

As at 31 December 2018, the Company has contingent liabilities in respect of the guarantees of Thai Optical Company Limited, a subsidiary's credit facility amounting to Baht 54.9 million and EUR 4.83 million or equivalent to Baht 242.0 million (2017: Baht 68.7 million and EUR 5.3 million or equivalent to Baht 275.1 million) provided to banks.

As at 31 December 2018, the Company has contingent liabilities in respect of the guarantees of Poly Sun Company Limited, a subsidiary's credit facility amounting to Baht 17 million (2017: Baht 17 million).

As at 31 December 2018, Thai Optical Company Limited, a subsidiary company has contingent liabilities in respect of the guarantees of the Company's credit facility amounting to Baht 152.9 million (2017: Baht 107 million) provided to banks.

These guarantees are effective for as long as the underlying obligation has not been discharged. Guarantee fee has been charged by the Company and its subsidiaries at the rate of 1.5 percent per annum.

DIVIDEND PAYOUT POLICY

The dividend payout at any period and its amount (if any) will be based on the results of the Company's performance, financial status, available cash flow and the need of cash investment, and other related factors in accordance with an agreement of the Board of Directors. The Company runs its own business as well as holding shares in its Subsidiary Company, thus the Company's capability to pay dividend to Shareholders will depend on profits and cash flow of the Company and its Subsidiary. In addition, the Board of Directors Meeting No.49 (1/2555) held on February 22nd, 2012 had a resolution to approve in regard to the new dividend payout policy since 2012 that "Pay dividend not less than 40 percent of Net Profit of Consolidated financial statements after less of all reserved fund required by law and the Company"

The dividend payout announcement will comply with the rule of Civil and Commercial Code which is under discretion of the Shareholders' meeting in accordance with the proposal from the Board of Directors. And, the Interim dividend payment, the discretion will be made by the Board of Directors. In addition, in compliance with Thailand laws, the Company is required to pay dividend only from profits (i.e. Net profit including accumulated Income and is deducted with any accumulated Loss). Besides, the Company is required to appropriate reserved fund until it has reached one-tenth of the Company's registered capital or more than the said amount regarding to the Company's Articles of Association. For the Subsidiary Company, dividend will be paid to the Company with not less than 90 percent of the Net profit of the Subsidiary Company.



Year	Earnings Per Share (Baht)	Dividend Per Share (Baht)	Dividend Payout Ratio (%)
2018	0.31	0.28	91
2017	0.39	0.35	90
2016	0.53	0.42	80
2015	0.48	0.38	78
2014	0.43	0.35	82
2013	0.33	0.26	86
2012	0.32	0.25	77
2011	-0.14	0.05	(36)
2010	0.30	0.25	83
2009	0.28	0.25	89
2008	0.34	0.25	82
2007	0.34	0.20	59
2006	0.24	0.16	71

SHAREHOLDER STRUCTURE

1.SHAREHOLDERS

As of December 28, 2018 (the recent closing date), Thai Optical Group Public Company Limited has 1,683 shareholders. (counted from paid-up capitals of 474,318,000 shares) are;

The major shareholder, the Prachartam Family is comprised of 25 persons as follows;

No.	Name of Shareholders	Relation with Mr. Sawang Prachartam	Number of Shares	Stock holder Proportion (%)
1	Mr. Prateep Prachartam	Brother	24,000,000	5.06
2	Mr. Kamron Prachartam	Brother	26,410,000	5.57
3	Mr. Torn Prachartam	Nephew (The son of Mr. Kamron)	24,179,700	5.10
4	Mr. Pakee Prachartam	Nephew (The son of Mr. Kamron)	27,000,000	5.69
5	Mr. Yosanut Prachartam	Nephew (The son of Mr. Sarote)	20,233,893	4.27
6	Mr. Samrit Prachartam	Brother	14,840,000	3.13
7	Mr. Sawang Prachartam	-	12,000,000	2.53
8	Miss Prinda Prachartam	Daughter	10,307,700	2.17
9	Mr. Witoon Prachartam	Nephew (The son of Mr. Prateep)	11,830,000	2.49
10	Miss Roongnapa Prachartam	Sister	9,382,000	1.98
11	Mrs. Rattana Prachartam	Sister-in-law (The wife of Mr. Prateep)	8,554,200	1.80
12	Mrs. Chalinee Laosuan	Niece (The daughter of Mr.Prateep)	7,070,000	1.49
13	Mrs. Pornpun Thotrakul	Niece (The daughter of Mr. Prateep)	6,930,000	1.46
14	Mrs. Amolrat Prachartam	Niece (The daughter of Mr.Prateep)	6,830,000	1.44
15	Miss Pornpip Prachartam	Niece (The daughter of Mr.Prateep)	6,730,000	1.42
16	Mrs. Nonglak Somboontam	Niece (The daughter of Mr.Prateep)	6,830,000	1.44
17	Mr. Sarath Teganjanavanich	Nephew (The son of Lieut. Col. Ketnapa)	4,687,500	0.99
18	Lieut. Col. Ketnapa Teganjanavanich	Sister	3,050,000	0.64
19	Mr. Sarote Prachartam	Brother	3,250,000	0.69
20	Miss Ruedeepon Yongritthikul	Niece (The daughter of Miss Walnapa)	1,718,516	0.36
21	Miss Kornwara Yongritthikul	Niece (The daughter of Miss Walnapa)	1,718,515	0.36
22	Mr. Bancha Yongritthikul	Nephew (The son of Miss Walnapa)	1,260,469	0.27
23	Miss Pornpen Prachartam	Niece (The daughter of Mr. Prateep)	2,920,000	0.62
24	Miss Lucksamee Prachartam	Niece (The daughter of Mr. Wirach)	6,190,000	1.31
25	Mr. Sipphanonda Prachartam	Nephew (The son of Mr. Wirach)	6,183,200	1.30
Total of shares held by the Prachartam Family			254,105,693	53.57

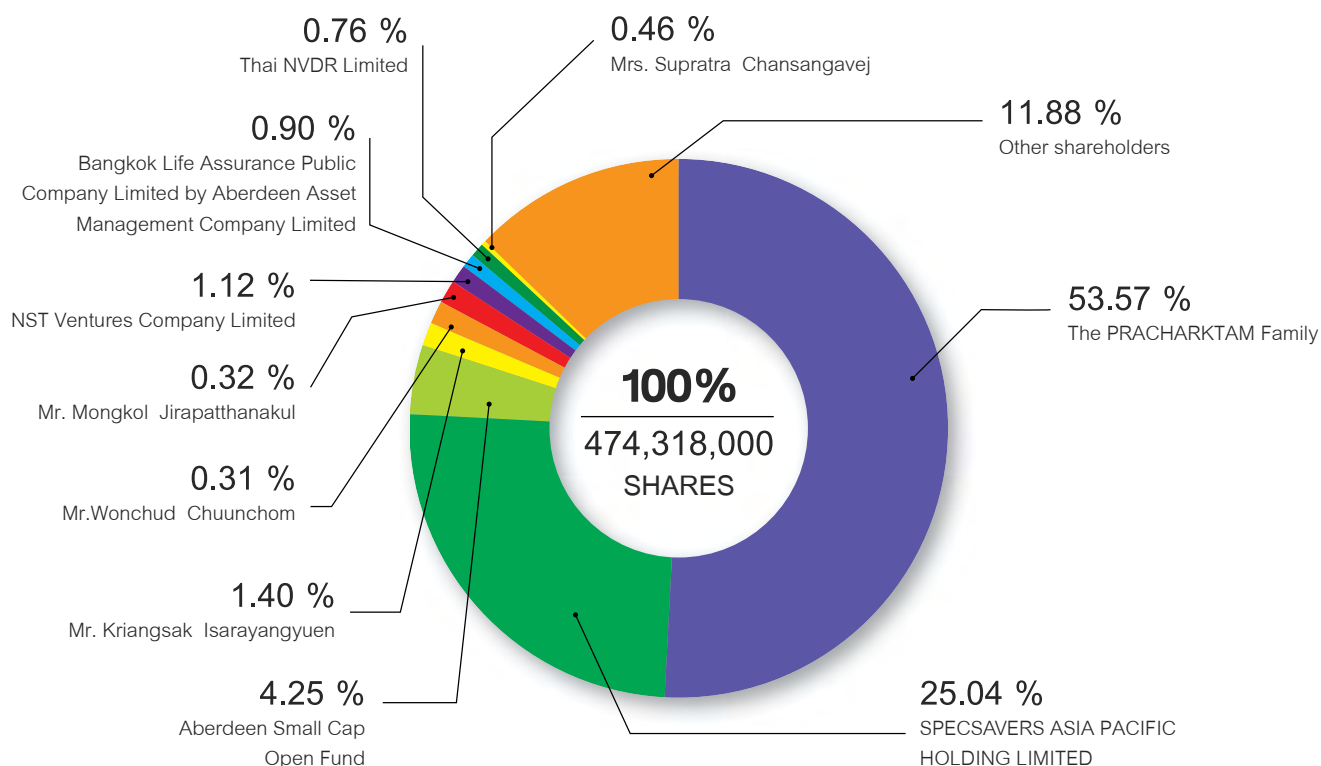
Foreign Shareholders Limitation

Foreign shareholders are not allowed to hold more than 49 % of the total paid- up capitals. As of December 28, 2018. There was 25.60% of the total shares of the Company held by foreign shareholders.

SHAREHOLDERS STRUCTURE

1. SHAREHOLDERS

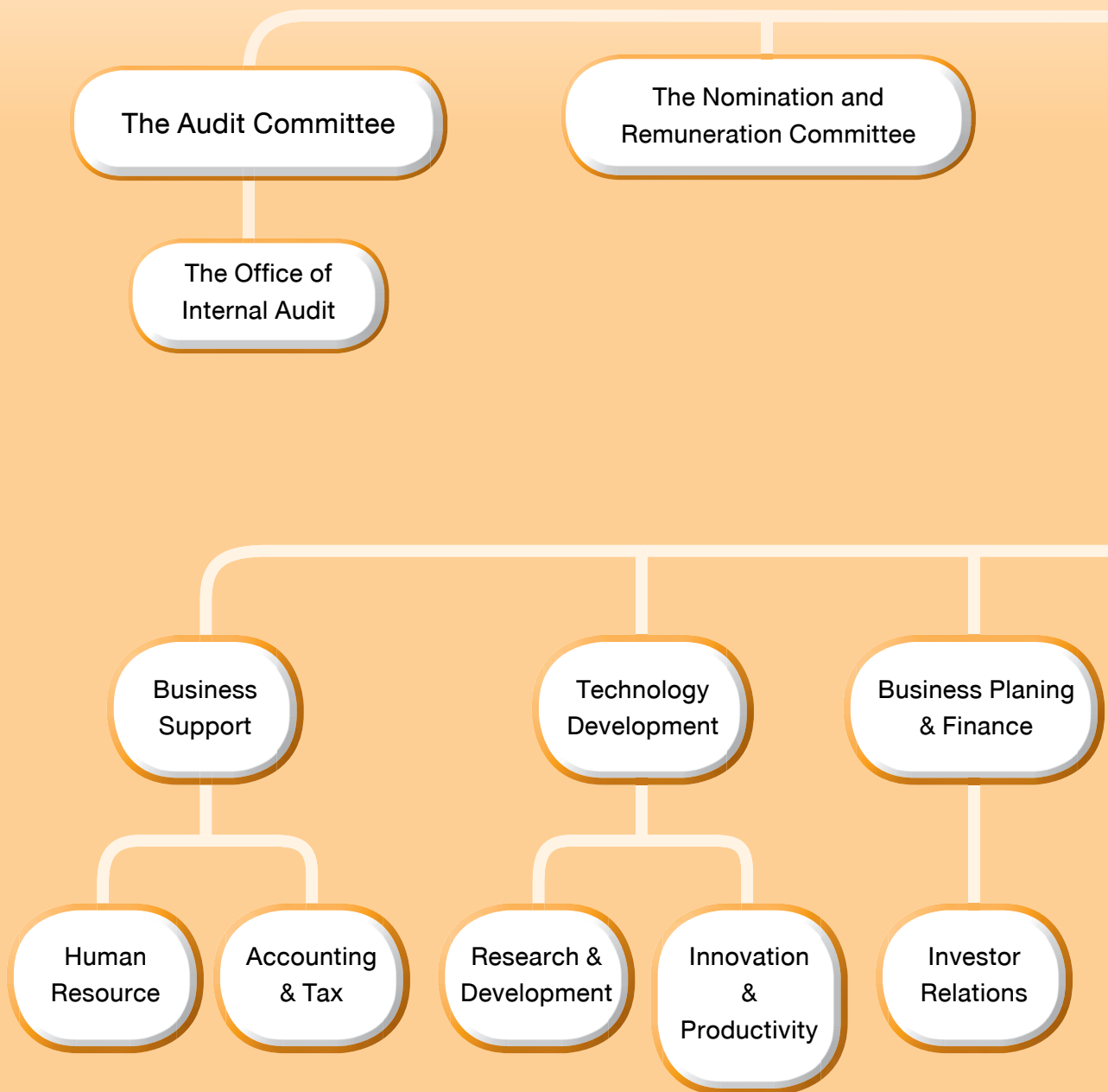
As of December 28, 2018 (the recent closing date), Thai Optical Group Public Company Limited has 1,683 shareholders. The first 10 major shareholders (counted from paid-up capital of 474,318,000 shares) are as follows:

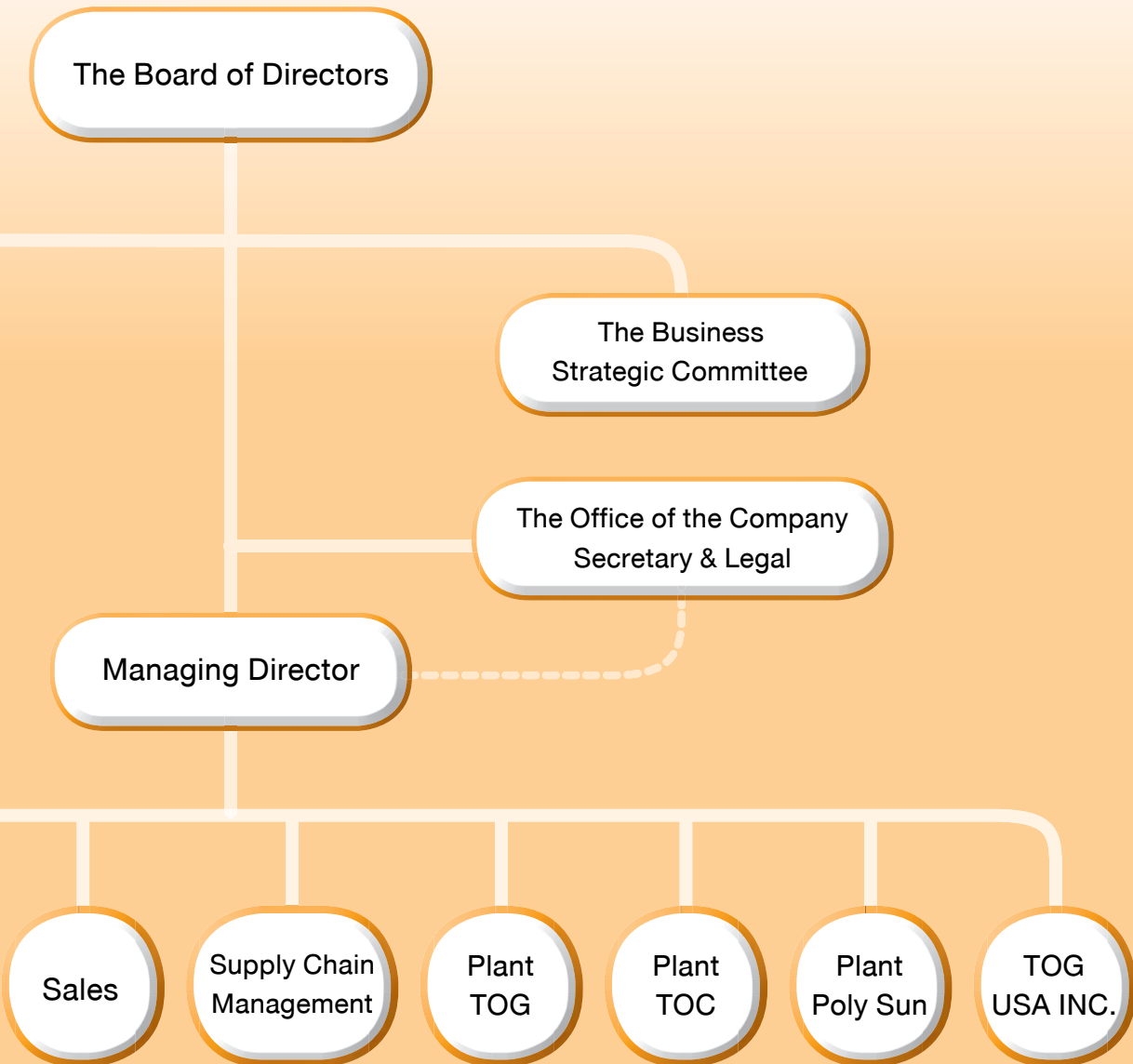


No.	Name of Shareholders	Number of Shares	Stockholder Proportion
1	The Pracharktam Family	254,105,693	53.57
2	SPECSAVERS ASIA PACIFIC HOLDINGS LIMITED	118,767,600	25.04
3	Aberdeen Small Cap Open Fund	20,146,800	4.25
4	Mr. Kriangsak Isarayangyuen	6,622,700	1.40
5	NST Ventures Company Limited	5,300,000	1.12
6	Bangkok Life Assurance Public Company Limited by Aberdeen	4,277,800	0.90
7	Thai NVDR Limited	3,584,103	0.76
8	Mrs. Supratra Chansangavej	2,173,645	0.46
9	Mr. Mongkol Jirapatthanakul	1,540,000	0.32
10	Mr. Wonchud Chuunchom	1,460,000	0.31
	Other shareholders	56,339,659	11.88
	Total shares	474,318,000	100.00

ORGANIZATION STRUCTURE

Thai Optical Group Public Company Limited and its Subsidiaries





THE BOARD

OF DIRECTORS AND MANAGEMENT



Mr. Sawang Prachartam

Chairman
Age : 74 Years

Shareholding : 2.53 %

Education:

- 1966 BSCE, Chulalongkorn University
- 1970 MSCE The University of Akron, Ohio, U.S.A.
- 1974 Ph.D. University of Akron, Ohio, U.S.A.

Management Developments:

Thai Institute of Directors (IOD):

- DAP Class 18/2004
- FND Class 31/3/2005
- Chairman 2000 Class 14/6/2005
- UFS Class 2/2006
- CG Class 1/2006
- DCP Class 83/2007

Work Experience:

- 1966 - 1967 Universal Engineering Consultants Co., Ltd. ,
Engineer
- 1967 - 1968 Soil Testing Service Co., Ltd. ,
Engineer
- 1968 - 1969 Aisun & Associates Co., Ltd. ,
Engineer
- 1970 - 1974 Hale & Kullgren, Akron, Ohio, U.S.A. and
Structural Analysis System, Kent, Ohio, U.S.A. ,
Engineer
- 1974 - 1976 Civil Engineering Dept., The University of Akron,
Ohio, U.S.A. ,
Research Associate
- 1976 - 1978 Department of Applied Science,
Brookhaven National Lab, NY, U.S.A. ,
Structural Engineer

- 1979 - 1981 Architect 110 Co., Ltd. ,
Director and Engineer
Thai Group Consultants Co., Ltd. ,
Senior Structural Engineer
- 1982 - 2003 Thai Optical Co., Ltd.
Better Vision Group Co., Ltd.
Nam Silp Thai Eyewear Co., Ltd. ,
Executive Director of Sales and Marketing
- 2004 - 2008 Thai Optical Group PCL. ,
Managing Director
- 2009 - 2014 Thai Optical Group PCL. ,
Chairman of the Business Strategic Committee
- 2004 - Present Thai Optical Group PCL. ,
Chairman

Position in Subsidiary and Associate Company: None

Position in Related Company: Yes

- NST Ventures Company Limited
Director

Other Current Position: Yes

- **Thai Optometric Association,**
Director Consultant
- **The Engineering Institute of Thailand Under H.M.
the King's Patronage,**
Member
- **Thai – Italian Chamber of Commerce (TICC),**
Director
- **TopCon Co.,Ltd.**
Director

Mr. Torn Prachartam

Director / Member of the Business
Strategic Committee / Managing Director /
Acting Human Resource Division Manager
Age : 51 Years



Shareholding : 4.66%

Education:

- Bachelor Degree of Chemical Engineering, King Mongkut's University of Technology Thonburi.
- M.S.C. Industrial and Systems Engineering, Ohio University, U.S.A.

Management Developments:

Thai Institute of Directors (IOD):

- DCP Class 149 / 2011
- SFE Class 14 / 2011 (Successful Formulation and Execution of Strategy) Kellogg School of Management, Northwestern University:
- Executive Development Program Session 87 / 2014

Work Experience:

- 1994 - 1995 Thai Optical Co., Ltd. ,
Glass Mold Manufacturing Division Manager
- 1995 - 2001 Thai Polymer Lens Co., Ltd. ,
Planning and Quality Control Division Manager
- 2001 - 2003 Thai Polymer Lens Co., Ltd. ,
Production and Quality Control Division Manager
- 2004 - 2012 Thai Optical Group PCL. ,
Plant TOG Division Manager
- 2012 - 2014 Thai Optical Group PCL. ,
Deputy Managing Director of Operating Sector
- 2010 - Present Thai Optical Group PCL. ,
Director/Member of the Business Strategic
Committee
- 2014 - Present Thai Optical Group PCL. ,
Managing Director

Position in Subsidiary and Associate Company: Yes

- Thai Optical Co., Ltd.
Chairman , Member of Board of Directors, Managing Director
- Poly Sun Co., Ltd.
Member of Board of Directors, Managing Director
- TOG USA, Inc.
Member of Board of Directors

Position in Related Company: None

Other Current Position: Yes

- National Electronics and Computer Technology Center (NECTEC),
Sub-committee on Electronic Devices and Systems Program

THE BOARD OF DIRECTORS AND MANAGEMENT



Mrs. Amolrat Prachartam

Director / Logistics and
Supply Chain Division Manager
Age : 51 Years

Shareholding : 1.44%

Education:

- Bachelor Degree of Civil Distribution and Marketing,
Faculty of Commerce, Waseda University, Tokyo, Japan

Management Developments:

Thai Institute of Director

- DCP Class 256/2018

Work Experience:

1991	Asahi Glass Co., Ltd., Japan , Trainee
1991 - 1994	Bangkok Float Glass Co., Ltd. , Export Section Chief
1994 - 2002	Thai Polymer Lens Co., Ltd. , Export Sales Manager
2002 - 2003	Thai Polymer Lens Co., Ltd. , Purchasing & Logistics Manager
2004 - 2007	Thai Optical Group PCL. , Sales and Marketing Manager
2008 - 2014	Thai Optical Group PCL. , Business Development Division Manager
2015 - Present	Thai Optical Group PCL. Logistics and Supply Chain Division Manager
2018 - Present	Thai Optical Group PCL. , Director

Position in Subsidiary and Associate Company: Yes

- Thai Optical Co., Ltd.
Member of Board of Directors
- Poly Sun Co., Ltd.
Member of Board of Directors
- TOG USA, Inc.
Member of Board of Directors

Position in Related Company: None

Other Current Position: None

Mr. Sarote Prachaktam

Director /Member of
the Business Strategic Committee
Age : 70Years



Shareholding : 0.69 %

Education:

- Bachelor Degree of Mechanical Engineering, Chulalongkorn University
- Master of Industrial Engineering, North Carolina State University, U.S.A.

Management Developments:

Thai Institute of Directors (IOD):

- DAP Class 18/2004
- FND Class 31/2005
- DCP Class 86/2007

Work Experience:

- 1972 - 2003 Thai Optical Co., Ltd.
Thai Polymer Lens Co., Ltd. ,
Director and Factory Manager
- 2004 - 2008 Thai Optical Group PCL. ,
Deputy Managing Director of Operation Sector
- 2009 - 2011 Thai Optical Group PCL. ,
Managing Director
- 2011 - 2015 Thai Optical Co., Ltd. ,
Chairman

2012 - 2015 Thai Optical Group PCL. ,
Director / Member of the Nomination and Remuneration -Committee

2006 - Present Thai Optical Group PCL. ,
**Director /Member
of the Business Strategic Committee**

Position in Subsidiary and Associate Company: None

Position in Related Company: Yes

- NST Ventures Company Limited. ,
Director

Other Current Position: None

THE BOARD OF DIRECTORS AND MANAGEMENT



Mrs. Pornpun Thotrakul

Director

Age : 64 Years

Shareholding : 1.46%

Education:

- Bachelor Degree of Science (Chemical Engineering), Chulalongkorn University
- Master Degree of Science (Chemical Engineering), The University of Akron, Ohio, U.S.A.

Management Developments:

Thai Institute of Directors (IOD):

- DAP Class 15 /2004
- FND Class 31/3/2005
- EMT Class 2/2006
- DCP Class 90 /2007
- RRC Class 2 /2007

Work Experience:

- 1975 - 1979 King Mongkut Institute of Technology, Bangmod, Thonburi. ,
Special Instructors in
Chemical Engineering Department
- 1977 - 2004 Thai Optical Co., Ltd. ,
International Trade Manager
- 2004 - 2014 Thai Optical Group PCL. ,
Administrative Deputy Managing Director
- 2012 - 2014 Thai Optical Group PCL. ,
Procurement and General Affair Division Manager
- 2004 - Present Thai Optical Group PCL. ,
Director

Position in Subsidiary and Associate Company: None

Position in Related Company: Yes

- Nam Silp Thai Eyewear Co., Ltd. ,
Director
- NST Ventures Company Limited. ,
Director
- NST Training Centre Company Limited. ,
Managing Director

Other Current Position: None

Mr. Nicholas Philip Green

Director/Member of the Business
Strategic Committee
Age : 47 Years



Shareholding : None

Education:

- B.Eng (Hons) in Chemical Engineering (1989 - 92),
University of Birmingham
- MBA (Distinction) - completed Dec 2007,
The Open University.
- CIPS Diploma in Purchasing & Supply (Distinction) –
completed 2012
- CIPS Prize Winner 2012
for highest examination score globally.

Management Developments:

- Prince 2 Practitioner Award - gained 2015
- Currently undertaking the Institute of Directors Certificate
in Company Direction.

Work Experience:

2008 - 2011	Specsavers Lens Purchasing & Supply Manager
2011 - 2013	Specsavers Head of Commercial Planning
2013 - 2018	Specsavers Director of Planning & Forecasting
2018 - Present	Specsavers Director of Product Purchasing & Supply
2018 - Present	Thai Optical Group PCL. Director

Position in Subsidiary and Associate Company: None

Position in Related Company: Yes

2018 - Present Specsavers,
Director of Product Purchasing & Supply

Other Current Position: None

THE BOARD OF DIRECTORS AND MANAGEMENT



Mr. David Andrew Cross

Director/ Member of the
Business Strategic Committee
Age : 63 Years

Shareholding : None

Education:

- Graduate of Australian Institute of Company Directors (2008)
- Chartered Accountant (since 1979)
- Bachelor of Economics (Adelaide University 1977)

Management Developments:

- Australian Institute of Company Directors
- The Chairman (2013)

Work Experience:

- 1976 - 1980 Hungerfords / KPMG
- 1980 - 1993 Clarks Shoes Australia LTD. ,
Commercial Director
- 1993 - 1996 SOLA Australia,
Finance Director
- 1996 - 1999 SOLA Australia,
Commercial Director
- 1999 - 2002 SOLA International Inc. ,
Vice President Finance Global Operations
- 2002 - 2004 SOLA International Inc.
Vice President Business Planning & Development
- 2004 - 2007 Optical Distributors and Manufacturers
Association of Australia (ODMA)
Non Executive Director
- 2004 - 2007 SOLA International Inc.
Carl Zeiss Vision-AG. ,
Managing Director Asia Pacific

- 2007 Carl Zeiss Vision-AG
Vice President Strategic Business Development
- 2009 - Present Thai Optical Group PCL.
Director/ Member of
the Business Strategic Committee

Position in Subsidiary and Associate Company : None

Position in Related Company : None

Other Current Position : Yes

- 2007 - Present Royal Automobile Association of
South Australia Inc. (RAA Group)
President and Chairman of Board/
Member of Audit Committee/
Member of Mergers and Acquisitions Committee/
Member of Public Policy Committee/
Member of Remuneration Committee/
Member of Investment Committee
- 2009 - Present Specsavers Pty Ltd.,
Director of Operations (Supply Chain) Asia Pacific
- 2010 - Present RAA Insurance Ltd. and
RAA Insurance Holdings Limited
Chairman of Board /Member of Audit Committee /
Member of Governance and Remuneration
Committee
- 2013 - Present Automobile Association of Australia (AAA)
Non Executive Director

Mr. Singh Tangtatswas

Independent Director /
Chairman of the Audit Committee
Age : 76 Years



Shareholding : None

Education:

- Bachelor Degree of Economics, Thammasart University
- Master of Business Administration (Finance and Banking), Wharton School of Finance and Commerce, University of Pennsylvania, U.S.A.

Management Developments:

- Wharton School :
Certificate of Management Development Program
- Harvard Business School :
Certificate of Executive Development Program

Thai Institute of Directors (IOD):

- DCP Class 0/2000
- MIA Class 6/2009

Work Experience:

- 1968 - 1978 Fiscal Policy Office, Ministry of Finance,
Economist
- 1978 - 1980 Fiscal Planning Division, Fiscal Policy Office,
Ministry of Finance,
Director
- 1980 - 1986 Siam Cement PCL.
Finance and Planning Manager
- 1986 - 1996 The Siam Pulp and Paper PCL.
Deputy Managing Director
- 1986 - 1996 Siam Industrial Finance and Securities Company,
Director

- 1986 - 1996 Thai Pulp and Paper Industry Association,
Director / Treasurer
- 1991 - 1996 Siam Cellulose Co., Ltd.
Managing Director
- 1996 - 1999 The Stock Exchange of Thailand
President
- 1999 - 2001 Krung Thai Bank PCL.
President and Chief Executive Officer
- 2002 - 2009 Corporate Governance Center,
The Stock Exchange of Thailand,
Adviser
- 2005 - 2013 TWZ Corporation PCL.
Independent Director
- 2004 - Present Thai Optical Group PCL.
Independent Director/ Chairman of the Audit Committee

Other Current Position: Yes

- Thai Institute of Directors (IOD).
Director
- 2003 - Present Bangkok Insurance PCL.
Director / Chairman of the Nomination and Compensation Committee
- 2004 - Present Bangkok Bank PCL.
Director

THE BOARD OF DIRECTORS AND MANAGEMENT



Mr. Wicha Jiwalai

Independent Director / Member of the
Audit Committee / Member of
Nomination and Remuneration Committee
Age : 74 Years

Shareholding : None

Education:

- Bachelor Degree of Civil Engineering, Chulalongkorn University
- Master of Science (Engineering), ITC, The Netherlands
- Master of Science (Geodetic Science), The Ohio State University, U.S.A.
- Doctor of Philosophy (Geodetic Science), The Ohio State University, U.S.A.

Management Developments:

Thai Institute of Directors (IOD):

- Chairman 2000
- DAP Class 8 / 2004
- ACP Class 11/2006
- DCP Class 14
- CDC Class 1

Work Experience:

- 1966 - 1979 Chulalongkorn University,
Lecturer at Faculty of Engineering
- 1979 - 1985 Faculty of Engineering, Chulalongkorn University,
Associate Professor and Head of Survey Engineering
Department
- 1986 Visiting Professor, Ghajamadha University, Indonesia
(under the MUCIA – World Bank Project)
- 1985 - 1989 Deputy Governor of Bangkok Metropolitan
Administration
- 1993 - 1998 Thai Condominium Association,
President

- 1994 - 1995 The Sub-Committee for National Housing Policy
Committee
- 2000 - 2005 Geo-Informatics and Space Technology Development
Agency (Public Organization),
Chairman of Executive Board
- 2012 - 2013 The Asean Federation of Land Surveying and Geomatic,
President
- 2004 - Present Thai Optical Group PCL.
Independent Director / Member of the Audit Committee
- 2015-Present Thai Optical Group PCL.
Member of Nomination and Remuneration- Committee

Other Current Position: Yes

- Salintara Co., Ltd. ,
Chairman
- STP & I PCL. ,
Chairman of the Audit Committee
- TNDT PCL. ,
Chairman of the Audit Committee
- World Resort Co., Ltd. ,
Director
- Surveying and Mapping Society of Thailand,
President
- The Engineering Institute of Thailand Under H.M. The King's Patronage,
Civil Engineering Technical Board

Mr. Phairuch Mekarporn

Independent Director / Chairman of the
Nomination and Remuneration Committee /
Member of the Audit Committee

Age : 74 Years



Shareholding : None

Education:

- B.S.M.E, Chulalongkorn University
- M.S.M.E, California State University, Long Beach, California, U.S.A.

