



รายงานประจำปี 2559

ANNUAL REPORT

2016

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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.







FINANCIAL HIGHLIGHTS

Detail (million Baht)	Consolidated financial statements			Separated financial statements		
	2016	2015	2014	2016	2015	2014
Statements of Comprehensive Income						
Total Revenues	2,006.05	1,893.04	1,869.70	1,476.69	1,353.68	1,314.80
Earnings before finance costs, income taxes, depreciation and amortization including non-operating incomes and expenses(EBITDA)	456.69	436.15	398.88	203.24	248.15	216.80
Net Profit (Loss)	250.37	229.64	203.28	241.17	204.82	195.46
Financial Position						
Total Assets	2,591.31	2,250.12	2,205.15	1,868.31	1,728.96	1,682.44
Total Liabilities	735.23	450.62	486.95	420.50	326.33	335.39
Shareholders' Equity	1,856.08	1,799.50	1,718.20	1,447.81	1,402.63	1,347.05
Paid-up shares at the end of the year (million shares)	474.32	474.32	474.32	474.32	474.32	474.32
Share Information						
Earnings per Share (Baht)	0.53	0.48	0.43	0.51	0.43	0.41
Book Value per Share (Baht)	3.91	3.79	3.62	3.05	2.96	2.84
Dividend per share (Baht)	0.42	0.38	0.35	-	-	-
Dividend Payout (%)	80	78	82	-	-	-
Share Price at the end of Financial Period (Baht)	8.40	5.70	5.65	-	-	-
Weighted average number of ordinary shares (million shares)	474.32	474.32	474.22	474.32	474.32	474.22
Financial Ratios (%)						
Earnings before finance costs, income taxes, depreciation and amortization including non-operating incomes and expenses (EBITDA)	23.61	23.04	21.33	16.23	18.33	16.49
Net Profit Margin	12.95	12.59	11.10	19.26	16.78	16.51
Return on Shareholders' Equity	13.70	13.06	12.02	16.92	14.90	14.76
Return on Total Assets	12.75	12.94	12.11	14.44	13.98	13.87
Ratio of Liability to Capital (Times)	0.40	0.25	0.28	0.29	0.23	0.25



MESSAGE FROM CHAIRMAN



Dear Shareholders,

In year 2016, many countries had faced the economic deflation in overall, however, Thai Optical Group Public Company Limited (the “Company”) and the subsidiary companies was able to meet the performance target and had earned the income per the strategic plan successfully by maintaining the key customers, having new customers from America and Asia Continents and controlling the cost and increasing the productivity by implementation of the Productivity Improvement Program. Moreover, year 2016 was the first year of Asean Economic Community (AEC), which the Company expanded the market within this group of countries. The Company has currently exported to Malaysia, Singapore, and Vietnam. The Company also plan to expand the business into Indonesia and India countries. In year 2016, the Company has invested in the new machines with fully Automation Systems to support the Prescription Lenses or Rx Lenses production line in order to increase the productivity and to meet the growth of the customers’ demand continuously

Performance

In the year 2016, the Company’s net profit is 250.37 million Baht, increase by 9.03% comparing to operating results of year 2015 that earned net profit at 229.64 million Baht, as a result, the Company is able to consistently pay dividend to shareholders. According to operating results of the year 2016, the Company has paid dividend in the amount of 199.21 million Baht or 0.42 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 2016, the Company has been ranked by the Corporate Governance Report of Thai Listed Companies 2016 at 4 stars with Top Quartile 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 2016, six consecutive years (Year 2011 - 2016). In addition, the Company has been certified by Private Sector Collective Action Coalition against Corruption and be rated as ESG100 by Thaipat Institution for two consecutive years (Year 2015-2016).

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



THAI OPTICAL GROUP PUBLIC COMPANY LIMITED

The Board of Directors

1. Mr. Sawang	Prachartam	Chairman
2. Mr. Torn	Prachartam	Director / Member of the Business Strategic Committee / Managing Director
3. Mr. Wirach	Prachartam	Director / Member of the Business Strategic Committee
4. Mr. Sarote	Prachartam	Director / Member of the Business Strategic Committee
5. Mrs. Pornpun	Thotrakul	Director
6. Mr. Sean	Darren Lawe	Director / Member of the Business Strategic Committee



The Board of Directors

ANNUAL REPORT 2016

THE BOARD OF DIRECTORS AND MANAGEMENT



THAI OPTICAL GROUP PUBLIC COMPANY LIMITED

Managements


- | | | |
|-----------------|-------------------|---|
| 1. Mr. Torn | Prachartam | Managing Director |
| 2. Mrs. Anuruk | Rattanasansuntorn | Internal Audit Division Manager, Office of Internal Audit |
| 3. Mrs. Amolrat | Prachartam | Supply Chain Management Division Manager,
Supply Chain Management Division |
| 4. Mr. Bancha | Yongrithikul | TOG Plant Division Manager, TOG Plant Division |



Managements

- ANNUAL REPORT 2016

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 Ngarmwongworn 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.

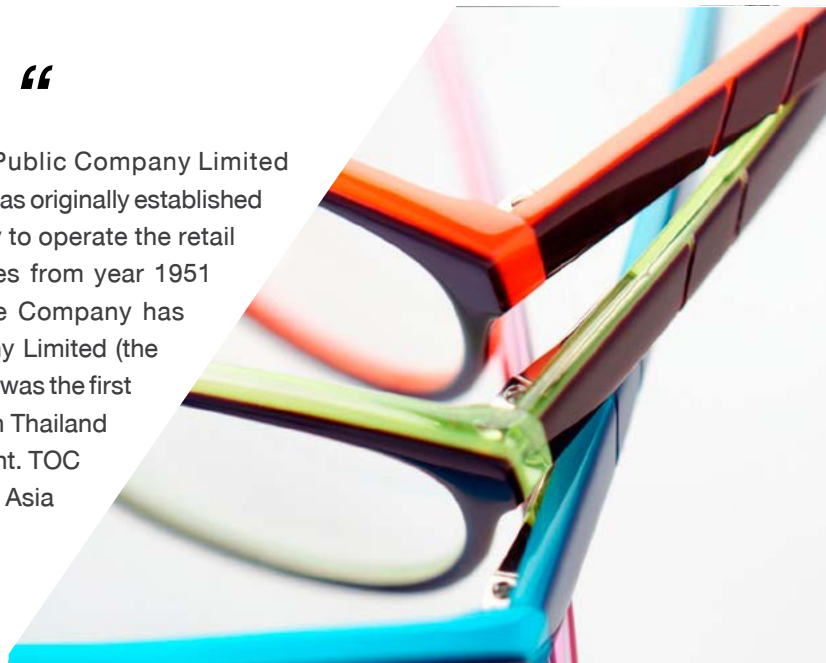
Due to the growth of the consumption of optical lenses, Thai Optical Group Limited (“TOG”) was established on March 8, 1991 (BE 2534) in the name of Thailand Polymer Lenses Co., Ltd, with an initail registered capital of 20 million Baht to expand the production line for normal organic lenses. The business 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.

“



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.

”



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 "Tribrid™". And 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.

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 0.68 billion Baht, where a warrant has expired.





The company and its subsidiary company manufacture and distribute ophthalmic lenses to wholesalers both domestic and foreign countries on an “OEM” (Original Equipment Manufacturer) basis, and also under the Company’s own brand called “TOG”.

- Organic Lenses
- Mineral Lenses
- Prescription or Rx Lenses
- Other Products and Services

1. Organic lenses

Organic lens is produced from plastic materials can be divided into 6 groups as follows:

a. Basic materials

The lenses are made from general monomers and have different refractive index of 1.50, 1.55, 1.60, and 1.67. The company and its subsidiary company had manufactured this organic lenses as generic products.

The company distribute this product OEM and under the trade name of “Excelite™”



b. Performance materials

The high impact resistant lens with lightness and high tensile strength. This lenses are offered maximum safety and protection to children and adults with active lifestyles. The company’s high impact resistant lenses made from monomers under trade name of “Trivex®” and “Tribrid™” which have difference refractive index by 1.53 and 1.60.



At the present, TOG is the only one independent manufacturer which can be produced ophthalmic lenses from Trivex® monomer both in semi-finished and finished lenses form, Excelite™ Trivex®. Moreover, TOG is the first and only ophthalmic lens manufacturer or Tribrid™ material, Excelite™ Tribrid™.

c. Bio-based material

Bio-based lens are distributed under the trade name of “LeafECO” which can be reduced the use of fossil fuel in the production of raw materials for the production of lenses, in order to reduce the emission of carbon dioxide gases into the atmosphere. The special properties are the thinness compared to regular plastic lenses and its lifespan similar to basic plastic lenses.

At the present, the company produce 1 refractive index in the bio-based product line which is 1.74.



OUR PRODUCT

The above groups are considered as clear ophthalmic lenses and the following group are sun filter lenses.

d. Tinted lenses

The process of lens tinting, aside from its aesthetic values, also serves to filter lights for added visual comfort. Lens tinting can be done both as a uniform coating of a single shade or gradient from light to dark.

The company and its subsidiary company distribute this product under the trade name of "Shade Basic"



e. Polarized lenses

Polarized lenses are produced by incorporating polarizing film into the lens. The special property of this lens is the ability to filter out glare and the horizontal reflection of sunlight which is dangerous to the eyes.

The company and its subsidiary company distribute this product under the trade name of "Shade Polarview".



f. Photochromic lenses

The special property of this type of lens is its ability to change the color from dark to light very quickly depending on the intensity of the UV ray and the temperature. The company supplies special technology from Transitions Optical, Inc. who own Transitions® products.

The company and its subsidiary company distribute this product under the trade name of "Excelite™ Transitions®".



The ophthalmic organic lenses are produced in 2 forms:

• *Semi-finished lenses*

Ophthalmic lens with standard outer surface curves. Customer must have their own Rx lab for grinding to adjust the inner surface to get eyesight which match with customers' requirement.

• *Finished lenses*

Ophthalmic lens 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 coating which is considered as "value added" product.



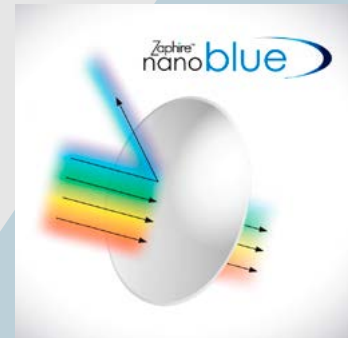
The treatment coating lenses on surface are available as follows:

- **Hard coated** : anti-scratch
- **Hard multi-coated** : scratch resistant with anti-reflection and water repellent
- **Zaphire™-Sx** : high performance of hard multi-coated with super hydrophobic for anti-static and easy to clean lenses surface
- **Zaphire™ Nano Blue**: all Zaphire™-Sx benefits with value added of filtering harmful blue lights from digital screen and also day lights



The above lenses can be categorized into 3 functional designs:

- **Single vision lenses**: An ophthalmic lens uses for correcting either myopia or presbyopia, including oblique astigmatism correction.
- **Bifocal lenses**: An ophthalmic lens with 2 different focal lengths normally used by elderly people who have problems with far and near/reading distance visions.
- **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.



TOG

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 3 categories; mineral 1.523, high index mineral 1.60, and high index mineral extra 1.70.

The end products of mineral lenses are delivered in 2 forms; semi-finished lenses and finished lenses. Finished lenses are available both with and without surface treatment hard multi-coated as value added product. There are also 3 other categories of lenses derived by functional usage as follows:

- **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 subsidiary company do not separate revenue structure and aggregate all categories of mineral lenses into one group.



3. Prescription or Rx lenses

Prescription or Rx lenses are value added products of both the company and its subsidiary company. This type of lens is customized by grinding semi-finished organic or mineral lenses to the specific needs of customers. Normally, buyers should grind the semi-finished lenses by themselves but some foreign customers of the subsidiary company have limitation to set up Rx lab for grinding semi-finished 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 or Rx lenses are totally produced by the subsidiary company.

Prescription lens can be categorized by functional design into 4 groups as follow:

a. "One" is a trade name of advanced single vision lens and can be divided into 4 designs:

- One Enhancer
- One Curve
- One True 3D
- One True 3D Curve

b. "Discovery" is a trade name of conventional progressive lens and can be divided into 2 designs:

- Discovery Basic
- Discovery Plus

c. "Freedom" is a trade name of freeform progressive lens and can be divided into 3 designs:

- Freedom Life
- Freedom Curve
- Freedom Solace 3D

d. "Maxima" is a trade name of occupational progressive lens and can be divided into 2 designs:

- Maxima Desk
- Maxima Pro



4. Other products and services

a. Glass mold

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.

b. Trading

Trading Goods purchased for resale, which are raw materials, consuming materials and other lens products.

c. Surface

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:



Thai Optical Co., Ltd.



Poly Sun Co., Ltd.

The Company

The Subsidiary company (TOC)

The Subsidiary company (Poly Sun)

Organic lenses
(CR-39)

Organic lenses
(CR-39)

Sun Lenses

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



The Associated Company (MVISION)

The Associated Company (Vina Vista)

Organic lenses
(CR-39)

Organic lenses
(CR 39)

Prescription / Rx Lenses

Prescription / Rx Lenses

B.C.	TOG Milestones in Ophthalmic Lenses Business
	History
1951	Started to open optical shop
1962	TOC - The first Mineral Lenses factory in Thailand was established with registered capital of 50 million Baht to export to Asia and Europe.
1973	TOC established the Installation Prescription Lenses system (Rx)
1981	TOC started the prototype of CR39 Lenses manufacturing
1991	TPL was established with registered capital of 20 million Baht to expand the normal optical lenses business
1994	TPL increased its registered capital to 120 million Baht for business expansion.
1997	TOC increased of its registered capital to 130 million Baht for business expansion.
1998	TPL conducted the experimentation and development the processes of Photochromic Lenses production.
2002	TPL conducted the Experimentation and development the processes of 1.60 High Refractive Index Lenses and High Impact Resistant Lenses production. (Excelite™, Trivex®)
2003	TPL increased its registered capital to 265 million Baht to purchase ordinary shares 99.99 % of TOC
2006	TOG issued shares for initial Public Offering.
2007	TOG conducted the experimentation and development the processes of 1.67 High Refractive Index Lenses.
2008	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
2010	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 operate the business for prescription lenses and finished lenses by having TOG hold the shares at 33%. TOG increased production line for normal optical lenses. TOC expanded its business by increasing the investment in Digital Surfacing Prescription Lenses.
2011	TOG launched the new product namely Excelite™, Tribid™.
2013	TOG Established new business with Vina Vista, Vietnam for expanding business.
2014	TOG and TOC started Productivity Improvement Program to increase the production significantly without additional investment on the machine.
2015	TOG purchased ordinary shares 99.99% of Poly Sun Co.,Ltd who is a manufacturer of photochromic lenses and polarize lenses.
2016	TOG jointly developed to produce lenses " LeafECO " with Mitsui Chemical Co., Ltd.
2016	TOG invested in Rx automation production line.

