

(Translations)

At TOG 2561/20

Date: November 7, 2018

Subject: Submission of financial statements for the operating period 3 months and 9 months ended September 30, 2018 and Management Discussion the net profit decreased over than 20% from the previous years and Analysis of Management.

To : Director and Manager of The Stock Exchange of Thailand.

Cc : Secretary General of the Office of Securities and Exchange Commission.

Thai Optical Group Public Company Limited (the "Company") is pleased to submit the Company's operating results report of the first 9 months of Year 2018 as follows:

1. Financial Statements for 3 months and 9 months ended as of September 30, 2018 of the Company and its Subsidiaries.
2. Management Discussion and Analysis (MD&A) for operating period 3 months and 9 months ended as of September 30 2018.
3. Summarized operating results of the Company and the Subsidiary companies for the Third Quarter of Year 2018. (F45-3)

Remark: Disclosure both in Thai and English Versions.

For your acknowledgement and please disseminate to investors accordingly.

Yours Sincerely,
Thai Optical Group PCL.

(Mr.Torn Prachartam)
Managing Director

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Thai Optical Group Public Company Limited
Management Discussion and Analysis (MD&A)
Operating Report for the Third Quarter of Year 2018
ended as of September 30, 2018

Thai Optical Group Public Company Limited (the "Company") hereby submits the Company's operating results report of the third Quarter of Year 2018 as follows:

	Consolidated Financial Statements (million Baht)		Separated Financial Statements (million Baht)	
	Year 2018	Year 2017	Year 2018	Year 2017
Total revenues	1,379.63	1,431.93	961.46	1,096.14
Net Profit (Loss)	59.00	122.58	104.72	167.33

The company and its subsidiaries had earned total revenues was 1,379.63 million Baht, which was decreased by 52.30 million Baht or 3.65% from the same period of previous year. The Company's net profit was 59.00 million Baht, which was decreased by 63.58 million Baht or 51.87%. The reduction of net profit derives from sale of Organic Lenses/CR-39, value-added lenses and Service and revenue in the region has declined in Europe region and Australia region. In addition, to higher cost of production, depreciation in Line RX Automation, higher of selling general and administrative expenses partly due to the higher operating expenses of the TOG USA, Inc.

Performance Analysis

1. Revenues of the Company and its subsidiaries categorized by product lines. (Unit : %)

Value Structure by Product Types	Manufacturer	Quarter3/ 2018	Quarter3/ 2017	9 month/ 2018	9 month/ 2017
1. Organic Lenses/ CR-39	The Company & Subsidiary Company	32	39	33	35
2. Value-added Lenses *	The Company	27	24	25	26
3. Rx/Prescription Lenses	The Subsidiary Company	33	30	34	31
4. Mineral Lenses / Other Products and Services	The Company & Subsidiary Company	8	7	8	8
Total		100	100	100	100

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

1.1 Revenue from sales and services

In the third quarter of 2018 (Q3/2018), The company and its subsidiaries had earned total revenues from sales and services of 434.26 million Baht comparing to 475.30 million Baht in the same period of the previous year, it was decreased 41.04 million Baht or 8.63%. The decreased of revenue from Organic Lenses/ CR-39.

In the first nine months of 2018 (9M/2018), The company and its subsidiaries had earned total revenues from sales and services of 1,325.48 million Baht comparing to 1,406.33 million Baht in the same period of the previous year, it was decreased 80.85 million Baht or 5.75%. The decreased of revenue from Organic Lenses/ CR-39, value-added lenses and Service.

1.2 Cost of Goods Sold

In the third quarter of 2018 (Q3/2018), The company and its subsidiaries had the proportion on cost of goods sold to revenue from sales and services in the third quarter of year 2018 and 2017 was 85.69% and 75.30%.

In the first nine months of 2018 (9M/2018), The company and its subsidiaries had the proportion on cost of goods sold to revenue from sales and services in the first nine months of year 2018 and 2017 was 82.50% and 76.01%, respectively. The Increase proportion of cost of goods sold was because cost of production resulting factor in process, depreciation in Line RX Automation.