Management Developments:

- Harvard Business School :
1995 Advanced Management Program

Thai Institute of Directors (IOD):

- DCP Class 81/2006
- ACP Class 17/2007
- Advance ACP 1/2009

Work Experience:

- 1989 - 1996 Thai Paper Co., Ltd. ,
Thai Union Paper Co., Ltd. ,
Managing Director
- 1996 - 2003 Siam Kraft Industry Co., Ltd. ,
Thai Kraft Paper Industry Co., Ltd. ,
Thai Union Paper Industry Co., Ltd. ,
Managing Director
- 2004 - 2014 Thai Optical Group PCL. ,
Member of the Business Strategic Committee
- 2004 - Present Thai Optical Group PCL. ,
Independent Director /
Chairman of the Nomination and
Remuneration Committee/

- 2014 - Present Thai Optical Group PCL. ,
Member of the Audit Committee

Other Current Position: Yes

- **TTW Public Company Limited,**
Independent Director/ Chairman of Audit Committee /
Member of the Corporate Governance Committee /
Chairman of Nomination and Remuneration Committee
- **Pathum Thani Water Co., Ltd. ,**
Chairman of the Board of Directors

THE BOARD OF DIRECTORS AND MANAGEMENT



Mr. Banchong Chittchang

Independent Director / Chairman of the Business Strategic Committee / Member of the Nomination and Remuneration Committee/
Age : 70 Years

Shareholding : None

Education:

- B.Eng.-Mechanical (Second Class Honors), Chulalongkorn University
- MS. Mechanical Engineering, University of Akron, U.S.

Management Developments:

Thai Institute of Directors (IOD):

- DCP Class 7/2001 (Fellow Member)
- Chartered Director Class 1/2007

2005 - Present: Facilitator of Strategic,

- Management Program Courses at IOD

Work Experience:

- 1981 - 1989 Foremost Dairies (Bangkok) Co., Ltd. ,
Operations Manager
Federation of Thai Industries,
Former Vice Chairman Food Processing Industry Club
Thailand Management Association (TMA),
Former Councillor
- 1989 - 1994 Inchcape Manufacturing Co., Ltd.
Managing Director
- 1995 - 2004 Malee Sampran PCL.
President
Federation of Thai Industries,
Vice Chairman Food Processing Industry Club
Thailand Management Association (TMA),
Councillor

2008 - Present Thai Optical Group PCL.

Independent Director/

Member of the Nomination and Remuneration Committee / Member of the Business Strategic Committee

2015 - Present Thai Optical Group PCL.

Chairman of the Business Strategic Committee

Other Current Position: Yes

- Thai Institute of Directors (IOD)
Director/Member of Compensation Committee
- Lam Soon (Thailand) PCL.
Independent Director /Member of the Audit Committee/
Member of Remuneration Committee/
Member of Nomination Committee
- PTBI PCL.
Chairman / Independent Director

Miss Wichit Thaveeprechachat

Director/ Business Planning and
Finance Division Manager
Age : 58 Years



Shareholding : None

Education:

- B.B.A. (Accounting), Ramkamhaeng University
- M.B.A. (Banking and Finance), Ramkamhaeng University

Management Developments:

Chulalongkorn University:

- MMP Class 27

Thai Institute of Directors (IOD):

- CSP Class 6/2004
- EMT Class 2/2006
- DAP Class 76/2008
- BRP Class 2/2010
- DCP Class 138/2010
- ACPG Class 7/2013

Work Experience:

1984 - 1985	Nana Condominium Co., Ltd. Accountant
1985 - 1987	Khumsappaisal Co., Ltd. Treasury
1987 - 1989	Kiatpaisal Co., Ltd. Treasury
1989 - 1993	Thai Central Steel Co., Ltd. Assistant Accounting Manager

1993 - 2004 Sin Thai Estate Co., Ltd.

Accounting Manager

2005 - 2017 Thai Optical Group PCL.

The Company Secretary

2008 - Present Thai Optical Group PCL.

Director

2018 - Present Thai Optical Group PCL.

Business Planning and Finance Division Manager

Position in Subsidiary and Associate Company: None

Position in Related Company: None

Other Current Position: None

THE BOARD OF DIRECTORS AND MANAGEMENT



Mrs. Anuruk Rattanasansuntorn

Internal Audit Manager

Age : 51 Years



Mr. Bancha Yongrithikul

Plant Division Manager (TOG)

Age : 48 Years

Shareholding : None

Shareholding : 0.27%

Education:

- B.S. (Accounting), Kasetsart University
- M.B.A., Kasetsart University

Work Experience:

- 1991 - 1995 The Siam Pulp and Paper PCL.
Internal Auditor
- 1995 - 1998 The Siam Pulp and Paper PCL
Senior Accountant Budgeting and Reporting section to the SEC and SET of Thailand
- 1998 - 2003 The Thai Containers Industry Company Limited,
Accounting and Budgeting Section Manager
- 2003 - 2004 Industrial Paper Business,
Reporting and Budgeting Section Manager
- 2004 - 2005 Thai Optical Group PCL.
Consultant /Internal Auditor (Independent)
- 2005 - Present Thai Optical Group PCL.
Internal Audit Manager

Position in Subsidiary and Associate Company: None

Position in Related Company: None

Other Current Position: None

Education:

- Bachelor Degree of Electronics Engineer, King Mongkut's Institute of Technology Ladkrabang
- M.B.A, University of Tennessee at Chattanooga, U.S.A.

Work Experience:

- 1992 - 1994 Datamat PCL. ,
Customer Engineer
- 1996 - 2003 Thai Polymer Lens Co., Ltd. ,
System Development Section Manager
- 2004 - 2014 Thai Optical Group PCL. ,
Warehouse and Delivery Division Manager
- 2015 - Present Thai Optical Group PCL. ,
Plant Division Manager (TOG)

Position in Subsidiary and Associate Company: None

Position in Related Company: None

Other Current Position: None



Mrs. Narueporn Prachartam
Accounting and Tax Division Manager
Age : 55 Years

Shareholding : None

Education:

- Bachelor Degree of Accountancy, Chulalongkorn University
- Master Degree (M.B.A) Major in Controllerships, Kasetsart University

Work Experience:

- 1987 - 1990 Laemthong Corporation Co., Ltd.
Pang Laemthong Co., Ltd.
Assistant Chief Accountant
- 1990 - 1991 Glaxo (Thailand) Co., Ltd.
Programmer Analyst
- 1991 - 1993 Philips Electrical of Thailand Co., Ltd.
Digital Solution Services Co., Ltd.
Senior Accountant
- 1993 - 2001 Thai Optical Co., Ltd.
Polymer Lens Co., Ltd.
Asian Vacuum Coating Co., Ltd.
Accounting Manager
- 2002 - 2014 Thai Optical Group PCL.
Accounting and Finance Division Manager
- 2015 - Present Thai Optical Group PCL.
Accounting And Tax Division Manager

Position in Subsidiary and Associate Company: None

Position in Related Company: None

Other Current Position: Yes

- Member of Federation of Accounting Professions Under The Royal Patronage of His Majesty The King
- Certified Public Accountant (Thailand)



Miss Michelle Hsieh
Sales and Marketing Division Manager
Age : 40 Years

Shareholding : None

Education:

- Bachelor Degree of Business, Johnson & Wales University, U.S.A.

Work Experience:

- 2000 - 2003 Nitring Enterprise Inc., Taiwan
International Sales Representative
- 2003 - 2005 Free-Free Industrial Corp., Taiwan
International Sales Representative
- 2005 - 2009 Rodenstock Asia Limited, Thailand
Sales & Frame Business Manager
- 2009 - 2011 Yongta Technology Printing Co. Ltd., China
Sales Division Manager
- 2011 - 2012 Thai Optical Group PCL.
Deputy Sales and Marketing Division Manager
- 2012 - Present Thai Optical Group PCL.
Sales and Marketing Division Manager

Position in Subsidiary and Associate Company: None

Position in Related Company: None

Other Current Position: None

THE BOARD OF DIRECTORS AND MANAGEMENT



Mrs. Rewadee Jantamanechote
 Company Secretary and Office of Company
 Secretary & Legal Manager
 Age : 45 Years



Mr. Witon Prachartam
 Vice President, TOC Plant
 Age : 55 years

Shareholding : None

Shareholding : 2.49 %

Education:

- Bachelor of Law (LL.B), Thammasat University
- Master of Laws (LL.M.), International Business, Trade, and Tax Law, University of Nottingham

Work Experience:

July 2017 - Present Thai Optical Group Public Company Limited
 Company Secretary and Legal Division
Manager

February 2016 Thai Optical Group Public Company Limited
Assistant Company Secretary

2014 - 2015 Wind Energy Holdings PCL
General Counsel

2013 - 2014 GMS Power PCL
VP Legal and Company Secretary

2007 - 2013 Chevron E&P (Thailand) Ltd.
Counsel

Position in Subsidiary and Associate Company: None

Position in Related Company: None

Other Current Position: None

Education:

- Bachelor of Science in Engineering, King Mongkut Institute of Technology
- Master in Computer Science, University of Tennessee at Chattanooga, USA

Work Experience:

1987 - 1991 Thai Optical Co., Ltd. – Ngamwonwan
Factory Engineer

1994 - 1996 Thai Optical Co., Ltd. – Ngamwonwan
Mold Production Line Manager

1997 - 2003 Thai Optical Co., Ltd. – Ngamwonwan
Double Layer Glass Line Manager

2003 - 2004 Thai Optical Co., Ltd. – Bangbuathong
Engineering Manager

2004 - Present Thai Optical Co., Ltd. – Bangbuathong
Vice President, TOC Plant

Position in Subsidiary and Associate Company: Yes

- Thai Optical Co., Ltd.
 Member of Board of Directors

Other Current Position: None



Mr. Smith Teganjanavanich
Vice President, Poly Sun Plant
Age : 36 years

Shareholding : None

Education:

- Bachelor of Science in Engineering, Chulalongkorn University
- Master in Industrial Engineering, Ohio State University, USA

Work Experience:

2007 - 2010 Thai Optical Group Pcl.
Engineer, Production Optimization Department

2010 - 2012 Thai Optical Group Pcl.
Engineer, CR39 Lens Production Department

2012 - 2015 Thai Optical Group Pcl.
Manager, CR39 & Hardcoat Lens Production Department

2015 - present Thai Optical Group Pcl.
Vice President, Poly Sun Plant

Other Current Position: None



Mr. Venkatramani Iyer
General Manager, TOG USA, Inc.
Age : 54 Years

Shareholding : None

Education:

- Bachelor of Science in Metallurgical Engineering, 1988, Maharaja Sayajirao University, Baroda, India
- Master of Science in Material Science and Engineer, 1992, Virginia Tech, Blacksburg, Virginia

Work Experience:

2012 – 2013 Pixel Optics Inc.
Director, Product Development

Other Current Position: Yes
2017 - Present TOG USA, Inc.
Member of Board of Directors

REPORT of

Changing in Directors' Shareholding of Thai Optical Group Public Company Limited

(as of December 28, 2018)

No.	Name	Thai Optical Group PCL.			Subsidiary Company			
		Common Shares (Shares)			Common Shares (Shares)		Debenture (Shares)	
		Own	Spouse or Underage Child	Increase (Less) During Jan-Dec. 2018	Own	Increase (Less) During Jan-Dec. 2018	Own	Increase (Less) During Jan-Dec. 2018
1	Mr. Sawang Prachartam	12,000,000	--	--	None	--	--	--
2	Mr. Sarote Prachaktam	3,250,000	--	--	None	--	--	--
3.	Mrs. Amolrat Prachartam	6,830,000	--	--	None	--	--	--
4	Mrs.Pornpun Thotrakul	6,930,000	--	50,000	None	--	--	--
5	Mr. Torn Prachartam	22,179,700	2,000,000	79,700	None	--	--	--
6	Mr.Phairuch Mekarporn	None	--	--	None	--	--	--
7	Mr. Singh Tangtatswas	None	--	--	None	--	--	--
8	Mr.Wicha Jiwalai	None	--	--	None	--	--	--
9	Mr.Banchong Chittchang	None	--	--	None	--	--	--
10	Mr. Nicholas Philip Green	None	--	--	None	--	--	--
11	Mr.David Andrew Cross	None	--	--	None	--	--	--
12	Ms.Wichit Thaveeprechachat	None	--	--	None	--	--	--

Remarks:

- TOG has registered capital of 475,000,000 Baht, paid-up capital 474,318,000 Baht (as of December 28, 2018) and total ordinary share 474,318,000 shares.
- According to Public Limited Company Act, "Company's Subsidiary" means a public company limited which has connected with a private company or a public corporation or multiple companies as follows :
 - a company which has the power to appoint and deprive directors who have totally or majority control of one company.
 - a company which holds more than 50% of issued shares of one company.
- The information of shareholding may change, if any director, spouse or underage child buys stock after the date as said.

REPORT of

Changing in Managements' Shareholding of Thai Optical Group Public Company Limited

(as of December 28, 2018)

No.	Name	Thai Optical Group PCL.			Subsidiary Company			
		Common Shares (Shares)			Common Shares (Shares)		Debenture (Shares)	
		Own	Spouse or Underage Child	Increase (Less) During Jan-Dec. 2018	Own	Increase (Less) During Jan-Dec. 2018	Own	Increase (Less) During Jan-Dec. 2018
1	Mr.Torn Prachartam	22,179,700	2,000,000	79,700	None	--	--	--
2	Mrs.Amolrat Prachartam	6,830,000	--	--	None	--	--	--
3.	Mrs.Narueporn Prachartam	None	11,830,000	--	None	--	--	--
4	Mr.Bancha Yongrithikul	1,260,469	--	--	None	--	--	--
5	Miss Michelle Hsieh	None	--	--	None	--	--	--
6	Ms.Wichit Thaveeprechachat	None	--	--	None	--	--	--
7	Mrs.Rewadee Jantamaneechote	None	--	--	None	--	--	--



THE NOMINATION of DIRECTORS AND MANAGEMENT

1. THE NOMINATION OF DIRECTORS

With reference to Articles of Association of Thai Optical Group Public Company Limited (the Company), the selections for the Company's Directors are indicated that:

1. The Company requires a Board of Directors comprising at least five members. Not less than a half of the members are to be residents of the Kingdom of Thailand. The qualifications of the directors have to be in accordance with the law. The directors may be Company shareholders, or not.
2. The election of the Company directors is to be made in the Company shareholders' meeting, with respect to the following rules:
 - (a) A shareholder has 1 vote per 1 share held.
 - (b) The election can be made individually, person by person or by any other method chosen in the meeting. But each shareholder has to give all votes he/she has in (a) to one candidate only, and he/she cannot split his/her votes among any other candidate(s).
 - (c) The candidates will be ranked in descending order of votes received, and will be appointed as Directors, until all positions are filled. If there is a tie of votes for candidates in descending
3. At the Annual General Meeting, one-third of directors have to resign in the first and second year. If the number of the Board of Directors cannot be separated into three parts, the number of resigning directors should be vicinal to one-third. In subsequent years, the ones holding the longest term on the Board will be requested to stand down, and may be elected back to the Board.
4. Other than expire by rotation, Directors shall retire under the following conditions:
 - (a) Death
 - (b) Resignation
 - (c) The directors are unqualified or discovered to have any forbidden characteristics, in accordance with the law and regulations of Public Company Limited.
 - (d) The shareholders' meeting has a resolution vote to resign.
 - (e) A Court of Law orders the directors to resign.
6. In case of any vacancy due to other reasons, aside from the director's expiry term, the Board of Directors will choose a person who has completely qualifications and not disqualified by the law and regulations of Public Company Limited to replace, unless the remaining term of membership is less than two months. The newly appointed director will only hold the remaining term of directorship that he/she replaced. The replacement shall obtain at least three quarters of votes from the remaining directors.
7. The shareholders' meeting may make a resolution vote to remove any directors from the Board before their expiry term, with three quarters of shareholders in attendance and being eligible to vote. Furthermore, the number of shares held by those voting at the meeting should exceed half of the total shares held by all shareholders entitled to vote.

8. The shareholders' meeting will determine the number of authorized directors to legally bind the Company with affix its seal. Under the first section, the Board has authority to reset or amend the list of authorized directors to legally bind the Company.

As of December 31, 2018, the Board of Directors of the Company consists of 12 members as follows:

	Name	Position
1.	Mr. Sawang Prachartam	Chairman of the Board of Directors
2.	Mr. Sarote Prachaktam	Director
3.	Mr. Torn Prachartam	Director
4.	Mrs. Amolrat Prachartam	Director
5.	Mrs. Pornpun Thotrakul	Director
6.	Mr. Nicholas Philip Green	Director
7.	Mr. David Andrew Cross	Director
8.	Mr. Singh Tangtatswas	Independent Director
9.	Mr. Wicha Jiwalai	Independent Director
10.	Mr. Phairuch Mekarporn	Independent Director
11.	Mr. Banchong Chittchang	Independent Director
12.	Miss Wichit Thaveeprechachat	Director

The Directors Authorized to sign on behalf of the Company

The following 5 directors have the authority to sign on behalf of the company.

	Name	Position
1.	Mr. Sawang Prachartam	Chairman of the Board of Directors
2.	Mr. Sarote Prachaktam	Director
3.	Mr. Torn Prachartam	Director
4.	Mrs. Amolrat Prachartam	Director
5.	Mrs. Pornpun Thotrakul	Director

Note: To bind the Company, two of these five directors are required to co-sign, and stamped with the Company's corporate seal.

Regarding to, the resolution of the Board of Directors' Meeting No. 85 (1/2019), held on February 13, 2019, the approval as proposed by The Nomination and Remuneration Committee, was granted to reappoint four directors whose term had expired as follows;

- | | |
|---------------------------|----------------------------|
| 1. Mr. Singh Tangtatswas | 2. Mr. Phairuch Mekarporn |
| 3. Mrs. Pornpun Thotrakul | 4. Mrs. Amolrat Prachartam |

The four directors who had been re-elected to be the members of the Boards for another term as well as they shall also maintain to take their positions in the Sub-committee, and will be proposed to the Annual General Meeting of Shareholders No.16 which will be held on Thursday, April 4, 2019 for approval further. In addition, the Company has provided the opportunity for shareholders to propose nominee directors during October 1, 2018 to December 31, 2018, however, no person was proposed.

THE NOMINATION of DIRECTORS AND MANAGEMENT

2. THE NOMINATION OF THE AUDIT COMMITTEE

The Company has determined condition to elect members of the Audit Committee in accordance with the Securities and Exchange Act (No.4)B.E.2551, hereto:

2.1 Components of the Audit Committee

1. The Audit Committee has to be the Company's Director.
2. The Audit Committee comprises of 3 independent directors.
3. At least 1 member of the Audit Committee must have knowledge or experience in accounting or finance and sequent knowledge of factors concerning to changes in financial reports.
4. The Company's Internal Audit Manager was appointed as the secretary of the Audit Committee.

2.2 Qualifications of the Audit Committee

1. Have qualifications in accordance with the related law, especially the Securities and Exchange Act and regulations of the Stock Exchange of Thailand.
2. Not hold more than 0.5 percent of paid-in capital of the Company, Subsidiary Company, the Associated Company, or Affiliates Company. Shares that held by relatives or related persons are also included.
3. Not be involved in the management of the Company, the Subsidiary Company, the Associated Company, the Affiliates Company or major shareholders. He/She must not be the Company's employees or consultants who receive salary from the Company, the Subsidiary and related companies or the major shareholder. Plus, they must not be the authorized person in the Company dating back two years before appointment to be members of the Audit Committee of the Company.
4. Have no directly or indirectly benefits or gain and loss from the Company's finance and management, the Company, the Subsidiary Company, the Associated Company, the Affiliates Company or major shareholders in two years before his/her appointment, except on the condition that those benefits or gain and loss are considered by the Board of Directors that not affect on the Audit Committee's work and opinions..
5. Not be a related person or a relative of the Company's executives or major shareholders.
6. Not be appointed as representatives to protect benefits of the Company's Directors, major shareholders, and other shareholders who are related to the majority shareholders.
7. Be able to perform their duties and report on the performance which assigned by the Board of Directors independently. He/She must not be under the control of the Company's executives, major shareholders, and their relatives.

2.3 Appointment, Term in Position, and Termination

1. Appointment of the Audit Committee

- The Company's Board of Directors is in charge of appointing independent directors to be members of the Audit Committee
- The Audit Committee is in charge of choosing a representative to be a chairman of the Audit Committee. The Company will report the appointment of the Audit Committee to the Stock Exchange of Thailand within 3 days after the appointment by the Board of Directors and will report changes of the Audit Committee to the Stock Exchange of Thailand conforming to the Stock Exchange of Thailand's regulation concerning reporting through the electronic system.

2. Term in position

- Member of the Audit Committee has a 3-year-term in position and is in accordance with the term of the Company's Director. Member of the Audit Committee, who leaves his position as the Company's Director

due to the expiry of the term, when being re-appointed to be the Director again, shall also be elected to be the Audit Committee as well.

- When there are any factors causing an early expiry of member of the Audit Committee which later results in uncomplete number of the Committee, the Company's Board of Directors will appoint a Director to be new member of the Audit Committee in order to complete the number of the Committee within 3 months after the expiry.

2.4 Vacancy

1. Member of the Audit Committee will terminate when

- Completing the term
- No longer being the Company's director
- Lack of qualifications to be member of the Audit Committee
- Dead
- Resignation
- Being withdrawn

2. In case member of the Audit Committee resigns before completing the term, written resignation specified reasons should be submitted to the Company at least 1 month in advance; in order that the Board of Directors are able to process the appointment of a replacement, and the Company will report and send a copy of resignation document to the Stock Exchange of Thailand.

3. In case member of the Audit Committee is withdrawn before completing the term, the Company will report the withdrawal together with reasons to the Stock Exchange of Thailand.

As of December 31, 2018, The Audit Committee consists of 3 Independent Directors as follows;


	Name	Position
1.	Mr. Singh Tangtatswas *	Chairman of the Audit Committee
2.	Mr. Wicha Jiwalai	Member of Audit Committee
3.	Mr. Phairuch Mekarporn	Member of Audit Committee

Remark: *Mr. Singh Tangtatswas is knowledgeable and experienced person to review the Company's financial statements.

Mrs. Anuruk Rattanasansuntorn, Internal Audit Manager was appointed as an the Secretary to the Audit Committee. And, two members from total three members of the Audit Committee of the Company had completed Audit Committee Program (ACP) which organized by Thai Institute of Directors Association (IOD).

THE NOMINATION of DIRECTORS AND MANAGEMENT

Scope of Duties of the Audit Committee

1. To verify that the Company has an accurate financial report in keeping with accounting standards and related laws, as well as disclosure of accurate information and revelation of the Company's information in case of relative transactions or transactions in dispute.
 2. To encourage improvement of financial reporting system to be tantamount to the international accounting standards.
 3. To consider and verify remarks of external auditor and internal auditor about connected transactions or transactions which may have conflict of interest in order to be in accordance with the laws and regulations of the Stock Exchange of Thailand for reasonability of those transactions and maximum benefit of the Company.
 4. To verify that the Company has a suitable and effective internal control and internal audit in keeping with international standards.
 5. To supervise to have a defensive working system in order to minimize or restrain the Company's losing of resources in order to increase all Company's sectors performance effectively.
 6. To verify Risk Management systems in order to ensure that risk management system is working efficiently and effectively to manage all the risks of the Company, as well as being regularly suitable update.
 7. To verify suitability of the IT system related to internal auditing, preparing financial reports, and risk management, to suggest, and to suitable update for the Company's business.
 8. To verify that the Company is performing in accordance with The Securities and Exchange Act, regulations of the Stock Exchange of Thailand, or Laws related to the Company's business.
 9. To consider, select, propose to the Board of Directors to consider appointing and determine compensation for external auditors, as well as to assess independence, ability and efficiency of those appointed external auditors.
 10. To give consent in appointment, transfer, withdrawal and give opinions regarding performance and consider goodness of Internal Audit Manager together with the Managing Director.
 11. To verify and approve the Internal Audit Charter, Internal Audit planning program, and performance of the Office of Internal Audit with periodic review on the Internal Audit Charter.
 12. To consider independence of the Office of Internal Audit and to approve budget and manpower model of the Office of Internal Audit.
 13. To employ the professional consultants with the Company's budget when necessary. Hence, each employment shall be in accordance with the Company's internal regulations.
 14. To invite the Executives or related individuals to give opinions, attend meetings, or submit documents if necessary.
 15. To verify that the Company is performing in accordance with commitments with the outsiders.
 16. Chairman of the Audit Committee or members of the Audit Committee should attend the Company's shareholder meeting in order to clarify subjects related to the Audit Committee or the appointment of the auditors.
- 

17. To consider and give consent to quarterly financial reports to the Stock Exchange of Thailand.
18. To report annual performance related to internal auditing to the Board of Directors. The report comprises of the Audit Committee's opinions towards subjects related to internal auditing, opinions towards financial reports, adequacy of internal control system, and other reports regarded as necessary for the Board of Directors to be acknowledged.
19. To consider and give consent to the Audit Committee Charter before proposing to the Board of Directors for re-approval and reconsideration at least once a year.
20. To prepare a report of the Audit Committee signed by the chairman of the Committee. The report should be revealed in the Company's annual report in accordance with the regulations determined by the Stock Exchange of Thailand with information as follow:
 - Opinions towards accuracy and reliability of the Company's financial reports.
 - Opinions towards adequacy of the Company's internal control system.
 - Opinions towards complying to Securities and Exchange Act, regulations determined by the Stock Exchange of Thailand, and other laws related to the Company's business.
 - Opinions towards suitability of the auditors.
 - Opinions towards transactions likely to have conflict of interest.
 - Number of the Audit Committee's meetings and attendance of each member.
 - Opinions and overall remarks that the Audit Committee will receive from performing their duty in accordance with the Audit Committee Charter.
 - Other reports as necessary for shareholders and investors to perceive under the circumstance of duties assigned by the Board of Directors.
21. To report the examination result in a subject which the external auditors found a suspicious behavior concerning corruption or violation related to performance of the Directors and the Executives to Securities and Exchange Commission and auditors within 30 days from the date receiving the notice from the auditors.
22. Other operations assigned by the Board of Directors with the consent from the Audit Committee.



THE NOMINATION of DIRECTORS AND MANAGEMENT

3. THE BUSINESS STRATEGIC COMMITTEE

As of December 31, 2018, The Business Strategic Committee consists of 5 directors as follows:

	Name	Position
1.	Mr. Banchong Chittchang	Chairman of the Business Strategic Committee
2.	Mr. Sarote Prachaktam	Member of Business Strategic Committee
3.	Mr. Torn Prachartam	Member of Business Strategic Committee
4.	Mr. Nicholas Philip Green	Member of Business Strategic Committee
5.	Mr. David Andrew Cross	Member of Business Strategic Committee

Mr. Sarath Teganjanavanich, Business Planning and Finance Division Manager was appointed as the Secretary to the Business Strategic Committee, pursuant to the Business Strategic Committee Meeting No. 1/2558 dated as of 11 May 2015

Scope of Duties of the Business Strategic Committee

1. Work with the Managing Director and the management team to oversee the development of the Company's strategy, and to provide guidance for the strategic planning process to ensure that the strategic implementation plan is developed, adhered to and imbedded in the organization.
2. Review risks and opportunities of the strategy as identified by the Company's strategic risk assessment and other processes, and the impact of emerging or evolving competitive activity, governmental or legislative developments and global economic conditions.
3. Monitor the Company's progress against strategic goals and provide feedback and advice on merger and acquisition strategy, capital strategy, market capabilities, and resource requirements.
4. Work with the Managing Director and the management team to oversee the review and recommendation to the Board of certain significant strategic decisions regarding the potential exit from existing lines of business and entry into new lines of business, acquisitions, joint ventures, investments or dispositions of businesses and assets.
5. Evaluate post transaction audits to track performance against acquisition plan target
6. In carrying out its responsibilities, the Business Strategic Committee will draw on the expertise of the management and corporate staff and, when required or helpful, will work with management to hire outside advisors or experts to assist the Business Strategic Committee with its work.
7. Make reports to the Board on its activities.
8. Review the adequacy of this Charter and recommend to the Board proposed changes from time to time as needed.
9. Annually conduct an evaluation of its performance.
10. Carry out such other duties and responsibilities as may be assigned to the Business Strategic

4. THE NOMINATION AND REMUNERATION COMMITTEE

As of December 31, 2018, The Nomination and Remuneration Committee consist of 3 directors as follows;

	Name	Position
1.	Mr. Phairuch Mekarporn	Chairman of the Nomination and Remuneration Committee
2.	Mr. Banchong Chittchang	Member of the Nomination and Remuneration Committee
3.	Mr. Wicha Jiwalai*	Member of the Nomination and Remuneration Committee

Miss Siriporn Pholuayporn, Human Resources Department Manager, was appointed as the Secretary to the Nomination and Remuneration Committee, pursuant to the Nomination and Remuneration Committee Meeting No. 1/2559 dated as of 17 February 2016.

As of November 11, 2015 the Board of Directors meeting No.5/2558 had a resolution to approve "The charter of Nomination and Remuneration committee"-revised version, which the charter had been first used on February 18, 2009. The scope of duties of the Nomination and Remuneration committee as follows;

Scope of Duties of the Nomination and Remuneration Committee

1. To establish criteria, nomination procedure, qualification, selection of the qualified candidates to be the Board of Directors, Sub-committee, Managing Director of the Company and its subsidiaries and, then, propose to the Board of Directors prior proposing the list to the nominated person to be considered and appointed by the general meeting of the shareholders.
2. To propose the budget and criteria concerning remuneration of the Board of Directors and Sub-committees to the Board of Directors prior the proposing to the general meeting of the shareholders for approval.
3. To consider and propose the overall budget for increasing of the annual salary and bonus, as well as the other benefits of the Managing Director, the management team who reports directly to the Managing Director, employees of the Company and its subsidiaries to the Board of Directors for approval.
4. To report the self-assessment of the Board of Directors and Sub-committees to the Board of Directors.
5. To determine the guideline for knowledge and skills development of the person will hold the Managing Director position of the Company and its subsidiaries including the executives who report directly to the Managing Director.
6. To establish guidelines and criteria for evaluation and evaluate the performance of the Managing Director and executives who report directly to the Managing Director of the Company and its subsidiaries.
7. To consider the management structure and the control chart of the Company and its subsidiaries.
8. To determine the succession plan of the Managing Director and executives who report directly to the Managing Director of the Company and its subsidiaries.
9. To perform any other tasks related to the nomination and remuneration as assigned by the Board of Directors.

THE NOMINATION of DIRECTORS AND MANAGEMENT

5. THE COMPANY'S EXECUTIVES

The Nomination and Remuneration Committee is responsible to recruit and select persons who are suitable to be the Company's executives, and then propose to be appointed by the Board of Directors further.

The Company's executives as of December 31, 2018 consist of 7 persons as follows;

	Name	Position
1.	Mr. Torn Prachartam	Managing Director
2.	Mrs. Amolrat Prachartam	Supply Chain Management Division Manager
3.	Mrs. Narueporn Prachartam	Accounting and Finance Division Manager
4.	Miss Wichit Thaveeprechachat	Business Planning & Finance Division Manager
5.	Miss. Michelle Hsieh	Sales Division Manager
6.	Mr. Bancha Yongrithikul	(TOG) Plant Division Manager
7.	Mrs. Rewadee Jantamaneechote	Company Secretary and Legal Division Manager Company Secretary

The Board of Directors and Management Team of the Company have qualifications in compliance with the Article 68 of Public Company Limited Act (B.E. 2535) and possess no prohibited qualification in term of the regulation of Security Exchange Commission (SEC) about requesting and permission to sell new shares, as well as no illegitimacy records have been found during the past 10 years.