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, Krungthonburi Road, Klongtonsai, 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 Co., Ltd.

Subsidiary Company

Company's name (1)	: 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) 1941145
Facsimile	: (02) 925-5518
	<u>Sales and Customer services</u>
Branches	: 77/141-142, 33 rd Floor, Sinn Sathorn Tower, Krungthonburi Road, Klongtonsai, Klongsan, Bangkok (10600) -Thailand
Telephone	: (02) 440 0506 - 7
Facsimile	: (02) 862 0705
	<u>Production</u>
Branches	: 61/9 Moo 5, Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi (11110) Thailand
Telephone	: (02) 194 1126 - 30
Facsimile	: (02) 925 5290
Registration No.	: 0105505002039
Paid-up capital	: 130,000,000 Baht



Poly Sun Co., Ltd.

Subsidiary Company

Company's name	: 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
Paid-up capital	: 20,000,000 Baht
The proportion of the investment	: 99.99 %



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 %)

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



REVENUE STRUCTURE



Revenue structure of the Company and the Subsidiary company can be distinguished by product types as shown in the table below :

Product Types by Value	Manufacturer	Consolidated 2016 (%)	Consolidated 2015 (%)	Consolidated 2014 (%)
1. Standard Lenses (Plastics lens)	The Company & Sub. Company	34.07	34.63	28.78
2. Value - added Lenses*	The Company	30.68	33.52	36.11
3. Rx / Prescription Lenses	Sub. Company	28.51	26.08	29.86
4. Mineral Lenses	The Company &	6.74	5.77	5.25
Other Product and Services	Sub. Company			
Total		100	100	100

Product Types by Value	Manufacturer	Consolidated 2016 (%)	Consolidated 2015 (%)	Consolidated 2014 (%)
1. Standard Lenses (Plastics lens)	The Company & Sub. Company	74.29	72.75	68.40
2. Value - added Lenses*	The Company	18.96	21.17	23.57
3. Rx / Prescription Lenses	Sub. Company	6.24	5.53	7.05
4. Mineral Lenses Other	The Company &	0.51	0.55	0.98
Other Product and Services	Sub. Company			
Total		100	100	100

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

INDUSTRIAL CONDITIONS AND COMPETITIONS



“

The Company has received the Certification of work management standard ISO 9001 : 2008, Certification of quality management system for manufacturer of medical devices and equipment DN/EN, ISO 13485 : 2012 and Certification on environmental management ISO 14001 : 2014 by Bureau Veritas as well as the Certification on safety industrial products from EU Countries (CE Mark) and Certification of International Standard of U.S. Food and Drug Administration (U.S. FDA).

”



The volume of lenses exported from Thailand to foreign countries is as follows;
(Data from the Customs Department of Thailand, as at December 31, 2016)

	Year 2016	Year 2015	Changing increase / (decrease) (%)
Value (Million Baht)			
Optical Plastic Lenses	30,593	28,229	8.37
Optical Glass Lenses	263	334	(21.26)
Volume (Million Pieces)			
Optical Plastic Lenses	220.06	212.00	3.69
Optical Glass Lenses	3.37	7.41	(54.52)
Average Price (Baht / Piece)			
Optical Plastic Lenses	139	133	4.51
Optical Glass Lenses	78	45	74.33

INDUSTRIAL CONDITIONS AND COMPETITIONS



Investments tend and Market expansion.

According to exporting statistics, it shows that Thailand is one of the most important manufacturers of optical lenses in the world where the growth of exportation is in accordance with the demand of optical lenses in association with the increase of population. Urbanization makes more population which the elderly age of people is incrementing. Besides, the trend of using optical glass lenses is decreasing significantly in which the Company has a policy to reduce the production of single optical glass lenses.

The Optical Lenses 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 lenses. 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.

In the USA market, the Company has a policy to expand the sale via independent retailer and the eye care insurance company. As eye care insurance industrial in USA has a complete business model in from of social welfare given by employer and direct sale to the customers. It also has the eye care insurance policy to support American people to change eyeglasses and there are a lot of the independent optical lenses retailer in the USA market. As this result, the Company sees the opportunity to expand the sale and marketing in this region by making a connection to eye care insurance company and independent optical lenses retailer 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. Company has received the Certification of work management standard ISO 9001 : 2008, Certification of Quality management system for manufacturer of medical devices and equipment DN/EN, ISO 13485 : 2012 and Certification on environmental management ISO 14001 : 2014 by Bureau Veritas as well as the Certification on safety industrial products from EU Countries (CE Mark) and Certification of International Standard of U.S. Food and Drug Administration (U.S. FDA).

- 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 and "LeafEco 1.74" is optical lenses produced from using bio based material more than 82% and having the highest reflective index which the Company is the second manufacturer of this lenses, follow Japan.

Besides, to provide conveniences for Company's product selection, the Company has produced communication strategy regarding product information, marketing media and advertisement which is more friendly use and support the customer satisfaction.

INDUSTRIAL

CONDITIONS AND COMPETITIONS

2. Target Customers

Target customers of the Company and its Subsidiary are wholesale distributors, group of large chain store including E-Commerce, RX lab and RX producers. The target customers are included customers who wish to make their own brand with high quality optical lenses under their brand names or under other trademarks.

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 2016	Consolidated financial statements Year 2015	Consolidated financial statements Year 2014
Domestic	4.53 %	4.20 %	4.06 %
Foreign	95.47 %	95.80 %	95.95 %

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 2016	Consolidated financial statements Year 2015	Consolidated financial statements Year 2014
European Union	73 %	75 %	78 %
The United State	6 %	6 %	8 %
Others	21 %	19 %	14 %

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.

Product Provision -----

1. Production

At present, the Company and its Subsidiary produce lenses 300 days per year, working 1-3 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 lenses more without additional investment on buying new machine.

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 accordance with new invented technology and customer demands.

BUSINESS

OBJECTIVES AND 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

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.

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 consecutively for the year 2015 - 2016
- 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 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™ Tribrid™ where 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 jointly research and developed with Mitsut Chemical Co., Ltd. to produce LeafECO.

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: 2008 and certification of quality management for manufacturer of medical devices and equipment DN/EN ISO 13485 : 2012
- Maintain and Develop in accordance with ISO 14001 certification : 2004 by Bureau Veritas.
- Continuing to implement the Corporate Social Responsibility (CSR) and CSR-DIW 2012 both inside and outside organization. (See more: The Company Policy and Report regarding to Social Responsibility (CSR)).

RISK FACTORS

In the year 2016, 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

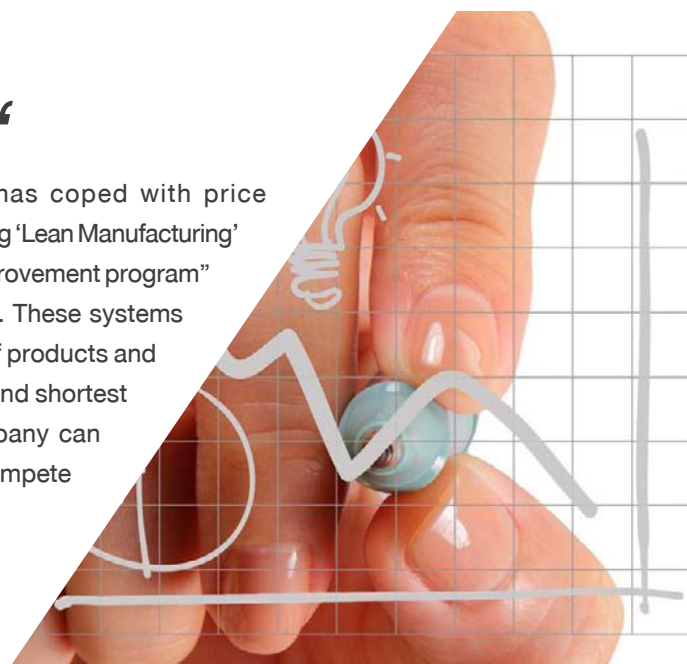
The optical lenses of the Company and its Subsidiary are internationally considered as medical products that are used to correct visual disorders, such as myopia, hypermetropia and oblique astigmatism. At present, there are two alternative technologies that are considered to be substituted for optical lenses, namely contact lenses, and a laser eye surgery method including Laser Assisted In-Situ Keratomileusis (Lasik).



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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.

”



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 and South Korea, where having high volume of production which can save cost per production unit therefore it increases the price competitiveness in the market

Due to changing of economic condition, customers want to have the product with good quality and reasonable price. 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 reduce the production cost per unit and provide delivery service to fulfill customers' requirements and also compete with others efficiently.

2. Production Risk

2.1 Risks over Price and Raw Material Procurement

The Company and its Subsidiary import main raw materials which are monomer and other chemical from 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



RISK FACTORS

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 welfares to persuade employees to work with the Company.

3. Financial Risk

3.1 Financial risk management

The Company and its Subsidiary have to pay suppliers in foreign currency, thus, the Company has the risk from fluctuation of foreign currency exchange rates. Therefore, the Company and its Subsidiary have hedged by setting Foreign Currencies Exchange Forward Contract (FX Forward) which term is not more than 1 year as Risk Management Tools. From an audited financial statements as of December 31, 2016, the Company and its subsidiary have balanced of financial assets and liabilities denominated in foreign currency are summarized below;

Unit : Baht

Currency	Assets	Liabilities	Different of Asset and Liabilities	Average Exchange Rate as at December 31, 2016	Different of Asset and Liabilities in Thai Baht
US Dollar	11,932,778	4,621,103	7,311,675	35.7843	261,643,171.70
SG Dollar	-	350	(350)	24.7612	(8,666.42)
EURO	2,025,941	7,233,326	(5,207,385)	37.7066	(196,352,783.24)
JPY	13,832,356	40,215,279	(26,382,923)	0.3075	(8,112,748.82)
MYR	4,561	-	4,561	7.9714	36,357.56
GBP	-	182,572	(182,572)	43.9594	(8,025,755.58)
CHF	-	-	-	-	-

3.2 Risk from related parties guarantees

As of 31 December 2016, the Company has contingent liabilities in respect of the guarantees for Thai Optical Co., Ltd. where is subsidiary as credit facility amounting to Baht 29.5 million and Euro 4.8 million or total equivalent to Baht 217.8 million. (Year 2015: Baht 23.2 million and Euro 0.03 million or equivalent to Baht 24.3 million)

As of 31 December 2016, its subsidiary, Thai Optical Co., Ltd. has contingent liabilities in respect of the guarantees of the Company's credit facility amounting to Baht 63.3 million, (Year 2015: Baht 37.2 million and USD 0.8 million or equivalent to Baht 65.60 million). These guarantees are still effective as long as the underlying obligation has not been discharged. Guarantee fee has been charged by the Company and its subsidiary at the rate of 1.5 percent per annum.

4. Management Risk

4.1 Risks from the Major Shareholder with more than 50% of Shares

The Pracharktam Family holds 53.23 % (as of December 30, 2016) of the Company's paid-up capital. With the majority of shares, the Pracharktam Family can control the resolutions of all shareholders, such as appointing committee members and voting on business matters, except where governed by laws or company regulations, stipulating the necessity of not less than 3/4 of all shareholders in attendance with vote entitlement. Therefore, the minority may not gather sufficient votes to audit or ensure balance of power of the majority. However, according to the management structure, the Company is supervised by the Board of Directors and the Audit Committee with Independent Directors. The directors are all knowledgeable, competent and experienced in operating and managing business. The scope of authority has been clearly and transparently established. In case of having any connected transactions, the majority of shareholders, persons who have power to control the business, and persons who may cause a conflict of interest, do not have the rights to approve the said matter.

4.2 Risks from Distributing Domestic Sales via an Affiliated Company

Domestic distributor of products manufactured by the Company and its Subsidiary is conducted through Nam Silp Thai Co., Ltd., an affiliated Company that may have a potential conflict of interest. The products of the Company and its Subsidiary are mainly exported, whereas only 5 % of sales in total are in the domestic market where the selling prices are set on the same basis as exports. For clarity and transparency in price setting, the Company and its Subsidiary have product pricing policies controlled by the Board of Directors and the Audit Committee. In case of selling products to person or related company, a report on such matter must be sent to the Audit Committee in every quarter for its clarity and transparency.

4.3 Risks from Information Technology (IT)

The Company and its Subsidiary have the policy to use copyright product for reducing those risks as follows;

1. The risk of copyright violation and software piracy
2. The risk of information hacking



DIVIDEND PAYOUT POLICY



Thai Optical Co., Ltd.

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 22, 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 (%)
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	0.3	0.25	83
2009	0.28	0.25	89
2008	0.34	0.25	82
2007	0.34	0.2	59
2006	0.24	0.16	71

SHAREHOLDER STRUCTURE

1.Shareholders

As at December 30, 2016 (the recent closing date), Thai Optical Group Public Company Limited has 1,271 shareholders. (counted from paid-up capitals of 474,318,000 shares) are;

The major shareholder, the Prachartam Family is comprised of 24 persons as follows;

No.	Name of Shareholders	Relation with Mr. Sawang Prachartam	Number of Shares	Stock holder Proportion (%)
1	Mr. Kamron Prachartam	Brother	26,022,400	5.49
2	Mr. Prateep Prachartam	Brother	24,000,000	5.06
3	Mr. Samrit Prachartam	Brother	14,840,000	3.13
4	Mr.Sawang Prachartam	-	11,992,200	2.53
5	Mr. Sarote Prachaktam	Brother	3,250,000	0.69
6	Miss. Roongnapa Prachartam	Sister	9,352,000	1.97
7	Lieut. Col. Ketnapa Teganjanavanich	Sister	3,050,000	0.64
8	Miss Prinda Prachartam	Daughter	10,108,300	2.13
9	Mrs. Rattana Prachartam	Sister-in-law (The wife of Mr. Prateep)	8,319,200	1.75
10	Mr. Wirach Prachartam	Nephew (The son of Mr. Prateep)	12,010,000	2.53
11	Mr. Witoon Prachartam	Nephew (The son of Mr. Prateep)	11,830,000	2.49
12	Mrs. Pornpun Thotrakul	Niece (The daughter of Mr. Prateep)	6,880,000	1.45
13	Miss Pornpen Prachartam	Niece (The daughter of Mr. Prateep)	2,920,000	0.62
14	Miss Porntip Prachartam	Niece (The daughter of Mr.Prateep)	6,730,000	1.42
15	Mrs. Chalinee Laosuwan	Niece (The daughter of Mr.Prateep)	7,040,000	1.48
16	Mrs. Nonglak Somboontam	Niece (The daughter of Mr.Prateep)	6,830,000	1.44
17	Mrs. Amolrat Prachartam	Niece (The daughter of Mr.Prateep)	6,830,000	1.44
18	Mr. Pakee Prachartam	Nephew (The son of Mr. Kamron)	27,000,000	5.69
19	Mr. Torn Prachartam	Nephew (The son of Mr. Kamron)	24,100,000	5.08
20	Mr. Yosanan Prachaktam	Nephew (The son of Mr. Sarote)	20,000,000	4.22
21	Mr. Bancha Yongritthikul	Nephew (The son of Miss Walnapa)	1,260,469	0.27
22	Mr. Sarath Teganjanavanich	Nephew (The son of Lieut. Col. Ketnapa)	4,687,500	0.99
23	Miss Ruedeeporn Yongritthikul	Niece (The daughter of Miss Walnapa)	1,718,516	0.36
24	Miss Kornwara Yongritthikul	Niece (The daughter of Miss Walnapa)	1,718,515	0.36
Total of shares held by the Prachartam Family			252,489,100	53.23

Foreign Shareholders Limitation

Foreign shareholders are not allowed to hold more than 49 % of the total paid- up capitals. As of December 30, 2016, there was 31.54 % of the total shares of the Company held by foreign shareholders.