1.3 Selling, General and Administrative Expenses (SG&A)

In the third quarter of 2018 (Q3/2018), The company and its subsidiaries expenses in SG&A were 70.22 and 68.45 million Baht in the third quarter of year 2018 and 2017, respectively. The increase in expenses of 1.77 million Baht.

In the first nine months of 2018 (9M/2018), The company and its subsidiaries expenses in SG&A were 220.94 and 197.81 million Baht in the first nine months of year 2018 and 2017, respectively. The increase in expenses of 23.13 million Baht was due to the operating expenses of the TOG USA, Inc. and import-export expenses.

1.4 Other Revenues

In the third quarter of 2018 (Q3/2018), The company and its subsidiaries had the other revenues 21.01 and 9.30 million Baht in the third quarter of year 2018 and 2017, respectively, which was increased by 11.71 million Baht was due to had the gain of exchange rate in the amount 3.09 million Baht, which was in of the previous year had the loss of exchange rate in the amount (2.82) million Baht and the increased in freight income 2.30 million Baht.

In the first nine months of 2018 (9M/2018), The company and its subsidiaries had the other revenues 54.15 and 10.61 million Baht in the first nine months of year 2018 and 2017, respectively, which was increased by 43.54 million Baht was due to had the gain of exchange rate in the amount 16.09 million Baht, which was in of the previous year had the loss of exchange rate in the amount (14.99) million Baht and the increased in freight income 9.39 million Baht.

1.5 Interest Expense

In the third quarter of 2018 (Q3/2018), The company and its subsidiaries had interest expenses 3.37 and 1.06 million Baht in the third quarter of year 2018 and 2017, respectively. Increase in interest expenses 2.31 million Baht was for working capital.

In the first nine months of 2018 (9M/2018), The company and its subsidiaries had interest expenses 8.07 and 2.59 million Baht in the first nine months of year 2018 and 2017, respectively. Increase in interest expenses 5.49 million Baht was for working capital.

1.6 Net Profit

In the third quarter of 2018 (Q3/2018), The company and its subsidiaries had net profit 13.07 and 47.55 million Baht in of in the third quarter of year 2018 and 2017, respectively, which was decreased by 34.48 million Baht or 72.51%.

In the first nine months of 2018 (9M/2018), The company and its subsidiaries had net profit 59.00 and 122.58 million Baht in of in the first nine months of year 2018 and 2017, respectively, which was decreased by 63.58 million Baht or 51.87% due to decreased of sales, from to higher cost of production due to depreciation in Line RX Automation, higher of selling, general and administrative expenses.

2. Financial Status

As of September 30 2018, the company and its subsidiaries had Total Assets of 2,550.78 million Baht which was decreased by 86.71 million Baht from amount of 2017 year-end, resulting from;

Current assets decreased by 35.34 million Baht as follows;

- Cash and cash equivalents decreased by 80.38 million Baht.
- Trade and other receivables related to and non-related to company increased by 38.95 million Baht. The trade and other receivables related to the company decreased by 5.51 million Baht and the non-related to company increased by 44.46 million Baht. (More information in note to financial statements No. 4).
- Net inventories decreased by 1.21 million Baht consisting of finished goods by 24.50 million Baht, the raw materials by 11.93 million Baht, Work in process by 0.82 million Baht, However, the goods in transit increased by 22.86 million Baht, glass mold increased by 12.78 million Baht, the factory materials increased by 0.40 million Baht, (More details in note to financial statements No. 7).
- Other current assets increased by 7.34 million Baht.

Non-current assets decreased by 51.37 million Baht with details as follows;

- Land, Building and net equipment decreased by 63.07 million Baht.
- Intangible assets decreased by 3.30 million Baht.
- Deferred tax assets increased by 15.03 million Baht.