Delegation of executive power to Managing Director

Regarding to, the resolution of the Board of Directors' Meeting on April 20, 2004 and on April 8, 2005, the scope of authority of Managing Director was clearly stated as follows; Managing Director is responsible for managing normal business

operations of the Company and perform in regarding to the Company's Board of Directors has assigned under the rules and regulations of the Company as well.

1. To set the Company's missions, objectives, methods and policy, including conducting and controlling business operations to accomplish the Company's objectives.
2. To recruit, employ, appoint, dismiss, revoke, fire, as well as set wages and rewards, adjusts salary, remuneration and bonuses for all Company employees in the positions lower than Managing Director, including with appoint a person as employer's representative in the Company's Provident Fund Committee.
3. To consider and approve payments for expenses of ordinary business operations, such as purchasing goods and services to the extent of 20 Million Baht per time, or authorizes another person to perform this task.
4. To issue instructions, orders, regulations, announcements, and memos to control business operations of the Company for profit and objective achievement, including maintaining discipline in the organization.
5. To act and appear as the Company representative to contact external parties or sectors related to and advantageous for the Company's business.

6. Carefully considers the Company investment before proposing to the Board of Directors.
7. To consider appointing any consultant that necessary for the operations of the Company before proposing to the Board of Directors.
8. To consider and approve general commercial conditions related to market price offering for sales and credit terms to general customers, which are set for commercial standard policy, reviewed by the Audit Committee and approved by the Board of Directors.
9. Manages Company's general activities.
10. To perform other duties assigned by the Board of Directors.
11. To consider funding activities in order to propose to the Board of Directors.

In addition, the Managing Director can authorize a suitable person to perform some of his/her duties under the authorization of the Board of Directors.

However, Managing Director does not has any power to approve the connected transactions which are not considered as normal commercial conditions of the Company and its Subsidiary's related parties for assets acquired and/or sold, and/or transactions in which Managing Director has a conflict of interest with other parties or in any other conditions.(according to the rules, regulations and announcements of the Company, the Office of Securities and Exchange Commission and the Stock Exchange of Thailand), except transactions in accordance with normal commercial conditions, which are reviewed by the Audit Committee and approved by the Board of Directors, and/or the Company and its Subsidiary's related party transactions and the Company's acquired and sold assets which have been approved by the Board of Directors and agreed by the Shareholders. This rule must comply with the regulations of the Stock Exchange of Thailand.

Delegation of Power to other person for acting on behalf of the Company.

Managing Director delegates his power to the descendant executives, in ranking order as his representative to perform such as approving payment for the expense of purchasing raw materials, consumable materials, etc. The delegated individual can sign on cheque for withdrawal cash from the Company's account within the limits and conditions of payment, agreed upon corresponding to their levels and under agreement of the Board of Directors.



THE REMUNERATIONS of DIRECTORS AND EXECUTIVES

1. DIRECTORS REMUNERATION

From year 2016-2018, the Board of Directors of the Company had conducted total 5 meetings for each year, while there are 5 meeting in the year 2018. Each Director attended the meetings and obtained the remuneration as follows;

Names of The Company's Directors	Year 2018		Year 2017		Year 2016	
	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)
1. Mr. Sawang Prachartam	5/5	517,000	6/6	517,000	5/5	470,000
2. Mr. Sarote Prachaktam	5/5	294,000	5/6	294,000	4/5	280,000
3. Mr. Torn Prachartam	5/5	294,000	6/6	294,000	5/5	280,000
4. Mr. Wirach Prachartam*	-	-	5/5	294,000	5/5	280,000
5. Mrs. Amolrat Prachartam**	4/4	294,000	-	-	-	-
6. Mrs. Pornpun Thotrakul	4/5	294,000	6/6	294,000	5/5	280,000
7. Mr. Phairach Mekarporn	5/5	294,000	6/6	294,000	5/5	280,000
8. Mr. Singh Tangtatswas	5/5	294,000	5/6	294,000	5/5	280,000
9. Mr. Wicha Jiwalai	5/5	294,000	6/6	294,000	5/5	280,000
10. Mr. Banchoong Chittchang	5/5	294,000	6/6	294,000	5/5	280,000
11. Mr. David Andrew Cross	5/5	294,000	5/6	294,000	4/5	280,000
12. Mr. Sean Darren Lawe***	2/4	220,500	5/6	294,000	5/5	280,000
13. Mr. Nicholas Philip Green****	1/1	73,500	-	-	-	-
14. Miss Wichit Thaveprechachat	5/5	294,000	6/6	294,000	5/5	280,000

Remark: * Mr. Wirach Prachartam passed away on November 27, 2017.

** Mrs. Amolrat Prachartam had been appointed to replace Mr. Wirach Prachartam on February 14, 2018.

*** Mr. Sean Darren Lawe had resigned from Director Position since August 7, 2018

**** Mr. Nicholas Philip Green been appointed to replace Mr. Sean Darren Lawe on August 7, 2018. Mr. Nicholas Philip Green shall remain in office only for the remaining term of office of Mr. Sean Darren Lawe.

From year 2016-2018, the Audit Committee of the Company conducted total 4 meetings for each year, except for the year 2018, there are 5 meetings. Each director attended the meetings and obtained the remuneration as follows;

Names of The Audit Committee	Year 2018		Year 2017		Year 2016	
	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1.Mr. Singh Tangtatswas	5/5	344,000	3/4	344,000	4/4	328,000
2.Mr. Wicha Jiwalai	4/5	229,000	4/4	229,000	4/4	218,000
3.Mr. Phairach Mekarporn	5/5	229,000	4/4	229,000	4/4	218,000

From year 2016-2018, the Business Strategic Committee (BSC) of the Company conducted total 4 meetings for each year. Each director attended the meetings and obtained the remunerations as follows;

Names of The Business Strategic Committee	Year 2018		Year 2017		Year 2016	
	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1. Mr. Banchong Chittchang	4/4	211,000	4/4	211,000	4/4	201,000
2. Mr. Sarote Prachaktam	4/4	140,000	3/4	140,000	3/4	133,000
3. Mr. Torn Prachartam	4/4	140,000	4/4	140,000	4/4	133,000
4. Mr. Wirach Prachartam*	--	--	4/4	140,000	4/4	133,000
5. Mr. Sean Darren Lawe**	1/3	105,000	4/4	140,000	4/4	133,000
6. Mr. David Andrew Cross	4/4	140,000	4/4	140,000	3/4	133,000
7. Mr. Nicholas Philip Green	1/1	35,000	--	--	--	--

Remark: * Mr. Wirach Prachartam passed away on November 27, 2017.

** Mr. Sean Darren Lawe had resigned from Director Position since August 7, 2018.

*** Mr. Nicholas Philip Green had been appointed to replace Mr. Sean Darren Lawe on August 7, 2018
Mr. Nicholas Philip Green shall remain in office only for the remaining term of office of
Mr. Sean Darren Lawe.

THE REMUNERATIONS of DIRECTORS AND EXECUTIVES

From year 2016-2018, the Nomination and Remuneration Committee conducted total 4 meetings in each year, except for the year 2018, there are 5 meetings.. Each director attended the meetings and obtained the remunerations as follows;

Names of The Nomination and Remuneration Committee	Year 2018		Year 2017		Year 2016	
	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1. Mr.Phairuch Mekarporn	5/5	211,000	4/4	211,000	4/4	201,000
2. Mr.Banchong Chittchang	5/5	140,000	4/4	140,000	4/4	133,000
3. Mr.Wicha Jiwalai	4/5	140,000	4/4	140,000	4/4	133,000

The Annual General Meeting of Shareholders No. 15/2561 which held on April 4, 2018 had approved to pay the remuneration and compensation to members of the Board of Directors and members of subcommittee for the year 2018 to directors of the Company as follows;

The remuneration of the Company's directors in the year 2018 can be summarized in the table below;

Type of Remuneration	Total number (person)	Remuneration (Baht/person/year)	Total Remuneration (Baht /year)
Chairman of the Board of Directors	1	517,000	517,000
Member of the Board of Directors	11	294,000	3,234,000
Chairman of the Audit Committee	1	344,000	344,000
Member of the Audit Committee	2	229,000	458,000
Chairman of the Business Strategic Committee	1	211,000	211,000
Member of the Business Strategic Committee	4	140,000	560,000
Chairman of the Nomination and Remuneration Committee	1	211,000	211,000
Member of the Nomination and Remuneration Committee	2	140,000	280,000
Total Remuneration			5,815,000

The Bonus of the Company's directors in the year 2017 can be summarized in the table below;

No.	Name of Director	Position	Bonus (Baht)
1	Mr.Sawang Prachartam	Chairman of the Boards	333,000
2	Mr.Sarote Prachaktam	Director and Member of the BSC	270,000
3	Mrs.Amolrat Prachartam	Director	-
4	Mrs.Pornpun Thotrakul	Director	183,000
5	Mr.Torn Prachartam	Director and Member of the BSC	270,000
6	Mr.Phairuch Mekarporn	Director, Independent Director, Member of the AC, Chairman of the N&R	458,000
7	Mr.Singh Tangtatswas	Director, Independent Director, Chairman of the AC	398,000
8	Mr.Wicha Jiwalai	Director, Independent Director, Member of the AC, Member of the N&R	413,000
9	Mr.Banchong Chittchang	Director, Independent Director, Member of the N&R, Chairman of the BSC	402,000
10	Mr.Sean Darren Lawe	Director and Member of the BSC	270,000
11	Mr.David Andrew Cross	Director and Member of the BSC	270,000
12	Miss Wichit Thaveeprechachat	Director	183,000
13	Mr.Wirach Prachartam	Director and Member of the BSC	270,000
Total			3,720,000

THE REMUNERATIONS of DIRECTORS AND EXECUTIVES

2. REMUNERATIONS OF THE MANAGEMENT TEAM

The Company's executive have the remuneration from year 2016 to year 2018 as in the table below;

Type of Remunerations	Year 2018		Year 2017		Year 2016	
	Total number (person)	Total Remuneration	Total number (person)	Total Remuneration	Total number (person)	Total Remuneration
Executive Salary	8	17,523,644	6	14,704,718	6	14,659,799
Executive Bonus	8	1,500,030	6	2,295,39	6	3,232,808
Provident Fund	8	1,058,809	6	863,640	6	802,626
Total Remuneration		20,082,483		17,863,749		18,695,233

Remark: Director who received remunerations as being the Company's executives is Mr. Torn Prachartam.



Report of Good Corporate Governance

The Board of Directors of Thai Optical Group PCL.(the Company) has strong intention to administrate the Company in comply with Practice and guidelines of the Stock Exchange of Thailand, and also aims to develop the good corporate governance policy of the Company in order to bring out the best practice for the organization.

Therefore, the Board of Directors has resolved, in the meeting held on February 18th, 2009 and February 19th,2014 to implement “Corporate Governance Policy” and The Code of Business Ethics” respectively as the good practice for directors, executive directors and employees as well as to make the corporate governance policy in a good quality standard to cover all of any practices and also meet expectations of shareholders, investors, and stakeholders.

The Board of Directors is responsible to supervise the stringent use of policy and practice in order to achieve the Company’s goals and lead to the strength and sustainability growth of the Company and shareholders. The Board of Directors and Management Team are aware of the importance of knowledge development and experience in performing of duty as a result all directors of the Company have been certified the training course which organize by The Thai Institute of Directors Association (IOD). If, there is changing new directors, the Board of Directors will provide The Code of Business Ethics/Director Handout/ Orientation for new Director, including with the Company’s business and direction information. The Board of Directors has delegated to the Company Secretary for cooperating with all directors about directors training courses.

The Principles of Corporate Governance of the “Organization for Economic Co-operation and Development” (“OECD”). The principles were presented in 5 categories namely:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Responsibilities of the Board of Directors

In year 2018, the Company had received Awards on assessment relating to good corporate governance activities as follows:

- The Company has been recertified from Private Sector Collective Action Coalition Against Corruption Council : CAC ,which organized by Thai Institute Of Directors(IOD).
- The Company has received “ESG certificate” from Thai Path Institute.
- The assessment resulted in the year 2018 on “The Corporate Governance Report” (CGR),TOG was ranked in 4-stars,from Thai Institute of Directors (IOD).
- The Company had been assessed by the Securities and Exchange Commission, in cooperation with Thai Investors Association and Thai Listed Companies Association, on the quality of The Annual General Meeting: AGM for the year 2018. The meeting was rated “Excellent”. (received since year 2011 until present)



REPORT OF GOOD CORPORATE GOVERNANCE

1. Rights of Shareholders

Every shareholder occupies the ownership right of controlling the Company through the appointment of the Board of Directors to act as their representatives. Shareholders have rights and are eligible to make decision on any of significant corporate changes. Therefore the Company should encourage shareholders to exercise their rights as follows:

- 1) Right to exercise their ownership to control the Company through the appointment the Board of Directors to act as their representatives.
- 2) Right to sell, buy, or transfer the Company's shares.
- 3) Right to obtain adequate information of the Company in a timely manner.
- 4) Right to attend and vote in the shareholders' meetings.
- 5) Right to have proxy holder to attend and vote on their behalf at the shareholders' meeting.
- 6) Right to be informed of the criteria and procedures governing the shareholders' meeting.
- 7) Right to express their opinions and ask questions at the shareholders' meeting.
- 8) Right to appoint or remove the members of the board of directors and considering the remunerations to members of the board of directors.
- 9) Right to vote for appointing the Company's auditors and considering service fee.
- 10) Right to be provided dividend payment.
- 11) Right to vote in approving or amending the Company's articles of associations or the Company's Memorandum of Association by law.
- 12) Right to vote for the increases or decreases of the capital of the Company.
- 13) Right to vote for an approval of any extraordinary transactions.

In addition, the Company has reported and disclosed any transactions of the Company with correctly, completely, adequately, transparently and timely, as well as Good Corporate Governance Policy and The Code of Business Ethics" to all shareholders, investors, and others through the Company's website at <http://www.thaiopticalgroup.com>., both Thai and English version. If there is an issue that may affect shareholders, the Company will be informed through the website of the Stock Exchange of Thailand immediately.

Moreover, the Company has set the shareholders ordinary meeting within 4 months after the accounting period. For other meetings, the Board of Directors can hold the extraordinary meeting as when is necessary. The Company requires all of directors and executives to attend the shareholders' meetings in order to provide information to any shareholders who give opinions and enquire questions equitably. The minutes of the meeting must be noted correctly and completely to report and request for approval on the significant matters, or related to the principles of law that such a matter has to be approved in the shareholders' meetings. In order to let the shareholders get the information needed for the meeting in advance, the Company will send the relevant information to the shareholders, at least 14 days or 21 days according to the agenda that is required by the law before the meeting date, and also will announce through the newspaper of 3 consecutive days before the meeting day, to allow shareholders for consideration the agenda of the incoming meeting in advance. It shall be noted that the 2018 Annual General Meeting of Shareholders (AGM), the Company will publicize the AGMs' invitation letter including with all relevant meeting documents both Thai and English version on the Company's website more than 30 days prior to the AGM meeting's day. On the day of the Shareholders' meeting (AGM), the Company will assign its staffs to facilitate registration for the shareholders or the proxy holders to attend the meeting.

2. Equitable Treatment of Shareholders

The Board of Directors of the Company has set the policy to enable shareholders to take part of the business as well as express their opinions. Thus the Board sets equitable treatment of shareholders by assigning the Company Secretary to notify shareholders via website of The Stock Exchange of Thailand and the Company as follows:

- 1) The Company has the policy to facilitate shareholders to present candidates for director nomination and propose the Annual General Meeting of Shareholders' meeting (AGM) agenda according to the criteria publicized on the Company's website (<http://www.thaiopticalgroup.com>.) The proposal should be delivered in December every year through the following channels:

E-mail : CompanySecretary@thaiopticalgroup.com
Fax : (02) 862 0705
Telephone : (02)440 0506
Post : Mrs. Rewadee Jantamaneechote (Company Secretary)
Address : The Office of Company Secretary, Thai Optical Group Public Company Limited
 77/ 141-142 Sinn Sathorn Tower, 33rd floor,
 Krungthonburi Rd., KlongTonsai, KlongSarn,
 Bangkok (10600) Thailand

For shareholders, interested investors and institutional investors to get comprehensive information so the Company has set Investor Relations Section to provide information through the following channels;

E-mail : ir@thaiopticalgroup.com
Fax : (02) 862 0705
Telephone : (02) 440 0506

- 2) After the Company has completely prepared the Minutes of Annual General Meeting of Shareholders (AGM) then it will be distributed through the Company's website at <http://www.thaiopticalgroup.com> within 14 days from the date of the meeting.
- 3) The Company provides opportunities to shareholders who are unable to participate the meeting to exercise their rights by proxy. The Company encourages the use of proxy forms on which shareholders are able to specify their votes and also provides an option to shareholders whereby they may appoint 2 independent directors of the Company as their proxy and for the shareholders equitable treatment, the Company has disclosed information completely, transparency and sufficiently for shareholders in a manner that encourages and provides opportunities for the shareholders equally to express opinions and ask questions by paying attention to the recommendation of shareholders and clearly fixing the rights to votes of shareholders in the Annual General Meeting of Shareholders (AGM).

REPORT OF GOOD CORPORATE GOVERNANCE

4) In the year 2018, the company participated in the activities described as follows;

- 1) 5 March Mr. Torn Prachartam gave the interview to Thunhoon Newspaper.
- 2) 31 March Mr. Torn Prachartam the interview to press at The Grand Opening of our New Rx Automation Plant; TOG, Bang Bua Thong, Nonthaburi.
- 3) 20 June Mr. Torn Prachartam announced a strategic collaboration of Rx business with Nam Silp Thai and Tokai Optical, at SILMO Bangkok 2018-IMPACT Exhibition Center.
- 4) 30 August Mr. Torn Prachartam gave the interview to BTimes, TV Chanel 3 Family No.13
- 5) 6 September Mr. Torn Prachartam gave the interview to Secrets Of Victory, Smart SME TV.
- 6) 22 May and 21 November attended the Opportunity Day organized by SET and having the online website.
- 7) Present the trend of business and prospect market relating to Company Business to Aberdeen Asset Management, Yuanta Securities, MFC Asset Management, KTB Securities, NTAsset



8) December 13, 2018 Mrs. Amolrat Pracharktham attended the “Happy Retirement Project” led by the Securities and Exchange Commission, Thailand and allies.

5) The Company sets procedures to prevent the use of inside information for abusive self-dealing by directors and management team. The Company informs the policy and practice to all of them and also has the regularly follow-up check. For all directors and executives, they are prohibited to sell- buy their shares during 20 days after the closing date of each quarter of financial statements and during 2 days after the disclosure of financial statements to the public. Moreover, it is the duty of all directors and management to regularly submit to the Board of Directors a report on their ownership of the Company’s shares.





REPORT OF **GOOD CORPORATE GOVERNANCE**

3. Right of Stakeholders

Beside the duties to perform achievement of business goals and objectives, the Company also treats all stakeholders with equality according to the principles of morality and ethical practices, as well as the Company also define the policy concerning the Company's sustainability development with disclose it in the Company's Sustainability Report under the following categories;

The Company's stakeholders are customers, employees, business partners/creditors, shareholders, competitors, the communities surrounding the Company, society or government sectors.

Employees:

The Company and its Subsidiaries provide them with good and complete welfare including with set provident fund, organizing safety working environment for both physically and mentally, and also has the policy to provide them better quality living and safety in work. From the statistics of work accidents from 2018, 40% decrease from 2017 (8 accidents from 1,119 employees).

Society / Communities:

The Company and its Subsidiaries have waste treatment and industrial savage treatment without causing any pollution to the communities around the factories. Moreover, the Company and its Subsidiaries also participate and support beneficial social activities to the communities around the factory.

Business partners / Creditors:

The Company and its Subsidiaries will strictly and equally follow commercial terms and conditions bonded with other parties.

In case of any deficiency, the Company will hold a negotiation meeting with them to find the best solution.

Competitors:

The Company and its Subsidiaries will run business fair and square, under the laws and orders, business common practices, and will not take any advantage to demolish its competitors.

Customers:

The Company and its Subsidiaries have strong willingness to serve, help and treat customers equitably. In case of having any problems, the Company will listen to the customers, give advice, and help them find solution. The Company will not disclose any information of the customers unless having their written permission or being under the condition by law.

Shareholders:

The Company and its Subsidiaries operate its business with transparency, straightforwardly, accountability including with operate business continuous growth, sustainable and can generate suitable return on investment in the long term.

The channels for any suggestions or complaints: Customers, shareholders, and stakeholders can send their suggestions or any complaints to the Company Secretary through these following channels:

Telephone : (662) 440 0506 to 7

Fax : (662) 862 0705

Website : <http://www.thaiopticalgroup.com>

E-mail : CompanySecretary@thaiopticalgroup.com

For employees of the Company and its Subsidiaries, if they found any contravention or non-compliance with the Code of Ethics then can submit any suggestions or complaints to the Boards and Management as follows;

- | | |
|---------------------------|-------------------------------------|
| 1. Managing Director | 2. Human Resources Division Manager |
| 3. Internal Audit Manager | 4. Chairman of the Audit Committee |

Post : Thai Optical Group Public Company Limited

15/5 Moo 6 Bangbuathong-Suphanburi Road, Laharn,

Bangbuathong, Nonthaburi (11110) Thailand

The Company has protection measures and remedy for damage to reporter, complainant or cooperative person who report any violations or non-compliance with the Code.


- 1) The Company's Board of Directors and Management must disclose information of stakeholders and related persons to the Board. It is the duty of the Board to consider any transactions that may cause conflict of interest. Anyhow, directors and executives who are stakeholders must not taking part in making decision on such transactions. Besides, the consideration must follow the steps and policy of the Company's approval of transactions.
- 2) The Company has set clearly written policy and steps of approval for the related matter that the Board of Directors must approve the item, which may cause any conflict of interest. Any practice that may cause conflict of interest, the Board will hold directors meeting to consider such matter. In case that it needs an approval from the Shareholders, an extraordinary general meeting will be held before starting the project. However, the consideration of the Board must be made carefully, faithfully and reasonably for the best benefit of the Company and shareholders as a whole.
- 3) Regarding to the Board of Directors Meeting No.54 (1/2013) which held on February 20, 2013, the meeting had agreed with the Securities and Exchange Commission (SEC) that encouraged listed companies to involve in anti-corruption policy. Moreover, the Boards assigned the responsible person to summary the rules and set as the policy then propose to the Boards for consideration further. In order that, the Boards had assigned the Company Secretary to take training course "Anti-Corruption: The Practical Guide" ,held on 21 and 22 November, 2013, organized by the Thai Institute of Directors as in the Board of Directors meeting No.59 (1/2557) on February 19, 2014 had passed a resolution declaring its intention to join the Collective Action Coalition Project organized by Thailand private sector in anti-corruption issue. Also, the Company has signed to declare its intention to be a part of the Collective Action Coalition Project, with Thai Institutes of Directors, Thai Chamber of Commerce, Thai Bankers Association, International Chamber of Commerce and Thai Listed Companies Association, for intention to operate business in comply with the law, transparency and Anti-Corruption in all forms,and the Company had already certified on 16 January,2015. (see more at : www.thaiopticalgroup.com) In the year 2018, the Company was re-certificated to be a part of the Collective Action Coalition Project per the Collective Action Coalition Project Meeting No. 2/2018 on August 21, 2018. This Certificate will expire 3 years after the date of such resolution.
- 4) The Company had the Sustainable Fair in order to communicate the policy and procedure concerning anti-corruption both within and outside the Company.
- 5) The Company had set training for employees in accordance with Skill Development Promotion Act BE. 2555, the implementation of the policy about human resource development. In 2016, the Company had conducted the training courses within the organization for employees and management in total of



REPORT OF GOOD CORPORATE GOVERNANCE

4. Disclosure and Transparency

The Company discloses the financial information and other related information about the Company's performance correctly, adequately, regularly, and timely. Therefore the Company has set the strictly control of using regulations as follows:

- 1) The Company discloses all specified information in relevant regulations through the channel of the SET, in the annual statement (form 56-1), and the annual report (form 56-2) including on the website (<http://www.thaiopticalgroup.com>) in both Thai and English languages.
 - 2) The Board of Directors reports the Company's performance in accordance with the corporate governance in the annual statement (form 56-1), and the annual report (form 56- 2).
 - 3) The Board of Directors explains its responsibilities in providing the Company's financial statement parallel with the reports of financial auditor and presents the report on the corporate governance of the internal audit committee in the annual report (form 56- 2).
 - 4) The Board of Directors discloses the name list and roles of the board and subcommittees, the frequency of meeting held, and the number of meeting attendance of the Board in each year.
 - 5) The Board of Directors discloses service fee that each director has received in every categories including remuneration from being the director of its Subsidiary or any other position, such as a consultant. The first four directors according to the name list of the Board (starting from the managing director) will disclose their service fee in the annual report (form 56- 2) and the annual statement (form 56-1).
 - 6) The Company has set the Investors Relations section in order to communicate equitably with the outsiders such as, shareholders, institutional investors and investors, analysts including with related government sectors. The detailed communication will be disclosed in the annual report and on the Company's website.
 - 7) The Board of Directors and Executives have reported on the holding and having transaction of the Company's assets in accordance with the regulations of The Securities and Exchange Commission (SEC.).
 - 8) The Company discloses the structure of the Company's shares in the annual report (form 56-2) and the annual statement (form 56-1).
 - 9) The Company sets the risk management which covers all of the risks related to the missions, business strategic plans, financial, productions, securities, and information as well as considers the tentative and degree of effectiveness that can be occurred including with setting the rules and regulations to prevent any incidents. The clearly responsibilities will be stated to the concerned people. Moreover, the Company sets the policy to report and assess performance by appointing manager to be in charge of its responsibilities and also presents the plan and performance to the Management.
 - 10) The Company has set up Investor Relations Section to communicate with Investors, Institutional investors, Shareholders, Analysts and Governmental Agency. In the year 2017, the Company had open opportunity for Analysts, Investors, Institutional investors, Journalist, Shareholders and etc., both domestics and abroad, to have a meeting with the Company's executive in various channels such as Email, Tele Conference, meeting visit including participate in activities that organize by the Stock Exchange of Thailand(Opportunity Day) and Television programs: Money Channel and Smart Focus. And, the Company has set quiet period that do not disclose or provide interview about the Company's
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operating results within 7 days before the Company will disclose quarterly financial statement and MD&A to the Stock Exchange of Thailand. Moreover, the Company had defined The Code of Ethics for Investor Relations since the year 2011. In addition, Investor Relations of the Company is also attending to the Board of Directors meeting.

- 11) The Board of Directors sets the internal control system for financial management, the operation and procedure in accordance with the rules and regulations stipulated by law. The Company arranges the efficiency audit system to prevent, protect, and manage the shareholders' investment and the Company's assets regularly. The rules and regulations are clearly written as manual and it is the duty of an independent internal audit unit to check up the performance of every connected department and send reports to the Audit Committee directly.

To disclose important information such as financial and non-financial, the Company has been disclosed via website of The Stock Exchange of Thailand and the Company's website both in Thai and English Version such as Information about the Company, Financial information Annual report (Form 56-2), Annual Information Disclosure Report (Form 56-1), financial ratios, Presentation, and Non Financial information such as Corporate Governance Policy, Anti-Corruption Policy, PR news and etc., these information are always updated.

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5. Responsibilities of the Directors

The Board of Directors has crucial role in the corporate governance so that the Company and its Subsidiary can gain the highest profit. The Board of Directors is responsible to perform their duties for shareholders and is independently from the management. The Board of Directors and Management Team have encouraged the importance of Good Corporate Governance, the Code of Business Ethics, the CSR Policy and Anti-Corruption Policy among directors, executives and employees of the Company, therefore the Boards and Management Team provide communication channels for such information through Orientation of new directors and employees, as well as add content in the training of employees, including with disseminate the said information on the Company's website and Internal communication(Intranet).

5.1 Structures of the Board of Directors

(1) Independence and Neutrality of the Directors

The Board of Directors works and makes any decisions independently from the administrative team and major shareholders. Every director can perform duty and be independent to ask questions, express opinions, or opposes to any conflict matter relating to the benefit of shareholders or stakeholders.

(2) Qualifications of the Board of Directors

The Board of Directors consists of members who have skills, knowledge and performance, and specialization, that are useful for the Company. Directors should be the person who adheres to the virtue and morality and can fully devote much and enough time to work in such position.

(3) Qualifications of Independent Director

In addition to the qualification specified in item No. (2), then the Board of Directors has set the qualification of "Independent Director" in accordance with the requirements of the Stock Exchange of Thailand as follows;

1. Cannot hold more than 0.5 % of the Company and its Subsidiary paid- up shares. The shares held by relatives or related persons are included into this account.
2. At least 2 years prior to be appointed as the Independent directors, they must have no responsibility in the management of the Company and its Subsidiary, partnerships or related companies and have no authority to sign their name in any business matters or work as a consultant who receives salary from the Company and its Subsidiary, partnerships, related companies, major shareholders or is under control of any stakeholders.
3. Not be stakeholders dealing with the financial and administrative work directly or indirectly.
4. Not be the Audit Committee for the Company and its Subsidiary, partnerships or any juristic persons that may cause the conflicts.
5. Not gain more than 2 million Bath per year in giving any professional services to the Company and its Subsidiary, Affiliated company or any juristic person that may cause the conflicts.
6. Not have relationships with the executives, shareholders or major shareholders of the Company.
7. Must not be appointed as representatives to protect assets of the Company's directors or shareholders.
8. Be capable of performing their duties, express opinions or report independently to the Boards.

(4) Structure of the Board of Directors

As of 31 December, 2015, the Company comprise of 12 directors in the Board of Directors which is appropriately to the business size of the Company. The Board consists of Chairman and Directors. There are independent directors

accounting not less than one- third of the Board members. They must be independent from the Management team and have no business relationship or any other relationship that can influence on their consideration. Independent directors have a term of 3 years. At present, the Company had four Independent Directors. The Board of Directors believes that qualification of "Independent Directors" that set by the Company is more strictly than definition set forth by the Office of Securities and Exchange Commission (the SEC) and the Stock Exchange of Thailand(the SET).

- (5) The Board of Directors can have an agreement to appoint the new director to continue working instead of resigned director within his/her remaining term. The number of companies that any director can be in directorships should be considered according to the principle of the good corporate governance. The Company also provide orientation for the new director and executive.
- (6) Managing Director and Top management can served as directors in the other companies but it have to approve by the Board of Directors.
- (7) The Board of Directors fixed that Chairman and Managing Director have to be different persons in order to monitor and balancing power in the management. Their duties and responsibilities are separately clarified as follows;

Responsibility of Chairman of the Board of Directors:

1. To perform as the Chairman in the Company's Board of Directors meeting;
2. To have a casting vote if there is a tie vote case;
3. To call for the meetings of the Board of Directors; and
4. To perform as the Chairman in the Annual General Meeting of Shareholders.

Responsibilities of Managing Director:

1. To set policies, strategic guidelines and plans, business' goals and the yearly budget of the Company and its Subsidiary to propose for an approval from the Board of Directors;
2. To perform duties in accordance with the policies, strategic guidelines and plans, business' goals and the yearly budget approved by the Board of Directors;
3. To report to the Board of Directors about the performance and the revenue of the Company and its Subsidiary in quarterly basis by comparing to the business plan along with suggestions;
4. To perform other duties assigning by the Board of Directors.



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The Company Secretary:

Resolution of the Board of Directors 'meeting No.2/2017 on 9 November 2017, the Company had appointed **Mrs. Rewadee Jantamaneechote** as the Company Secretary including with define qualification of the Company Secretary hereunder:

1. To be competent and understands well in the Company's business and other related work which concern the duties of the secretary, the board of the directors, and the management;
2. To have good knowledge about the relevant rules, regulations and laws of SET and SEC;
3. To work carefully with high responsibility and honesty;
4. To have good relationship with other people that is needed for effectively communicating with many sectors.
5. understand the key principle of Accounting and Finance.