SHAREHOLDERS

STRUCTURE AND MANAGEMENT

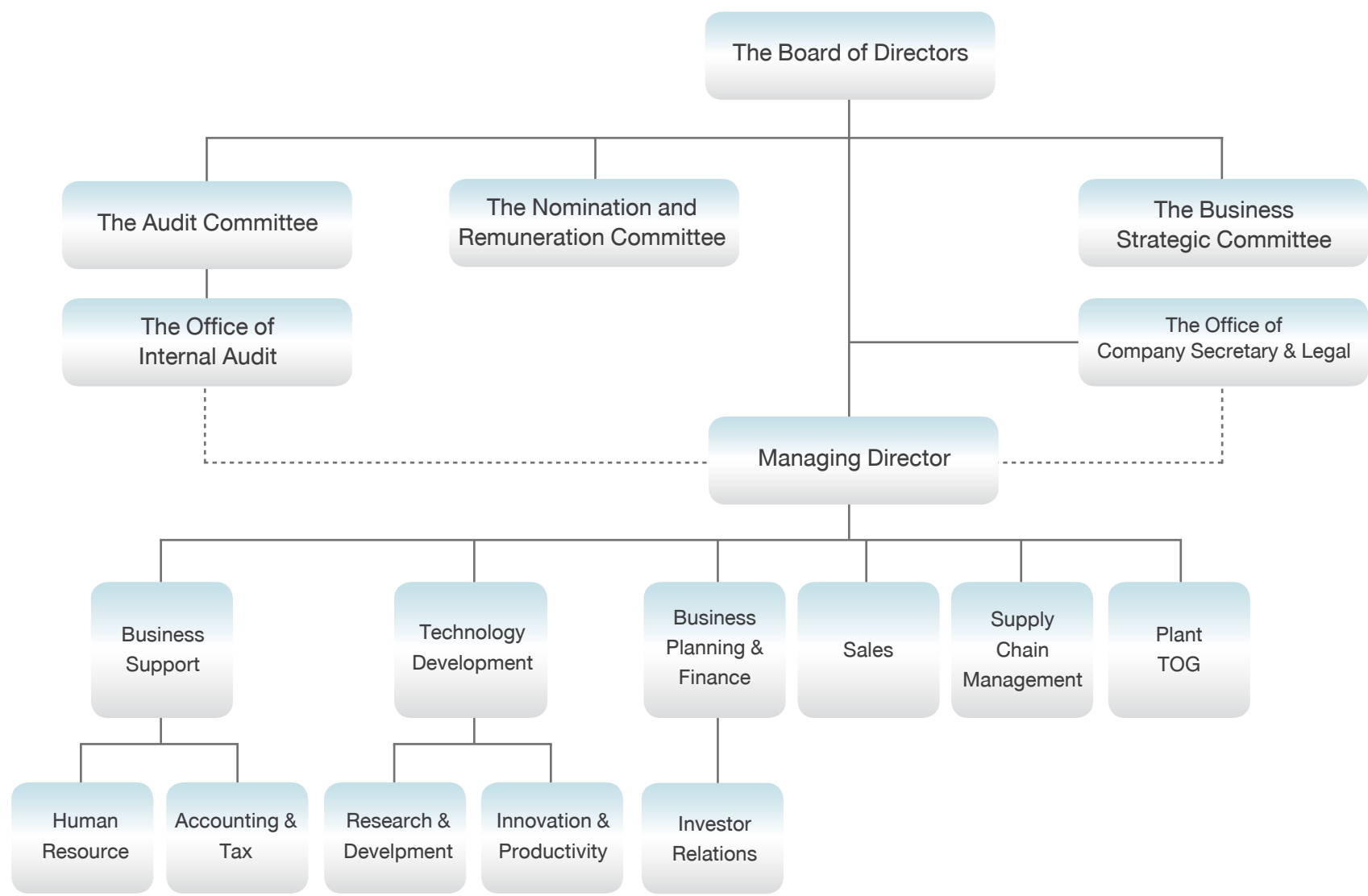
1.Shareholders

As of December 30, 2016 (the recent Closing Date), Thai Optical Group Public Company Limited has 1,271 shareholders. The first 10 major shareholders (counted from paid-up capital of 474,318,000 shares) are

No.	Name of Shareholders	Number of Shares	Stockholder Proportion (%)
1	The Prachartam Family	252,489,100	53.23
2	Specsavers Asia Pacific Holding Limited	118,767,600	25.04
3	SKANDINAVISKA ENSKILDA BANKEN AB	22,375,700	4.72
4	Aberdeen Small Cap Open Fund	11,116,400	2.34
5	Thai NVDR Limited	10,966,600	2.31
6	Sin Kwang Optical Pte Ltd. (Singapore)	5,000,000	1.05
7	Mr. Kriangsak Isarayangyuen	4,318,400	0.91
8	Mr. Prasit Rakthaisanthavee	2,765,000	0.58
9	Mr. Anun Rawisangsoon	2,700,000	0.57
10	Mrs. Supratra Chansangavej	2,094,645	0.44
	Other shareholders	41,724,555	8.80
	Total shares	474,318,000	100.00

ORGANIZATION CHART

OF THAI OPTICAL GROUP PUBLIC COMPANY LIMITED



Remark : Head of Business Support Function and Technology Development acting by Managing Director

THE BOARD

OF DIRECTORS AND MANAGEMENT



Mr. Sawang Prachartam

Chairman

Age : 72 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., 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
2014 - Present	Thai Optical Group PCL., Chairman

Position in Subsidiary and Associated Company : None

Position In Related Company : None

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

Mr. Torn Pracharktam

Director/

Member of the Business Strategic Committee/

Managing Director / Acting Human Resource

Division Manager

Age : 49 Years



Shareholding : 5.08

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 Associated Company : Yes

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

Mr. Wirach Prachartam

Director /

Member of the Business Strategic Committee

Age : 55 Years



Shareholding : 2.53

Education :

- Bachelor Degree of Electronic Generating and Power Engineering, Chulalongkorn University
- MBA, University of Lowell, MA. U.S.A.

Management Developments :

Thai Institute of Directors (IOD) :

- DAP Class 15/2004
- DCP Class 135/2010
- SFE Class 15/2012

(Successful Formulation and Execution of Strategy)

Work Experience :

1985 - 1992	Nam Silp Thai Registered Ordinary Partnership, Assistant Sales Directors
1992 - 2002	Nam Silp Thai Registered Ordinary Partnership, Sales Directors
1992 - 1994	Thai Optometric Association, Member of the Central Committee
1994 - 1996	Thai Optometric Association, Executive Director
1996 - 2000	Thai Optometric Association, Treasurer and Director
2000 - 2002	Thai Optometric Association, Secretary

2002 - 2004	Thai Optometric Association, Executive Director and Counselor to the Secretary
2002 - 2008	Nam Silp Thai Eyewears Co., Ltd., Managing Director
2008 - 2014	Thai Optical Group PCL. , Deputy Managing Director of Business Sector
2012 - 2014	Thai Optical Group PCL. , Managing Director
2008 - Present	Thai Optical Group PCL. , Director / Member of the Business Strategic Committee

Position in Subsidiary and Associated Company : None

Position In Related Company : Yes

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

Other Current Position : Yes

- Thai Optometric Association,
Counselor



Mr. Sarote Prachaktam
Director / Member of the
Business Strategic
Committee
Age : 69Years



Mrs. Pornpun Thotrakul
Director
Age : 62 Years

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 Associated Company : None

Position In Related Company : None

Other Current Position : None

Shareholding : 1.45

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 Associated 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

THE BOARD

OF DIRECTORS AND MANAGEMENT

Mr. Sean Darren Lawe
 Director/Member of the
 Business Strategic Committee
 Age : 49 Years



Shareholding : None

Education :

- Worshipful Company of Spectaclemakers Diploma (1988)
- Master in Business Administration (Technology) (2012), The Open University (UK)

Management Developments :

-

Work Experience :

1984 - 1988	Derby Optical Company.
1988 - 1991	B.A.C. Transport Ltd.
1991 - 2001	Vision Express UK Ltd., Technical Director
2001 - 2002	Pro - Laser Equipment Ltd.
2002 - 2005	Specsavers Optical Superstores, Product Manager
2005 - 2007	Specsavers Optical Superstores, Director of Lens Development
2007 - 2012	Specsavers Optical Superstores, Director of Manufacturing and Distribution

Position in Subsidiary and Associated Company : None

Position in Related Company : Yes

July 2016 - Present Specsavers Asia Pacific Holding Limited.

Director

Other Current Position : Yes

2010 - Present	Specsavers Supply Chain Board. Chairman
2015 - Present	Specsavers optical Group Ltd., Executive Member of Specsavers Executive Committee.
2012 - Present	Specsavers optical Group Ltd., Group Supply Chain Director



Mr. David Andrew Cross

**Director/Member of the Business
Strategic Committee**

Age : 61 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 and 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 Associated 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

THE BOARD

OF DIRECTORS AND MANAGEMENT

Mr. Singh Tangtatswas
Independent Director /
Chairman of the Audit Committee
Age : 74 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 :

- 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



Mr. Wicha Jiwalai

Independent Director /

Member of the Audit Committee /

Member of Nomination and

Remuneration Committee

Age : 72 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.
- Ph.D. (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, Ghadjamadha 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 :

- 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

THE BOARD

OF DIRECTORS AND MANAGEMENT

Mr. Phairuch Mekarporn
Independent Director /
Chairman of the Nomination and
Remuneration Committee /
Member of the Audit Committee
Age : 71 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 Class 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 :

- TTW Public Company Limited,
**Independent Director /
Member of the 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



Mr. Banchong Chittchang

Independent Director /

Chairman of the Business Strategic Committee /

Member of the Nomination and

Remuneration Committee

Age : 68 Years

Shareholding : None

Education :

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

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

- 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 :

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

THE BOARD

OF DIRECTORS AND MANAGEMENT

Miss Wichit Thaveeprechachat
Director / Company Secretary
Age 56 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 - Present | Thai Optical Group PCL.,
The Company Secretary |
| 2008-Present | Thai Optical Group PCL.,
Director |

Position in Subsidiary and Associated Company : None

Position In Related Company : None

Other Current Position : None



Mrs. Anuruk Rattanasansuntorn
Internal Audit Division Manager
Age : 49 Years



Mr. Bancha Yongrithikul
(TOG) Plant Division Manager
Age : 46 Years

Shareholding : None

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 Associated Company : None

Position In Related Company : None

Other Current Position : None

Shareholding : 0.27

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 Associated Company : None

Position In Related Company : None

Other Current Position : None

THE BOARD

OF DIRECTORS AND MANAGEMENT

Mrs. Amolrat Prachartam
Supply Chain Management Division Manager
Age : 49 Years



Shareholding : 1.44

Education :

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

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. Supply Chain Management Division Manager

Position in Subsidiary and Associated Company : Yes

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

Position In Related Company : Yes

- NST Ventures Company Limited.
Member of Board of Directors

Other Current Position : None



Mrs. Narueporn Prachartam
Accounting and Tax
Division Manager
Age : 52 Years



Miss Michelle Hsieh
Sales Division Manager
Age : 38 Years

Shareholding : None

Education :

- Bachelor Degree of Accountancy, Chulalongkorn University
- Master Degree (M.B.A) Major in Controllershops, 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
2004 - 2014	Thai Optical Group PCL., Accounting and Finance Division Manager
2015 - Present	Thai Optical Group PCL., Accounting Division Manager

Position in Subsidiary and Associated Company : None

Position In Related Company : None

Other Current Position :

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

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 - 2015	Thai Optical Group PCL., Sales and Marketing Division Manager
2016 - present	Thai Optical Group PCL., Sales Division Manager

Position in Subsidiary and Associated Company : None

Position In Related Company : None

Other Current Position : None

THE BOARD

OF DIRECTORS AND MANAGEMENT

Mr. Sarath Teganjanavanich
Business Planning and
Finance Division Manager
Age : 32 Years



Shareholding : 0.99 %

Education :

- Master of Business Administration, Duke University
- Bachelor of Engineering, Chulalongkorn University

Management Developments :

- Stock Exchange of Thailand :
Strategic CFO in Capital Markets Class1
- Stock Exchange of Thailand :
CISA for employee development in listed company
- Slingshot Group :
Leadership Development Program
- PacRim Group & Franklin Covey :
7 Habits

Work Experience :

2006 - 2007	United Overseas Bank (Thailand) PCL., Assistant Relationship Manager, Commercial Banking Division
2007 - 2008	Thai Optical Group PCL., Sales Executive, Sales and Marketing Division
2008 - 2010	Thai Optical Group PCL., Project Manager, Business Development Division
2012 - 2013	The Quant Group Limited., Senior Associate, Investment Banking - Mergers and Acquisitions

2013 - 2014	The Quant Group Limited., Associate Director, Investment Banking -Mergers and Acquisitions
2014 - Current	Thai Optical Group PCL., Division Manager, Business Planning and Finance

Position in Subsidiary and Associated Company : Yes

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

Position In Related Company : Yes

- NST Ventures Company Limited.
Executive Director

Other Current Position : Yes

- Karac Estate Co., Ltd.
Member of Board of Directors

CHANGING

IN DIRECTOR'S SHAREHOLDING OF THAI OPTICAL GROUP PUBLIC COMPANY LIMITED REPORT

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

(as of December 30, 2016)

No.	Name	Thai Optical Group PLC.			Subsidiary Company			
		Common Shares (Shares)			Common Shares (Shares)		Debenture (Shares)	
		Own	Spouse or Underage Child	Increase (Less) During Jan - Dec, 2016	Own	Increase (Less) During Jan - Dec, 2016	Own	Increase (Less) During Jan - Dec, 2016
1	Mr. Sawang Prachartam	11,992,900	-	-	None	-	-	-
2	Mr. Sarote Prachaktam	3,250,000	-	-	None	-	-	-
3	Mr. Wirach Prachartam	12,010,000	-	2,000,000	None	-	-	-
4	Mrs. Pompun Thotrakul	6,880,000	-	2,000,000	None	-	-	-
5	Mr. Torn Prachartam	24,100,000	2,000,000	2,000,000	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. Sean Darren Lawe	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 30, 2016) 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.