As of September 30 2018, the company and its subsidiaries had Total Liabilities of 800.11 million Baht, increased by 10.85 million Baht from the amount of 2017 year-end, resulting from;

Current liabilities decreased by 94.23 million Baht with details as follows;

- Short-term loan from bank decreased by 96.10 million.
- Trade payable and other accounts payable decreased by 12.03 million Baht, which could be separated as Trade account payable decreased by 30.41 million Baht and other accounts payable increased by 18.38 million Baht. (More details in Note to financial statement No. 12).
- Short-term benefit reserve for employee increased by 2.70 million Baht.
- Accrued unpaid corporate income tax decreased by 14.61 million Baht.
- Current portion of long-term loans from banks increased by 37.81 million Baht.
- Current portion of payable for investment in subsidiary decreased by 12.00 Million Baht.

Non-current liabilities increased by 105.08 million Baht with details as follows;

- Long-term loans from banks - net of current portion increased by 105.81 million Baht.
- Provision for long-term employee benefits decreased by 0.73 million Baht.

As of September 30 2018, the company and its subsidiaries had Shareholders' equity of 1,750.67 million Baht which was decreased from the amount of 2017 year-end by 97.56 million Baht due to dividend payment.

3. Cash Flow

Cash earned (used) as of September 30, 2018 comparing to last year.

(unit: million Baht)

	9 month/ 2018 30 September 2018	9 month/ 2017 30 September 2017	Changing	%Changing
Cash earned (used) in operating activities:	140.92	127.90	13.02	10.18
Cash earned (used) in investment activities:	(106.74)	(126.99)	20.25	15.95
Cash earned (used) in financing activities:	(114.56)	(93.36)	(21.20)	22.71
Net cash Increased /(Decreased)	(80.38)	(92.45)	12.07	13.06

Net cash earned from operating activities as of September 30, 2018 was in the amount of 140.92 million Baht which was increased from previous year of 13.02 million Baht, resulted from;

1. Profit from operating activities
decreased 70.53 million Baht.
2. Increased of operating assets was considered a use of cash paid out
decreased 37.52 million Baht.
3. Decreased of Operating liabilities was considered a use of cash paid out
increased 87.40 million Baht.
4. Decreased of Cash paid for income tax was considered a use of cash paid out
increased 33.68 million Baht.

Net cash used in investment activities as of September 30, 2018 was in the total amount of 106.74 million Baht decreased from previous year by 20.25 million Baht, resulted from;

1. Cash out to purchase machines and equipment decreased 15.93 million Baht.
2. Cash out to Purchase of intangible assets decreased 4.68 million Baht.

Net cash used in financing activities as of September 30, 2018 in total amount of 114.56 million Baht decreased from previous year by 21.20 million Baht, resulted from;

1. Cash received from short-term loans from banks increased 35.62 million Baht.
2. Cash received from long-term loans from banks decreased 1.81 million Baht.
3. Cash paid to settle short-term loans from banks decreased 61.62 million Baht.
4. Cash paid to settle long-term loans from banks decreased 32.77 million Baht.
5. Decrease of Cash paid for dividend was considered a use of cash paid out
increased 33.20 million Baht.
6. Increase of Cash paid for interest expenses was considered a use of cash paid out
decreased 5.36 million Baht.
7. Decrease of trust receipts was considered a use of cash paid out
increased 11.54 million Baht.

4. Financial Ratios Analysis

Profitability Ratio	9 month/ 2018	9 month/ 2017
Gross Profit Margin (%)	17.50	23.99
Net Profit Margin (%)	4.45	8.72
Efficiency Operating Ratio	30 September 2018	31 December 2017
Return on Equity (%)	6.77	9.91
Return on Asset (%)	5.64	8.73
Average Collection Period (Days)	61.13	60.66
Average Inventory Aging (Days)	228.15	221.62
Average Accounts Payable (Days)	27.68	46.64
Liquidity Ratio	30 September 2018	31 December 2017
Debt to Equity ratio (Times)	0.31	0.27