Duties and Responsibilities of the Company Secretary:

1. To produce and keep filing the following documents;
 - (a) Registration records of the members of the Board of Directors.
 - (b) Meeting invitation letters to the Board of Directors, the minutes of the Board of Directors' meeting and the annual report of the Company.
 - (c) Meeting invitation letters to the Shareholders and the minutes of the Shareholders' meetings.
2. To keep filing reports on any important matters dealing with gain and loss that are reported by directors or executive directors, and delivers the copy of the said reports to the Chairman of the Board and the Chairman of the Audit Committee within 7 days after the first date in receiving those reports.
3. To perform duties on other matters in accordance with the regulations of the Stock Exchange of Thailand.
4. To communicate to shareholders, take care of them appropriately and give sufficient information to investors as doing such is a part of reports on the Company's progress.
5. To coordinate with other related sectors.

5.2. The Sub Committees of the Company.

The Board of Directors of the Company appointed these following 3 sub committees;

- (1) The Audit Committee
- (2) The Business Strategic Committee
- (3) The Nomination and Remuneration Committee

Terms for each group of the sub-committees are three years and can be reappointed. The Sub-committees must work according to the Board of Directors' assignments. They also have authorization to inform the management to attend the meetings notify matters or do reports in order to give suggestions or recommendation as necessary.

- (1) **The Audit Committee:** The Audit Committee consists of at least 3 independent directors who are responsible to verify the accuracy and adequacy of the financial statement and the effectiveness of internal control system and the internal audit including the practices regarding the related laws. They also elect and appoint the auditor and consider the related transactions or any transactions which may cause the conflict of interest to be in accordance with the criteria. Moreover, they create and are in charge of doing reports, determine and set policies and the guideline practices for the corporate governance and the ethical business as well as control the use of the practices with morality.

- (2) **The Business Strategic Committee:** The Strategic Committee consists of 1 executive directors, 1 independent directors and 2 expert directors in running businesses, who are representatives from the major shareholders. This committee has duty to study the important matter that needed for close supervision, proposes strategy for producing new products and trends of new innovations, expand distribution channels as well as scrutinizing the matters related to investment in order to run the business effectively. Moreover, they also give advice and launch other related business strategies.
- (3) **The Nomination and Remuneration Committee:** The committee consists of 2 out of 3 independent directors. They perform duty to search and elect qualified persons to be the Company's directors. They set the succession plan and evaluate the performance of the Board of Directors, propose policies of remunerations and other payments to the Board of Directors, The Sub-committees, Managing Director and Deputy Managing Director. Besides, they consider and review the remuneration system to be suitable for directors and executives' responsibility and be in accordance with the Company's performance.

5.3 Responsibilities of the Board of Directors

The Board of Directors is responsible to the Shareholders in term of management and controlling the administration following the business plans and goals in order to create the highest profit for the Shareholders on the basis of morality and consideration on the benefit of every stakeholder.

(1) The Board of Directors has the duty to determine and is authorized to approve these following issues:

1. Policies and business strategic guidelines, goals, plans, and the yearly budget of the Company and its Subsidiary.
2. The Company performance and the quarterly Company operating performance comparing to the budgets and plans including tentative performance in the next phase.
3. The investment in any project that is not included in the budget year plan.
4. The use of budget which is over the expense proposed in the investment plan and over the other investment which is not investment budget.
5. Buying and selling asset, corporation, and being a partnership in the business which is not against the regulations of the Stock Exchange of Thailand and its cost is exceeded the scope of authority of Managing Director.
6. Transactions or any acts that can affect the financial status, liability, the business strategies and reputation of the Company.
7. Any contract which is not related to the ordinary business operation and contract which is related to the important ordinary business operation.
8. The related transactions between the Company and its Subsidiary and connected person that are not followed regulations of the Stock Exchange of Thailand.
9. The interim dividend payments.
10. Change of policies and practices which are significantly related to the account, the risk management and the internal control of the Company.
11. Hire of the Managing Director and Top Executives.
12. Determination and change of the approving authorization of Managing Director and Top Executives.
13. Approval of the budget, the reformulation of payments, bonus or remunerations for the management and employees.
14. Proposal of appointment and the expiry of the status of the Company's directors.
15. Allowing and change authority to any one of the Chairman, Managing Director, or directors that is not against the regulation of the Stock Exchange of Thailand.
16. Appointment and determination of the scope of authority of The Sub-committees.

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17. Providing and controlling the management in accordance with the good corporate governance.
 18. Appointment directors in the Subsidiary company.
 19. Other acts that target to follow the laws, objectives, rules and regulations and the approval from the Shareholders' meetings.
- (2) The Board of Directors sets policy for the corporate governance of the Company and makes them as a written manual. The evaluation on the performance and revision of such policy will be set at least once a year.
 - (3) The Board of Directors creates a manual for running the ethical business in order to be the practice guidelines for directors and employees including the rules of punishment and review such policies at least once a year.
 - (4) The Board of Directors will carefully consider any matter that may cause conflict of interest and keeps control of the regulations of operation procedures and discloses the accurate and adequate information.
 - (5) The Board of Directors provides the internal audit department to perform duty independently. The internal audit department reports directly to the Audit Committee and is responsible for auditing the control system in management of the financial report as well as operation following the policy. The Board has revision and evaluation of an adequacy of the control system at least once a year.
 - (6) The Board of Directors assigns the administrative team to have the risk management covering the whole organization. The management must report to the Board regularly as well as review and evaluate the effectiveness of the risk management at least once a year.

5.4 The Board of Directors' Meetings

The Board of Directors performs their duties through the meetings as follows:

- (1) The Company conducts the meetings at least four times a year and schedules the whole year meetings of the Board of Directors in advance and also inform each director accordingly.
- (2) The Board of Directors had arranged the meetings of the year 2018 total 5 times.
- (3) The Chairman of the Board of Directors and/or Managing Director considers the matters to put on the agenda of meetings and each director can propose the matters independently.
- (4) There must be clearly agenda, complete and adequate related documents for each meeting. The documents must be delivered to the Board of Director at least 5 days before the date of meeting.
- (5) The Chairman provides enough time for the administrative team to propose the matters and every director can discuss the important issue carefully. The detail of meeting must be noted as manual and be available for the directors and related persons.
- (6) All directors can get more necessary information from the Managing Director, the Secretary, the Board of Director and other Administrative Sections.
- (7) The Company set the policy for Non-Executive Director (NED) to have a chance to conduct an inside meeting once a year without attending of the management team in order to discuss any problem that is in their interest. The meeting minutes must be reported to Managing Director. For the year 2018, the said meeting had arranged on November 7, 2018.
- (8) The Board of Directors assigns the Company Secretary to provide the meeting agendas, write the Invitation letters, manage and facilitate the meetings, keep filings of related documents and produce the meeting minutes to ask for an agreement of Chairman before proposing to the Board for an approval.
- (9) The Board of Directors encourages the Executive Directors of the Company to attend the meeting of the Board. For the year 2018, the said meeting had arranged on August 7, 2018.

5.5 Performance Evaluation of the Board of Directors and the Managing Director

The Board of Directors determines to have an evaluation on the performance of the Board of Directors and Managing Director every year in order to considerate the operation performance and or improve its adequately.

According to, the Board of Directors Meeting No.84 (5/2018), held on November 7, 2018, there was the Board self-assessment (The whole Board) for the year 2018, in accordance with the sample of Board Self- Assessment Form of the Stock Exchange of Thailand which conclude in 3 formats hereto;

Self Assessment for the board of directors as a whole

Criteria	No. (Items)	Full score	2018	2017
1.Board structure and qualifications	13	4.00	3.78	3.79
2.Roles, duties and responsibilities of the board	20	4.00	3.78	3.81
3.The board meeting	9	4.00	3.89	3.91
4.Duties of directors	7	4.00	3.89	3.96
5.Relationship with management	5	4.00	3.85	3.92
6. Director's self improvement and management training	6	4.00	3.76	3.85
Total	60	4.00	3.83	3.87

Summary : 2018 Score is lower than 2017 Score in all criteria. However, there is no significant change in the assessment score generally.

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Self Assessment of committee as a whole

Criteria	No. (Items)	Full score	2018	2017
1. Board structure and qualifications	7	4.00	3.34	3.21
2. Sub Committee Meeting supports the Board meeting effectively	6	4.00	3.88	3.92
3. Role and responsibility of Subcommittee gives the important to review the relevant agenda appropriately				
3.1 Audit Committee	7	4.00	3.38	3.33
3.2 Nomination Committee	4	4.00	3.81	3.73
3.3 Compensation Committee	2	4.00	3.89	3.86
3.4 Good Corporate Governance Committee	5	4.00	3.97	3.80
3.5 Risk Management Committee	5	4.00	3.93	3.70
Total	23	4.00	3.74	3.65

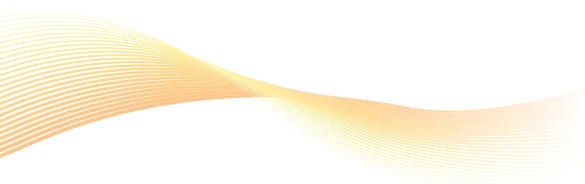
Summary : 2018 Score in most of criteria higher than 2017 except criteria Nos. 1 and 2 lower than 2017.

Self Assessment of the board of directors and of committee members on an individual basis

Criteria	No. (Items)	Full score	2018	2017
1.Board structure and qualifications	2	4.00	3.83	3.83
2. The board meeting	4	4.00	3.92	3.94
3. Roles, Duties and Responsibilities of directors	5	4.00	3.82	3.87
Total	11	4.00	3.86	3.88

Summary : 2018 score has score in criteria 1 less than 2017, whilst the criteria 2 and 3 are lower than 2017.

However, there is no significant change in the assessment score generally.



5.6 Remunerations of the Directors

- (1) Consideration on remunerations of the Directors will be made by comparing with the standard of the same industries, the same business size, the Company's operating performance, and the scope of responsibilities of the Directors. This consideration is an authorized approval from the Shareholders' meeting.
- (2) Remuneration of the Executives bases on the criteria and policy stated by the Board of Directors, relating to the Company's operating performance as well as each person's performance.
- (3) The Directors who are also appointed to be the subcommittee shall receive their remuneration according to their responsibility.
- (4) The Nomination and Remuneration Committee consider the remuneration for Managing Director every year in accordance with the earlier agreement on criteria. Managing Director will be informed about the result by the Chairman of the Boards.

5.7 Developments of Directors and Executives

- (1) The Board of Directors has duty to promote and facilitate Directors and Executives with trainings in order to improve their performance continuously. For year 2018, the Company has conducted the training 4DX Dimension in high performance to the managements.
- (2) The Board of Directors assigns the administrative team to have an orientation for the new director, invite them to the meeting and participate in the operation plan's presentation of the Company and its Subsidiary.
- (3) The Board of Directors determines the plan to improve the competency of Managing Director and Deputy Managing Director by assigning the administrative team to make the continuing plan and report to the Board of Directors.

5.8 Performance Evaluation of the Managing Director

The Nomination and Remuneration Committee consider and give opinions to the Board on criteria for a yearly performance evaluation of Managing Director. The criteria must be relevant to the Company's goals for both short-term and long-term.

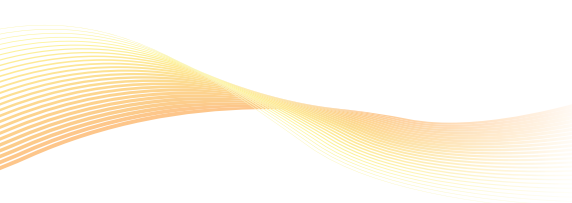
5.9 Communication with the administrative team

The Board of Directors encourages Managing Director and Top executive to attend the Board's meeting in order to propose their agenda so that the Board can be informed and get any suggestions from the responsible person directly meanwhile the management can learn and have understanding in the Board of Directors' points of view.

Aside from the general meeting of the Board of Directors, the Board encourages provision of opportunities to meet and exchanges opinions among the Directors, Managing Director, and Deputy Managing Director. This can create the good relationships for them and help the Directors can communicate to each administrative person directly without the sense of work interference. However, this should be prior informed to Managing Director.

REPORT OF GOOD CORPORATE GOVERNANCE

Ethics for Business Operation and Ethical Practices for Employees.

- 1) Adhere to the virtue and morality.
 - 2) Behave in accordance with rules and regulations, acquaint and respect own rights and duties and of others by realizing that the rules and regulations are not set for punishment but as guidelines of good behaviors.
 - 3) Perform duties delegated by the Company, upon lawful rules and regulations, with honesty, in good faith and discretion to prevent any disgrace to the Company's image.
 - 4) Not to intend to do any harm, damage or distort the reputation, progress or business of others, both directly and indirectly.
 - 5) Use leadership, abilities and knowledge in performing success to the Company rather than personal benefits.
 - 6) Reveal to the Company immediately if there is any personal interest, aside from the Company's. Moreover, avoid involving in other business, which may create conflict of interest or affect the efficiency of work.
 - 7) Create an open working environment for opinion exchange, creative ideas, new initiative proposal and reasonable decision with justice and without discrimination.
 - 8) Neither reveals inside concealed information getting from duties nor uses it for personal benefit, which may cause damages to the Company.
 - 9) Keep in conscious that performing in business is not only duties or obligation to business owner but also is responsible to buyers, sellers, shareholders, and other employees. Then the benefit for all stakeholders is the first priority to be concerned.
 - 10) Be responsible to own achievement and subordinates.
 - 11) Aspire, improve and increase own knowledge and working ability, and perform standard of work as assigned by the Company with attention and responsibility for self- progress and for prosperity of the Company.
 - 12) Planning, determine and analyze goals of missions to achieve Company's objectives with consideration on virtue, professional ethics and culture of involved persons within the Company.
 - 13) Take good care for health and safety, maintain good environment for everyone in the Company and maintain all the Company's assets such as buildings and offices to be orderly, fine, and hygienic.
 - 14) Use the Company's assets efficiently and effectively.
- 

GOOD CORPORATE GOVERNANCE CODE, 2017 AMENDMENT

THAI OPTICAL GROUP PUBLIC COMPANY LIMITED



The Board of Directors of Thai Optical Group Public Company Limited (the Company) has strong intention to administrate the Company in comply with Practice and guidelines of the Stock Exchange of Thailand, and also aims to develop the good corporate governance policy of the Company in order to bring out the best practice for the organization.

The Board of Directors has resolved to utilize the “Good Corporate Governance Code, 2017 Amendment” on November 7, 2017. This Good Corporate Governance Code, 2017 Amendment is the update version of the Company’s Good Corporate Governance Code which was prepared and provided in accordance with the Principles of Corporate Governance of the “Organization for Economic Co-operation and Development” (“OECD”). This version is not only keeping the said Principles but this version is also added the new principles in accordance with the Good Corporate Governance Code 2017 for Listed Companies, which is introduced by the Securities Exchange Commission of Thailand.

To ensure the understanding in the duties and responsibility of the Board of Directors, the Good Corporate Governance Code, 2017 Amendment was reviewed by the Board of Directors in the Board of Directors Meeting No. 81 (No. 2/2018) held on May 9, 2018.



GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment

Principle 1 : **Establish clear leadership role and responsibilities of the Board**

Principle 1.1 : The Board should demonstrate a thorough understanding of its leadership role, assume its responsibilities in overseeing the Company, and strengthen good governance, including:

- (1) defining objectives;
- (2) determining means to attain the objectives; and
- (3) monitoring, evaluating, and reporting on performance.

Principle 1.2 : To achieve sustainable value creation, the Board should exercise its leadership role and pursue the following governance outcomes:

- (1) competitiveness and performance with long-term perspective;
- (2) ethical and responsible business;
- (3) good corporate citizenship; and
- (4) corporate resilience.

Guidelines

1.2.1 The Board of Directors has a duty to ensure that all directors and executives perform their responsibilities in compliance with their fiduciary duties with the required responsibility, due care and loyalty. The Board of Directors is responsible to the Shareholders in term of management and controlling the administration following the business plans and goals in order to create the highest profit for the Shareholders on the basis of morality and consideration on the benefit of every stakeholder.

1.2.2 The Board of Directors creates a manual for running the ethical business in order to be the practice guidelines for directors and employees including the rules of punishment and review such policies at least once a year.

1.2.3 The Board of Directors sets policy for the corporate governance of the Company and makes them as a written manual. The evaluation on the performance and revision of such policy will be set at least once a year.

1.2.4 The Board of Directors will ensure effective implementation including regular communication of the Company's policies and guidelines to all directors, executives, employees and staff. The board should ensure adequate mechanisms are in place for monitoring, reviewing and reporting compliance with the Company's policies and guidelines.

Principle 1.3 : The Board of Directors should ensure that all directors and executives perform their responsibilities in compliance with their fiduciary duties, and that the Company operates in accordance with applicable law and standards.

Guidelines

- 1.3.1 In assessing whether directors and executives have performed their fiduciary duties with the required responsibility, due care and loyalty, reference should be made to the applicable laws, rules and regulations.
- 1.3.2 The Board of Directors is responsible for the implementation of adequate systems and controls to ensure that the Company complies with applicable laws, articles of association, shareholders' resolutions, concerned policy or guideline, as well as having the approval systems concerning the important matters as specified by laws.

Principle 1.4 : The Board of Directors should demonstrate a thorough understanding of the division of board and management responsibilities. The Board should clearly define the roles and responsibilities of management and monitor management's proper performance of its duties.

Guidelines

- 1.4.1 The Board of Directors adopts the Board Charter setting out the roles and responsibilities of the directors and review such Charter at least once a year.
- 1.4.2 The Board of Directors sets its written ability, responsibility, and accountability in the Board Charter.

Delegation of executive power to Managing Director is in accordance with the resolution of the Board of Directors' Meeting on April 20, 2004 and on April 8, 2005. The scope of authority of Managing Director is clearly stated.

GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment

Principle 2 :

Define objectives that promote sustainable value creation

Principle 2.1 : The Board of Directors should define objectives and goals that promote sustainable value creation and governance outcomes as a framework for the operation of the Company.

Guidelines

2.1.1 The Board of Directors will ensure that the Company has clearly defined objectives that support the Company's business model. The Board of Directors will ensure Company-wide communication of the Company's vision, mission and values.

2.1.2 Defining the business model for sustainable value creation, the Company has the Business Strategic Committee. The Business Strategic Committee consists of 6 members who are 1 executive director, 1 independent director and 2 expert directors in running businesses, who are representatives from the major shareholders and other directors. The independent director is the Chairman of the Business Strategic Committee. Scope of duties of the Business Strategic Committee are as follows:

- To be responsible in study of the significant business matters those need close attention.
- To propose the new strategies of production and new innovation trends as well as expand the distribution channels.
- To consider on projects of investments so that the business can run effectively.
- To provide advice and suggest other related business strategies, and also reports to the Board of Directors.

2.1.3 The Board of Directors will promote the Company's mission and vision to be the corporate culture. The Board of Directors will supervise to communicate the objectives and goals via strategy and plan throughout the Company.

Principle 2.2 : The Board of Directors should ensure that the Company's annual and medium-term objectives, goals, strategies, and plans are consistent with the long-term objectives, while utilising innovation and technology effectively

Guidelines

2.2.1 The Board of Directors supervises to have the strategies and annual plan in accordance the company's goals objectives, while considering the business environment, opportunities, and the Company's risk appetite. The Board of Directors ensures that the Company's goals, strategies for medium-term (for example, 3 - 5 years) will be prepared, reviewed and updated as appropriate.

2.2.2 The Board of Directors will ensure that the Company's strategies and plans take into account all relevant factors influencing the value chain, including the Company's ecosystem, risks, resources, competitiveness, and stakeholders. There is mechanism for stakeholder engagement.

Employees : The Company and its Subsidiaries provide them with good and complete welfare including with set provident fund, organizing safety working environment for both physically and mentally, and also has the policy to provide them better quality living and safety in work.

Company conducted training to improve the working skill to employee and Executives of Company continuously which is in accordance with Development of Labor Skill ACT B.E. 2545.

Society/communities : The Company and its Subsidiaries have waste treatment and industrial savage treatment without causing any pollution to the communities around the factories. Moreover, the Company and its Subsidiaries also participate and support beneficial social activities to the communities around the factory.

Business partners / : The Company and its Subsidiaries will strictly and equally follow commercial terms and creditors conditions bonded with other parties. In case of any deficiency, the Company will hold a negotiation meeting with them to find the best solution.

Competitors : The Company and its Subsidiaries will run business fair and square, under the laws and orders, business common practices, and will not take any advantage to demolish its competitors.

Customers : The Company and its Subsidiaries have strong willingness to serve, help and treat customers equitably. In case of having any problems, the Company will listen to the customers, give advice, and help them find solution. The Company will not disclose any information of the customers unless having their written permission or being under the condition by law.

Shareholders : The Company and its Subsidiaries operate its business with transparency, straightforwardly, accountability including with operate business continuous growth, sustainable and can generate suitable return on investment in the long term.

GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment



The channels for any suggestions or complaints: Customers, shareholders, and stakeholders can send their suggestions or any complaints to the Company Secretary through these following channels:

Telephone : (662) 440 0506 to 7
 Fax : (662) 862 0705
 Website : <http://www.thaiopticalgroup.com>
 E-mail : companysecretary@thaiopticalgroup.com

For employees of the Company and its Subsidiaries, if they found any contravention or non-compliance with the Code of Ethics then can submit any suggestions or complaints to the Boards and Management as follows;

1. Chairman
2. Chairman of the Audit Committee
3. Managing Director
4. Internal Audit Manager
5. Anti-Corruption Subcommittee

Post : Thai Optical Group Public Company Limited
 15/5 Moo 6 Bangbuathong-Suphanburi Road, Laharn, Bangbuathong,
 Nonthaburi (11110) Thailand
 E-mail : Anti-Corruption@thaiopticalgroup.com

The Company has protection measures and remedy for damage to reporter, complainant or cooperative person who report any violations or non-compliance with the Code.

- 2.2.3 When developing strategies and plans, the Board of Director will promote innovation and the use of technology to enhance competitiveness, respond to stakeholder concerns and expectations, and meet social and environmental responsibilities.
- 2.2.4 In considering the approval of the Company's targets (financial and non-financial), the Board of Directors will ensure that they are suitable to the Company's business profile, and they do not cause the Company to engage in illegal or unethical conduct.
- 2.2.5 The Board of Directors will ensure effective communication of the Company's objectives, goals, strategies, plans, and targets throughout the Company.
- 2.2.6 The Board of Directors will ensure proper resource allocation and effective systems and controls, and monitor the implementation of the Company's strategies and plans.

Principle 3 : Strengthen Board Effectiveness

Principle 3.1 : The Board of Directors should be responsible for determining and reviewing the board structure, in terms of size, composition, and the proportion of independent directors so as to ensure its leadership role in achieving the Company's objectives.

Guidelines

3.1.1 The Board of Directors consists of members who have skills, knowledge and performance, and specialization, that are useful for the Company. Directors should be the person who adheres to the virtue and morality and can fully devote much and enough time to work in such position.

At least one of the non-executive directors will be experienced and competent in the company's main industry

3.1.2 As of 31 December, 2015, the Company comprise of 12 directors in the Board of Directors which is appropriately to the business size of the Company. The Board consists of Chairman and Directors. There are independent directors accounting not less than one - third of the Board members. They must be independent from the Management team and have no business relationship or any other relationship that can influence on their consideration. At present, the Company had four Independent Directors. The Board of Directors believes that qualification of "Independent Directors" that set by the Company is more strictly than definition set forth by the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

3.1.3 The Board of Directors works and makes any decisions independently from the administrative team and major shareholders. Every director can perform duty and be independent to ask questions, express opinions, or opposes to any conflict matter relating to the benefit of shareholders or stakeholders.

In addition to the qualification specified in item No. 3.1.1, then the Board of Directors has set the qualification of "Independent Director" in accordance with the requirements of the Stock Exchange of Thailand as follows;

1. Cannot hold more than 0.5 % of the Company and its Subsidiary paid- up shares. The shares held by relatives or related persons are included into this account.
2. At least 2 years prior to be appointed as the Independent directors, they must have no responsibility in the management of the Company and its Subsidiary, partnerships or related companies and have no authority to sign their name in any business matters or work as a consultant who receives salary from the Company and its Subsidiary, partnerships, related companies, major shareholders or is under control of any stakeholders.
3. Not be stakeholders dealing with the financial and administrative work directly or indirectly.

GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment

4. Not be the Audit Committee for the Company and its Subsidiary, partnerships or any juristic persons that may cause the conflicts.
 5. Not gain more than 2 million Bath per year in giving any professional services to the Company and its Subsidiary, Affiliated company or any juristic person that may cause the conflicts.
 6. Not have relationships with the executives, shareholders or major shareholders of the Company.
 7. Must not be appointed as representatives to protect assets of the Company's directors or shareholders.
 8. Be capable of performing their duties, express opinions or report independently to the Boards.
- 3.1.4 The Board will explicitly disclose in the Company's annual report and on the website its diversity policies and details relating to directors, including directors' age, gender, qualifications, experience, shareholding percentage, years of service as director, and director position in other listed companies.

Principle 3.2 : The Board of Directors should select an appropriate person as the chairman and ensure that the Board composition serves the best interest of the Company, enabling the Board to make its decisions as a result of exercising independent judgement on corporate affairs.

Guidelines

- 3.2.1 The Board of Directors fixed that Chairman and Managing Director have to be different persons in order to monitor and balancing power in the management. Their duties and responsibilities are separately clarified as follows;

Responsibility of Chairman of the Board of Directors :

1. To perform as the Chairman in the Company's Board of Directors meeting;
2. To have a casting vote if there is a tie vote case;
3. To call for the meetings of the Board of Directors;
4. To perform as the Chairman in the Annual General Meeting of Shareholders;
5. To oversee, monitor, and ensure that the Board efficiently carries out its duties to achieve the Company's objectives.
6. To ensure that all directors contribute to the Company's ethical culture and good corporate governance.
7. To set the Board meeting agenda by discussing with the Managing Director.
8. To provide enough time for the administrative team to propose the matters and every director can discuss the important issue carefully. The detail of meeting must be noted as manual and be available for the directors and related persons.
9. To encourage provision of opportunities to meet and exchanges opinions among the Directors, Managing Director, and Deputy Managing Director. This can create the good relationships for them and help the Directors can communicate to each administrative person directly without the sense of work interference.

Responsibilities of Managing Director:

1. To set policies, strategic guidelines and plans, business' goals and the yearly budget of the Company and its Subsidiary to propose for an approval from the Board of Directors;

2. To perform duties in accordance with the policies, strategic guidelines and plans, business' goals and the yearly budget approved by the Board of Directors;
3. To report to the Board of Directors about the performance and the revenue of the Company and its Subsidiary in quarterly basis by comparing to the business plan along with suggestions;
4. To perform other duties assigning by the Board of Directors.

The assignment of the authority to the Managing Director is in accordance with the resolution of the Board of Directors' Meeting on April 20, 2004 and on April 8, 2005.

- 3.2.2 Independent directors have a term of 3 years. They are able to be in the position exceeding a cumulative term of nine years from the first day of service, if the Board of Directors has reasonably considered such necessity.
- 3.2.3 The Board of Directors of the Company appointed these following 3 sub-committees: (1) the Audit Committee; (2) the Business Strategic Committee; and (3) the Nomination and Remuneration Committee to review specific matters, to screen information, and to recommend action for Board approval
- 3.2.4 The Board of Directors discloses the name list and roles of the Board and sub-committees, the frequency of meeting held, and the number of meeting attendance of the Board in each year.

Principle 3.3 : The Board of Directors should ensure that the policy and procedures for the selection and nomination of directors are clear and transparent resulting in the desired composition of the Board.

Guidelines

- 3.3.1 The Nomination and Remuneration Committee consists of 2 out of 3 independent directors. The chairman of the Nomination and Remuneration Committee is an independent director.
- 3.3.2 The Nomination and Remuneration Committee performs duty to search and elect qualified persons to be the Company's directors. They present a description of the nomination criteria and process to the Board of Directors prior nominating new directors to replace the expired directors. They set the criteria and procedures for nomination and appointment of key executives. They set the succession plan and evaluate the performance of the Board of Directors, propose policies of remunerations and other payments to the Board of Directors, the Sub-committees, Managing Director and Deputy Managing Director. Besides, they consider and review the remuneration system to be suitable for directors, executives and other employees' responsibility and be in accordance with the Company's performance.

Principle 3.4 : When proposing director remuneration to the shareholders' meeting for approval, the Board of Directors should consider whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, linked to their individual and Company performance, and provide incentives for the Board of Directors to lead the Company in meeting its objectives, both in the short and long term.

GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment

Guidelines

- 3.4.1 The Nomination and Remuneration Committee per Item 3.3.1 is responsible for setting the remuneration policy.
- 3.4.2 Consideration on remunerations of the Directors will be made by comparing with the standard of the same industries, the same business size, the Company's operating performance, and the scope of responsibilities of the Directors. This consideration is an authorized approval from the Shareholders' meeting.
- The Directors who are also appointed to be the subcommittee shall receive their remuneration according to their responsibility.
- 3.4.3 The Board of Directors discloses service fee that each director has received in every categories including remuneration from being the director of its Subsidiary or any other position, such as a consultant in the annual report (form 56- 2) and the annual statement (form 56-1).

Principle 3.5 : The Board of Directors should ensure that all directors are properly accountable for their duties, responsibilities and (in-) actions, and allocate sufficient time to discharge their duties and responsibilities effectively.

Guidelines

- 3.5.1 The Board will ensure that there is a mechanism to support directors in understanding their roles and responsibilities per Item 3.8.
- 3.5.2 Each director has ability to devote sufficient time to the Company and be a director of not more than 5 listed companies.
- 3.5.3 The Board will ensure reporting and public disclosure of directors assuming or holding positions at other companies.
- 3.5.4 The Board will ensure that the Company's policies prohibit and prevent a director from creating a conflict of interest with the Company, including by using the Company's assets, information or opportunities for his or her own benefit, as a result of having or taking a director or management position, or having or creating vested interests, both directly and indirectly, in other companies. Information about a director's other directorships and positions should be reported to shareholders, as appropriate per Item 6.3.2.
- 3.5.5 Each director will be required to attend not less than 75 percent of all Board meetings in any whole financial reporting year.

Principle 3.6 : The Board of Directors should ensure that the Company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment as appropriate.

Guidelines

- 3.6.1 The Board will ensure that the Company's governance framework and policies extend to its subsidiaries, including written policies relating to:
- (1) Appointment directors in the subsidiary companies;
 - (2) Supervision of the directors in the Subsidiary companies to manage in accordance with the

- Company's policy for the Subsidiary companies' best interest;
- (3) Having the risk management covering the subsidiary companies; and
- (4) Disclosure of the financial information and performance, related transactions with connected person, acquisition and disposition of assets, and other important transactions.

3.6.2 For businesses that the Company has or plans to hold a significant investment, shareholder agreements or other agreements must be made.

Principle 3.7 : The Board of Directors should conduct a formal annual performance evaluation of the Board, its committees, and each individual director. The evaluation results should be used to strengthen the effectiveness of the Board.

Guidelines

3.7.1 The Board of Directors determines to have an evaluation on the performance of the Board of Directors and Managing Director every year in order to considerate the operation performance and or improve its adequately.

3.7.2 The Nomination and Remuneration Committee requires all directors to conduct the Board self-assessment (The whole Board), in accordance with the sample of Board Self-Assessment Form of the Stock Exchange of Thailand which conclude in 3 formats hereto:

- (1) Self-assessment of the Board of directors as a whole;
- (2) Self Assessment of committee as a whole; and
- (3) Self Assessment of the Board of directors and of committee members on an individual basis.

The criteria, process, and results of the evaluation should be disclosed in the annual report.

3.7.3 The evaluation results will be used for ensuring that the directors collectively possess the right combination of knowledge, skills, and experience.

Principle 3.8 : The Board of Directors should ensure that the Board and each individual director understand their roles and responsibilities, the nature of the business, the Company's operations, relevant law and standards, and other applicable obligations. The Board should support all directors in updating and refreshing their skills and knowledge necessary to carry out their roles on the board and Board committees.

Guidelines

3.8.1 The Board of Directors has duty to promote and facilitate Directors and Executives with trainings in order to improve their performance continuously. The Company has conducted the internal training program and external training to boost up the leadership team. The Board of Directors assigns the administrative team to have an orientation for the new director, invite them to the meeting and participate in the operation plan's presentation of the Company and its Subsidiary in order to have knowledge and understanding of relevant law and standards, and other applicable obligations, risk factors, and the Company's business environment as well as to receive accurate, timely and clear information, including timely and regular updates.