CHANGING

IN DIRECTOR'S SHAREHOLDING OF THAI OPTICAL GROUP PUBLIC COMPANY LIMITED REPORT

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

(as of December 30, 2016)



No.	Name	Thai Optical Group PLC.			Subsidiary Company		
		Common Shares (Shares)			Common Shares (Shares)		Debenture (Shares)
		Own	Spouse or Underage Child	Increase (Less) During Jan - Dec, 2016	Own	Increase (Less) During Jan - Dec, 2016	Own
1	Mr. Torn Prachartam	24,100,000	2,000,000	2,000,000	None	-	-
2	Mrs.Amolrat Prachartam	6,830,000	-	2,000,000	None	-	-
3	Mrs.Narueporn Prachartam	None	11,830,000	2,000,000	None	-	-
4	Mr.Bancha Yongrithikul	1,260,469	-	-	None	-	-
5	Miss Michelle Hsieh	None	-	-	None	-	-
6	Mr.Sarath Teganjanavanich	4,687,500	-	-	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 order, which cause an excess in total number of directors; the Chairman of the meeting will has the casting vote.
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.
5. The directors can submit their resignation letter to the Company and it is effective immediately. The directors, themselves, can also inform their resignation to the registrar.
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.

THE NOMINATION OF DIRECTORS AND MANAGEMENT

As of December 31, 2016, 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	Mr. Wirach	Prachartam	Director
5	Mrs. Pornpun	Thotrakul	Director
6	Mr. Sean	Darren Lawe	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 Company Secretary

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	Mr. Wirach	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. 74 (1/2017), held on February 15, 2017, the approval as proposed by The Nomination and Remuneration Committee, was granted to reappoint four directors whose term had expired as follows;

1. Mr. Wicha Jiwalai
2. Mr. Banchong Chittchang
3. Mr. Sean Darren Lawe
4. Mr. David Andrew Cross

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.14 which will be held on Wednesday, April 5, 2016 for approval further. In addition, the Company has provided the opportunity for shareholders to propose nominee directors during October 1 to December 31, 2016, however, no person was proposed.

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:

1. Members of the Audit Committee must be the Independence Director.
2. Members of the Audit Committee must be appointed by the Company's Board of Directors or by a resolution of the shareholders' meeting.
3. The Audit Committee shall have at least three members, accounting for one- third of the total members and at least one of them must have appropriate knowledge and experience in finance and accounting.
4. The qualifications of members of the Audit Committee are as follows:
 - (a) Have qualifications in accordance with the related laws, especially The Securities and Exchange Act and regulations of the Stock Exchange of Thailand.
 - (b) Not hold more than 0.5 % of paid-up capital of the Company, the Subsidiary Company, the Associated Company or the Affiliates Company. (Shares that held by relatives or related persons are also included in this account).
 - (c) 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.
 - (d) 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.
 - (e) Not be a related person or a relative of the Company's executives or major shareholders.
 - (f) 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.
 - (g) 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.
5. Term the member of the Audit Committee will not be longer than the term of the Company's Directors, as mentioned in the Company's Article of Association, and each term for member of the Audit Committee are three years.
6. The member of Audit Committee shall removal from the position under the following conditions:
 - (a) The Audit Committee resigns by informing the Chairman at least 30 days in advance with stated reasons, in order that the Board or shareholders can process the appointment of a replacement with complete qualifications to fill the vacancy.
 - (b) The Audit Committee members are unqualified according to the rules and regulations of the Audit Committee, the Securities and Exchange Act or regulations of the Stock Exchange of Thailand.
 - (c) The term of Audit Committee members expires, as indicated in item 5. Those whose term has expired can be reappointed.
 - (d) In case the expiry of term of the Company's Directors causes the status of the Audit Committee, while the term of the Audit Committee still remains, and if the Audit Committee is voted to be the Director again, that person will automatically be the Company's Audit Committee until the expiry of the Audit Committee's term.
 - (e) The member of Audit Committee passed away.

In case of any vacancy due to any other reasons than the expiry of the Audit Committee's term, the replacement will replace only the remaining period of term of the resigned members.

THE NOMINATION

OF DIRECTORS AND MANAGEMENT



As of December 31, 2016, 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).

Scope of Duties of the Audit Committee

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 perform any other act assigned by the Board of Directors, with the approval of the Audit committee.

3. The Business Strategic Committee

As of December 31, 2016, The Business Strategic Committee consists of 6 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. Wirach	Pracharktam	Member of Business Strategic Committee
4	Mr. Torn	Pracharktam	Member of Business Strategic Committee
5	Mr. Sean	Darren Lawe	Member of Business Strategic Committee
6	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. To be responsible in study of the significant business matters those need close attention.
2. To propose the new strategies of production and new innovation trends as well as expand the distribution channels.
3. To consider on projects of investments so that the business can run effectively.
4. To provide advice and suggest other related business strategies, and also reports to the Board of Directors.

4. The Nomination and Remuneration Committee

As of December 31, 2016, 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 1,2015 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, to ensure the understanding in the duties and responsibility of the Nomination and Remuneration Committee, the charter of Nomination and Remuneration Committee was reviewed by the Nomination and Remuneration Committee in the Board of Directors Meeting No 73 (No5/2016) held on 9 November 2016. The scope of duties of the Nomination and Remuneration committee as follows;

Scope of Duties of the Nomination and Remuneration

1. To consider structure, composition and qualification of director and the sub-committee of the Company and then propose to the Board of Directors.
2. To propose suitable person who should be nominated as the Company's director to the Board of Directors' Meeting for proposing in the Annual General Meeting of Shareholders, in case, there is vacancy due to retire by rotation as well as proposing to the Boards' meeting in other condition.
3. To consider and nominate the qualified director to be as the Company's representative in the Subsidiary or Associated companies in regard to shareholding proportion or the agreement between shareholders and propose to the Board of Directors for consideration.

THE NOMINATION OF DIRECTORS AND MANAGEMENT

4. 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 including with define succession plan of executive in Division level.
5. To propose, assess and approve the performance of Managing Director.
6. To define the pattern and criteria for remuneration payment which include allowance, annual bonus, welfares and other benefits both as money and non-money in comply with transparency and fairness for equitable practice to;
 - * The Board of Directors
 - * Director in the Associated company
 - * Executive who report directly to Managing Director
 - * Director in the Subsidiary company
 - * Managing Director
7. To define nomination process and regulation of qualified person in advance from minority shareholders for equitable to all shareholders.
8. To define nomination process to be elected as the Company's director together with define the qualification of shareholders who can propose the meeting's agenda as follows;
 - 1) As a shareholder of the Company, which can be any one or many of shareholder.
 - 2) As a shareholder of the Company which hold share at least 100,000 shares, which can be any one or many of shareholder.
 - 3) To hold share of the Company with proportion in regard to Item No. 2 continuously ,which is not less than 1 year before propose the meeting's agenda including with shall hold share on the day that he/she will propose agenda.
9. To perform any other duties that assign by the Board of Directors.

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, 2015 consist of 6 persons as allows :

	Name		Position
1	Mr. Torn	Prachartam	Managing Director
2	Mrs. Amolrat	Prachartam	Supply Chain Management Division Manager
3	Mrs. Narueporn	Prachartam	Accounting and Tax Division Manager
4	Mr. Sarath	Teganjanavanich	Business Planning & Finance Division Manager
5	Miss. Michelle	Hsieh	Sales Division Manager
6	Mr. Bancha	Yongrithikul	(TOG) Plant Division Manager

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 2014-2016, the Board of Directors of the Company had conducted total 5 meetings for each year. Each Director attended the meetings and obtained the remuneration as follows;

Names of The Company's Directors	Year 2016		Year 2015		Year 2014	
	Meeting Attendance	Remuneration (Baht/ Person/ year)	Meeting Attendance	Remuneration (Baht/ Person/ year)	Meeting Attendance	Remuneration (Baht/ Person/ year)
1. Mr. Sawang Prachartam	5/5	470,000	3/5	402,000	4/5	383,000
2. Mr. Sarote Prachartam	4/5	280,000	5/5	269,000	5/5	256,000
3. Mr. Torn Prachartam	5/5	280,000	5/5	269,000	5/5	256,000
4. Mr. Wirach Prachartam	5/5	280,000	5/5	269,000	5/5	256,000
5. Mrs. Pornpun Thotrakul	5/5	280,000	5/5	269,000	5/5	256,000
6. Mr. Phairach Mekarporn	5/5	280,000	5/5	269,000	5/5	256,000
7. Mr. Singh Tangtatswas	5/5	280,000	4/5	269,000	4/5	256,000
8. Mr. Wicha Jiwalai	5/5	280,000	4/5	269,000	4/5	256,000
9. Mr. Banchong Chittchang	5/5	280,000	5/5	269,000	5/5	256,000
10. Mr. Trevor Paul Blatchford***	-	-	3/5	201,750	5/5	256,000
11. Mr. David Andrew Cross	4/5	280,000	5/5	269,000	4/5	256,000
12. Mr. Sean Darren Lawe****	5/5	280,000	1/5	67,250	-	-
13. POL.GEN. Pakorn Sappakit*	-	-	-	-	2/5	192,000
14. Mr. Don Pramudwinai**	-	-	-	-	3/5	192,000
15. Miss Wichit Thaveeprechachat	5/5	280,000	5/5	269,000	5/5	256,000

Remark : * Pol. Gen. Pakorn Sappakit passed away on October 17, 2014.

** Mr. Don Pramudwinai had resigned from Independent Director Position since August 29, 2014.

*** Mr. Trevor Paul Blatchford had resigned from Director Position since August 11, 2015

**** Mr. Sean Darren Lawe had been appointed to replace Mr. Trevor Paul Blatchford on September 9, 2015.

Mr. Sean Darren Lawe shall remain in office only for the remaining term of office of Mr. Trevor Paul Blatchford.

From year 2014-2016, the Audit Committee of the Company conducted total 4 meetings for each year. Each director attended the meetings and obtained the remuneration as follows;

Names of The Audit Committee	Year 2016		Year 2015		Year 2014	
	Meeting Attendance	Remuneration (Baht/Person/ year)	Meeting Attendance	Remuneration (Baht/Person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1. Mr. Singh Tangtatswas	4/4	328,000	4/4	315,000	3/4	300,000
2. Mr. Wicha Jiwalai	4/4	218,000	4/4	210,000	3/4	200,000
3. Mr. Phairach Mekarporn	4/4	218,000	4/4	210,000	1/4	50,000
4. POL.GEN. Pakorn Sappakit*	-	-	-	-	2/4	150,000

Remark : * Pol. Gen. Pakorn Sappakit passed away on October 17, 2014, then the Board of Directors' meeting which held on November 12, 2014 had a resolution to appoint Mr. Phairach Mekarporn as the member of the Audit Committee

From year 2014-2016, 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 2016		Year 2015		Year 2014	
	Meeting Attendance	Remuneration (Baht/Person/ year)	Meeting Attendance	Remuneration (Baht/Person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1. Mr. Banchong Chittchang	4/4	201,000	4/4	193,000	4/4	175,000
2. Mr. Sarote Prachaktam	3/4	133,000	4/4	128,000	4/4	116,000
3. Mr. Torn Prachartam	4/4	133,000	4/4	128,000	4/4	116,000
4. Mr. Wirach Prachartam	4/4	133,000	4/4	128,000	4/4	116,000
5. Mr. Trevor Paul Blatchford*	-	-	3/4	96,000	4/4	116,000
6. Mr. Sean Darren Lawe**	4/4	133,000	1/4	32,000	-	-
7. Mr. David Andrew Cross	3/4	133,000	4/4	128,000	4/4	116,000

Remark: * Mr. Trevor Paul Blatchford had resigned from Director Position since August 11, 2015

** Mr. Sean Darren Lawe had been appointed to replace Mr. Trevor Paul Blatchford on September 9, 2015.
Mr. Sean Darren Lawe shall remain in office only for the remaining term of office of Mr. Trevor Paul Blatchford.

THE REMUNERATIONS OF DIRECTORS AND EXECUTIVES

From year 2014-2016, the Nomination and Remuneration Committee conducted total 4 meetings in each year. Each director attended the meetings and obtained the remunerations as follows;

Names of The Nomination and Remuneration Committee	Year 2016		Year 2015		Year 2014	
	Meeting Attendance	Remuneration (Baht/Person/ year)	Meeting Attendance	Remuneration (Baht/Person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1. Mr. Phairuch Mekarporn	4/4	201,000	4/4	193,000	4/4	175,000
2. Mr. Banchong Chittchang	4/4	133,000	4/4	128,000	4/4	116,000
3. Mr. Don Pramudwinai*	-	-	-	-	3/4	116,000
4. Mr. Sarote Prachaktam	-	-	2/4	64,000	4/4	116,000
5. Mr. Wicha Jiwalai**	4/4	133,000	1/4	64,000	-	-

Remarl: * Mr. Don Pramudwinai had resigned from Independent Director Position since August 29, 2014.

** By the Board of Directors Meeting held on 13 May 2015, Mr.Wicha Jiwalai had been appointed to replace Mr.Sarote Prachaktam, who was resigned from the member of the nomination and remuneration committee. Mr.Wicha Jiwalai shall remain in office only for the remaining term of office of Mr.Sarote Prachaktam.

The Annual General Meeting of Shareholders No. 13/2559 which held on April 5, 2016 had approved to pay the remuneration and compensation to members of the Board of Directors and members of sub committee for the year 2016 to directors of the Company as follows;

Type of Remuneration	Total number (person)	Remuneration (Baht/person/year)	Total Remuneration (Baht/year)
Chairman of the Board of Directors	1	470,000	470,000
Member of the Board of Directors	11	280,000	3,080,000
Chairman of the Audit Committee	1	328,000	328,000
Member of the Audit Committee	2	218,000	436,000
Chairman of the Business Strategic Committee	1	201,000	201,000
Member of the Business Strategic Committee	5	133,000	665,000
Chairman of the Nomination and Remuneration Committee	1	201,000	201,000
Member of the Nomination and Remuneration Committee	2	133,000	266,000
Total Remuneration			5,647,000

The Bonus of the Company's directors in the year 2015 can be summarized in the table below;

No.	Name of Director	Position	Bonus (Baht)
1	Mr.Sawang Prachartam	Chairman of the Boards	448,000
2	Mr.Sarote Prachaktam	Director and Member of the BSC	411,000
3	Mr.Wirach Prachartam	Director and Member of the BSC	354,000
4	Mrs.Pornpun Thotrakul	Director	240,000
5	Mr.Torn Prachartam	Director and Member of the BSC	354,000
6	Mr.Phairuch Mekarporn	Director, Independent Director, Member of the AC, Chairman of the N&R Committee	599,000
7	Mr.Singh Tangtatswas	Director , Independent Director, Chairman of the AC	520,000
8	Mr.Wicha Jiwalai	Director , Independent Director, Member of the AC	484,000
9	Mr.Banchong Chittchang	Director , Independent Director, Member of the N&R, Chairman of the BSC	525,000
10	Mr.Sean Darren Lawe	Director and Member of the BSC	354,000
11	Mr.David Andrew Cross	Director and Member of the BSC	354,000
12	Miss Wichit Thaveeprechachat	Director	240,000
	Total		4,883,000

2. Remunerations of the Management team

The Company's executive have the remuneration from year 2014 to year 2016 as in the table below;

Type of Remunerations	Year 2016		Year 2015		Year 2014	
	Total number (person)	Total Remuneration (Baht/year)	Total number (person)	Total Remuneration (Baht/year)	Total number (person)	Total Remuneration (Baht/year)
Executive Salary	6	25,189,797	7	13,760,140	10	20,866,080
Executive Bonus	6	3,232,808	7	3,470,791	10	6,597,593
Provident Fund	6	802,626	7	539,460	10	964,776
Total Remuneration		29,225,231		17,770,391		28,428,449

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 18, 2009 and February 19, 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 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 2015. The meeting was rated “Excellent”.
(received since year 2010 until present)

”

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 2016, the Company had received Awards on assessment relating to good corporate governance activities as follows:

- The Company has been certified 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 Company has awarded “SD Awards 2015” and “Thailand Sustainability Investment Awards”
- TOG has awarded “The 2015 Best Company Performance Award” which was one of project in the SET Awards that were organized by the Stock Exchange of Thailand and Money& Banking Magazine. (Among the group of listed company with Market Cap. not over 3,000 million Baht)
- The assessment resulted in the year 2015 on “The Corporate Governance Report” (CGR), TOG was ranked in 4-stars, including rank in “Top Quartile” 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 2015. The meeting was rated “Excellent”. (received since year 2010 until present)
- On September 24, 2015, the company has received certificate “Roi Duangjai Ruam Lod Lok Ron” for the year 2016 to register carbon reduction label with Thailand Greenhouse Gas Management Organization (Public Organization) from Ministry of Natural Resources and Environment.
- Mr. Torn Prachartam, Managing Director has been awarded “Quality Person of the year 2016 Award” from (Foundation of Science and Technology Council of Thailand - Org. for Public Charity), which is consecutively from year 2015 and 2016



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 2017 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 : rewadee_j@thaiopticalgroup.com Fax : (662) 862 0705 Tel. : (662) 440 0506

Post : Miss Wichit Thaveeprechachat (Director and the Company Secretary)

Address : The Office of Company Secretary

Thai Optical Group Public Company Limited

77/ 141-142 Sinn Sathorn Tower, 33rd floor, Krungthoburi 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 : (662) 862 0705 Tel : (662) 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.



REPORT OF GOOD CORPORATE GOVERNANCE

- 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).
- 4) In the year 2016, the company participated in the activities described as follows;
 1. 18 February 2016 joined CNS Corporate Access with Nomura Security.
 2. 18 June 2016 participated in Innovation Marketing : Sales Strategy T I P 11 (Thai Investor Association)
 3. 18 August 2016 Mr. Torn Prachartam presented in the TV program Smart Focus.
 4. 25 August 2016, Mr. Torn Prachartam and Management team welcomed the company visit activity of the shareholders of the Company. The visit organized by Thai Investor Association and Buluang Kon Thai Jaidee Fun, at TOG factory.
 5. 12 September 2016, Mr. Torn Prachartam joined the conference session in 30 Years Technology of Thailand industry with NECTEC
 6. 13 October 2016, Mr. Sarath Teganjanavanich, Business Planning and Finance Division Manager gave the interview to KTB Securities (Thailand)
 7. 21 October 2016, Mr. Sarath Teganjanavanich, Business Planning and Finance Division Manager gave the interview to Bangkok Business in the column of CEO Way
 8. 2 December 2016, Mr. Torn Prachartam gave the interview to BizFocus Industry magazine.
 9. 18 May 2016 and 16 November 2016 attended the Opportunity Day conducted by SET to present the company performance and financial statement for Q1 and Q 3 for Year 2016 and answer the questions to all participants who attended the session in person and raised questions via web site of SET.
 10. Present the company performance and Company business focus through TV program Money Chanel i.e. Insight Inspire, Business Model
- 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.



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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 for caring and treating of all stakeholders including with disclose it in the Company's SD 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. Regarding to, accident statistics for the year 2016, there was 0.99 % (or 17 employees of 1,701 employees). 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. In year 2016, the Company has conducted training average 67.7 % total of employees (Law requires at 50% of average employees for whole year), hourly training is 16 hour/person/year. There was 25 internal training courses i.e. Helping Client Success which helps to improve sale skill of salesperson, Our Iceberg is Melting, Story telling. There were 7 external training programs which are Story telling for Leader, Systematic & Creative Thinking, as the samples.

Society / Communities :

The Company and its Subsidiaries have waste treatment and industrial waste 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 : rewadee_j@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)

The Board of Directors has policy not to be involved with the violation of human right. The Company is always aware of right of people, thus the Company has established the human right policy saying that all employees have the right and liberty equally in their working performance including have the good career path under the Constitution Law of Thailand relating to right and liberty of people under labor law and Company' work rules without discrimination to any employees regardless race, nationality, language, religion. age, gender, physical condition, health, the status on economy, social education or political differences.

The Company is well aware on the dignity of human right and humanitarian. All employees shall have fairly treated in accordance with their responsibilities and capabilities. Employees shall have the right to freely express their opinions representing good will, thoughtfulness to the Company without violation of others right.

The Company complies with the anti-using young labor below 18 of age to the reputable organization in Thailand as well as the recognized international organization including not hire unlawful work force and labor. The Company shall respect the employees as they are the member of the family as well as respect their traditions, cultures and customary of the employees and the people surrounded and nearby the location of Company's business.

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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 2016, the Company had open opportunity for Analysts, Investors, Institutional investors, Journalist, Shareholders and etcs., 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 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 etcs., these information are always updated.

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.

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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.

The Company Secretary : -----

Resolution of the Board of Directors 'meeting No.2/2004 had appointed **Miss Wichit Thaveeprechachat** as the Company Secretary on April 20, 2004 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;
3. To work carefully with high responsibility and honesty;
4. To have good relationship with other people that is needed for dealing with many sectors.
5. Knowledge about 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.

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(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.
 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

To the best benefit of the Company and its shareholders, the Company gives priority to the importanceness of board of directors meeting where all board of directors can perform their duties diligently and fairly for the most advantage to the Company. The Board of Directors performs their duties through the meetings as follows :

- (1) The Company 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.
- (2) The Board of Directors had arranged the meetings of the year 2016 total 5 times the meetings hold at 10.30 a.m. on every Wednesday of sixth week after end of each quarter 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) 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 7 days before the date of meeting for consideration and study.
- (5) The Chairman provides enough time for the administrative team to propose the matters and every directors 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 Company Secretary, the Board of Director and other Administrative Sections.

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- (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 2016, the said meeting had arranged on November 9, 2016.
- (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 2016, the said meeting had arranged on September 8, 2016.

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.73 (5/2016), held on November 9, 2016, there was the Board self-assessment (The whole Board) for the year 2016, in accordance with the sample of Board Self - Assessment Form of the Stock Exchange of Thailand which conclude in 3 formats hereto;

Criteria	No. (Items)	Full score	2016	2015
1. Board structure and qualifications	13	4.00	3.83	3.72
2. Roles, duties and responsibilities of the board	20	4.00	3.84	3.72
3. The board meeting	9	4.00	3.96	3.91
4. Duties of directors	7	4.00	3.99	3.89
5. Relationship with management	5	4.00	3.92	3.86
6. Director's self improvement and management training	6	4.00	3.85	3.72
Total	60	4.00	3.88	3.78

Summary : 2016 Score is higher than 2015 Score in every criteria.

Self Assessment of committee as a whole

Criteria	No. (Items)	Full score	2016	2015
1. Board structure and qualifications	7	4.00	3.48	3.24
2. Sub Committee Meeting supports the Board meeting effectively	6	4.00	3.94	3.97
3. Role and responsibility of Subcommittee gives the important to review the relevant agenda appropriately				
3.1 Audit Committee	7	4.00	3.93	3.29
3.2 Nomination Committee	4	4.00	3.72	3.61
3.3 Compensation Committee	2	4.00	3.78	3.84
3.4 Good Corporate Governance Committee	5	4.00	3.88	3.70
3.5 Risk Management Committee	5	4.00	3.47	3.27
Total	23	4.00	3.77	3.48

Summary : 2016 Score in criteria 2 and 3.3 are less than 2015 Score however, the other criteria are higher than 2015 Score

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

Criteria	No. (Items)	Full score	2016	2015
1. Board structure and qualifications	2	4.00	3.83	3.85
2. The board meeting	4	4.00	3.56	3.88
3. Roles, Duties and Responsibilities of directors	5	4.00	3.91	3.82
Total	11	4.00	3.77	3.85

Summary : 2016 score has score in criteria 3 higher than 2015 Score, whilst the criteria 1 and 2 are less than score 2015, however, it is not significant.

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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' 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 2016, the Company has conducted the internal training program i.e. Creating winning Culture and external training which is Systematic & Creative Thinking 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.

- (2) The Board of Directors determine the plan to improve the competency of Executive and assign the Company to pursue succession plan for top positions 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. In Board of Directors meeting on 9 November 2016, the Board of Directors has evaluated the performance of Managing Director where the evaluation conducted by Directors who are not management by using the criteria in accordance with SEC and SET. The result of Managing Director appraisal for year 2016 was "Excellent". The Company intends to do the evaluation of Managing Director performance every year.

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.

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

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



Thai Optical Group Public Company Limited (TOG) by Mr.Torn Prachartam, Managing Director, receiving "CAC Certification Awards" on February 2 ,2015.

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 2016, no important error of the Company's audit system was found, as follows :



“

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.

”



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. The Company is required to treat its business partners and its competitors with fairly and ethically.

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. Especially in the year 2016, the Company gave priority to the compliance risk. The Company has the 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 for employees to prevent or mitigate future reoccurrences, which may affect the Company and its Subsidiary's business.



Management Control

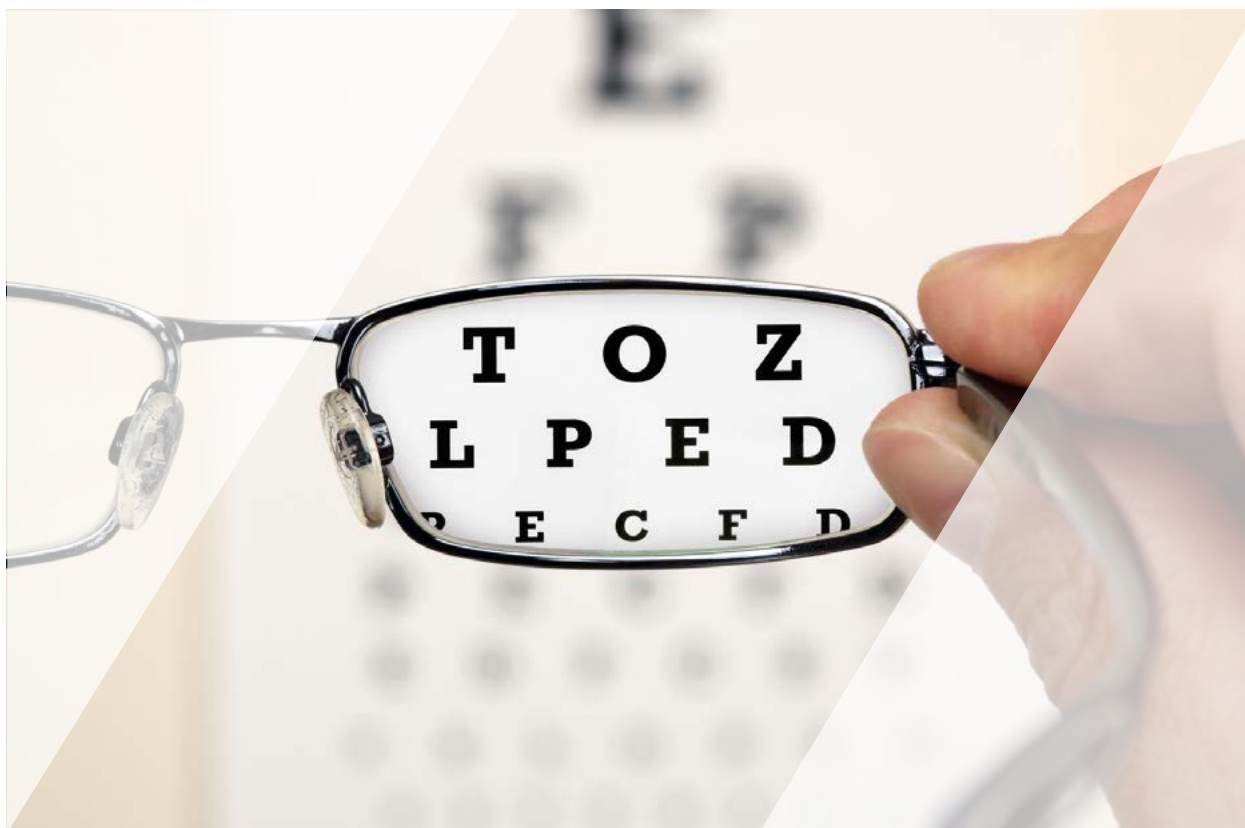
The Company and its Subsidiaries have clearly specified the duty and responsibility of each position. To ensure that the Company and its Subsidiaries have sufficient and appropriate internal control system and effective operation, the Company and its Subsidiaries have frequently updated their systematically 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

IT 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 2016, 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 2016, the Audit Committee had total 4 meetings.