Training and knowledge development of the Board are disclosed in the annual report.

GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment



Principle 3.9 : The Board of Directors should ensure that it can perform its duties effectively and have access to accurate, relevant and timely information. The Board should appoint a company secretary with necessary qualifications, knowledge, skills, and experience to support the Board in performing its duties.

Guidelines

- 3.9.1 The Board determines the Board of Directors meeting and the meetings of sub-committee in advance for a whole year and also inform each director of such planned meeting date.
- 3.9.2 The Board of Directors had arranged the meetings at least 5 times a year and the meetings hold at 10.30 a.m. on every Wednesday of sixth week after end of each quarter or other designated day and to consider together with Executives on the operation of the Company that it pursues the business in compliance with Vision and Mission of the Company.
- 3.9.3 The Chairman of the Board of Directors and/ or Managing Director considers the matters to put on the agenda of meetings and each director can propose the matters independently.
- 3.9.4 There must be clearly agenda, complete and adequate related documents for each meeting. The documents must be delivered to the Board of Director at least 7 days before the date of meeting for consideration and study.
- 3.9.5 The Board of Directors encourages the Executive Directors of the Company to attend the meeting of the Board.
- 3.9.6 All directors can get more necessary information from the Managing Director, the Company Secretary, the Board of Director and other Administrative Sections.
- If necessary to discharge their responsibilities, the Board may seek independent professional advice at the Company's expense.
- 3.9.7 The Company set the policy for Non-Executive Director (NED) to have a chance to conduct an inside meeting once a year without attending of the management team in order to discuss any problem that is in their interest. The meeting minutes must be reported to Managing Director.
- 3.9.8 The Board of Directors assigns the Company Secretary to provide the meeting agendas, write the Invitation letters, manage and facilitate the meetings, keep filings of related documents and produce the meeting minutes to ask for an agreement of Chairman before proposing to the Board for an approval.
- The Board will disclose the qualifications and experience of the Company Secretary in its annual report and on the Company's website.
- 3.9.9 The Company Secretary will receive ongoing training and education relevant to performing his/her duties

Principle 4 : Ensure Effective CEO and People Management

Principle 4.1 : The Board of Directors should ensure that a proper mechanism is in place for the nomination and development of the chief executive officer and key executives to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the Company to achieve its objectives.

Guidelines

- 4.1.1 To consider and nominate the qualified candidate to be as Managing Director, in case, there is vacancy of the position and then propose to the Board of Directors.
- 4.1.2 The Managing Director will be in charged of appointing knowledgeable, skilled, and experienced key executives. The Managing Director together with the Nomination and Remuneration Committee will establish the criteria and procedures for nomination and appointment of key executives.
- 4.1.3 The Board of Directors determines the plan to improve the competency of Executive and succession plan for top positions by assigning the administrative team to make the continuing plan and report to the Board of Directors.
- 4.1.4 Managing Director and top management can served as directors in the other companies but it have to approve by the Board of Directors. The number of companies in which they are allowed to simultaneously serve as a director will be in accordance with the approval of the Board.

Principle 4.2 : The Board of Directors should ensure that an appropriate compensation structure and performance evaluation are in place.

Guidelines

- 4.2.1 The Board will ensure that the compensation structure rewards individual performance, incentivizes the chief executive officer, key executives, employees and staff at all levels to act in support of the Company's objectives and values, and fosters long-term commitment by aligning incentives with future Company performance through:
 - (1) appropriate combination of salary and other short-term compensation (such as bonus), and long-term compensation (such as employee stock ownership plan participation);
 - (2) ensure that the individual total compensation takes into account industry standards and Company performance; and
 - (3) predetermined and communicated performance evaluation criteria.
- 4.2.2 The Nomination and Remuneration Committee consider and give opinions to the Board on criteria for a yearly performance evaluation of Managing Director. The criteria must be relevant to the Company's goals for both short-term and long- term.

The Nomination and Remuneration Committee consider the remuneration for Managing Director every year in accordance with the earlier agreement on criteria. Managing Director will be informed about the result by the Chairman of the Boards.

GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment

4.2.3 The Board approves the performance evaluation criteria and overall compensation structure of key executives. In addition, the Board should ensure that the chief executive officer evaluates the performance of key executives based on clear and predetermined performance evaluation criteria.

Remuneration of the Executives bases on the criteria and policy stated by the Board of Directors, relating to the Company' operating performance as well as each person's performance.

4.2.4 The Board will ensure that clear and predetermined performance evaluation criteria are in place for all employees and staff throughout the Company.

Principle 4.3 : The Board of Directors should consider its responsibilities in the context of the Company's shareholder structure and relationships, which may impact the management and operation of the Company.

Guidelines

4.3.1 The Board understands the Company's shareholder structure and relationships, and consider their impact on the control over the Company, including written and non-written family agreements, shareholder agreements, or group Company policies.

4.3.2 The Board will ensure that the company's shareholder structure and relationships do not affect the board's exercise of its duties and responsibilities, including in relation to succession planning, in the best interest of the Company.

4.3.3 The Company discloses the structure of the Company's shares in the annual report (form 56-2) and the annual statement (form 56-1).

Principle 4.4 : The Board of Directors should ensure the Company has effective human resources management and development programs to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.

Guidelines

4.4.1 The Board will ensure that the Company is properly staffed, and that human resources management aligns with the Company's objectives and furthers sustainable value creation. All employees and staff must receive fair treatment.

4.4.2 The Company set the provident fund for its employees.



Principle 5 : Nurture Innovation and Responsible Business

Principle 5.1 : The Board of Directors should prioritize and promote innovation that creates value for the Company and its shareholders together with benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company.

Guidelines

- 5.1.1 The Board will prioritize and promote a corporate culture that embraces innovation and the Business Strategic Committee will ensure to include the innovation in corporate strategy, and the Management will include the innovation for operational development planning, and operation monitoring.
- 5.1.2 The Board will nurture innovation that enhances long-term value creation for the business in a changing environment. Such innovation may include designing innovative business models under supervision of the Business Strategic Committee, products and services, promoting research, improving production and operation processes, and collaborating with partners.

Principle 5.2 : The Board of Directors should encourage management to adopt responsible operations, and incorporate them into the Company's operations plan. This is to ensure that every department and function in the Company adopts the Company's objectives, goals, and strategies, applying high ethical, environmental and social standards, and contributes to the sustainable growth of the Company.

Guidelines

- 5.2.1 Beside the duties to perform achievement of business goals and objectives, the Company also treats all stakeholders with equality according to the principles of morality and ethical practices, as well as the Company also define the policy for caring and treating of all stakeholders including with disclose it in the Company's SD Report. Policies and procedures will at least cover employees, customers, business partners, society, environment, fair competition, and anti-corruption.

Principle 5.3 : The Board of Directors should ensure that management allocates and manages resources efficiently and effectively throughout all aspects of the value chain to enable the Company to meet its objectives.

Guidelines

- 5.3.1 The Board will have a thorough understanding of the Company's resource needs to support its business model, and how available resources correlate.
- 5.3.2 The Board will have a thorough understanding of how the business model affects resources optimization in support of ethical, responsible, and overall sustainable value creation.
- 5.3.3 The Board will ensure that management continuously reviews, adapts, and develops the Company's use and optimization of resources, considering internal and external factors to meet the Company's objectives.

GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment

Principle 5.4 : The Board should establish a framework for governance of enterprise IT that is aligned with the Company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the Company's objectives.

Guidelines

5.4.1 The Board will ensure that the Company has an IT resource allocation policy that ensures adequate and optimal investment in and allocation of IT resources.

5.4.2 The Board will ensure that the Company's risk management includes IT risk management as well as IT security policies and procedures. For the details, please see Item 6.1.2.

Principle 6 :

Strengthen Effective Risk Management and Internal Control

Principle 6.1 : The Board of Directors should ensure that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable law and standards.

Guidelines

6.1.1 The Board of Directors assigns the administrative team to have the risk management covering the whole organization. The management must report to the Board regularly as well as review and evaluate the effectiveness of the risk management at least once a year.

6.1.2 The Company sets the risk management which covers all of the risks related to the missions, business strategic plans, financial, productions, securities, and information as well as considers the tentative and degree of effectiveness that can be occurred including with setting the rules and regulations to prevent any incidents. The clearly responsibilities will be stated to the concerned people. Moreover, the Company sets the policy to report and assess performance by appointing manager to be in charge of its responsibilities and also presents the plan and performance to the Management.

The Company's Board of Directors assigned the Audit Committee to review the Company's internal control system and risk management system to ensure that they are adequacy and effectiveness.

6.1.3 The Board has to ensure and monitor that the Company complies with relevant and applicable law and standards, whether domestic, international or foreign.

Principle 6.2 : The Board of Directors shall establish an audit committee that can act effectively and independently.

Guidelines

6.2.1 The Audit Committee consists of 3 Independent Directors. Scope of duties of the Audit Committee are as follows:

1. To review the Company's financial report accurately and adequately;
2. To review the Company's internal control and internal audit system to ensure that they are appropriately and efficiently, as well as to approve the appointment, transfer and dismissal of the head of internal audit or any other parties which responsible for the internal audit.

3. To review the Company's compliance with The Securities and Exchange Act, The Stock Exchange of Thailand regulations, and the laws that relate to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To consider the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and The Stock Exchange of Thailand regulations, are reasonable and for the maximum benefit of the Company;
6. To prepare and disclose in the Company's annual report, about the Audit Committee's minutes which must be signed by Chairman of the Audit Committee;
7. To verify the documents and self-assessment concerning the anti-corruption measure in accordance with the Private Sector Collective Action Coalition Against Corruption Council, or CAC; and
8. To perform any other act assigned by the Board of Directors, with the approval of the Audit Committee.

6.2.2 The Audit Committee has authorization to inform the management to attend the meetings notify matters or do reports in order to give suggestions or recommendation as necessary.

6.2.3 The Board of Directors provides the internal audit department to perform duty independently. The internal audit department reports directly to the Audit Committee and is responsible for auditing the control system in management of the financial report as well as operation following the policy. The Board has revision and evaluation of an adequacy of the control system at least once a year.

Principle 6.3 : The Board of Directors should manage and monitor conflicts of interest that might occur between the Company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.

Guidelines

6.3.1 The Company sets procedures to prevent the use of inside information for abusive self-dealing by directors and management team. The Company informs the policy and practice to all of them and also has the regularly follow-up check. For all directors and executives, they are prohibited to sell-buy their shares during 20 days after the closing date of each quarter of financial statements and during 2 days after the disclosure of financial statements to the public. Moreover, it is the duty of all directors and management to regularly submit to the Board of Directors a report on their ownership of the Company's shares

GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment

6.3.2 The Company's Board of Directors and Management must disclose information of stakeholders and related persons to the Board. It is the duty of the Board to consider any transactions that may cause conflict of interest. Anyhow, directors and executives who are stakeholders must not taking part in making decision on such transactions. Besides, the consideration must follow the steps and policy of the Company's approval of transactions.

The Company has set clearly written policy and steps of approval for the related matter that the Board of Directors must approve the item, which may cause any conflict of interest. Any practice that may cause conflict of interest, the Board will hold directors meeting to consider such matter. In case that it needs an approval from the Shareholders, an extraordinary general meeting will be held before starting the project. However, the consideration of the Board must be made carefully, faithfully and reasonably for the best benefit of the Company and shareholders as a whole.

6.3.3 The Board of Directors will carefully consider any matter that may cause conflict of interest and keeps control of the regulations of operation procedures and discloses the accurate and adequate information.

Principle 6.4 : The Board of Directors should establish a clear anti-corruption policy and practices (including communication and staff training), and strive to extend its anti-corruption efforts to stakeholders.

Guidelines

6.4.1 The Company had already certified by the Private Sector Collective Action Coalition Against Corruption Council, or CAC on 16 January, 2015. (see more at: www.thaiopticalgroup.com) Later, the Company has renewed such certification from the Collective Action Coalition Project.

The Board of Directors has passed the Anti-Corruption Policy and Guideline which are clearly communicated throughout the organization and relevant third party in order to be used.

Principle 6.5 : The Board of Directors should establish a mechanism for handling complaints and whistleblowing.

Guidelines

6.5.1 The Company has Whistle-Blowing Policy for the Company and its subsidiaries stated the scope of whistle-blowing policy, complaining or whistle blowing procedure (via e-mail, letter, and website), procedure after complaint or whistle-blow, whistle-blower protection, committed person protection, and false complaint or whistle-blow.

Principle 7 : Ensure Disclosure and Financial Integrity

Principle 7.1 : The Board of Directors must ensure the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.

Guidelines

7.1.1 The Board of Directors will ensure that any person (including chief financial officer, accountant, internal auditor, company secretary, Investors Relation officer) involved in the preparation and disclosure of any information of the Company has relevant knowledge, skills and experience, and that sufficient resources, including staffing, are allocated.

7.1.2 When approving information disclosures, the Board will consider all relevant factors, including for periodic financial disclosures, namely, (1) the evaluation results of the adequacy of the internal control system; (2) the external auditor's opinions on financial reporting, observations on the internal control system, and any other observations through other channels; (3) the audit committee's opinions; and (4) Consistency with objectives, strategies and policies.

7.1.3 The Company discloses the financial information and other related information about the Company's performance (including financial statements, annual reports, and Form 56-1) correctly, adequately, regularly, and timely reflecting financial status and performance as well as the Company's future business.

The Board of Directors prepares and provides the Management Discussion and Analysis (MD&A) in quarterly financial reports.

7.1.4 For disclosures related to any individual director, that director will ensure the accuracy and completeness of the information disclosed by the Company, including of shareholders' information and any shareholders' agreement.

The Company discloses the structure of the Company's shares in the annual report (form 56-2) and the annual statement (form 56-1).

Principle 7.2 : The Board of Directors should monitor the Company's financial liquidity and solvency.

Guidelines

7.2.1 The Board of Directors will ensure that management regularly monitors, evaluates and reports on the Company's financial status. The Board and management should ensure that any threats to the Company's financial liquidity and solvency are promptly addressed and remedied.

7.2.2 The Board of Directors will ensure that it does not consciously approve any transactions or propose any transactions for shareholder approval which could negatively affect business continuity, financial liquidity, and solvency.

Principle 7.3 : The Board of Directors should ensure that risks to the financial position of the Company or financial difficulties are promptly identified, managed and mitigated, and that the Company's governance framework provides for the consideration of stakeholder rights.

GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment

Guidelines

7.3.1 The Board of Directors sets the internal control system for financial management, the operation and procedure in accordance with the rules and regulations stipulated by law. The Company arranges the efficiency audit system to prevent, protect, and manage the shareholders' investment and the Company's assets regularly. The rules and regulations are clearly written as manual.

Principle 7.4 : The Board of Directors should ensure sustainability reporting, as appropriate.

Guidelines

7.4.1 The Board of Directors will consider and report data on the Company's compliance and ethical performance (including anti-corruption performance), its treatment of employees and other stakeholders (including fair treatment and respect for human rights), and social and environmental responsibilities, using a report framework that is proportionate to the Company's size and complexity and meets domestic and international standards.

7.4.2 The Board of Directors will ensure that the Company's sustainability reporting reflects material corporate practices that support sustainable value creation.

Principle 7.5 : The Board of Directors should ensure the establishment of a dedicated Investor Relations function responsible for regular, effective and fair communication with shareholders and other stakeholders (such as analysts and potential investors).

Guidelines

7.5.1 The Company has set up Investor Relations Section to communicate with Investors, Institutional investors, Shareholders, Analysts and Governmental Agency. The Company opens opportunity for Analysts, Investors, Institutional investors, Journalist, Shareholders and etc., both domestics and abroad, to have a meeting with the Company's executive in various channels such as Email, Tele Conference, meeting visit including participate in activities that organize by the Stock Exchange of Thailand (Opportunity Day) and Television programs. And, the Company has set quiet period that do not disclose or provide interview about the Company's operating results within 7 days before the Company will disclose quarterly financial statement and MD&A to the Stock Exchange of Thailand. Moreover, the Company had defined The Code of Ethics for Investor Relations since the year 2011. In addition, Investor Relations of the Company is also attending to the Board of Directors meeting.

7.5.2 The Managing Director has the authority to act and appear as the Company representative to contact external parties or sectors related to and advantageous for the Company's business in accordance with the resolution of the Board of Directors' Meeting on April 20, 2004 and on April 8, 2005.

Principle 7.6 : The Board of Directors should ensure the effective use by the Company of information technology in disseminating information.

Guidelines

7.6.1 The Company discloses all specified information in relevant regulations through the channel of the SET, in the annual statement (form 56-1), and the annual report (form 56-2) including on the website (<http://www.thaiopticalgroup.com>) in both Thai and English languages.

Principle 8 :

Ensure Engagement and Communication with Shareholders

Principle 8.1 : The Board of Directors should ensure that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters.

Guidelines

8.1.1 The significant matters, or related to the principles of law that such a matter has to be approved in the shareholders' meetings will be included in the agenda for the shareholders' meeting.

8.1.2 The Company has the policy to facilitate shareholders to present candidates for director nomination and propose the Annual General Meeting of Shareholders' meeting (AGM) agenda according to the criteria publicized on the Company's website <http://www.thaiopticalgroup.com>.) The proposal should be delivered in December every year through the following channels:

E-mail : CompanySecretary@thaiopticalgroup.com
Fax : (02) 862 0705
Tel : (02) 440 0506
Post : Company Secretary
The Office of Company Secretary and Legal
Thai Optical Group Public Company Limited
 77/ 141-142 Sinn Sathorn Tower, 33rd floor, Krungthonburi Rd.,
 Klong Tonsai, Klong Sam, Bangkok (10600) - Thailand

For shareholders, interested investors and institutional investors to get comprehensive information so the Company has set Investor Relations Section to provide information through the following channels;
 E- mail : ir@thaiopticalgroup.com Fax : (662) 862 0705 Tel : (662) 440 0506

8.1.3 Concerning the shareholders' meeting, the Company will send the relevant information to the shareholders, at least 14 days or 21 days according to the agenda that is required by the law before the meeting date, and also will announce through the newspaper of 3 consecutive days before the meeting day, to allow shareholders for consideration the agenda of the incoming meeting in advance.

The Company will publicize the shareholders' meeting invitation letter including with all relevant meeting documents both Thai and English version on the Company's website more than 28 days prior to the meeting day.

Principle 8.2 : The Board of Directors should ensure that the shareholders' meetings are held as scheduled and conducted properly, with transparency and efficiency, and ensure inclusive and equitable treatment of all shareholders and their ability to exercise their rights.

Guidelines

8.2.1 The Board of Directors will set the date, time, and place of the meeting by considering the interests of shareholders, such as allocating sufficient time for debate, and choosing a convenient location.

8.2.2 The Company will not through its meeting attendance requirements or prerequisites prevent attendance by or places an undue burden on shareholders.

GOOD CORPORATE GOVERNANCE CODE, 2017 Amendment

- 8.2.3 In the interest of transparency and accountability, the Company will promote the use of information technology to facilitate the shareholders' meetings, including for registration and vote counting.
- 8.2.4 The Chairman of the Board of Directors is the chairman of the shareholders' meeting with responsibility for compliance with applicable legal requirements and the Company's Articles of Association, allocating sufficient time for consideration and debate of agenda items, and the Company has encouraged and provided opportunities for the shareholders equally to express opinions and ask questions by paying attention to the recommendation of shareholders and clearly fixing the rights to votes of shareholders in the shareholders' meetings.
- 8.2.5 Directors who are shareholders will not be allowed to add items to the meeting agenda that have not been duly notified in advance.
- 8.2.6 The Company requires all of directors and executives to attend the shareholders' meetings in order to provide information to any shareholders who give opinions and enquire questions equitably.
- 8.2.7 The attending shareholders will be informed of the number and the proportion of shareholders and shares represented at the meeting in person and through proxies, the meeting method, and the voting and vote counting methods before the start of the meeting.
- 8.2.8 There should not be any bundling of several items into the same resolution. For example, the appointment of each director will be voted on and recorded as separate resolution.
- 8.2.9 The Company supports the use of ballots for voting on resolutions proposed at the shareholders' meeting and designates an independent party to count or to audit the voting results for each resolution in the meeting, and to disclose such voting results at the meeting by identifying the number of "for", "against" and "abstain" votes. The voting results for each proposed resolution should be included in the minutes of the meeting.

Principle 8.3 : The Board of Directors should ensure accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.

Guidelines

- 8.3.1 The Company will disclose the results of voting on proposed resolutions at the shareholders' meeting through the designated Stock Exchange of Thailand channels and through <http://www.thaiopticalgroup.com> by the next business day.
- 8.3.2 After the Company has completely prepared the Minutes of Annual General Meeting of Shareholders (AGM) then it will be distributed through the Company's website at <http://www.thaiopticalgroup.com> within 14 days from the date of the meeting.
- 8.3.3 The Company promptly prepares the minutes of the shareholders' meeting, including the following information, namely, attendance of directors, executives, and the proportion of attending directors; voting and vote counting methods, meeting resolutions, and voting results for each proposed resolution; and questions asked and answers provided during the meeting, including the identity of the persons asking and answering the questions.

CONTROL_{of}

THE USE OF INTERNAL INFORMATION

Thai Optical Group Public Company Limited (the Company) has required Directors and Management to send the securities trading report of the Company on the same date as sending the report of securities holding to the Securities and Exchange Commission (SEC) and compliance with SEC's regulation about reports on the holding of securities. Also, the Company shall comply with the Stock Exchange of Thailand (SET) practice guideline for securities trading of listed companies on the use of internal information. Directors and Management of the Company shall not do any securities trading during the period before having disclosures of financial statements or any important information that may influence securities prices.

To control the use of Internal Information, the Company has continuously educated and updated new rules and regulations relating to the business and operation of the Company including new Security Act B.E. 2535 (No. 5) enacted in year 2017 to members of the board of directors, executives and all employees to be aware and pay attention on the liability, responsibility, duty as well as the sanction and penalty in the violation of the laws and regulations.

Please go through the part of 'Report of Good Corporate Governance' for more details.



INTERNAL CONTROL AND INTERNAL AUDIT SYSTEMS



The Company's Board of Directors and Management give the priority to internal control system and aware that the internal control system is the important mechanism which builds the confidentiality to the Management Team by decreasing business risks. The internal control system also helps to create the effective business operation by appropriate resources allocation and target achievement.

The Company's Board of Directors assigned the Audit Committee to review the Company's internal control system and risk management system to ensure that they are adequacy and effectiveness, including to observe the Company's compliance with the related regulations and laws, prevention of the conflict of interest, the connected transactions as well as to monitor the Company's operation, the misuse of the Company's assets, and to prevent the Company's assets from losing or corruption or misconduct. The Company created the auditing and balancing systems by having the independent Internal Audit Office to monitor and assess the adequacy and effectiveness of the internal control system, risk management system and good corporate governance system of all Company's operation units. The internal control system under the COSO framework (The Committee of Sponsoring Organizations of the Tread Way Commission) and Enterprise Risk Management are applied to internal control and risk management effectively in order to have the most effectiveness in Company's operations. The Company's Management Team will take the result to correct and amend the related matters in order to have the operation's quality improvement. The Internal Audit Office has regularly applied the follow-up system concerning the Company's operation.

The Audit Committee had evaluated the sufficient internal control system. The result had been regularly reported to the Company's Board of Directors every year by referring to the Evaluating the Adequacy of Internal Control Form of the Securities and Exchange Commission.



In the year 2018, no important error of the Company's audit system was found, as follows:

Control within Organization

The Company and its Subsidiaries arranges to have good environment for the internal control system. The Company and its Subsidiaries have appropriately clear organization's structure and line function. The Internal Audit Office works independently and reports directly to the Audit Committee. The Company and its subsidiaries have set annual goals and Key Performance Indicators (KPI) for operation evaluation whether it is in accordance with the annual goals. The Company has improved personnel management system by developing pay-on-performance to motivate employees reasonably and adequately. The Company has planned to nominate and develop key successor. The Company and its subsidiaries have written authorization manual and practice manual of each system as the operation guideline. The Company encourages every member of its Management Team and employees about the awareness of the corporate good governance. The Company has defined the corporate good governance, business ethics, and directors and employees' morality policy to avoid any conflict of business with the Company and its Subsidiaries, as well as, the fairness treatment to the concerned persons.

INTERNAL CONTROL AND INTERNAL AUDIT SYSTEMS

Risks Management

Above the adequacy assessment of the internal control system under the COSO (The Committee of Sponsoring Organizations of the Tread way Commission) Framework of the Office of Securities and Exchange Commission (SEC), the Company has arranged to have the risk assessments per the Enterprise Risk Management Framework covering four (4) risks, namely, strategy risk, operation risk, report risk, and compliance risk. The Company has analyzed risks, possible results that may occurred in the future, and risk mitigation measures including following up the risk management systematically. The strategy risks are assessed and followed up by the Business Strategic Committee's Meeting quarterly. Other risks are reviewed and monitored by the Risk Management Committee, consisted of the Managing Director as the President and all members of Management Team as members to the Committee. This Committee has a responsibility for determining the structure, policy, and framework of risk management. The Company has followed up and taken into account internal factors and external factors especially emerging risks, namely, the risk of disruptive technology in order to prevent and respond the risk that may occur in the future, including setting proactive strategy to manage the problems. Each department is required to perform the assessment and report to the superior in accordance to the organization structure. In the case of a realization of any risk, all departments and management must jointly address and execute the required mitigation measure and report to the Board of Directors to establish the risk mitigation measure policy accordingly as well as follow up such measure to ensure there will be no any effect to Company and its Subsidiary's business.



Management Control

The Company and its Subsidiaries have clearly specified the duty and responsibility of each position. To ensure that the Company and its Subsidiaries have sufficient and appropriate internal control system and effective operation, the Company and its Subsidiaries have frequently updated their systematically process of authorization guideline and general practice regulation to be suitable for Company's current structure and operation. The Company and its Subsidiaries have also frequently reviewed their operation results in order to comply with laws regulations and other general practices regulation. Moreover, the Company handles its businesses in accordance to related laws and is assessed through the internal audit control. Hence, the Audit Committee has monitored and reviewed the annual internal audit plan of each year carefully in order to cover every high risk level operation. The Company has confident that all departments have sufficient internal control of risk management in operation including financial issue and operation in compliance to relevant laws and regulations and also, the important issues that are found by the internal and external auditors to be reported to management team and involved person for close encounter of the problems and prevention. So far, the Company and its Subsidiaries have never had such a case that was against the law. Regarding the related persons' transactions, the Board of Directors' Meeting approved the basic practice concerning the business agreement between the related persons in purpose to comply with laws. The Management is able to enter into transactions with the related persons per the Securities and Exchange Law, if those transactions are based on the same basis of commercial terms as the Company shall agree with any unrelated counterparty under the similar circumstances and commercial negotiations occurs without controls by any one due to his/her position in as Directors or Executives, or being as a related person ("General Commercial Term Transaction") both previous and future transactions. The Management is able to set the regulation as the working guideline. In conducting any transaction with related persons, the Company and its Subsidiaries place the highest interest and priority to the Company or its Subsidiaries and treat the related persons as external parties. Moreover, the Company also has the internal audit to verify every transaction and report to the Audit Committee to consider and acknowledge quarterly. In the case where there is a transaction between the Company and the person who may have the conflict of interest occurring in the future, the Company will arrange the Audit Committee to consider such transaction. If the Audit Committee is not specialize in such transaction, the Company will arrange the experts, such as, auditor, assessor, or experts from legal office, who are independent from controlling of the Company and such person who may have the conflict of interest occurring in the future, to provide the comment to this transaction.



INTERNAL CONTROL AND INTERNAL AUDIT SYSTEMS



System with Information and Communication Management

The Company and its Subsidiaries give the priority to IT system with information and communication management. To ensure that the Management or concerned person having correct and enough information for making decision in due course, the Company and its Subsidiaries continually promote and support the IT system development. The Company and its Subsidiaries use modern and effective IT system for obtaining correct and present information together with security starting from collecting, analyzing, storing, and following up information. The Company and its Subsidiaries set up the security policy for information technology and utilization. The Company and its Subsidiaries arrange to have the intranet system as the communication channel within the organization for advertising their policy, regulation, order and general practice guideline as well as other related news. Also, the IT system has been set risk management standard for securities.

In every Annual General Meeting of Shareholders, the Company shall prepare complete information with documents sufficiently to make the decision and propose to the Board of Directors and shareholders in advance, not less than 5 days before a meeting. The Company's Secretary will provide the advice of rules and regulations to the Board of Directors and coordinate with the related section to operate as the resolution of the Board of Directors and will be the center in providing all documentations and procure all important documents such as directors registration book, invitation letters for Board of Directors meetings, minutes of Board of Directors meetings, invitation letter to shareholders and the minutes of shareholders' meeting. The Company set up the communication channel for third party to complain or provide the misconduct information.

The Audit Committee will quarterly join the Company's external auditors, Internal Audit Office and concerned persons for preparing the Company's financial statement to ensure that the Company has performed in compliance with the general Thai accounting standard and appropriate to its business as well as sufficient disclosing information.



Follow-up System

The Board of Directors set up the Internal Control System which covers all aspects of internal control such as, financial and account, business operation, legal compliance, and asset protection. In order to follow up the operation's result whether it is in accordance with the target and supervision over the progress under business strategic plan, operation plan, and projects in accordance with the approved yearly business plan from the Board of Directors, the Company arranges to have the Board of Directors' Meetings and to use the follow-up system in each of all level starting from the Board of Directors and Management. The Company has usually compared the business operation target and operation result. All of follow-up report will be submitted to the Board of Directors. In the year 2018, the Company had held total 5 meetings of the Board of Directors.

The Company has frequently evaluated the internal control system practice. The Internal Control Team has responsibility to investigate and report such result independently to the Audit Committee. In the year 2018, the Audit Committee had total 5 meetings.

During the Audit Committee Meeting No. 1/2019 held on February 11, 2019, the Audit Committee had reviewed the Internal Control System in five (5) issues, namely, control within organization, risk assessment, management control, IT system with information and communication management, and follow-up system. The Audit Committee concluded that the Company and its Subsidiaries have sufficient Internal Control System. The Company and its Subsidiaries have acceptable risk management. The account system and financial reports are correct and reliable. Moreover, the Company and its Subsidiaries has operated their business complying with related laws and regulations.

INTERNAL CONTROL AND INTERNAL AUDIT SYSTEMS



Manager of the Internal Audit Office

The Audit Committee of Thai Optical Group Public Company Limited (the Company) has comprised of three (3) professional independent directors who are Mr. Singh Tangtatswas - Chairman of the Committee, Mr. Wicha Jiwalai-Member and Mr. Phairuch Mekarporn-Member including with Mrs. Anuruk Rattanasansuntorn – Internal Audit Manager and also as secretary to the Committee. According to the Board of Director’s meeting No. 8 (2/2005), held on April 8, 2005 that Mrs. Anuruk Rattanasansuntorn has been appointed to take the position of Internal Audit Manager of the Company as she has experience to perform internal audit principle in business as well as she understand activities and operations of the Company. The Audit Committee opines that it is appropriately that she had ability to perform Internal Audit Manager with sufficiency and effectiveness. In this regard, all promotion, evaluation, demotion, transfer, or termination of employment of the Internal Audit Manager must be prior approved by the Audit Committee.

Duties and responsibilities of the Internal Audit Manager:

1. To assess the sufficiency and appropriate of operation and IT system, internal control and risk management under the internal audit mission and boundary.
2. To report all necessary important issues concerning the internal control in the Company’s operations and improvement guideline concerning those issues.
3. To give an advice to the Management Team in order to have effective and safe operation together with the corporate good governance.
4. To provide the information concerning the progress and result of operation per yearly audit plan and efficiency of the necessary resource in operation.
5. To coordinate and supervise other follow-up and internal control such as risk management, legal compliance, safety, ethnic, environment, and account audit.
6. To work on other internal control assigned by the Audit Committee.

CONNECTED TRANSACTIONS

1. Nature and Policies of Connected Party's Transactions

In the past, the nature of connected transactions was the business agreement under normal business practices of the Company and its Subsidiary in doing the transactions with Directors, Executives, or related persons. As, The Board of Directors' meeting No. 5/2551 which held on August 13, 2008, resolved with the assigned practice that "the Company and its Subsidiary may have future connected transactions (such as purchasing of raw materials, trading products, employment, or services ,etc.) with Directors, Executives, or related persons. Therefore, the Board approved on the basic practices in allowing the management team to approve the said transactions according to their scope of authority stated in the Company's operating guidelines. With this authority, those connected transactions must base on the same basis of commercial terms as the Company shall agree with any unrelated counterparty under the similar circumstances. In addition, commercial negotiations must occur without controls by anyone due to his/her position in as Directors or Executives, or being as a related person. The Company shall do a report for any transactions with over one million Baht presenting to the Board of Directors' meeting in quarterly basis", and this, managed by the Internal Audit Manager who is in a position of an Secretary to the Audit Committee, and shall be reported to the Audit Committee for consideration in each quarter.

To follow the good corporate governance practice and reflect morality of the Company's Directors, any transactions which is not under normal business practices will not be approved by executives or stakeholders in that transactions. In case, there is appraised requirement, the Company will use the service from the appraisal company which registered with the Securities and Exchange Commission (SEC) for approval the transactions. All, transactions, the Company and its Subsidiary will online disclosure of such information via Set Portal System within the time which require by The Stock Exchange of Thailand. In the year 2018, the Company and its Subsidiary had significant business transactions with its individual and parties. Such transactions, arose in the ordinary course of business and were concluded on commercial terms and based agreed upon between the Company and those related parties. The Company has the following policy on pricing for its related transaction.

Policy on pricing for subsidiary companies

1. Price for purchases/sales of raw materials, supplies and other items are determined based on the cost of the goods plus a services fee of not more than 10 percent of such cost.
2. Purchases/sales prices of finished goods are determined at agreed rate. However, the pricing policy is subject to change depending on market competition at the time being.
3. Service income and service expenses are charged at a mutually agreed price.
4. Management and document service income are charged at the contract price agreed between the parties.
5. Guarantee fee income and expenses are charged at the rate of 1.5 percent per annum.
6. Purchases/sales prices of fixed assets are determined at agreed rate based on the appraisal value by an independent appraiser.
7. Dividend income is recognised when declared and the right to receive the dividend is established.
8. Loans to subsidiary company are charged interest at the rate of 2.4 percent per annum (2017: 2.2 percent per annum).
9. Loan from subsidiary company is charged interest at the rate of 2.75 - 3.25 percent per annum (2017: 3.0 percent per annum).

Policy on pricing for associated and related companies related by the way of common shareholders and/or common directors.

1. Sales prices of finished goods are determined at market price./
2. Service income is charged at market price.
3. Dividend income is recognized when declared and the right to receive the dividend is established.

CONNECTED TRANSACTIONS

The Subsidiary Company:

1. **Thai Optical Company Limited**
 Line of business: Produce optical Lenses, Prescription /Rx lenses, and Glass molds
 Relation: Thai Optical Group Public Company Limited holds 99.99 % of shares of Thai Optical Company Limited.
2. **Poly Sun Co.,Ltd.**
 Line of business: Manufacture and Distributor Tinted lenses
 Relation: Thai Optical Group Public Company Limited holds 99.99 % of shares of Poly Sun Co.,Ltd.
3. **TOG USA, Inc.**
 Line of business: Sale and Distributor Products
 Relation: Thai Optical Group Public Company Limited holds 100.00 % of shares of TOG USA, Inc.

The Associated Company:

1. **MVISION OPTICAL PTE. LTD. (established in Singapore)**
 Line of business: Wholesaler, Manufacturer and Distributor of Prescription/Rx Lenses.
 Relation: Thai Optical Group Public Company Limited holds 33 % of shares of M Vision Optical Pte., Ltd.
2. **M VISION OPTICAL Industry SDN BHD.(established in Malaysia)**
 Line of business: Wholesaler, Manufacturer and Distributor of Prescription/Rx Lenses.
 Relation: Thai Optical Group Public Company Limited holds 33 % of shares of M VISION OPTICAL Industry SDN BHD.
3. **Vietnam Visibility Target Company Limited (Vina Vista)**
 Line of business: Wholesaler, Manufacturer and Distributor of Prescription/Rx Lenses
 Relation: Thai Optical Group Public Company Limited holds 33% of shares of Vina Vista.

Related Companies:

1. **Nam Silp Thai Company Limited (Nam Silp)**
 Line of Business: Wholesaler of optical lenses, Optical frames, Contact lenses, Optometric equipment and tools.
 Relation: Shareholders of Nam Silp are common shareholders of the Company.
2. **Better Vision Group Company Limited (BTV)**
 Line of Business: Retail business with chain stores, Provider of retail optometric services of measuring eyesight and prescribing corrective lenses relating to vision or optics, supply optical frames, contact lenses, and other related accessories.
 Relation: Shareholders group of BTV are common shareholders of the Company.
3. **Specsaver Asia Pacific Holding Limited.**
 Line of Business: Retail business with chain stores of glasses composing, supply optical lenses and contact lenses.
 Relation: Specsavers Asia Pacific Holding Limited is the major shareholder of the Company with two directors who involve in consideration and setting policy for the Company and its Subsidiary.
4. **NLRX Services Ltd.**
 Line of Business: Wholesaler of optical lenses.
 Relation: Specsavers Asia Pacific Holding Limited is the major shareholder of NLRX Services Ltd.

The details of connected transactions in 2018 and 2017 are shown in Note to Consolidated Financial Statements, item no. 10 (Connected Party Transactions) including transactions between the Company, Subsidiary Companies, and related companies both domestic and international, the balance of trade account receivable and payable of the Company, Subsidiary Companies and Related Companies.

2. Necessity and Rationality of Transactions

The Company and its Subsidiary have a policy in conducting any the connected transactions with transparency manner by emphasis on fairness and achieving maximum benefits to the Company and its Subsidiary company in the same manner as general practice applied to external parties in accordance with the rules and regulations of the Office of Securities and Exchange Commission (SEC), and the Stock Exchange of Thailand. The connected transactions are summarized as follows:

1. Selling and Purchasing of products, raw materials, and others

1.1 Trading with Optical Lenses Wholesalers

The Company and its Subsidiary have a policy of selling products to one or a limited number of wholesalers and distributors in each country to minimize potential conflict among the Company's customers as well as simplifying logistics and administration of the Company's customers. The Company has dealt with Nam Silp Thai Co., Ltd. and NLRX Services Ltd. who are wholesalers supplying products to their domestic retail customers further. Regarding to, the past record, there were no late payments or bad debts caused by these related companies. These business activities were carried out under normal business basis according to the general commercial conditions, with the same manner as sales to other customers in the overseas market and were conducted for the highest benefits of the Company and its Subsidiary company.

Since transactions with wholesalers and distributors will continue to exist in the future, the Company and its Subsidiary have set a standard product pricing policy to ensure transparency according to Board of Directors Meeting No. 15/2551 dated August 13, 2008. The policy must be used for product pricing to all wholesalers and distributors of the Company and its Subsidiary. The significant issue of the policy enforcing those said wholesalers is that the Company and its Subsidiary use the same price list standard both in domestic and exports.

However, the Company and its Subsidiary may give discount from that price list depending on local competition but the profit must not be lower than fixed profit standard. The Company and its Subsidiary will not provide benefits to any individuals or related companies, the transactions will be summarized and reported to the Audit Committee in quarterly basis. In addition, this policy will be applied with individuals or related companies (if any) in future.



CONNECTED TRANSACTIONS



1.2 Trading with Retail Business as 'Chain Store'

The Company and its Subsidiary have the policy for selling products to retailers who do chain store business, in order to be able to deliver products to customers rapidly as well as benefit in spreading out information of any new product launching to the market. The existing retail companies who deal with the Company and its Subsidiary are Better Vision Group Company Limited/ Specsaver Asia Pacific Holding Limited. From the past, there were no late payments or bad debts caused by these retail companies. These business activities were carried out under normal business basis according to the general commercial conditions, with the same manner as sales to other customers in the overseas market and were conducted for the highest benefits of the Company and its Subsidiary.

1.3 Purchase of Products with Related Companies

The Company and its Subsidiary purchased some products from related companies for supplying to customers who needed certain products that were not produced by the Company or its Subsidiary. This is the Company's strategy of providing a wide breath of services to develop and sustain loyal customers' base. As a manufacturer, the Company cannot purchase certain products directly from other manufacturers. For these products, the purchase prices are set based on market prices under the commercial terms and conditions that the Company and its Subsidiary must be able to make profit from the subsequent sales. The Company and its Subsidiary constituted policy to minimize the sales of such products at the least quantity as possible, however price setting was implemented at the market rate in order to control such trade. The quarterly reports pertaining details of trading transactions shall be submitted to the Audit Committee and the Board of Directors for consideration.

2. Leasing, Services and Others

Lease of Assets: Lease of Property for the Factory 1 of the Subsidiary Company

The Factory 1 of the Subsidiary company is located on the land property owned by Karai Estate Company Limited. The Subsidiary company was formerly allowed to utilize the land property for production line without any rental fees. For transparency and good corporate governance, the Company entered into a lease agreement with the terms summarized as follows:

Issued date	: January 3, 2018
Property Description	: Land Titles Deeds Nos. 173, 14676, 14767, 14678, 14679, 14680, 14681 and 14682 in total 8 Land Title Deeds, with total area of 2-1-59 Rai, located at No. 153 Ngamwongwan Road, Bangkokhen, Nonthaburi, Thailand
Lessor	: Karai Estate Company Limited
Lessee	: Thai Optical Company Limited
Lease Term	: 1 years, since January 1, 2018 - December 31, 2018
Rental Fee	: 20,000 Baht (Twenty Thousand Baht Only) per month. The Lessee agree to pay rental fee to the lessor in quarterly by fixing payable on date 25 th of March, June, September and December of each year.

3. Loan Transactions

For purpose of transparency, the Company and its Subsidiary will use credit lines from financial institutes instead of borrowing from related parties. However, the Company and its Subsidiary may occasionally borrow from one another when necessary.

4. Collateral Transactions

The collateral for related parties must be applied for the Company and its Subsidiary only.

CONNECTED TRANSACTIONS



Criteria for Approval Connected Transactions

The Managing Director is authorized by the Board of Directors to approve transactions of the Company and its Subsidiary with related parties that is considered normal business practice and in compliance with laws and regulations of the Stock Exchange of Thailand. The Company and its Subsidiary have set a standard product pricing policy and a normal term of sales to ensure transparency regarding to the Board of Directors' Meeting No.15/ 2551 as at August 13, 2008.

Any matters that may have potential of conflict of interest with related parties or individuals will be referred to the Audit Committee and the Board of Directors for reviewing and considering, except for directors who have the conflict of interest in the matter, will not have the right to consider and vote. In case of the Audit Committee does not have expertised to consider any particular issues, the Company shall acquire specialist or the Company's auditors prior to express opinions to the Board of Directors or shareholders for consideration. It is also required that the Company prepares quarterly report of connected transactions to the Audit Committee and the Board of Directors for acknowledgement and consideration. The related parties' transactions will be disclosed and appended in the financial statements of the Company. Apart from the mentioned transactions, the Company and its Subsidiary do not have a policy of financial support to any juristic persons or individuals who may have conflict of interest.

MANAGEMENT

DISCUSSION AND ANALYSIS OF THE 2018 FINANCIAL STATUS AND OPERATING PERFORMANCE

Operating Performance

Overall Past Performance

The opinion of the Management team for operating results of the Company and its subsidiaries for the year ended 2018 as follows:

Million Baht	Consolidated Financial Statements			Separated Financial Statements		
	2018	2017	2016	2018	2017	2016
Total revenue	1,915.36	1,912.26	2,006.05	1,306.55	1,392.93	1,476.69
Net Profit (Loss)	146.03	183.46	250.37	132.26	178.69	241.17

The Company and its subsidiaries had earned total revenues 1,915.36 million Baht, which was increased by 3.10 million Baht or 0.16% from the same period of previous year. The net profit was 146.03 million Baht, which was decreased by 37.43 million Baht or 20.40%. The reduction of net profit as such mainly derived from decreased revenue. Sales revenue of Standard Organic Lenses was decreased by 65.40 million Baht or 3.48% of total revenue, while RX/Prescription Lenses increased by 34.70 million Baht or 1.85% of total revenue. In view of regional segment, sale revenue declined 6.29% in Europe and 4.47% in Australia, however, Asia-Pacific increased by 13.63%. In addition, the higher of selling general and administrative expenses due to the operating expenses of new investing in a subsidiary that principally engaged in distributing products and providing sales to customers in United States of America. The result in the year 2018 of The Company and its subsidiaries had net profit margin 7.93% (year 2017 by 9.77%).

1. Revenue from sales and services

In 2018, The Company and its subsidiaries had earned total revenues from sales and services of 1,841.57 million Baht which decreased from 2017 by 36.02 million Baht or 1.92%. The Revenues structure as shown in the table below:

MANAGEMENT DISCUSSION AND ANALYSIS OF THE 2018

Structure of revenue from sales and services by region value

Unit %	Revenue from Sales and Services (Consolidated Financial Statement)		
	2018	2017	2016
European Region	41.79	43.74	40.04
AU-NZ Region	34.80	35.73	33.51
Asia-Pacific Region	18.38	15.87	20.33
America Region	4.41	4.12	5.57
Africa & Middle East Region	0.62	0.54	0.55

The company had revenue equivalent to US dollars increased by 3%, due to enhancement of sales and marketing strategies by comprehending customer's buying behavior including thorough analysis in order to propose innovative products and services, fulfill customer requirement proactively. In the midst of the competitive pricing according to market conditions, there had been growth in three regions i.e. Asia-Pacific, Africa & Middle East and America. Although, the Thai baht has of the high weakening in the first half to the compared same period in the previous year, to resulted in a bit decrease in total revenue in baht currency.

Structure of revenue from sales and services by product category

Product Line	Producer	Consolidated 2018 (%)	Consolidated 2017 (%)	Consolidated 2016 (%)
1. Standard Organic Lens	The Company and its Subsidiaries	33	36	34
2. Value-added Organic Lens*	The Company	26	25	31
3. Rx / Prescription Lenes	The Subsidiaries Company	33	31	28
4. Mineral Lens & other products and services	The Company and its Subsidiaries	8	8	7
Total		100	100	100

Note: * Value-added Lenses are consisted of Hi-index Lens, Photochromic Lens and High Impact Resistance Lens.

2. Cost of Goods Sold

In 2018, The Company and its subsidiaries had ratio of cost of goods sold to revenue from sales and services at 79.60% higher than 2017 which was 75.17%. The Increase proportion of cost of goods sold and services affected from price competition factors, besides, cost saving of wage and overhead from new production line (RX Automation) still not cover totally increase of depreciation occurred.

3. Selling and Administrative Expenses

In 2018, The Company and its subsidiaries had Selling and Administrative Expenses 284.89 million Baht which increased from 2017 by 23.17 million Baht, due to the Operating expenses of new investing in a subsidiary that principally engaged in distributing products and providing sales to customers in United States of America.

4. Other Revenues

In 2018, The Company and its subsidiaries had the other revenues 73.80 million Baht; increased from 2017 by 53.32 million Baht, due to the increase in gain (loss) of exchange rate increased 35.39 million Baht and freight income 9.34 million Baht.

5. Interest Expense

In 2018, The Company and its subsidiaries had interest expenses 11.24 million Baht, increased 7.48 million Baht from 2017, derived from new product line investment of a subsidiary.

6. Net Profit

In 2018, The Company and its subsidiaries had net profit 146.03 which decreased from 2017 by 37.43 million Baht or 20.40% due to decreased of sales, increased of selling and administrative expenses as mentioned above.

7. Dividend per Share

The Company's dividend payment policy is "Dividend payment shall not be not less than 40 percent of Net Profit of Consolidated financial statements after less of all reserve fund required by law and the Company"

Regarding to the Board of Directors Meeting No.82 (3/2018) held on August 7, 2018, had a resolution on approval to pay interim dividend from the six-month operating results of consolidated financial statements from January 1 to June 30, 2018, at 0.06 Baht per share from paid-up shares of 474,318,000 shares on total of 28,459,080 Baht (Twenty-eight million four hundred and fifty-nine thousand eighty baht.)

For Operating Results of 2018, the Board of Director's Meeting No.85 (1/2019), held on February 13, 2019, had a resolution on approval to pay dividend of 2018 at 0.28 Baht per share which interim dividend had already been paid at 0.06 Baht per share and the remaining dividend payment of Operating period July 1, 2018 to December 31, 2018 will be at 0.22 Baht per share, and will propose for approval to the next 2019 Annual General Meeting of Shareholders which will be held on April 4, 2019, accordingly.

The dividend payment at the above rate, the company had considered the operating cash flow and plan of capital in year 2019



MANAGEMENT DISCUSSION AND ANALYSIS OF THE 2018

Financial Status

1. Assets

The Company and its subsidiaries had total Assets of 2,559.77 million Baht which decreased by 77.72 million Baht from 2017, as details described below;

Current assets decreased by 0.27 million Baht from the following changes;

- Cash and cash equivalents decreased by 56.28 million Baht.
- Trade and other receivables increased by 68.07 million Baht. The trade and other receivables related to the company and the non-related to company increased by 21.03 and 47.04 million Baht respectively. (More details as shown in note to financial statements no.9).
- Net inventories decreased by 12.57 million Baht. Decrease from finished goods 48.31 million Baht, raw materials 7.76 million Baht. However, some increase in goods in transit 27.58 million Baht, glass mold 14.85 million Baht. (More details as shown in note to financial statements no.12).

Non-current assets decreased by 77.45 million Baht from the following changes;

- Land, Building and net equipment decreased by 81.33 million Baht due to annual depreciation.
- Intangible assets decreased by 3.12 million Baht due to annual amortization.
- Deferred tax assets increased by 6.93 million Baht derived from operating results for the year.

2. Liabilities

The company and its subsidiaries had total Liabilities of 722.33 million Baht, decreased by 66.93 million Baht from 2017, as details described below;

Current liabilities decreased by 149.04 million Baht from the following changes;

- Short-term loan from bank decreased by 131.10 million, derived from operating results for the year.
- Trade payable and other accounts payable decreased by 30.33 million Baht. Trade account payable and other accounts payable decreased by 20.44 and 9.89 million Baht, respectively. (More details as shown in note to financial statements no.18).
- Accrued unpaid corporate income tax decreased by 13.70 million Baht.
- Current portion of long-term loans from banks increased by 37.11 million Baht.
- Current portion of payable for investment in subsidiary decreased by 12.00 Million Baht.

Non-current liabilities increased by 82.12 million Baht with details as follows;

- Long-term loans from banks - net of current portion increased by 85.25 million Baht.
- Provision for long-term employee benefits decreased by 3.13 million Baht.

3. Shareholders' Equity

The company and its subsidiaries had Shareholders' equity of 1,837.44 million Baht which was decreased from the amount of 2017 by 10.79 million Baht due to dividend payment.

Liquidity

In 2018, the Company and its Subsidiaries had net cash decreased by 75.85 million Baht resulted from increased in Company's operations of 86.86 million Baht and decreased in earnings from Investments of 29.79 million Baht and decreased in using the financing activities 192.50 million Baht. The summarized key financial ratios as follows:

Adequacy of Liquidity

Ratio	Consolidated Financial Statements			Separated Financial Statements		
	2018	2017	2016	2018	2017	2016
Current ratio (times)	2.67	2.08	2.00	2.78	2.93	2.58
Quick ratio (times)	0.94	0.71	0.82	0.70	0.67	0.86
Cash ratio (times)	0.28	0.30	0.28	0.15	0.25	0.25
Cash flow increase (decrease) from operation (million Baht)	86.86	(312.02)	92.68	65.37	(219.28)	(3.64)

From table above, the Company and its subsidiaries had the liquidity in 2018 was higher than 2017, due to increase from Trade and other receivables, came from higher sales during end of 4th quarter.

Capital Structure

Ratio	Consolidated Financial Statements			Separated Financial Statements		
	2018	2017	2016	2018	2017	2016
Debt to equity ratio (times)	0.39	0.43	0.40	0.28	0.25	0.29
Interest-bearing debt to equity ratio (times)	0.26	0.27	0.14	0.16	0.15	0.06

MANAGEMENT DISCUSSION AND ANALYSIS OF THE 2018

From table above, the Company and its subsidiaries had Debt to equity ratio a bit lower than year 2017, due to Long-term loans from banks for investment of new machine (RX Automation) project to enhance their efficiency and effectiveness, in addition, to fulfill customer requirement. The above ratios indicate that the company's capital structure by see from Interest-bearing debt to equity ratio (times) in strong level and closed to 2017

Profitability.

	Consolidated Financial Statements			Separated Financial Statements		
	2018	2017	2016	2018	2017	2016
Operational profit margin (%)	8.97	12.15	15.96	(0.42)	1.11	8.68
Net profit margin (%)	7.93	9.77	12.95	11.99	15.30	19.26
Return on assets (%)	6.36	8.73	12.75	7.39	9.86	14.44
Return on equity (%)	7.92	9.91	13.70	9.31	12.39	16.92

Due to decrease of Operating profit, as reasons mentioned above, resulted to profitability ratio decreased from 2017. However, these ratios are in proper level.

Factors and influences that may affect future performance or financial status (Forward Looking)

Referring to the "INDUSTRIAL CONDITION AND COMPETITIONS" and "RISK FACTORS" mentioned in relative sections.



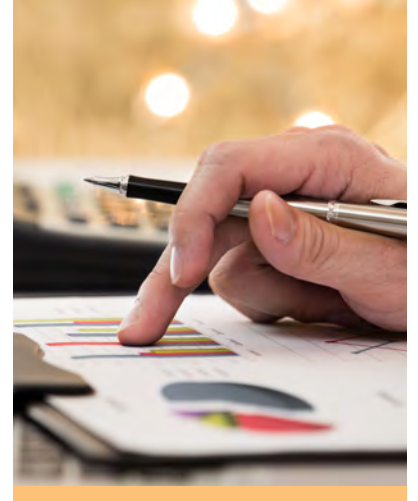
REPORT

OF THE BOARD OF DIRECTORS OF RESPONSIBILITY FOR FINANCIAL REPORTS

The Board of Directors is responsible for the financial statements of Thai Optical Group Public Company Limited and the Subsidiary Company. The financial statements are prepared in accordance with general accepted accounting standard in Thailand, using appropriate and consistent accounting policies that sufficient information is disclosed in the notes to financial statements.

The Board of Directors has appointed the Audit Committee of independent directors to be responsible for the quality of financial statements and the internal control system in order to ensure that the Company has kept the accounting record accurately, adequately and timely as well as prevent fraud and any irregularities in the operation. The Audit Committee's opinion is stated in the Audit Committee report in this Annual Report.

According to the practices and supervision mentioned above, the Board of Directors believes that the internal control system of the Company can create the reliability of the financial statements of Thai Optical Group Public Company Limited as at December 31, 2018 due to the accurate disclosure of financial status, operating performance and Statement of Cash Flow, which are prepared in accordance with general accepted accounting standard.



(Mr. Sawang Prachartam)
Chairman

(Mr. Torn Prachartam)
Managing Director

REPORT

OF THE AUDIT COMMITTEE



The Board of Directors approved the appointment of three Independent directors of the Board to be the member of the Audit Committee. Mr. Singh Tangtatswas who is the Chairman of this subcommittee, was joined by Mr. Wicha Jiwalai and Mr. Phairuch Mekarporn as members of the Audit Committee. In addition, Mrs. Anuruk Rattanasansuntorn, the Company's Internal Audit Manager was appointed to be the Secretary to the Audit Committee.

In the year 2018, the Audit Committee had arranged total of five meetings and four additional meeting with the Company's auditor. The meetings concerned the following important matters:

1. **Reviewing the financial reports:** The Audit Committee together with the accounting management, internal auditor, and auditor had reviewed the important information in the 2018 financial reports both quarterly and yearly of the Company and its Subsidiaries. After reviewing various issues concerning the significant accounting policies, changes within the previous year, effects which may occur in the future, insignificantly irregular items, and remarks of auditor and internal auditor, the Audit Committee opine that the Company and its Subsidiaries' financial statements and outcomes are correct and reliable. Financial statements were compiled with the general certified accounting standard. The financial reports were disclosed enough. None of item may have significant effect to the financial statements.
2. **Reviewing the connected transactions:** The Audit Committee had review the connected transactions which must be in accordance with rules and regulations of SET and SEC on the disclosure and practice on the connected transactions which may have the conflict of interests. In this regard, the Audit Committee opines that all connected transactions were General Commercial Term Transactions. There was no conflict of interest. They were fair and reasonable. There is no unusual item. There was enough disclosure.
3. **Reviewing the internal control:** After reviewing the Company and its Subsidiaries' internal control system of the year 2018, the Audit Committee opines that it is appropriate and effective enough for operations. None of item may have significant effect to the Company and its Subsidiaries' operation.

4. **Internal control supervision:** The Audit Committee approved 2018 annual internal audit plan, provided suggestions to the Internal Audit Office in order to achieve the plan, and evaluated the Internal Audit Office for further development of internal control.
5. **Reviewing legal compliance:** The Audit Committee had reviewed and supervised the Company and its Subsidiaries to comply with the Securities and Exchange Law, regulations of SEC and SET, and other related laws concerning the Company's operations. There is no any indicator showing any error concerning the incompliance with rules, regulations, and laws.
6. **Reviewing risk management:** The Audit Committee had reviewed the Company and its Subsidiaries' risk management to ensure that the Company and its Subsidiaries have appropriate and effective risk management via the Company's Risk Committee. The Risk Committee, consisted of the Managing Director and all Managers from all Division, was set up. This Committee has a duty to consider the Company's structure, policy, risk management framework, to evaluate the changing of the business environment and risk management for both short term and long term, as well as to report new risks to the Board of Directors.
7. **Reviewing the CAC recertification:** The Audit Committee had reviewed the recertification to be a certified company to the Private Sector Collective Action Coalition Against Corruption Council. In the year 2018, the Company was re-certificated to be a part of the Collective Action Coalition Project.
8. **Reporting on the suspicion items:** The Audit Committee has a duty to report any item or act which may effect to the Company's financial status and operation to the Board of Directors. No event or situation indicated such item or act occurred in the previous year.
9. **Considering the appointment of the Company's auditor for the fiscal year 2018:** The Company's auditor was chosen by considering the independence, knowledge, experience, outcome and reimbursement of auditor. The chosen auditor would be considered by the Board of Director's Meeting and approved by the General Meeting of the Shareholders. In this regard, the General Meeting of the Shareholders approved and appointed auditor from EY Office Limited to be the auditor of the Company and its Subsidiaries, namely, Miss Siriwan Nitdumrong, CPA (Thailand) No. 5906, or Mrs. Sarinda Hirunprasurtwutti, CPA (Thailand) No. 4799, or Miss Kamontip Lertwitworatep, CPA (Thailand) No. 4377.

In summary, the Audit Committee, in the year 2018, had performed it duties per the Audit Committee's charter with independent and sufficient follow-up on all operations of the Company and its Subsidiaries. The Audit Committee opines that the Company and its Subsidiaries had disclosed correct and reliable financial reports which were complied with the accounting standard. There was enough disclosure. In respect to the connected transactions or transactions which may have the conflict of interests, the Company and its Subsidiaries had strictly complied with the laws and regulations of SET and SEC. The Company and its Subsidiaries had also complied with laws, rules and regulations concerning the Company's operations. The Company and its Subsidiaries had enough risk management and good supervision within the organization. The Company and its Subsidiaries had independent and effective auditor and internal auditor to monitoring accountant audit and internal control appropriately and effectively.



(Mr. Singh Tangtatswas)

Chairman of the Audit Committee

February 11, 2019

AUDIT FEE



1. Audit fee

In the audit year of 2018, the Company and the Subsidiary companies had paid audit fee

in total amounting to 2,310,000 Baht to EY Office Limited (Two Million three hundred and ten Thousand Baht).

The amount was separated by 1,360,000 Baht (One Million Three hundred and sixty Thousand Baht) of the Company and 950,000 Baht (Nine Hundred and fifty Thousand Baht) of the Subsidiary companies.

2. Non-Audit fee

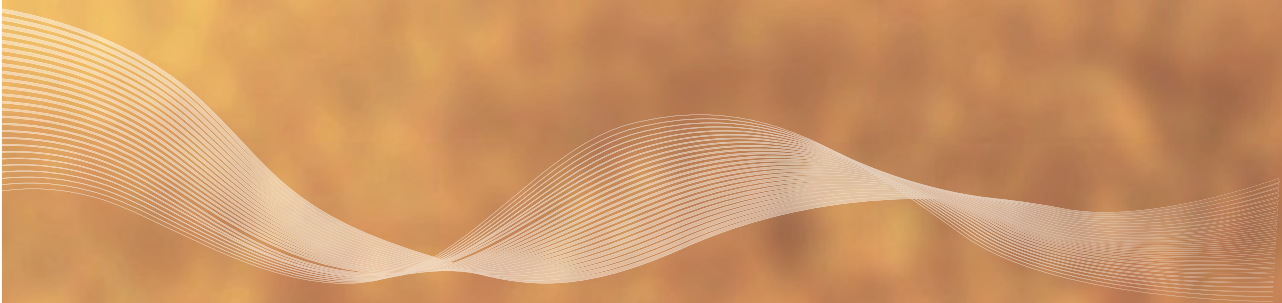
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REPORT and CONSOLIDATED FINANCIAL STATEMENTS

Thai Optical Group Public Company Limited
and its subsidiaries

31 December 2018



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Thai Optical Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Thai Optical Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thai Optical Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Optical Group Public Company Limited and its subsidiaries and of Thai Optical Group Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.



Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Sales of goods are material accounting transactions and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers and there are a variety of arrangements and conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. I therefore gave significant attention to the revenue recognition of the Group.

I evaluated the Group's revenue recognition by assessing and testing its internal controls with respect to the revenue cycle. I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end, whether the recognition was consistent with the conditions of the relevant policy, and whether it was in compliance with the Group's policy. I also performed analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Investments in associates

The Company had investments in MVision Optical Pte. Ltd. and MVision Optical Industry Sdn. Bhd. ("associates") at cost of Baht 21 million and Baht 18 million, respectively. These are significantly higher than the carrying amounts determined based on the equity method which are Baht 7.9 million and Baht 7.0 million, respectively. As at 31 December 2018, the Company recorded allowance for diminution in value of investment in MVision Optical Pte. Ltd. of Baht 13.1 million in the separate financial statements. The assessment of such investments, especially the determination of impairment of the investments in associates, requires the significant judgement in estimating the cash inflows that are expected to be generated from those associates in the future, and setting an appropriate discount rate and growth rate.

I assessed the estimated the cash inflows and the financial models selected by management by gaining an understanding of the management's decision-making process and whether the decisions are consistent with the historical data and budget plans from associates. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from those associates in the future, through comparison those assumptions with information from both internal and external sources and a review of the accuracy of past cash flow projections in comparison to actual operating results in order to assess the reliability of the cash flow projections. I also considered the appropriateness of discount rate selected by management, tested the calculation of the realisable values of investments in associates using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so,

INDEPENDENT AUDITOR'S REPORT

consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

-
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Siriwan Nitdamrong

Certified Public Accountant (Thailand) No. 5906

EY Office Limited

Bangkok: 13 February 2019

Thai Optical Group Public Company Limited and its subsidiaries

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

(Unit : Baht)

Assets	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Current assets					
Cash and cash equivalents	7	143,273,639	199,549,563	52,020,379	79,645,143
Short-term investments - trading securities	8	901,814	893,304	901,814	893,304
Trade and other receivables	9	340,343,248	272,268,753	203,910,041	137,154,367
Short-term loans to related party	10	-	-	6,438,480	-
Short-term loans to unrelated party	11	8,064,196	8,124,767	8,064,196	8,124,767
Inventories	12	870,719,617	883,294,452	703,969,853	703,084,349
Other current assets		17,269,295	16,706,425	11,852,523	4,902,351
Total current assets		1,380,571,809	1,380,837,264	987,157,286	933,804,281
Non-current assets					
Investments in subsidiaries	13	-	-	187,619,000	186,000,000
Investments in associates	14	34,681,828	34,597,220	41,250,347	41,791,004
Property, plant and equipment	15	1,090,885,309	1,172,216,913	550,913,432	601,457,375
Intangible assets	16	17,301,472	20,423,644	10,415,031	12,242,579
Deferred tax assets	26	36,243,748	29,317,758	25,376,584	17,332,150
Other non-current assets		89,200	96,700	53,200	60,700
Total non-current assets		1,179,201,557	1,256,652,235	815,627,594	858,883,808
Total assets		2,559,773,366	2,637,489,499	1,802,784,880	1,792,688,089

The accompanying notes are an integral part of the financial statements.