During the Audit Committee Meeting No. 1/2560 held on February 15, 2017, 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 2016, the Company had significant business transactions with its Subsidiary and related companies/persons (related by the mutual shareholders and / or directors.), the said transactions are on commercial terms and bases agreed upon between the Company and those related parties which is normal business. The Company has the policy on pricing for its related parties.

CONNECTED TRANSACTIONS

Pricing policy for a group of subsidiary companies and related companies which have the mutual shareholders or directors in Thailand.

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 for not less than 10 percent of such cost.
2. Purchases/sales prices of finished goods are determining at agreed rate. However, the pricing policy is subjected to change depending on market competition at the time being.
3. Service income and service expenses are charged at a mutually agreed price.
4. Service income and service expenses are charged in accordance with the price determined and specify in the agreement
5. Guarantee fee income and expenses are charged at rate of 1.5 percent per annum.
6. Purchase/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. Loan to the Associated Company bear interest at a rate of 1.04 percent per year.
9. Loan from subsidiary company is charged interest at the rate of 1.04 percent per annum.

Pricing policy for foreign company which are major shareholders.

1. Selling finished goods is determined based on market price.
2. Service charge bases on market price.
3. Loans to the Associated Company bear interest at a rate of 3.5 percent per year.
4. Dividend income is recognised when declared and the right to receive the dividend is established.

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.

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 2016 and 2015 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.

CONNECTED TRANSACTIONS

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.

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 the Company's executive and shareholders. 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	: 2 January 2016
Property Description	: • 8 Titles Deeds No. 173, 14676, 14767, 14678, 14679, 14680, 14681 and 14682 total area of 2-1-59 Rai,
Located at	83 Moo2, Ngamwongwan Road, Bangkhen, Nonthaburi, Thailand
Lessor	: Sin Thai Estate Co., Ltd. (Formerly was individual persons which was changed to juristic person having Prachartam's Family as shareholders)
Lessee	: Thai Optical Company Limited
Lease Term	: 1 year, since 1 January - 31 December 2016
Rental Fee	: 70,000 Baht per month (seventy thousand baht) 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.

The lease rate was based on the Appraisal Report prepared by American Appraisal (Thailand) Co., Ltd., regarding to Report No. 2003/ 1492T dated November 3, 2003. Besides; the Board of Directors had considered that the production line shall not be moved from Kae Rai to Bangbuathong due to the decreasing trend in the demand of mineral lenses. The Company only keeps continuing production just to support the existing customers' orders.

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 2016

FINANCIAL STATUS AND OPERATING PERFORMANCE

Operating Performance

Overall Past Performance

The opinion of the Management team for the 2016 operating performance was that total revenue of the Company and its Subsidiaries was 2,006.05 million Baht, which was increased by 113.01 million Baht (5.97%) from the previous year. The Company's net profit was 250.37 million Baht, which was increased by 20.73 million Baht (9.03%). The growth of revenue in 2016 derives from an increased demand in Asia-Pacific region and Australia region (which the revenue was categorized under Europe region) as well as the cost reduction policy within its organization. Additionally, the Company was in a favorable condition of the weakening currency exchange rate, and had realized the revenue from sales and services of Poly Sun Company Limited, which was acquired by the Company in September 2015, in the amount of 49.19 million Baht, which was increased by 28.35 million Baht from the previous year. The net profit margin of the Company was at 12.95% in 2016, compared to 12.59% in the previous year.

	Consolidated Financial Statements (million Baht)			Separated Financial Statements (million Baht)		
	Year 2016	Year 2015	Year 2014	Year 2016	Year 2015	Year 2014
Total revenue	2,006.05	1,893.04	1,869.70	1,476.69	1,353.68	1,314.80
Net Profit (Loss)	250.37	229.64	203.28	241.17	204.82	195.46

1. Revenue from sales and services

In 2016, revenue from sales and services of the Company and its Subsidiaries was 1,933.99 million Baht comparing to 1,823.80 million Baht in 2015, with an increase 110.20 million Baht or 6.04%. The growth of revenue from sales and services in 2016 is primarily a result of an increased demand for Prescription Lenses (Rx Lenses) in Australia region (which the revenue was categorized under Europe region). The Company has fine-tuned its sales and marketing strategy since the third quarter of 2015, seeking to comprehend the change of customer requirements and to analyze the market information for providing the most suitable products and services to the customers via an active sales process. Therefore, it has brought the Company to maintain our high potential customer base, resulting in an increase in the 2016 revenue.

Operating Performance of each Business Sector

Foreign Market	Operating Performance from Sales and Services Consolidated Financial Statement (%)		
	Year 2016	Year 2015	Year 2014
European Union	73.35%	74.89%	77.50%
The United States	5.62%	6.01%	7.64%
Others	21.03%	19.10%	14.86%

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Operating Performance of each Product Line

Product Line	Producer	Consolidated 2016 (%)	Consolidated 2015 (%)	Consolidated 2014 (%)
1. Organic Lenses	Company and its Subsidiaries	34.07	34.63	28.78
2. Value-added Organic Lenses	Company	30.68	33.52	36.11
3. Prescription Lenses or Rx Lenses	Its Subsidiaries	28.51	26.08	29.86
4. Mineral Lenses & other products and services	Company and its Subsidiaries	6.74	5.77	5.25
Total		100	100	100

Revenue from sales and services in Europe in 2016 (excluding Australis region) decreased by 2.9 % comparing to that of the previous year as an impact from the weakening economic situation in the region. Though, Europe's sales volume was higher than that of the previous year, the average selling price per unit was lower.

Revenue from US market slightly decreased by 1.8% in 2016 comparing to that of the previous year. Development of new sales and distribution channels in this region since the second quarter of 2015 began to gradually result in new revenue generation for 2016.

2. Cost of Goods Sold

The proportion on cost of goods sold to revenue from sales and services of the Company and its Subsidiaries in 2016 and 2015 was 74.96% and 76.39%, respectively. Such lower proportion in 2016 resulted from the increase of sales contribution from prescription lenses (Rx Lenses) products and services, which yield higher gross margin. Additionally, the Company can manage the increase in production cost being less proportionately than the increase in revenue.

3. Selling, General and Administrative Expenses (SG&A)

The Company and its Subsidiaries' expenses in SG&A were 249.89 and 211.38 million Baht in 2016 and 2015, respectively. The increase in expenses of 38.51 million Baht was due to personnel expenses, product development, human resources development and training, public relations and advertising, sales and exhibition, and marketing promotion.

4. Other Revenues

The weakening currency exchange rate was a positive factor to the Company's revenue in 2016. The Company's gains from currency exchange were 17.08 million Baht as the majority of the income of the Company was mainly in US Dollar currency. Furthermore, the Company gained from trading revenue and production support.

5. Interest Expense

In 2016, the interest expenses of the Company and its Subsidiaries were lower than those of 2015 by 2.31 million Baht. Interest expenses of the increased amount of loans for expanding construction and asset acquisition were incorporated in the cost of fixed assets. The other costs of borrowing were the interest payables, which were expensed in the operation period.

6. Net Profit

The increase of revenue from sales and services, higher gross margin from the tightened policy of cost management in 2016 resulted in the net profit of 250.37 million Baht, higher than that of in 2015 by 20.73 million Baht or 9.03%.

7. Dividend per Share

The Company's dividend payment policy is as follows;

"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."

The Board of Directors Meeting No. 71(3/2559) held on August 10, 2016, 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, 2016, at 0.10 Baht per share from paid-up shares of 474,318,000 shares on total of 47,431,800 Baht (Forty-seven million four hundred and thirty-one thousand eight hundred Baht only.)

For 2016, Operating Results, the Board of Director's Meeting No.74 (1/2017), held on February 15, 2017, had a resolution on approval to pay dividend of 2016 at 0.42 Baht per share which interim dividend had already been paid at 0.10 Baht per share and the remaining dividend payment of this period will be at 0.32 Baht per share to shareholders (Operating period July 1 to December 31, 2016) and will propose for approval to the next 2017 Annual General Meeting of Shareholders which will be held on April 5, 2017, accordingly.

The Company still maintains a high level of dividend payment attributable to the high amount of operating cash flow with less capital expenditure in 2017.

Financial Status

In 2016, the Company and its Subsidiaries had total assets of 2,591.31 million Baht, increased by 341.19 million Baht from the previous year (2015). Details are as follows :

1. Current assets increased by 20.31 million Baht as follows;

- Cash and cash equivalents increased by 45.54 million Baht
- Short-term loan lent related to and non-related to company decreased by 3.38 million Baht. The loan lent related to the company increased by 17.98 million Baht and the non-related to company decreased by 21.36 million Baht. (More information in Note to Financial Statement No. 9)
- Net inventories decreased by 44.22 million Baht consisting of glass mold of 48.91 million Baht, finished goods of 13.98 million Baht, goods in the process of 4.30 million Baht. However, the goods in transit increased by 14.63 million Baht, factory materials increased by 8.15 million Baht and the raw materials increased by 0.19 million Baht,
- (More details in Note to Financial Statement No. 11)
- Other current assets increased by 22.36 million Baht

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2. Non-current assets increased by 320.88 million Baht with details as follows;

- The investment in the associated company increased by 1.59 million Baht.
- Land, Building and net equipment increased by 315.74 million Baht.
- Intangible assets were increased by 0.93 million Baht.
- Deferred income tax was increased by 2.62 million Baht.

3. Liabilities

In 2016, the Company and its Subsidiaries had total liabilities of 735.23 million Baht, increased by 284.61 million Baht when comparing with 2015. The details are below;

- Current liabilities increased by 279.59 million Baht with details as follows;
 1. Short-term loan from bank increased by 160.09 million Baht from importing Rx Automation machinery waiting to transfer to long-term loan in 2017.
 2. Trade payable and other accounts payable increased by 96.15 million Baht, which can be separated as Trade account payable increased by 75.94 million Baht and other accounts payable increased by 20.21 million Baht.
 3. Short-term benefit reserve for employee decreased by 2.31 million Baht.
 4. Accrued unpaid corporate income tax increased by 10.95 million Baht.
 5. Unpaid investment in subsidiaries having 1-year deal increased by 14.62 million Baht.
- Non-current liabilities was increased by 5.11 million Baht with details as follows;
 1. Long-term loans from financial institutes increased by 11.21 million Baht
 2. Provision for long-term employee benefits increased by 5.90 million Baht
 3. Net unpaid investment having 1-year deal decreased by 12.00 million Baht

4. Shareholders' Equity

In 2016, the Company and its Subsidiaries shareholders' equity increased from 2015 by 56.58 million Baht due to the increase of profit.

Liquidity

1. In 2016, the Company and its Subsidiaries had net cash decreased by 45.90 million Baht increasing from Company's operations of 92.68 million Baht and using the financing activities 158.92 million Baht, but decreasing from Investments of 297.50 million Baht.

2. Capital Structure

	Consolidated Financial Statements			Separated Financial Statements		
	Year 2016	Year 2015	Year 2014	Year 2016	Year 2015	Year 2014
Debt to equity ratio (times)	0.40	0.25	0.28	0.29	0.23	0.25
Interest-bearing debt to equity ratio (times)	0.14	0.05	0.05	0.06	0.04	0.04

Even though, the Company's liabilities increased from investing in Rx Automation machinery. The above ratios show that the Company still had a strong capital structure with the Interest-bearing debt to equity ratio has a good ratio indicating that the Company has no Net Cash position and the Company has a good cash flow from Company's operation.

3. Liquidity Ratio

	Consolidated Financial Statements			Separated Financial Statements		
	Year 2016	Year 2015	Year 2014	Year 2016	Year 2015	Year 2014
Current ratio (times)	2.00	3.45	2.82	2.58	3.23	2.84
Quick ratio (times)	0.82	1.31	0.85	0.86	1.01	0.74
Cash ratio (times)	0.28	0.36	0.10	0.25	0.20	0.07
Cash flow increase (decrease) from operation (million Baht)	92.68	92.10	(65.33)	(3.64)	73.20	(18.68)

The above details show that in 2016, the liquidity of the Company and its Subsidiaries was higher than the previous year (2015), resulting from loan from financial institutes for expanding the construction and to purchase more assets leading to the increase of liquidity and cash flow from operation to the Company.

4. Profitability ratio

	Consolidated Financial Statements			Separated Financial Statements		
	Year 2016	Year 2015	Year 2014	Year 2016	Year 2015	Year 2014
Operational profit margin (%)	15.96	15.81	13.98	8.68	12.82	11.05
Net profit margin (%)	12.95	12.59	11.10	19.26	16.78	16.51
Return on assets (%)	12.75	12.94	12.11	14.44	13.98	13.87
Return on equity (%)	13.70	13.06	12.02	16.92	14.90	14.76

MANAGEMENT

DISCUSSION AND ANALYSIS OF THE 2016

FINANCIAL STATUS AND OPERATING PERFORMANCE

The above ratios show that increase of Company's profitability in 2016 comparing with the previous year. The above ratio displayed the ability of the Company in controlling the cost and expenses in accordance with the change of the revenue arising from the dynamic of industry circumstance and positive factor from the weakness of foreign exchange rate.

Forward Looking

The Board of Directors of the Company and the Management team have determined the operating year plan and business strategy for the Company to conduct the business operation to achieve the business goal and target as planned. The business plan and strategy will ensure that the Company will operate the business with flexibility and be able to confront with the key factors which may be changed in the future.

The Key Factors

1. Labor
2. Exchange rate
3. Skill development of employee
4. Raw material price

Operating Principle

1. Labor

Recently, the labor situation and market in Thailand is slightly tough, thus, the Company foresees the necessary to find out the proper process in reducing the dependency of skilled labor. The Company has the policy to invest more in the machine that uses the automation robot technology and the continually manufacturing conveyor. The said investment plan will use less labor in the production line as well as upgrade the services provided to the customer more efficiently. Additionally, this could reduce the cost of production from the waste generated by human error.

2. Exchange rate

US Dollar is the main currency of the Company in doing business with the customers and the raw material producers. The fluctuation of foreign exchange rate will give direct impact to the profit (loss) to the Company. The Company is doing both as an importer of the raw material and as an exporter of finished goods, thus the risk of exchange rate would be naturally mitigated to the certain extent. However, the Company also has a mitigation plan to manage the remaining risk of exchange by using financial instruments from banks and financial institutions i.e. Currency Exchange Forward, Currency Exchange Option and Interest Rate Swap.