Thai Optical Group Public Company Limited and its subsidiaries

STATEMENTS OF FINANCIAL POSITION (CONTINUE)

As at 31 December 2018

(Unit : Baht)					
Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Current liabilities					
Short-term loans from banks	17	262,000,000	393,104,536	230,000,000	199,000,000
Trade and other payables	18	173,477,736	203,805,145	121,329,034	95,183,098
Short-term loan from related party	10	-	-	-	10,002,000
Current portion of payable for investment in subsidiary	19	-	12,000,000	-	12,000,000
Current portion of long-term loans from banks	20	72,728,307	35,623,006	-	-
Provision for short-term employee benefits	21	4,143,161	3,161,338	4,143,161	2,763,930
Income tax payable		3,851,578	17,551,411	-	-
Total current liabilities		516,200,782	665,245,436	355,472,195	318,949,028
Non-current liabilities					
Long-term loans from banks - net of current portion	20	148,429,188	63,182,500	-	-
Provision for long-term employee benefits	21	57,699,951	60,831,421	41,585,906	38,098,136
Total non-current liabilities		206,129,139	124,013,921	41,585,906	38,098,136
Total liabilities		722,329,921	789,259,357	397,058,101	357,047,164
Shareholders' equity					
Share capital					
Registered					
475,000,000 ordinary shares of Baht 1 each		475,000,000	475,000,000	475,000,000	475,000,000
Issued and fully paid up					
474,318,000 ordinary shares of Baht 1 each		474,318,000	474,318,000	474,318,000	474,318,000
Ordinary share premium		481,749,828	481,749,828	481,749,828	481,749,828
Surplus from business combination under common control	13	167,792,071	167,792,071	-	-
Retained earnings					
Appropriated - statutory reserve	23	62,500,000	62,500,000	47,500,000	47,500,000
Unappropriated		651,094,978	661,870,243	402,158,951	432,073,097
Other components of shareholders' equity		(11,432)	-	-	-
Total shareholders' equity		1,837,443,445	1,848,230,142	1,405,726,779	1,435,640,925
Total liabilities and shareholders' equity		2,559,773,366	2,637,489,499	1,802,784,880	1,792,688,089

The accompanying notes are an integral part of the financial statements.

Thai Optical Group Public Company Limited and its subsidiaries
STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

(Unit : Baht)

Profit or loss	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Sales		1,703,374,098	1,737,966,787	1,096,162,109	1,158,443,064
Service income		138,193,192	139,624,726	6,690,895	9,675,498
Dividend income	13, 14	-	-	137,521,842	167,436,703
Freight income		27,227,068	17,885,941	6,491,377	6,236,953
Gain on exchange		21,207,240	-	5,327,888	2,019,182
Other income		25,363,318	16,780,448	54,354,632	49,116,697
Total revenues		1,915,364,916	1,912,257,902	1,306,548,743	1,392,928,097
Expenses					
Cost of sales	25	1,387,451,164	1,328,094,556	979,442,017	999,679,146
Cost of service		78,464,443	83,326,439	3,689,612	6,102,191
Selling and distribution expenses		77,676,417	52,324,130	36,076,483	37,730,513
Administrative expenses		207,214,439	209,398,166	154,426,506	169,002,644
Loss on exchange		-	14,184,698	-	-
Total expenses		1,750,806,463	1,687,327,989	1,173,634,618	1,212,514,494
Profit before share of profit from investments in associates, finance cost and income tax					
Share of profit from investments in associates	14	606,450	3,203,101	-	-
Profit before finance cost and income tax		165,164,903	228,133,014	132,914,125	180,413,603
Finance cost		(11,238,270)	(3,761,816)	(7,281,717)	(5,065,764)
Profit before income tax		153,926,633	224,371,198	125,632,408	175,347,839
Income tax	26	(7,900,079)	(40,914,809)	6,631,211	3,338,477
Profit for the year		146,026,554	183,456,389	132,263,619	178,686,316

The accompanying notes are an integral part of the financial statements.

Thai Optical Group Public Company Limited and its subsidiaries

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUE)

For the year ended 31 December 2018

(Unit : Baht)

Profit or loss	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of financial statements in foreign currency		(11,432)	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(11,432)	-	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(346,181)	(1,974,135)	(7,066,114)	(1,413,653)
Less: Income tax effect	26	69,236	394,827	1,413,223	282,731
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(276,945)	(1,579,308)	(5,652,891)	(1,130,922)
Other comprehensive income for the year		(288,377)	(1,579,308)	(5,652,891)	(1,130,922)
Total comprehensive income for the year		145,738,177	181,877,081	126,610,728	177,555,394
Earnings per share (Baht)	28				
Basic earnings per share					
Profit		0.31	0.39	0.28	0.38
Weighted average number of ordinary shares (shares)		474,318,000	474,318,000	474,318,000	474,318,000

The accompanying notes are an integral part of the financial statements.

Thai Optical Group Public Company Limited and its subsidiaries
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2018

(Unit : Baht)

	Consolidated financial statements							Total shareholders' equity
	Note	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Retained earnings		Other comprehensive income - Exchange differences on translation of financial statements in foreign currency	
					Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2017		474,318,000	481,749,828	167,792,071	62,500,000	669,720,322	-	1,856,080,221
Profit for the year		-	-	-	-	183,456,389	-	183,456,389
Other comprehensive income for the year		-	-	-	-	(1,579,308)	-	(1,579,308)
Total comprehensive income for the year		-	-	-	-	181,877,081	-	181,877,081
Dividend paid	22	-	-	-	-	(189,727,160)	-	(189,727,160)
Balance as at 31 December 2017		474,318,000	481,749,828	167,792,071	62,500,000	661,870,243	-	1,848,230,142
Balance as at 1 January 2018		474,318,000	481,749,828	167,792,071	62,500,000	661,870,243	-	1,848,230,142
Profit for the year		-	-	-	-	146,026,554	-	146,026,554
Other comprehensive income for the year		-	-	-	-	(276,945)	(11,432)	(288,377)
Total comprehensive income for the year		-	-	-	-	145,749,609	(11,432)	145,738,177
Dividend paid	22	-	-	-	-	(156,524,874)	-	(156,524,874)
Balance as at 31 December 2018		474,318,000	481,749,828	167,792,071	62,500,000	651,094,978	(11,432)	1,837,443,445

The accompanying notes are an integral part of the financial statements.

Thai Optical Group Public Company Limited and its subsidiaries
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUE)

For the year ended 31 December 2018

(Unit : Baht)

	Note	Separate financial statements					Total shareholders' equity
		Issued and fully paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Retained earnings	
Balance as at 1 January 2017		474,318,000	481,749,828	47,500,000	444,244,863	1,447,812,691	
Profit for the year		-	-	-	178,686,316	178,686,316	
Other comprehensive income for the year		-	-	-	(1,130,922)	(1,130,922)	
Total comprehensive income for the year		-	-	-	177,555,394	177,555,394	
Dividend paid	22	-	-	-	(189,727,160)	(189,727,160)	
Balance as at 31 December 2017		474,318,000	481,749,828	47,500,000	432,073,097	1,435,640,925	
Balance as at 1 January 2018		474,318,000	481,749,828	47,500,000	432,073,097	1,435,640,925	
Profit for the year		-	-	-	132,263,619	132,263,619	
Other comprehensive income for the year		-	-	-	(5,652,891)	(5,652,891)	
Total comprehensive income for the year		-	-	-	126,610,728	126,610,728	
Dividend paid	22	-	-	-	(156,524,874)	(156,524,874)	
Balance as at 31 December 2018		474,318,000	481,749,828	47,500,000	402,158,951	1,405,726,779	

*The accompanying notes are an integral part of the financial statements.

Thai Optical Group Public Company Limited and its subsidiaries

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2018

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Cash flows from operating activities					
Profit before tax		153,926,633	224,371,198	125,632,408	175,347,839
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Reversal of payable for investment in subsidiary	19	(3,690,948)	(5,463,694)	(3,690,948)	(5,463,694)
Share of profit from investments in associates		(606,450)	(3,203,101)	-	-
Unrealised gain on short-term investments		(8,510)	(8,920)	(8,510)	(8,920)
Unrealised loss (gain) on exchange		(3,437,554)	9,483,678	1,692,608	1,451,751
Loss from sales/written off of property, plant and equipment		265,273	333,585	31,517	192,899
Dividend income		-	-	(137,521,842)	(167,436,703)
Depreciation and amortisation		191,385,245	153,696,816	111,808,500	108,944,299
Allowance for doubtful accounts (reversal)		(164,685)	1,471,781	(774)	(10,522)
Reduce cost to net realisable value of inventory (reversal)		(24,647,956)	(7,568,881)	(16,396,284)	10,047,732
Allowance for diminution in value of investment in associated company		-	-	540,657	12,539,909
Provision for long-term employee benefits		5,767,305	5,919,562	4,173,629	3,811,492
Interest income		(748,157)	(265,108)	(697,780)	(213,011)
Interest expenses		11,325,119	3,168,452	5,005,192	3,596,416
Profit from operating activities before changes in operating assets and liabilities		329,365,315	381,935,368	90,568,373	142,799,487
Operating assets (increase) decrease					
Trade and other receivables		(70,887,173)	65,770,637	(68,084,300)	77,370,355
Inventories		37,222,791	(146,251,382)	15,510,780	(109,349,837)
Other current assets		1,115,736	31,424,609	(5,265,908)	21,230,969
Other non-current assets		7,500	(2,700)	7,500	(2,700)
Operating liabilities increase (decrease)					
Trade and other payables		(13,189,780)	(106,201,589)	21,037,447	(138,160,315)
Cash flows from (used in) operating activities		283,634,389	226,674,943	53,773,892	(6,112,041)
Cash paid for long-term employee benefits		(8,263,133)	(4,426,750)	(6,372,742)	(1,959,495)
Cash paid for income tax		(30,140,484)	(63,883,435)	(1,684,264)	(11,578,839)
Net cash from (used in) operating activities		245,230,772	158,364,758	45,716,886	(19,650,375)

The accompanying notes are an integral part of the financial statements.

Thai Optical Group Public Company Limited and its subsidiaries

STATEMENTS OF CASH FLOWS (CONTINUE)

For the year ended 31 December 2018

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Cash flows from investing activities					
Short-term loans to subsidiary		-	-	6,481,120	-
Cash received from repayment of short-term loan from subsidiary		-	-	-	11,000,000
Cash paid for investment in subsidiary	13	-	-	(1,619,000)	-
Dividend received		521,842	436,703	68,521,842	70,436,703
Decrease in payable for investment in subsidiary	19	(8,309,052)	(6,536,306)	(8,309,052)	(6,536,306)
Purchase of property, plant and equipment		(120,857,089)	(149,057,876)	(51,685,411)	(98,250,479)
Cash received from sales of property, plant and equipment		1,218,813	332,710	46,449	308,411
Purchase of intangible assets		(2,982,137)	(5,336,613)	(2,279,946)	(4,266,922)
Interest income		264,826	230,297	136,760	187,916
Net cash used in investing activities		(130,142,797)	(159,931,085)	(1,669,478)	(27,120,677)
Cash flows from financing activities					
Increase in short-term loans from banks		46,000,000	156,000,000	31,000,000	139,000,000
Decrease in trust receipts		-	(11,537,874)	-	-
Cash received from short-term loans from subsidiary		-	-	79,000,000	149,121,174
Cash paid to settle short-term loans from subsidiary		-	-	(20,002,000)	(62,119,174)
Cash received from long-term loans from banks		16,450,351	86,987,518	-	-
Cash paid to settle long-term loans from banks		(64,502,165)	(14,873,483)	-	-
Cash paid for interest expenses		(12,780,991)	(5,705,429)	(5,145,298)	(3,494,255)
Cash paid for dividend		(156,524,874)	(189,727,160)	(156,524,874)	(189,727,160)
Net cash from (used in) financing activities		(171,357,679)	21,143,572	(71,672,172)	32,780,585
Decrease in translation adjustments		(6,220)	-	-	-
Net increase (decrease) in cash and cash equivalents		(56,275,924)	19,577,245	(27,624,764)	(13,990,467)
Cash and cash equivalents at beginning of the year		199,549,563	179,972,318	79,645,143	93,635,610
Cash and cash equivalents at end of the year		143,273,639	199,549,563	52,020,379	79,645,143

The accompanying notes are an integral part of the financial statements.

Thai Optical Group Public Company Limited and its subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. General information

Thai Optical Group Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of plastic lens and related products. Its registered address is No. 15/5 Moo 6 Laharn, Bangbuathong, Nonthaburi.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Thai Optical Group Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) as detailed below.

Subsidiaries	Nature of business	Percentage of shareholding	
		2018 Percent	2017 Percent
Thai Optical Company Limited	Manufacturing and selling of mineral optical lens, plastic optical lens and glass moulds	100	100
Poly Sun Company Limited	Manufacturing and selling of plastic optical lenses	100	100
TOG USA, Inc.	Distributing products and providing sales to customers in the United States of America	100	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.

- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Investment in the subsidiaries as recorded in the Company's books of account has been eliminated against shareholders' equity of the subsidiaries as at the acquisition date. The retained earnings of subsidiary companies arising as a result of the Company's purchase of the subsidiary companies at a price lower than the net book value of the subsidiary companies at the acquisition date has been presented in shareholders' equity in the consolidated statements of financial position.

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries expect that the adoption of this accounting standard to result in the adjustment of sales transactions with freight/insurance. The Company and its subsidiaries consider freight/insurance to be distinct service which shall be accounted for separately from the sales of goods as the control of goods is transferred to the customer before the freight/insurance service is performed. The Company and its subsidiaries will recognise the corresponding revenue when the freight/insurance service has been performed. Previously, revenue from sales of goods and freight/insurance service was recognised in full upon the risk and rewards of ownership of the goods have passed to customer.

(c) **Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes cost of raw materials, labour and factory overhead.

Raw materials, supplies, mold and finished goods for sale are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

The net realisable value of inventory is estimated from the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated expenses necessary to make the sale.

Reduce cost of inventories for obsolete inventories are set up for obsolete, slow-moving and deteriorated inventories.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

Allowance for diminution in value of investments is made when the net realisable value of investments is lower than the cost of investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

4.6 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	20	years
Land improvements	10, 20	years
Structure	10, 20	years
Machinery and equipment	5, 10	years
Furniture, fixtures, tools and office equipment	3, 5	years
Motor vehicles	5, 7	years

Depreciation is included in determining income.

No depreciation is provided for land, assets in transit and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets

Expenses incurred as a result of development or at the development phase of an internal project are recognised as intangible assets, providing that the project is technically feasible, that the Company both intends and has the ability to complete it, and that adequate technical, financial and other resources are available to complete the development of the asset to the point where it can be put into use or sold.

Other acquired intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Computer software	3, 5, 10	years
Deferred product development cost	5	years
Licenses	5	years

4.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.10 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.11 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries contributions are recognised as expenses when incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments, it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also and measured using the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

4.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating lease. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.16 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Reduce cost of inventory value

The determination of reduce cost of inventory value, requires management to make judgements and estimates. The reduce cost to net realisable value is estimated based on the selling price expected in the ordinary course of business; and reduce cost for obsolete, slow-moving and deteriorated inventories, that is estimated based on the approximate useful life of each type of inventory and the results of inspections conducted by the quality control department.

Impairment of investments

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangibles assets, and subsequent impairment testing, require management to make estimates cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Additional cash flows information

Non-cash related transactions for investing activity for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other payables from purchases of property, plant and equipment and intangible assets	8,626	24,904	7,111	1,561
Settle of short-term loan from subsidiary company with dividend received	-	-	69,000	97,000
Transferred trade and other receivables to short-term loans to unrelated party	-	8,137	-	8,137
Transferred trust receipts to long-term loan from bank	176,701	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash	195	195	85	85
Bank deposits	143,079	199,355	51,935	79,560
Total	143,274	199,550	52,020	79,645

As at 31 December 2018, bank deposits in savings accounts carried interests between 0.05 and 0.38 percent per annum (2017: 0.05 and 0.38 percent per annum).

8. Short-term investments – trading securities

As at 31 December 2018 and 2017, short-term investments in trading securities were as follows:

	Consolidated and separate financial statements					
	2018			2017		
	Number of units (Thousand unit)	Cost (Thousand unit)	Fair value (Thousand unit)	Number of units (Thousand unit)	Cost (Thousand unit)	Fair value (Thousand unit)
Short-term investments:						
Trading securitiesTMB Treasury Money Fund	66	781	902	66	781	893
Total short-term investments - trading securities	66	781	902	66	781	893

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	138,052	117,549	106,342	72,688
Overdue not over 30 days	59,493	61,015	2,821	4,189
Overdue 31 - 90 days	2,051	5	2,540	-
Total trade accounts receivable - related parties (Note 10)	199,596	178,569	111,703	76,877
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	82,799	74,600	55,937	50,645
Overdue not over 30 days	37,059	12,724	26,013	3,320
Overdue 31 - 90 days	20,045	4,584	3,263	467
Overdue 91 - 180 days	171	1,109	42	811
Overdue 181 - 365 days	158	1,278	6	4
Overdue more than 365 days	9,870	9,408	-	-
Total trade accounts receivable - unrelated parties	150,102	103,703	85,261	55,247
Less: Allowance for doubtful accounts	(9,873)	(10,038)	(1)	(2)
Total trade accounts receivable - unrelated parties - net	140,229	93,665	85,260	55,245
Total trade accounts receivable - net	339,825	272,234	196,963	132,122
<u>Other receivables</u>				
Other receivables - related parties (Note 10)	-	-	6,429	4,997
Other receivables - unrelated party	518	35	518	35
Total other receivables	518	35	6,947	5,032
Total trade and other receivables - net	340,343	272,269	203,910	137,154

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

10. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with its individual and related parties. Such transactions, arose in the ordinary course of business and were concluded on commercial terms and based agreed upon between the Company and those related parties.

The Company has the following policy on pricing for its related transactions.

Policy on pricing for subsidiary companies

1. Price for purchases/sales of raw materials, supplies and other items are determined based on the cost of the goods plus a services fee of not more than 10 percent of such cost.
2. Purchases/sales prices of finished goods are determined at agreed rate. However, the pricing policy is subject to change depending on market competition at the time being.
3. Service income and service expenses are charged at a mutually agreed price.
4. Management and document service income are charged at the contract price agreed between the parties.
5. Guarantee fee income and expenses are charged at the rate of 1.5 percent per annum.
6. Purchases/sales prices of fixed assets are determined at agreed rate based on the appraisal value by an independent appraiser.
7. Dividend income is recognised when declared and the right to receive the dividend is established.
8. Loans to subsidiary company are charged interest at the rate of 2.4 percent per annum (2017: 2.2 percent per annum).
9. Loan from subsidiary company is charged interest at the rate of 2.75 - 3.25 percent per annum (2017: 3.0 percent per annum).

Policy on pricing for associated and related companies related by the way of common shareholders and/or common directors.

1. Sales prices of finished goods are determined at market price.
2. Service income is charged at market price.
3. Dividend income is recognised when declared and the right to receive the dividend is established.

Significant transactions between the Company and those companies, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i><u>Transactions with subsidiaries</u></i> (eliminated from the consolidated financial statements)				
Sales of finished goods and raw materials	-	-	143,420	143,275
Service income	-	-	59	299
Other sales	-	-	2,597	2,100
Management and document service income	-	-	28,690	29,780
Other service income	-	-	485	630
Interest income	-	-	78	84
Guarantee fee income	-	-	4,465	3,444
Dividend income	-	-	137,000	167,000
Cost of sales	-	-	125,386	121,490
Purchase of finished goods and raw materials	-	-	37,701	60,516
Purchase of assets	-	-	2,626	16,182
Service fee expenses	-	-	22,556	21,258
Guarantee fee expenses	-	-	2,144	1,309
Other purchases	-	-	846	9,189
Interest expenses	-	-	402	789
<i><u>Transactions with associates</u></i>				
Sales of finished goods	7,457	7,950	3,223	2,780
Other service income	201	503	43	37
Dividend income	-	-	522	437

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Transactions with domestic related companies related by the way of common shareholders and/or common directors</u>				
Sales of finished goods and raw materials	77,810	79,179	11,616	15,712
Service income	4	6	-	-
Other sales	15	133	4	74
Others purchases	1,619	1,492	187	579
Service fee expenses	726	3,632	331	570
Purchase of assets	444	344	173	-
<u>Transactions with foreign related companies</u>				
Sales of finished goods	1,143,601	1,229,046	521,702	575,096
Other sales	3,143	4,639	1,862	2,634

The outstanding balances of the above transactions have been separately shown in the statements of financial position with the details as at 31 December 2018 and 2017 as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade accounts receivable - related parties</u>				
Subsidiary companies	-	-	36,325	17,652
Associated companies	1,910	2,390	1,530	1,068
Related companies (related by common shareholders and/or directors)	197,686	176,179	73,848	58,157
Total trade accounts receivable - related parties (Note 9)	199,596	178,569	111,703	76,877
<u>Other receivables - related parties</u>				
Subsidiary companies	-	-	6,429	4,997
Total other receivables - related parties (Note 9)	-	-	6,429	4,997
<u>Short-term loan to related parties</u>				
Subsidiary company	-	-	6,438	-
Total short-term loan to related parties	-	-	6,438	-
<u>Trade accounts payable - related parties</u>				
Subsidiary companies	-	-	7,045	4,101
Related companies (related by common shareholders and/or directors)	366	59	-	5
Total trade accounts payable - related parties (Note 18)	366	59	7,045	4,106
<u>Other payables - related parties</u>				
Subsidiary company	-	-	195	162
Related companies (related by common shareholders and/or directors)	2,230	337	184	104
Total other payables - related parties (Note 18)	2,230	337	379	266

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Short-term loan from related party</u>				
Subsidiary company	-	-	-	10,002
Total short-term loan from related party	-	-	-	10,002
<u>Payable for investment in subsidiary - related parties</u>				
Payable for investment in subsidiary				
related persons - current portion (Note 19)	-	6,000	-	6,000

During the year ended 31 December 2018, movements of loans between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Separate financial statements				
	Balance as at 31 December 2017	During the year		Loss on exchange	Balance as at 31 December 2018
		Increase	Decrease		
<u>Short-term loan to subsidiary company</u>					
TOG USA, Inc.	-	6,481	-	(43)	6,438
Total	-	6,481	-	(43)	6,438
<u>Short-term loan from subsidiary company</u>					
Thai Optical Co., Ltd.	10,002	79,000	(89,002)	-	-
Total	10,002	79,000	(89,002)	-	-

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	28,871	28,948	26,320	26,327
Post-employment benefits	746	517	599	423
Total	29,617	29,465	26,919	26,750

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 31 to the financial statements.

11. Short-term loans to unrelated party

As at 31 December 2018, the Company had short-term loans to a company which was incorporated in United States of America of USD 0.25 million or equivalent to Baht 8.1 million (2017: USD 0.25 million or equivalent to Baht 8.1 million), bearing interest at the rate of 6 percent per annum (2017: 6 percent per annum) and are repayable on call. These loans were transferred from accounts receivable.

12. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	426,296	486,166	(12,772)	(24,334)	413,524	461,832
Work in process	7,157	7,573	-	-	7,157	7,573
Raw materials	131,009	139,742	(7,308)	(8,285)	123,701	131,457
Spare parts and factory supplies	41,638	39,148	(1,289)	(287)	40,349	38,861
Supplies - Glass mould	251,268	249,528	-	(13,111)	251,268	236,417
Goods in transit	34,721	7,154	-	-	34,721	7,154
Total	892,089	929,311	(21,369)	(46,017)	870,720	883,294

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	312,387	342,593	(8,347)	(14,207)	304,040	328,386
Work in process	3,864	3,822	-	-	3,864	3,822
Raw materials	111,594	119,586	-	-	111,594	119,586
Spare parts and factory supplies	17,626	17,857	-	-	17,626	17,857
Supplies - Glass mould	243,739	237,140	-	(10,536)	243,739	226,604
Goods in transit	23,107	6,829	-	-	23,107	6,829
Total	712,317	727,827	(8,347)	(24,743)	703,970	703,084

During the current year, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 24.65 million (2017: Baht 7.57 million) and reduced the amount of inventories recognised as expenses during the year (The Company only: reversed the write-down of cost of inventories by Baht 16.40 million and reduced the amount of inventories recognised as expenses during the year (2017: reduced cost of inventories by Baht 10.05 million to reflect the net realisable value, which was included in cost of sales)).

13. Investments in subsidiary companies

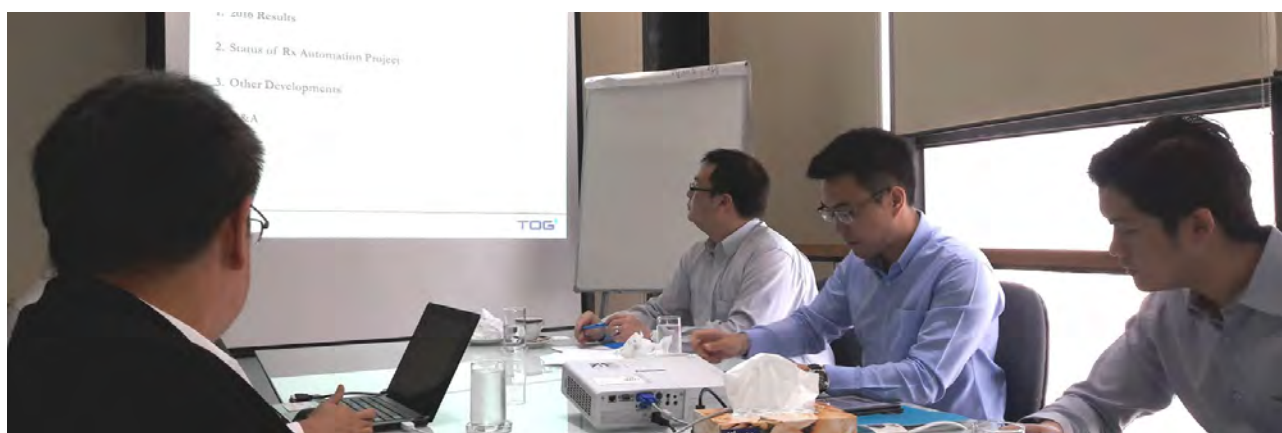
As at 31 December 2018 and 2017, investments in subsidiary companies accounted for under cost method in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the years	
	2018	2017	2018	2017	2018	2017	2018	2017
<u>Local subsidiaries</u>								
Thai Optical Company Limited (Manufacturing and selling of mineral optical lenses, plastic optical lenses and glass mold)	130,000	130,000	100	100	130,000	130,000	137,000	167,000
Poly Sun Company Limited (Manufacturing and selling of plastic optical lenses)	20,000	20,000	100	100	56,000	56,000	-	-
<u>Overseas subsidiary</u>								
TOG USA, Inc. (Distributing products and providing sales to customers in the United States of America)	USD 50,000	-	100	-	1,619	-	-	-
Total					187,619	186,000	137,000	167,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018



The Company had 12,999,994 ordinary shares of Thai Optical Company Limited (which operates in manufacturing and selling of glasses lens with the registered and paid up share capital of Baht 130 million) at a price of Baht 10 per share, or a total of approximately Baht 130 million. The Company's shareholding in such company is 100 percent. The Company and Thai Optical Company Limited share the same shareholders and management team as before, and the acquisition was made in order to restructure shareholdings within the group of companies. The Company therefore recorded the excess of the fair value of the assets acquired over the cost of acquisition approximately Baht 168 million in shareholders' equity in the consolidated statements of financial position under the caption "Surplus from business combination under common control".

Poly Sun Company Limited

On 11 August 2015, the Board of Director's meeting of the Company passed a resolution to approve the purchase of ordinary shares of 100 percent interest in Poly Sun Company Limited from existing shareholders. On 15 August 2015, the Company entered into an agreement with the existing shareholders (sellers) of such company to purchase 0.2 million ordinary shares with a par value of Baht 100 at the price of Baht 56 million. The Company paid the first installment of Baht 20 million to the sellers. The remaining amount of Baht 36 million will be paid in three yearly installments of Baht 12 million in August 2016, 2017 and 2018, which is in accordance with the conditions stipulated under the sales and purchase of shares agreement.

As a result of the acquisition of investment in the subsidiary, under the acquisition method, the Company recognised the excess of the fair value over the cost of acquisition in the ordinary shares of the subsidiary as gain on bargain purchase of Baht 11.7 million and presented as part of other income in the consolidated statement of comprehensive income for the year ended 31 December 2015.

Subsequently on 28 August 2015, the Company's directors were appointed as the authorised directors of Poly Sun Company Limited. The change in the authorised directors was registered with the Ministry of Commerce on 1 September 2015 (the acquisition date on which the control exists).

TOG USA, Inc.

On 15 February 2017, the meeting of the Company's Board of Directors approved to establish "TOG USA, Inc.", a new subsidiary, which is principally engaged in distributing products and providing sales to customers in United States of America. The subsidiary registered its establishment with registered share capital of USD 50,000 (5,000 ordinary shares of USD 10 each) in which the Company holds 100 percent interest. TOG USA, Inc. registered the establishment on 7 April 2017.

Subsequently on 4 January 2018, the subsidiary called for share capital payment and the Company paid for share subscription of USD 50,000 to the subsidiary company.

14. Investments in associates

14.1 Details of investments in associates

Company's name	Nature of business	Relationship	Paid-up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
			2018	2017	2018	2017	2018	2017	2018	2017
			(Thousand Baht)	(Thousand Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
MVision Optical Pte. Ltd. (Incorporated in Singapore)	Manufacturing of Rx lenses	Direct holding and common directors	SGD 2.7 million	SGD 2.7 million	33	33	7,927	8,487	20,968	20,968
MVision Optical Industry Sdn. Bhd. (Incorporated in Malaysia)	Manufacturing of Rx lenses	Direct holding and common directors	MYR 6 million	MYR 6 million	33	33	6,851	6,835	18,091	18,091
Vietnam Visibility Target Company Limited (Incorporated in Vietnam)	Manufacturing of Rx lenses	Direct holding and common directors	USD 1.45 million	USD 1.45 million	33	33	19,904	19,275	15,272	15,272
Total			34,682	34,597			34,682	34,597	54,331	54,331
Less: Allowance for diminution in value of investments			-	-			-	-	(13,081)	(12,540)
Investments in associates - net			34,682	34,597			34,682	34,597	41,250	41,791

As at 31 December 2018, the Company recorded allowance for diminution in value of investments in MVision Optical Pte. Ltd., the associated company, of Baht 13.08 million (2017: Baht 12.54 million) in the separate financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

14.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit (loss) from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associated companies during the years		Dividend received during the years	
	2018	2017	2018	2017
MVision Optical Pte. Ltd.	(560)	(828)	-	-
MVision Optical Industry Sdn. Bhd.	16	2,586	-	-
Vietnam Visibility Target Company Limited	1,151	1,445	522	437
Total	607	3,203	522	437

14.3 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	MVision Optical Pte. Ltd.		MVision Optical Industry Sdn. Bhd.		Vietnam Visibility Target Company Limited	
	2018	2017	2018	2017	2018	2017
Current assets	33	34	27	29	51	69
Non-current assets	8	13	2	2	30	34
Current liabilities	(15)	(18)	(8)	(10)	(28)	(48)
Non-current liabilities	-	-	-	-	-	(3)
Net assets	26	29	21	21	53	52
Shareholding percentage (%)	33%	33%	33%	33%	33%	33%
Share of net assets	8.6	9.6	6.9	6.9	17.5	17.2
Gain (loss) on exchange and others	(0.7)	(1.1)	-	(0.1)	2.4	2.1
Carrying amounts of associates based on equity method	7.9	8.5	6.9	6.8	19.9	19.3

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For the year ended 31 December 2018

(Unit: Thousand Baht)

	Separate financial statements						Total
	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Assets in progress	
Cost:							
1 January 2017	84,022	424,313	926,251	63,006	21,476	67,483	1,586,551
Additions	-	-	14,478	3,399	40	45,384	63,301
Transferred in/(out)	-	61,273	40,393	5,361	69	(107,096)	-
Disposals/write-off	-	(200)	(2,963)	(924)	(3,765)	-	(7,852)
31 December 2017	84,022	485,386	978,159	70,842	17,820	5,771	1,642,000
Additions	-	-	504	1,808	-	54,924	57,236
Transferred in/(out)	-	2,172	35,005	2,915	-	(40,092)	-
Disposals/write-off	-	-	(137)	(1,060)	(338)	-	(1,535)
31 December 2018	84,022	487,558	1,013,531	74,505	17,482	20,603	1,697,701
Accumulated depreciation:							
1 January 2017	-	239,159	634,860	50,848	19,627	-	944,494
Depreciation for the year	-	29,835	67,020	5,801	743	-	103,399
Depreciation on disposals/write-off	-	(88)	(2,813)	(779)	(3,670)	-	(7,350)
31 December 2017	-	268,906	699,067	55,870	16,700	-	1,040,543
Depreciation for the year	-	32,544	67,813	6,699	645	-	107,701
Depreciation on disposals/write-off	-	-	(58)	(1,060)	(338)	-	(1,456)
31 December 2018	-	301,450	766,822	61,509	17,007	-	1,146,788
Net book value:							
31 December 2017	84,022	216,480	279,092	14,972	1,120	5,771	601,457
31 December 2018	84,022	186,108	246,709	12,996	475	20,603	550,913
Depreciation for the year							
2017 (Baht 97 million included in manufacturing cost, and the balance in administrative expenses)							103,399
2018 (Baht 101 million included in manufacturing cost, and the balance in administrative expenses)							107,701

During the year 2018, the subsidiary had capitalised interest expenses of Baht 0.85 million (2017: Baht 0.72 million) as part of costs of assets under construction and installation. The capitalisation rate 2.75 to 3.25 percent per annum (2017: 2.75 to 3.25 percent per annum).