3. Skill development of employee

The Company continuously promotes the development plan for all Company's employees by conducting the training programs that are applicable to all levels of employees. The training courses will be conducted by both the internal staff and external training institution. The main purpose of training course is to not only improve knowledge and skill set to all employees for them to perform their tasks more professionally and effectively, but also will prepare the qualified employees to be promoted as the head of section, head of department, head of division and management level as well.

4. Raw material price

The Company has a supply chain and procurement department for procuring good quality of raw material and finished goods with reasonable price. The Company has a policy to maintain and manage good relationship with the producer of raw material and finished goods on the long term basis. Even though, the price of the raw material in optical lens production, which is a chemical from petroleum product derivative, does not have much relation to the oil price because it is considered as a specialty chemical, which is solely used in the optical industry. The Company still has very good and long-term relationship with the chemical producers. The sustainable growth of Company's production has brought the Company to become a major customer to such Chemical producers.



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, 2016 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

To Shareholders of Thai Optical Group Public Company Limited:

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 2016, the Audit Committee had arranged total of four 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 2016 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. Considering the appointment of the Company's auditor for the fiscal year 2016 : 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, Mrs. Sarinda Hirunprasurtwutti, CPA (Thailand) No. 4799, or Miss Kamontip Lertwitworatep, CPA (Thailand) No. 4377, or Mr. Wichart Lokatekrawee, CPA (Thailand) No. 4451.
4. Reviewing the internal control : After reviewing the Company and its Subsidiaries' internal control system of the year 2016, 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.
5. Internal control supervision : The Audit Committee approved 2016 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.

REPORT

OF THE AUDIT COMMITTEE

6. 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.
7. 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 evaluation on the changing of the business environment and risk management for both short term and long term. The Company and its Subsidiaries, in 2016, gave priority to compliance risk. The Company and its Subsidiaries had evaluated risks and risk management plan in every item which may occur. The result is that the Company and its Subsidiaries have effective and enough risk management in accordance with Company's policy and strategic plan.
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. Acting on other assigned duty : The Audit Committee had prepared the Internal Control and Internal Audit System and Report of the Audit Committee published in the Annual Report 2016 per the regulation of SET. These Internal Control and Internal Audit System and Report of the Audit Committee will be presented to the Company's Board of Directors and shareholders.

In summary, the Audit Committee, in the year 2016, 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 15, 2017

AUDIT FEE



1. Audit fee

In the audit year of 2016, the Company and the Subsidiary companies had paid audit fee in total amounting to 2,035,000 Baht (Two Million and thirty five thousand baht) to EY Office Limited. The amount was separated by 1,205,000 Baht (One Million two hundred and five thousand baht) for the Company and 570,000 Baht (Five hundred and seventy thousands baht) for Thai Optical Company Limited and 60,000 Baht (Sixty thousand baht) for Poly Sun Company Limited those are the Company Subsidiaries.

2. Non-Audit fee

-None-

AUDITOR'S REPORT

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 2016, 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 2016, 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 under the Royal Patronage of His Majesty the King 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 carrying amounts based on cost method of investments in MVision Optical Pte. Ltd. and MVision Optical Industry Sdn. Bhd. ("associates") by 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 9 million and Baht 4 million, respectively. The two associated companies are in their early stage. 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, 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.

AUDITOR'S REPORT

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.

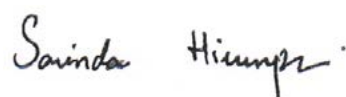
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding 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.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Sarinda Hirunprasurtwutti



Sarinda Hirunprasurtwutti

Certified Public Accountant (Thailand) No. 4799

EY Office Limited

Bangkok : 10 February 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
Assets	Note	2016	2015	2016	2015
Current assets					
Cash and cash equivalents	7	179,972,318	134,436,818	93,635,610	55,829,069
Short-term investments - trading securities	8	884,384	874,630	884,384	874,630
Trade and other receivables	9	351,835,187	355,211,007	224,767,665	221,209,590
Short-term loan to related party	10	-	-	11,000,000	14,000,000
Inventories	11	729,474,189	773,695,966	603,782,244	575,054,341
Other current assets		46,621,420	24,259,329	24,631,095	20,601,007
Total current assets		1,308,787,498	1,288,477,750	958,700,998	887,568,637
Non-current assets					
Investments in subsidiaries	12	-	-	186,000,000	186,000,000
Investments in associates	13	31,830,822	30,239,745	54,330,913	54,330,913
Property, plant and equipment	14	1,198,986,356	883,249,846	642,057,434	570,551,881
Intangible assets	15	21,903,265	20,973,808	13,519,698	16,412,077
Deferred tax assets	25	29,704,728	27,083,303	13,641,938	14,038,107
Other non-current assets		94,000	93,600	58,000	57,600
Total non-current assets		1,282,519,171	961,640,302	909,607,983	841,390,578
Total assets		2,591,306,669	2,250,118,052	1,868,308,981	1,728,959,215

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

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT 31 DECEMBER 2016

(Unit : Baht)

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Current liabilities					
Short-term loans from banks	16	242,821,367	82,732,727	60,000,000	62,732,727
Trade and other payables	17	342,254,565	246,107,524	268,892,263	183,455,031
Short-term loan from related party	10	-	-	20,000,000	-
Current portion of payable for investment in subsidiary	10,12,18	12,000,000	12,000,000	12,000,000	12,000,000
Current portion of long-term loans from banks	19	14,621,871	-	-	-
Provision for short-term employee benefits	20	1,520,843	3,828,713	487,464	2,422,368
Income tax payable		39,792,220	28,844,086	10,007,611	14,016,831
Total current liabilities		653,010,866	373,513,050	371,387,338	274,626,957
Non-current liabilities					
Payable for investment in subsidiary - net of current portion	10,12,18	12,000,000	24,000,000	12,000,000	24,000,000
Long-term loans from banks - net of current portion	19	11,210,613	-	-	-
Provision for long-term employee benefits	20	59,004,969	53,106,481	37,108,952	27,705,104
Total non-current liabilities		82,215,582	77,106,481	49,108,952	51,705,104
Total liabilities		735,226,448	450,619,531	420,496,290	326,332,061
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
Retained earnings					
Appropriated - statutory reserve	22	62,500,000	62,500,000	47,500,000	47,500,000
Unappropriated		669,720,322	613,138,622	444,244,863	399,059,326
Other components of shareholders' equity	12	167,792,071	167,792,071	-	-
Total shareholders' equity		1,856,080,221	1,799,498,521	1,447,812,691	1,402,627,154
Total liabilities and shareholders' equity		2,591,306,669	2,250,118,052	1,868,308,981	1,728,959,215

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

(Unit : Baht)

Profit or loss :	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Revenues					
Sales	10	1,818,971,098	1,732,590,597	1,250,818,633	1,220,788,926
Service income	10	115,022,986	91,205,244	1,123,978	-
Dividend income	10, 12, 13	-	-	151,025,674	81,900,000
Freight income		16,542,022	17,127,944	7,029,452	7,027,225
Gain on exchange		17,079,138	17,719,308	7,883,962	6,228,275
Other income		38,439,312	34,399,036	58,806,734	37,730,730
Total revenues		2,006,054,556	1,893,042,129	1,476,688,433	1,353,675,156
Expenses	24				
Cost of sales	10	1,390,480,063	1,349,586,951	1,025,304,076	960,900,604
Cost of service	10	59,188,741	43,670,944	765,536	-
Selling expenses		49,853,050	40,663,701	38,265,225	28,129,163
Administrative expenses		200,041,848	170,718,622	152,622,911	126,181,833
Total expenses		1,699,563,702	1,604,640,218	1,216,957,748	1,115,211,600
Profit before share of profit (loss)					
from investments in associates,					
finance cost and income tax expenses		306,490,854	288,401,911	259,730,685	238,463,556
Share of profit (loss) from investments					
in associates	13	2,166,751	(90,324)	-	-
Profit before finance cost					
and income tax expenses		308,657,605	288,311,587	259,730,685	238,463,556
Finance cost		(1,625,635)	(3,938,488)	(1,861,930)	(3,511,431)
Profit before income tax expenses		307,031,970	284,373,099	257,868,755	234,952,125
Income tax expenses	25	(56,665,540)	(54,737,340)	(16,696,652)	(30,135,740)
Profit for the year		250,366,430	229,635,759	241,172,103	204,816,385

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

STATEMENTS OF COMPREHENSIVE INCOME (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Other comprehensive income :					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial loss		(5,073,837)	(1,627,949)	(7,826,132)	(2,759,738)
Less : Income tax effect	25	1,014,767	325,590	1,565,226	551,948
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(4,059,070)	(1,302,359)	(6,260,906)	(2,207,790)
Other comprehensive income for the year		(4,059,070)	(1,302,359)	(6,260,906)	(2,207,790)
Total comprehensive income for the year		246,307,360	228,333,400	234,911,197	202,608,595
Earnings per share (Baht)	27				
Basic earnings per share					
Profit		0.53	0.48	0.51	0.43
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 2016

(Unit : Baht)

Consolidated financial statements						
			Retained earnings		Other components of shareholders' equity	
Note	Issued and fully paid-up share capital	Share premium	Appropriated- statutory reserve	Unappropriated	Surplus from business combination under common control	Total shareholders' equity
Balance as at 1 January 2015	474,318,000	481,749,828	60,500,000	533,840,112	167,792,071	1,718,200,011
Profit for the year	-	-	-	229,635,759	-	229,635,759
Other comprehensive income for the year	-	-	-	(1,302,359)	-	(1,302,359)
Total comprehensive income for the year	-	-	-	228,333,400	-	228,333,400
Appropriation of statutory reserve of new subsidiary	-	-	2,000,000	(2,000,000)	-	-
Dividend paid	21	-	-	(147,034,890)	-	(147,034,890)
Balance as at 31 December 2015	474,318,000	481,749,828	62,500,000	613,138,622	167,792,071	1,799,498,521
Balance as at 1 January 2016	474,318,000	481,749,828	62,500,000	613,138,622	167,792,071	1,799,498,521
Profit for the year	-	-	-	250,366,430	-	250,366,430
Other comprehensive income for the year	-	-	-	(4,059,070)	-	(4,059,070)
Total comprehensive income for the year	-	-	-	246,307,360	-	246,307,360
Dividend paid	21	-	-	(189,725,660)	-	(189,725,660)
Balance as at 31 December 2016	474,318,000	481,749,828	62,500,000	669,720,322	167,792,071	1,856,080,221

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

(Unit : Baht)

Separate financial statements					
	Note	Issued and fully paid-up share capital	Share premium	Retained earnings Appropriated- statutory reserve	Unappropriated Total shareholders' equity
Balance as at 1 January 2015		474,318,000	481,749,828	47,500,000	343,485,621 1,347,053,449
Profit for the year		-	-	-	204,816,385 204,816,385
Other comprehensive income for the year		-	-	-	(2,207,790) (2,207,790)
Total comprehensive income for the year		-	-	-	202,608,595 202,608,595
Dividend paid	21	-	-	-	(147,034,890) (147,034,890)
Balance as at 31 December 2015		474,318,000	481,749,828	47,500,000	399,059,326 1,402,627,154
Balance as at 1 January 2016		474,318,000	481,749,828	47,500,000	399,059,326 1,402,627,154
Profit for the year		-	-	-	241,172,103 241,172,103
Other comprehensive income for the year		-	-	-	(6,260,906) (6,260,906)
Total comprehensive income for the year		-	-	-	234,911,197 234,911,197
Dividend pai	21	-	-	-	(189,725,660) (189,725,660)
Balance as at 31 December 2016		474,318,000	481,749,828	47,500,000	444,244,863 1,447,812,691

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

(Unit : Baht)

Cash flows from operating activities	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit before tax		307,031,970	284,373,099	257,868,755	234,952,125
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities :					
Gain on bargain purchase of investment in subsidiary	12	-	(11,678,309)	-	-
Reversal of payable for investment in subsidiary	18	(2,915,461)	-	(2,915,461)	-
Share of (profit) loss from investments in associates		(2,166,751)	90,324	-	-
Unrealised gain on short-term investments		(9,754)	(12,103)	(9,754)	(12,103)
Unrealised gain on exchange		(6,633,313)	(544,788)	(1,486,616)	(88,595)
Loss (gain) from sales of property, plant and equipment		737,520	22,795	(147,668)	(404,703)
Dividend income		-	-	(151,025,674)	(81,900,000)
Depreciation and amortisation		148,344,128	146,909,916	94,532,457	91,583,170
Allowance for doubtful accounts (reversal)		198,443	(3,629,057)	12,716	(3,168,567)
Reduce cost to net realisable value of inventory (reversal)		11,330,295	2,972,823	3,885,255	(7,430,719)
Provision for long-term employee benefits		5,110,531	6,301,641	2,952,444	3,251,059
Interest income		(240,193)	(290,721)	(323,482)	(240,357)
Interest expenses		852,658	3,230,299	1,106,131	1,977,586
Profit from operating activities before changes in operating assets and liabilities		461,640,073	427,745,919	204,449,103	238,518,896
Operating assets (increase) decrease					
Trade and other receivables		3,346,509	(4,332,916)	(2,998,975)	(7,251,567)
Inventories		32,891,482	82,151,681	(32,613,158)	48,761,964
Other current assets		(22,362,091)	8,769,117	(4,030,088)	7,432,003
Other non-current assets		(400)	(2,200)	(400)	(4,700)
Operating liabilities increase (decrease)					
Trade and other payables		48,790,370	(79,500,023)	56,880,149	(57,513,367)
Cash flows from operating activities		524,305,943	434,831,578	221,686,631	229,943,229
Cash paid for long-term employee benefits		(6,593,750)	(9,666,865)	(3,309,632)	(2,310,000)
Cash paid for income tax		(47,324,064)	(47,453,017)	(18,744,477)	(24,358,693)
Net cash from operating activities		470,388,129	377,711,696	199,632,522	203,274,536

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

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2016

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
Cash flows from investing activities	Note	2016	2015	2016	2015
Short-term loan to subsidiary		-	-	-	(34,000,000)
Cash received from repayment of short-term loan from subsidiary		-	-	3,000,000	20,000,000
Dividend received		575,674	-	61,025,674	81,900,000
Cash paid for purchase of investment in subsidiary	12	-	(29,800,840)	-	(20,000,000)
Decrease in payable for investement in subsidiary	18	(9,084,539)	-	(9,084,539)	-
Purchase of property, plant and equipments		(409,731,066)	(93,641,534)	(130,749,598)	(72,460,370)
Purchase of intangible assets		(8,397,418)	(6,060,543)	(3,612,053)	(3,296,476)
Interest income		521,806	639,985	626,056	721,868
Cash received from sales of property, plant and equipment		164,471	411,215	164,486	411,215
Net cash used in investing activities		(425,951,072)	(128,451,717)	(78,629,974)	(26,723,763)
Cash flows from financing activities					
Increase (decrease) in short-term loans from banks		(22,439,169)	(7,560,831)	(2,439,169)	7,439,169
Increase in trust receipts		188,239,092	-	-	-
Cash received from short-term loans from subsidiary		-	-	140,000,000	-
Cash paid to settle short-term loans from subsidiary		-	-	(30,000,000)	-
Cash received from long-term loans from banks		26,257,279	-	-	-
Cash paid for interest expenses		(1,233,099)	(3,230,299)	(1,031,178)	(1,977,586)
Cash paid for dividend		(189,725,660)	(147,034,890)	(189,725,660)	(147,034,890)
Net cash from (used in) financing activities		1,098,443	(157,826,020)	(83,196,007)	(141,573,307)
Net increase in cash and cash equivalents		45,535,500	91,433,959	37,806,541	34,977,466
Cash and cash equivalents at beginning of the year		134,436,818	43,002,859	55,829,069	20,851,603
Cash and cash equivalents at end of the year		179,972,318	134,436,818	93,635,610	55,829,069

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 28 September 2011, 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	
		2016 Percent	2015 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

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) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

f) Investment in the subsidiary as recorded in the Company's books of account has been eliminated against shareholders' equity of the subsidiary as at the acquisition date. The retained earnings of subsidiary company arising as a result of the Company's purchase of the subsidiary company at a price lower than the net book value of the subsidiary company 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

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

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

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in the separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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.