As at 31 December 2018, certain plant and equipment items of the Company and subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 1,175.61 million (2017: Baht 1,070.66 million) and the Company only amounted to Baht 615.91 million (2017: Baht 559.57 million).

16. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer software	Deferred product development	License	Total
31 December 2018:				
Cost	64,110	35,189	76,392	175,691
Less: Accumulated amortisation	(52,624)	(29,374)	(76,392)	(158,390)
Net book value	11,486	5,815	-	17,301
31 December 2017:				
Cost	62,754	33,564	76,392	172,710
Less: Accumulated amortisation	(48,225)	(27,669)	(76,392)	(152,286)
Net book value	14,529	5,895	-	20,424

(Unit: Thousand Baht)

	Separate financial statements			
	Computer software	Deferred product development	License	Total
31 December 2018:				
Cost	39,176	35,189	74,911	149,276
Less: Accumulated amortisation	(34,576)	(29,374)	(74,911)	(138,861)
Net book value	4,600	5,815	-	10,415
31 December 2017:				
Cost	38,522	33,564	74,911	146,997
Less: Accumulated amortisation	(32,174)	(27,669)	(74,911)	(134,754)
Net book value	6,348	5,895	-	12,243

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For the year ended 31 December 2018

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	20,424	21,903	12,243	13,520
Acquisition of computer software	1,356	4,366	654	3,297
Increase in deferred product development	1,625	970	1,625	970
Amortisation	(6,104)	(6,815)	(4,107)	(5,544)
Net book value at end of year	17,301	20,424	10,415	12,243

17. Short-term loans from banks

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term loans from banks	262,000	216,000	230,000	199,000
Trust receipts	-	177,105	-	-
Total	262,000	393,105	230,000	199,000

Bank overdrafts, trust receipts and short-term loans from banks bear interests at the rate determined under the agreements. Under the terms of the above agreements, the Company and its subsidiaries must comply with certain conditions and restrictions stipulated in the agreements.

Bank overdrafts, trust receipts and short-term loans from banks of the Company are partially guaranteed by a subsidiary company.

Bank overdrafts, trust receipts and short-term loans from banks of the subsidiary companies are guaranteed by the Company.

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts payable - related parties (Note 10)	366	59	7,045	4,106
Trade accounts payable - unrelated parties	107,023	127,770	67,136	52,643
Other payables - related parties (Note 10)	2,230	337	379	266
Other payables - unrelated parties	22,539	39,001	18,798	14,061
Accrued expenses	38,659	35,303	27,686	23,928
Others	2,661	1,335	285	179
Total trade and other payables	173,478	203,805	121,329	95,183

19. Payable for investment in subsidiary

As at 31 December 2018 and 2017, the Company had payable for investment in subsidiary as below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2018	2017
Payable for investment in subsidiary - current portion	-	12,000
Of which payable to related parties (Note 10)	-	6,000

Movements in the payable for investment in subsidiary account during the years ended 31 December 2018 and 2017 are summarised below

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2018	2017
Balance at beginning of year	12,000	24,000
Less: Repayment during the year	(8,309)	(6,536)
Reversal of payable for investment in subsidiary	(3,691)	(5,464)
Balance at end of year	-	12,000

During the year ended 31 December 2018, the Company had payable for investment in subsidiary which was due for repayment amounting to Baht 12 million (2017: Baht 12 million). However, the Company paid for payable for investment in subsidiary of Baht 8.3 million (2017: Baht 6.5 million) and reversed payable for investment in subsidiary of Baht 3.7 million (2017: Baht 5.5 million), which is in accordance with the subsidiary's operation conditions as stipulated in the sales and purchase of shares agreement. The Company is no longer liable for payment of Baht 3.7 million (2017: Baht 5.5 million) and recorded such amount as other income in the consolidated and separate statements of comprehensive income for the years ended 31 December 2018 and 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

20. Long-term loans from banks

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term loans from banks	221,157	98,806	-	-
Less: Portion due within one year	(72,728)	(35,623)	-	-
Long-term loans from banks - net of current portion	148,429	63,183	-	-

Movements in the long-term loans from banks during the years ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance at beginning of year	98,806	25,833	-	-
Add: Cash receipt during the year	16,450	86,988	-	-
Transferred trust receipts to long-term loan from bank	176,701	-	-	-
Unrealised loss (gain) on exchange	(6,298)	858	-	-
Less: Repayment during the year	(64,502)	(14,873)	-	-
Balance at end of year	221,157	98,806	-	-

On 28 June 2016, a subsidiary entered into a loan agreement with a bank, obtaining a loan facilities of EUR 6 million. The loans carry interest at EURO LIBOR 3 months reference rate and are repayable in 20 quarterly installments as stipulated in the agreement. As at 31 December 2018, the subsidiary had outstanding balance of long-term loans of EUR 4.8 million or equivalent to Baht 181.3 million (2017: EUR 0.8 million or equivalent to Baht 30.1 million).

On 8 July 2016, the above subsidiary entered into a loan agreement with another bank, obtaining a loan facilities of Baht 144 million. The loans carry interest at MLR reference rate and are repayable in 60 monthly installments as stipulated in the agreement. As at 31 December 2018, the subsidiary had outstanding balance of long-term loans of Baht 39.9 million (2017: Baht 68.7 million).

The loans are guaranteed by the Company. The loan agreements contain certain covenants with which the subsidiary must comply, pertaining to matters such as the maintenance of certain financial ratio.

As at 31 December 2018, the subsidiary had no outstanding long-term credit facilities. (2017: EUR 5.1 million and Baht 64.4 million).

21. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2018 and 2017, which represents compensation payable to employees after they retire and other employee benefits, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	63,993	60,526	40,862	37,596
Included in profit or loss:				
Current service cost	4,169	4,512	3,143	2,904
Interest cost	1,598	1,408	1,031	907
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	1	528	-	414
Financial assumptions changes	(3,095)	1,446	(2,373)	1,000
Experience adjustments	3,440	-	9,439	-
Benefits paid during the year	(8,263)	(4,427)	(6,373)	(1,959)
Provision for long-term employee benefits at end of year	61,843	63,993	45,729	40,862
Provision for employee benefits				
Current	4,143	3,161	4,143	2,764
Non-current	57,700	60,832	41,586	38,098
	61,843	63,993	45,729	40,862

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost of sales	3,556	4,078	2,312	2,295
Selling and distribution expenses and administrative expenses	2,211	1,842	1,862	1,516
Total expenses recognised in profit or loss	5,767	5,920	4,174	3,811

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

The Company and its subsidiaries expect to pay Baht 4.1 million of long-term employee benefits during the next year (Separate financial statements: Baht 4.1 million) (2017: Baht 3.2 million, separate financial statements: Baht 2.8 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 11 years (Separate financial statements: 11 years) (2017: 12 years, separate financial statements: 12 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2018 (% per annum)	2017 (% per annum)	2018 (% per annum)	2017 (% per annum)
Discount rate	3.0	2.7	3.0	2.7
Salary increase rate	3.6	4.0	3.6	4.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3,963)	4,461	(3,041)	3,427
Salary increase rate	4,562	(4,142)	3,480	(3,155)

(Unit: Thousand Baht)

	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4,421)	4,994	(3,124)	3,545
Salary increase rate	5,071	(4,593)	3,517	(3,167)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 15.4 million (the Company only: Baht 12.3 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

22. Dividend paid

Dividends declared in 2018 and 2017 consist of the following

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>The Company 2017</u>				
Final dividend on 2016 earnings	Annual General Meeting of the shareholders on 5 April 2017	151.78	0.32	4 May 2017
Interim dividend of earnings for the period as from 1 January 2017 to 30 June 2017	The Meeting of the Board of Directors of the Company on 9 August 2017	37.95	0.08	8 September 2017
Total for 2017		189.73	0.40	
<u>2018</u>				
Final dividend on 2017 earnings	Annual General Meeting of the shareholders on 4 April 2018	128.07	0.27	3 May 2018
Interim dividend of earnings for the period as from 1 January 2018 to 30 June 2018	The Meeting of the Board of Directors of the Company on 7 August 2018	28.46	0.06	6 September 2018
Total for 2018		156.53	0.33	

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23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. Presently, the Company and its subsidiaries have fully set aside the statutory reserve.

24. Provident fund

The Company and its subsidiaries and its employees jointly established a provident fund in accordance with the Provident Fund Act (B.E. 2530). The fund is contributed to by both employees at the rate of 3 - 15 percent of their basic salaries and the Company and its subsidiaries at the rate of 5 - 9 percent of their basic salaries. The fund is managed by CIMB - Principal Asset Management Company Limited and will be paid to the employees upon retirement or cessation of employment in accordance with the rules of the fund. During the year 2018, the Company and its subsidiaries recognised the contributions of Baht 17.8 million (2017: Baht 17.8 million) and the Company recognised the contributions of Baht 12.9 million (2017: Baht 12.8 million) as expenses.

25. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Salaries and wages and other employee benefits	445,149	465,408	308,893	333,070
Depreciation	185,281	146,880	107,701	103,399
Amortisation expenses	6,104	6,815	4,107	5,544
Utility expenses	121,751	116,316	82,522	79,909
Raw materials and consumables used	536,025	623,577	443,993	534,714
Changes in inventories of finished goods and work in progress	60,286	(157,331)	30,164	(86,720)
Reduce cost of inventory value (reversal)	(24,648)	(7,568)	(16,396)	10,048
Allowance for diminution in value of investments	-	-	541	12,540

26. Income tax

Income tax for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge for the year	14,762	40,133	-	69
Deferred tax:				
Relating to origination and reversal of temporary differences	(6,862)	782	(6,631)	(3,407)
Income tax reported in the profit or loss	7,900	40,915	(6,631)	(3,338)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax relating to actuarial loss	(69)	(395)	(1,413)	(283)

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The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accounting profit before tax	153,927	224,371	125,632	175,348
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	30,785	44,874	25,126	35,070
Effects of:				
Promotional privilege (Note 27)	(17,237)	-	-	-
Non-deductible expenses	173	225	127	87
Additional expense deductions allowed	(4,928)	(5,541)	(4,368)	(5,019)
Income not subject to tax	-	-	(27,504)	(33,487)
Others	(893)	1,357	(12)	11
Total	(22,885)	(3,959)	(31,757)	(38,408)
Income tax reported in the profit or loss	7,900	40,915	(6,631)	(3,338)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	1,997	2,019	22	12
Allowance for diminution in value of inventories	4,273	9,203	1,670	4,949
Allowance for diminution in value of investments	-	-	2,616	2,508
Accumulated amortisation - computer software	1,492	1,691	1,492	1,691
Provision for long-term employee benefits	12,369	12,799	9,146	8,172
Unused tax loss	16,611	4,081	10,431	-
Total	36,742	29,793	25,377	17,332
Deferred tax liabilities				
Land and building	498	475	-	-
Total	498	475	-	-
Deferred tax assets - net	36,244	29,318	25,377	17,332

27. Promotion privileges

The Company and its subsidiaries have received promotional privileges under the Investment Promotion Act B.E. 2520 from the Board of Investment as follows:

Thai Optical Group Public Company Limited

1. Under Promotion Certificate No. 4392/2547 (11-1162/Sor Aor./2534) dated 13 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 2 May 2004 to 1 May 2008. Presently, an extension of the privileges until 30 June 2019 was granted.
2. Under Promotion Certificate No. 4391/2547 (6-1343/2542) dated 13 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essentials materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 1 July 2005 to 30 June 2009. Presently, an extension of the privileges until 30 June 2019 was granted.
3. Under Promotion Certificate No. 4022/2547 (4-1578/2543) dated 5 January 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essentials materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 7 December 2005 to 6 December 2009. Presently, an extension of the privileges until 6 December 2019 was granted.
4. Under Promotion Certificate No. 1310/2546 dated 30 June 2003 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include the following:
 - 4.1 Reduction of half of import duty on machinery as approved by the Board, except for machinery on which the import duty is lower than 10 percent of the cost.
 - 4.2 Exemption from import duty on raw materials and essentials materials imported for export manufacturing from 30 July 2004 to 29 July 2010. During the year, an extension of the privileges until 29 July 2020 was granted.
 - 4.3 Exemption from import duty on articles that the Company import for re-export from 30 July 2004 to 29 July 2010. Presently, an extension of the privileges until 29 July 2020 was granted.

Thai Optical Co., Ltd.

1. Under Promotion Certificate No. 4074/2531 (6-1027/Sor Aor./2523) dated 29 January 1988 for the manufacture of oblique astigmatism lens and safety eyewear lens used in the factories, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export. This promotion certificate is not specified expiration date of the privileges.
2. Under Promotion Certificate No. 4075/2531 (4-1059/Sor Aor./2527) dated 29 January 1988 for the manufacture of lens or glasses or components, which extended the capacity of production under promotion certificate No. 4074/2531 (6-1027/Sor Aor./2523), subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export. This promotion certificate is not specified expiration date of the privileges.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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3. Under Promotion Certificate No. 4818/2548 (6-1169/2541) dated 16 May 2005 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 21 June 2005 to 20 June 2007. Presently, an extension of the privileges until 20 June 2019 was granted.
4. Under Promotion Certificate No. 1201/Aor./2543 dated 25 April 2000 for the manufacture of hardmulticoat lens, subject to certain imposed conditions the privileges include the following:
 - 4.1 Permit to bring into the Kingdom foreign nationals who are (1) skilled workers (2) experts (3) spouses and dependents of persons in (1) or (2) in such numbers and for such periods of time as the Board may deem appropriate. Foreign nationals who are skilled workers or experts are permitted to stay in the Kingdom, shall be granted a work permit for a specific position approved by the Board for the period of permitted stay in the Kingdom.
 - 4.2 Exemption from import duty on machinery as approved by the Board.
 - 4.3 Exemption from import duty on essential materials imported for export manufacturing until granted exemption from the Customs Department.
 - 4.4 Permit to take out or remit money abroad in foreign currency.

This promotion certificate is not specified expiration date of the privileges.
5. Under Promotion Certificate No. 4349/2547 (4-1027/2544) dated 9 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 3 February 2004 to 2 February 2006. Presently, an extension of the privileges until 2 February 2020 was granted.
6. Under Promotion Certificate No. 5358/2547 (3-1553/Aor./2543) dated 15 July 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 2 June 2004 to 1 June 2006. Presently, an extension of the privileges until 2 February 2020 was granted.
7. Under Promotion Certificate No. 59-1240-1-00-1-0 dated 28 September 2017 for the manufacture of lens or glasses, subject to certain imposed conditions the privileges include the following:
 - 7.1 Permit to bring into the Kingdom foreign nationals who are (1) skilled workers (2) experts (3) spouses and dependents of persons in (1) or (2) in such numbers and for such periods of time as the Board may deem appropriate. Foreign nationals who are skilled workers or experts are permitted to stay in the Kingdom, shall be granted a work permit for a specific position approved by the Board for the period of permitted stay in the Kingdom.
 - 7.2 Exemption from import duty on machinery as approved by the Board.
 - 7.3 Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 5 years commencing from the date that revenues are first derived from the promoted operation.

In case of losses being incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period, whether from any one year or from several years.

- 7.4 Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period
- 7.5 Exemption from import duty on raw materials and essential materials imported for export manufacturing from 16 November 2017 to 15 November 2018. During the year, an extension of the privileges until 15 November 2020 was granted.
- 7.6 Exemption from import duty on articles that the subsidiary company import from 16 November 2017 to 15 November 2018. During the year, an extension of the privileges until 15 November 2020 was granted.

The subsidiary company has started to have operating profit under promotion certificate on 28 December 2017 and has operating revenue from promoted and non-promoted operations for the year ended 31 December 2018 and 2017 as follows:

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2018	2017	2018	2017	2018	2017
Sales and service income						
Domestic	9,869	-	116,383	152,089	126,252	152,089
Export	388,289	6	374,300	747,216	762,589	747,222
Total sales and service income	398,158	6	490,683	899,305	888,841	899,311

Poly Sun Co., Ltd.

1. Under Promotion Certificate No. 4319/2547 (4-1548/Aor./2541) dated 9 February 2004 for the manufacture of sun lens, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 6 January 2004 to 5 January 2006. Presently, an extension of the privileges until 5 January 2020 was granted.

The Company and its subsidiaries have to comply with certain conditions and restrictions specified under the promotion certificates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

28. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

29. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services with production facilities in Thailand and operates in both local and overseas markets, and have two reportable segments as follows:

1. Plastic and glass lens, which produces and sells of optical lenses.
2. Other products and services i.e. sale of glass mold, trading goods purchased for resale, glasses assembly services and surface treatments of hard coatings and anti-reflection coating service for organic lenses.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

Transfer prices between operating segments are concluded on commercial terms and based agreed upon between the operating segments as described in Note 10 to the financial statements.

Inter-segment revenues are eliminated on consolidation.

The following table presents revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2018 and 2017:

(Unit: Million Baht)

	Consolidated financial statements For the years ended 31 December											
	Concentrated, Plastic and glasses lens		Service income		Others		Total segments		Eliminated transactions		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sales and service income												
Inter-segment	152	163	22	22	32	52	206	237	(206)	(237)	-	-
External customers												
• Local	86	85	1	1	1	3	88	89	-	-	88	89
• Export	1,615	1,645	129	129	10	15	1,754	1,789	-	-	1,754	1,789
	1,853	1,893	152	152	43	70	2,048	2,115	(206)	(237)	1,842	1,878
Gross profit margin	299	371	55	70	18	27	372	468	4	(2)	376	466
Other income							92	80	(40)	(45)	52	35
Dividend income							138	167	(138)	(167)	-	-
Gain (loss) on exchange							21	(14)	-	-	21	(14)
Selling and distribution expenses							(78)	(52)	-	-	(78)	(52)
Administrative expenses							(237)	(253)	30	43	(207)	(210)
Share of profit from investments in associates							-	-	1	3	1	3
Finance cost							(19)	(10)	8	6	(11)	(4)
Income tax expenses							(8)	(41)	-	-	(8)	(41)
Profit for the year							281	345	(135)	(162)	146	183

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2018	2017
Revenue from external customers		
Local		
Thailand	87,687	88,303
Export		
Europe	769,606	821,276
Australia	640,800	670,818
Asia and Pacific	250,957	209,730
America	81,150	77,396
Africa and Middle East	11,367	10,069
Total	1,841,567	1,877,592

Other non-current assets

The Company and its subsidiaries are operated in Thailand and United States of America. All of the assets as reflected in these financial statements are located in Thailand.

Major customers

For the year 2018, the Company and its subsidiaries had revenue from two major customers (2017: two major customers) with revenue of more than 10 percent of an entity's revenues, arising from sales by Concentrated, Plastic and glasses lens and service income segments.

30. Commitments and contingent liabilities

As at 31 December 2018, the Company and its subsidiaries had commitments and contingent liabilities other than those disclosed in other notes as follows:

- 30.1 The Company and its subsidiaries had commitments to purchase raw materials amounting to Baht 14.2 million, JPY 101.3 million, USD 1.6 million, EUR 0.1 million and GBP 0.1 million or equivalent to Baht 101.8 million (2017: Baht 20.5 million, JPY 33.1 million, USD 2.1 million, EUR 0.2 million and GBP 0.1 million or equivalent to Baht 111.3 million), and the Company only amounting to Baht 7.0 million, JPY 101.2 million, USD 1.5 million and EUR 0.1 million or equivalent to Baht 88.1 million (2017: Baht 9.5 million, JPY 32.3 million, USD 1.9 million and EUR 0.2 million or equivalent to Baht 88.3 million).
- 30.2 There were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries of approximately Baht 20.1 million (2017: Baht 19.9 million), and the Company only of Baht 12.2 million (2017: Baht 12.0 million) in respect of certain performance bonds as required in the ordinary course of business for the Company and its subsidiaries. These included letters of guarantee as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Payments of tax to the Customs Department	4.1	3.9	3.1	2.9
Electricity usage	16.0	16.0	9.1	9.1
	20.1	19.9	12.2	12.0

- 30.3 The Company and its subsidiaries had outstanding commitments with respect to service contracts totaling approximately Baht 2.3 million per month (2017: Baht 2.1 million per month), and the Company only of approximately Baht 1.3 million per month (2017: Baht 1.1 million per month).
- 30.4 The Company had outstanding commitments totaling Baht 2.9 million per year with respect to software maintenance agreement (2017: Baht 2.9 million per year).
- 30.5 The subsidiary company had outstanding commitment totaling approximately Baht 0.2 million with respect to warehouse rental agreement with its related company (2017: Baht 0.2 million).
- 30.6 The subsidiary companies had outstanding capital commitments with respect to the construction of factory buildings, wastewater treatment plant, installation of electricity system and purchase of machinery totaling Baht 10.5 million and EUR 0.01 million or equivalent to Baht 10.9 million (2017: Baht 12.8 million and EUR 0.3 million or equivalent to Baht 25.2 million).
- 30.7 Operating lease commitments

The Company and its subsidiaries have entered into lease agreements in respect of the lease of motor vehicles. The terms of the agreements are generally 5 years.

As at 31 December 2018 and 2017, future minimum lease payments required under these operating leases contracts were as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Payable:				
In up to 1 year	3.1	3.3	2.8	3.0
In over 1 year and up to 5 years	4.1	6.0	3.9	5.5

During the year 2018, the Company and its subsidiaries recognised rental expenses of Baht 3.3 million (2017: Baht 3.3 million), and the Company only of Baht 3.0 million (2017: Baht 3.0 million).

31. Related parties guarantee

As at 31 December 2018, the Company has contingent liabilities in respect of the guarantees of Thai Optical Company Limited, a subsidiary's credit facility amounting to Baht 54.9 million and EUR 4.83 million or equivalent to Baht 242.0 million (2017: Baht 68.7 million and EUR 5.3 million or equivalent to Baht 275.1 million) provided to banks.

As at 31 December 2018, the Company has contingent liabilities in respect of the guarantees of Poly Sun Company Limited, a subsidiary's credit facility amounting to Baht 17 million (2017: Baht 17 million).

As at 31 December 2018, Thai Optical Company Limited, a subsidiary company has contingent liabilities in respect of the guarantees of the Company's credit facility amounting to Baht 152.9 million (2017: Baht 107 million) provided to banks.

These guarantees are effective for as long as the underlying obligation has not been discharged. Guarantee fee has been charged by the Company and its subsidiaries at the rate of 1.5 percent per annum.

32. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated and separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
TMB Treasury Money Fund	-	902	-	902

(Unit: Thousand Baht)

	As at 31 December 2017			
	Consolidated and separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
TMB Treasury Money Fund	-	893	-	893

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

33. Financial instruments

33.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, short-term loans, investments, and short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivables. They manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, they do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries exposure to interest rate risk relates primarily to their deposits with banks, short-term loans, bank overdrafts, short-term borrowings and long-term borrowings. However, since most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2018 and 2017 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit : Million Baht)

	As at 31 December 2018									
	Consolidated financial statements					Separate financial statements				
	Fixed interest rates within 1 year	Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)	Fixed interest rates within 1 year	Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
Financial assets										
Cash and cash equivalents	-	143.08	0.19	143.27	0.05 - 0.38	-	51.93	0.09	52.02	0.05 - 0.38
Short-term investment - trading securities	-	-	0.90	0.90	-	-	-	0.90	0.90	-
Trade and other receivables	-	-	340.34	340.34	-	-	-	203.91	203.91	-
Short-term loans to related party	-	-	-	-	-	6.44	-	-	6.44	2.40
Short-term loan to unrelated party	8.06	-	-	8.06	6.00	8.06	-	-	8.06	6.00
	8.06	143.08	341.43	492.57		14.50	51.93	204.90	271.33	
Financial liabilities										
Short-term loans from banks	262.00	-	-	262.00	MMR	230.00	-	-	230.00	MMR
Trade and other payables	-	-	173.48	173.48	-	-	-	121.33	121.33	-
	-	221.16	-	221.16	EURO LIBOR 3 months, MLR	-	-	-	-	-
Long-term loans from banks	262.00	221.16	173.48	656.64		230.00	-	121.33	351.33	-

(Unit : Million Baht)

	As at 31 December 2017									
	Consolidated financial statements					Separate financial statements				
	Fixed interest rates within 1 year	Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)	Fixed interest rates within 1 year	Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
Financial assets										
Cash and cash equivalents	-	199.36	0.19	199.55	0.05 - 0.38	-	79.56	0.09	79.65	0.05 - 0.38
Short-term investment - trading securities	-	-	0.89	0.89	-	-	-	0.89	0.89	-
Trade and other receivables	-	-	272.27	272.27	-	-	-	137.15	137.15	-
Short-term loan to related party	8.13	-	-	8.13	6.00	8.13	-	-	8.13	6.00
	8.13	199.36	273.35	480.84		8.13	79.56	138.13	225.82	
Financial liabilities										
Short-term loans from banks	393.10	-	-	393.10	MMR	199.00	-	-	199.00	MMR
Trade and other payables	-	-	203.81	203.81	-	-	-	95.18	95.18	-
Short-term loans from related party	-	-	-	-	-	10.00	-	-	10.00	3.00
Payable for investment in subsidiary	-	-	12.00	12.00	-	-	-	12.00	12.00	-
	-	98.81	-	98.81	EURO LIBOR 3 months, MLR	-	-	-	-	-
Long-term loans from banks	393.10	98.81	215.81	707.72		209.00	-	107.18	316.18	

Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. They seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Currency	As at 31 December 2018				
	Consolidated financial statements		Separate financial statements		Average exchange rate as at
	Assets	Liabilities	Assets	Liabilities	31 December 2018
					(Baht per one foreign currency unit)
MYR	13,167	-	-	-	7.7815
USD	9,843,551	2,330,789	6,382,980	1,570,858	32.4036
EUR	1,467,692	5,295,114	332,712	92,136	37.0731
JPY	20,230,697	19,549,380	19,656,784	19,029,400	0.2926
GBP	-	97,930	-	-	41.0040

Currency	As at 31 December 2017				
	Consolidated financial statements		Separate financial statements		Average exchange rate as at
	Assets	Liabilities	Assets	Liabilities	31 December 2017
					(Baht per one foreign currency unit)
MYR	8,714	-	-	-	8.0379
USD	9,201,399	3,148,267	4,564,827	964,312	32.6407
SGD	-	5,089	-	5,089	24.4157
EUR	1,001,606	1,531,921	260,096	215,797	38.9753
JPY	20,872,402	10,877,970	19,393,689	10,575,970	0.2894
GBP	-	73,106	-	2,300	43.9241

As at 31 December 2018 and 2017, the Company and its subsidiaries have no outstanding of forward exchange contracts.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

33.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries financial instruments are short-term in nature or carrying interest at rates close to the market rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2018, the Group's debt-to-equity ratio was 0.39:1 (2017: 0.43:1) and the Company's was 0.28:1 (2017: 0.25:1).

35. Event after the reporting period

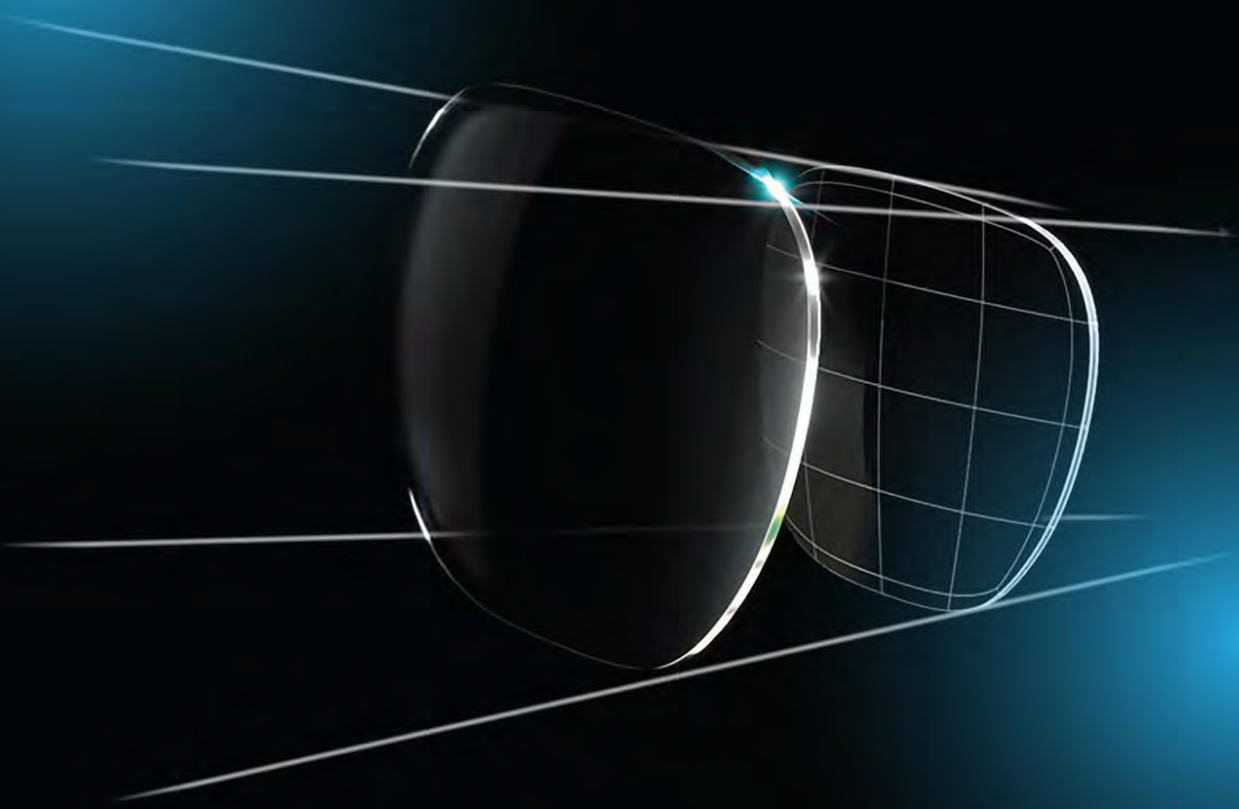
On 13 February 2019, the meeting of the Company's Board of Directors approved to pay the final dividend for the operating results of the year 2018 of Baht 0.22 per share, totaling Baht 104.35 million. Thus, including the interim dividend of Baht 0.06 per share, the total dividend payment for 2018 amounted to Baht 0.28 per share. The final dividend will be paid in May 2019. However, such dividend payment is subject to the approval of the Annual General Meeting of the Company's shareholders, which is to be held on 4 April 2019.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 13 February 2019.



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