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 enterprises and individuals 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 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.

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 and loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 categorise 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

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 and 2015 are as follows :

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	financial statements
	2016	2015	2016	2015
Increase (decrease) in other payables from purchases of property, plant and equipment and intangible assets	46,631	(463)	28,801	(287)
Transfer short-term loan to related party to investment in associate	-	8,039	-	8,039
Increase in payable for investment in subsidiary	-	36,000	-	36,000
Settle of short-term loan from subsidiary company with dividend received	-	-	90,000	-

7. Cash and cash equivalents

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	financial statements
	2016	2015	2016	2015
Cash	185	198	85	85
Bank deposits	179,787	134,239	93,551	55,744
Total	179,972	134,437	93,636	55,829

As at 31 December 2016, bank deposits in savings accounts carried interests between 0.05 and 0.38 percent per annum (2015 : 0.05 and 0.38 percent per annum).

8. Short-term investments - trading securities

As at 31 December 2016 and 2015, short-term investments in trading securities were as follows :

	Consolidated and Separate financial statements					
	2016			2015		
	Number of units	Cost	Fair value	Number of units	Cost	Fair value
	(Thousand unit)	(Thousand Baht)	(Thousand Baht)	(Thousand unit)	(Thousand Baht)	(Thousand Baht)
<u>Short-term investments :</u>						
Trading securities						
TMB Treasury Money Fund	66	781	884	66	781	875
Total short-term investment - trading securities	66	781	884	66	781	875

9. Trade and other receivables

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	138,167	153,116	88,379	105,687
Overdue not over 30 days	86,232	53,487	33,566	3,487
Overdue 31 - 90 days	1,240	478	1,187	-
Overdue 91 - 180 days	-	581	-	-
Total trade accounts receivable - related parties (Note 10)	225,639	207,662	123,132	109,174
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	84,653	100,237	69,026	82,038
Overdue not over 30 days	21,890	31,909	14,257	23,575
Overdue 31 - 90 days	16,466	9,243	14,051	4,546
Overdue 91 - 180 days	2,383	3,672	123	190
Overdue 181 - 365 days	1,260	4,682	25	-
Overdue more than 365 days	8,110	5,892	-	-
Total trade accounts receivable - unrelated parties	134,762	155,635	97,482	110,349
Less : Allowance for doubtful debts	(8,566)	(8,368)	(13)	-
Total trade accounts receivable - unrelated parties - net	126,196	147,267	97,469	110,349
Total trade accounts receivable - net	351,835	354,929	220,601	219,523
<u>Other receivables</u>				
Other receivables - related parties	-	282	4,167	1,687
Total other receivables (Note 10)	-	282	4,167	1,687
Total trade and other receivables - net	351,835	355,211	224,768	221,210

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 domestic subsidiary companies and related companies related by the way of common shareholders and/or common directors.

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 is charged interest at the rate of 1.04 percent per annum.
9. Loan from subsidiary company is charged interest at the rate of 1.04 percent per annum.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Policy on pricing for foreign companies which are the associated and related companies.

1. Sales prices of finished goods are determined at market price.
2. Service income is charged at market price.
3. Loans to associated company is charged interest at the rate of 3.5 percent per annum.
4. 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.

	Consolidated financial statements		(Unit : Thousand Baht) Separate financial statements	
	2016	2015	2016	2015
<hr/>				
<u>Transactions with subsidiaries</u>				
<i>(eliminated from the consolidated financial statements)</i>				
Sales of finished goods and raw materials	-	-	126,330	96,593
Service income	-	-	957	-
Other sales	-	-	389	1,542
Management and document service income	-	-	19,060	14,880
Other service income	-	-	704	186
Interest income	-	-	220	91
Cost of sales	-	-	116,322	91,482
Purchase of finished goods and raw materials	-	-	92,627	92,695
Service fee expenses	-	-	40,614	24,727
Guarantee fee income	-	-	1,349	808
Guarantee fee expenses	-	-	594	1,397
Purchase of assets	-	-	10,905	-
Dividend income	-	-	150,450	81,900
Other purchases	-	-	5,278	378
Interest expenses	-	-	291	-
<u>Transactions with associates</u>				
Sales of finished goods	10,099	11,400	7,148	2,309
Other services income	353	294	75	56
Dividend income	-	-	576	-
Interest income	-	67	-	67

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<hr/>				
<u>Transactions with domestic related companies</u>				
<u>related by the way of common shareholders</u>				
<u>and/or common directors</u>				
Sales of finished goods and raw materials	81,883	69,678	12,373	8,697
Service income	10	9	-	-
Other sales	153	143	99	40
Purchase of finished goods and raw materials	3	211	-	178
Others purchases	1,597	2,504	627	80
Service fee expenses	3,651	211	319	57
Purchase of assets	620	737	-	-
<u>Transactions with foreign related companies</u>				
Sales of finished goods	1,170,171	1,064,161	560,683	556,876
Other sales	9,736	9,733	6,445	6,669
<u>Transactions with related persons</u>				
Purchase of investment in subsidiary	-	28,000	-	28,000

The outstanding balances of the above transactions have been separately shown in the statements of financial position with the details as at 31 December 2016 and 2015 as follows :

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<hr/>				
<u>Trade accounts receivable - related parties</u>				
Subsidiary companies	-	-	13,904	8,300
Associated companies	5,945	6,671	4,917	2,372
Related companies	219,694	200,991	104,311	98,502
Total trade accounts receivable - related parties (Note 9)	225,639	207,662	123,132	109,174
<hr/>				
<u>Other receivables - related parties</u>				
Subsidiary companies	-	-	4,167	1,405
Associated companies	-	282	-	282
Total other receivables - related parties (Note 9)	-	282	4,167	1,687
<hr/>				
<u>Short-term loan to related parties</u>				
Subsidiary companies	-	-	11,000	14,000
Total short-term loan to related parties	-	-	11,000	14,000
<hr/>				
<u>Trade accounts payable - related parties</u>				
Subsidiary companies	-	-	8,496	10,218
Related companies	20	301	11	-
Total trade accounts payable - related parties (Note 17)	20	301	8,507	10,218
<hr/>				
<u>Other payables - related parties</u>				
Subsidiary company	-	-	98	84
Related company	1,252	247	105	-
Total other payables - related parties (Note 17)	1,252	247	203	84

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	2016	2015	financial statements	
	2016	2015	2016	2015
<hr/>				
<u>Short-term loan from related party</u>				
Subsidiary company	-	-	20,000	-
Total short-term loan from related party	-	-	20,000	-
<u>Payable for investment in subsidiary - related parties</u>				
Payable for investment in subsidiary -related persons (Note 18)	12,000	18,000	12,000	18,000
Less : Portion due within one year	(6,000)	(6,000)	(6,000)	(6,000)
Payable for investment in subsidiary - related parties - net of current portion	6,000	12,000	6,000	12,000

During the year ended 31 December 2016, movement of loans between the Company and those related parties are as follows :

(Unit : Thousand Baht)

	Separate financial statements		
	Balance as at 31 December 2015	During the year	Balance as at 31 December 2016
		Increase	Decrease
<hr/>			
<u>Short-term loan to subsidiary company</u>			
Poly Sun Co., Ltd.	14,000	-	(3,000)
Total	14,000	-	(3,000)
<u>Short-term loan from subsidiary company</u>			
Thai Optical Co., Ltd.	-	140,000	(120,000)
Total	-	140,000	(120,000)

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	2016	2015	financial statements	
	2016	2015	2016	2015
<hr/>				
Short-term employee benefits	28,729	20,531	26,059	17,877
Post-employment benefits	496	805	405	700
Total	29,225	21,336	26,464	18,577

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 30 to the financial statements.

11. Inventories

(Unit : Thousand Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	330,586	348,401	(14,345)	(18,178)	316,241	330,223
Work in process	5,822	10,100	-	-	5,822	10,100
Raw materials	107,165	112,047	(5,527)	(10,579)	101,638	101,468
Spare parts and factory supplies	31,649	23,620	(1)	(119)	31,648	23,501
Supplies - Glass mould	253,815	282,388	(33,712)	(13,379)	220,103	269,009
Goods in transit	54,022	39,395	-	-	54,022	39,395
Total	783,059	815,951	(53,585)	(42,255)	729,474	773,696

(Unit : Thousand Baht)

Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	257,467	255,865	(2,033)	(2,520)	255,434	253,345
Work in process	2,228	1,806	-	-	2,228	1,806
Raw materials	80,872	66,956	-	-	80,872	66,956
Spare parts and factory supplies	13,657	8,412	-	-	13,657	8,412
Supplies - Glass mould	214,069	215,987	(12,662)	(8,290)	201,407	207,697
Goods in transit	50,184	36,838	-	-	50,184	36,838
Total	618,477	585,864	(14,695)	(10,810)	603,782	575,054

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 11.33 million (2015: Baht 13.39 million), to reflect the net realisable value, which was included in cost of sales (The Company only: reduced cost of inventories by Baht 3.89 million to reflect the net realisable value, which was included in cost of sales (2015: reversed the write-down of cost of inventories by Baht 7.43 million and reduced the amounts of inventories recognised as expenses during the year)).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

12. Investments in subsidiary companies

As at 31 December 2016 and 2015, 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	
	2016	2015	2016 (%)	2015 (%)	2016	2015	2016	2015
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	150,450	81,900
Poly Sun Company Limited (Manufacturing and selling of plastic optical lenses)	20,000	20,000	100	100	56,000	56,000	-	-
Total					186,000	186,000	150,450	81,900

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".

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).

The fair value of the assets and liabilities of Poly Sun Company Limited acquired as at the acquisition date can be summarised as follows :

	(Unit : Thousand Baht)
<hr/>	
Cash and cash equivalents	24,199
Trade and other receivables	16,653
Inventories	29,275
Other current assets	1,731
Deferred income tax	3,047
Property, plant and equipment	39,409
Other non-current assets	30
Trade and other payables	(10,835)
Short-term loan from parent company	(34,000)
Provision for long-term employee benefits	(1,830)
Net assets from acquisition of subsidiary company	67,679
Less : Gain on bargain purchase	(11,679)
Cash used in acquisition of investment in subsidiary company	56,000
Less : Cash and cash equivalents of subsidiary company	(24,199)
Short-term loan from parent company	34,000
Current portion of payable for investment in subsidiary	(12,000)
Payable for investment in subsidiary - net of current portion	(24,000)
Net cash outflows for purchase of ordinary shares of subsidiary company	29,801

13. Investments in associates

13.1 Details of investments in associates

Company's name	Nature of business	Relationship	Paid-up capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
							Carrying amounts based on equity method		Carrying amounts based on cost method	
			2016	2015	2016 (%)	2015 (%)	2016 Thousand Baht	2015 Thousand Baht	2016 Thousand Baht	2015 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	9,315	9,197	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	4,249	3,689	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	18,267	17,354	15,272	15,272
Total							31,831	30,240	54,331	54,331

On 30 June 2015, the Extraordinary General Meeting of the shareholders of MVision Optical Pte. Ltd., an associated company which was incorporated in Singapore, passed a special resolution to decrease its share capital from SGD 4 million (4 million ordinary shares of SGD 1 each) to SGD 2.7 million (4 million ordinary shares of SGD 0.66 each). The associated company transferred the investment in MVision Optical Industry Sdn. Bhd., a subsidiary of the associated company which was incorporated in Malaysia, of SGD 1.3 million or equivalent to MYR 3 million to its shareholders as the return of investment. The associated company registered the decrease in its share capital in August 2015

Subsequently on 26 September 2015, the Extraordinary General Meeting of the shareholders of MVision Optical Industry Sdn. Bhd. (the subsidiary of MVision Optical Pte. Ltd.) passed a special resolution to increase its share capital from MYR 3 million (3 million ordinary shares at the par value of MYR 1 each) to MYR 6 million (6 million ordinary shares of MYR 1 each) through the issuance of 3 million ordinary shares of MYR 1 each to MVision Optical Pte. Ltd. (the associated company). The associated company settled the short-term loan to MVision Optical Industry Sdn. Bhd. of SGD 1 million or equivalent to MYR 3 million against the amount payable for the investment in this company. The short-term loan was obtained from

its shareholders at the same portion of the shareholding percentage in the associated company (the Company provided short-term loan of SGD 0.33 million to the associated company). The associated company transferred the additional ordinary shares of MVision Optical Industry Sdn. Bhd. to its shareholders to settle this short-term loan. This is considered as restructuring of shareholders' structure in MVision Optical Industry Sdn. Bhd. As a result, the Company held 33 percent interest in MVision Optical Industry Sdn. Bhd. and treated this investment as investment in associated company.

MVision Optical Industry Sdn. Bhd. registered the increase of share capital and the transfer of shares in September 2015.

13.2 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 :

Company's name	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associated companies during the year		Dividend received during the year	
	2016	2015	2016	2015
MVision Optical Pte. Ltd.	118	(1,714)	-	-
MVision Optical Industry Sdn. Bhd.	560	(539)	-	-
Vietnam Visibility Target Company Limited	1,489	2,163	576	-
Total	2,167	(90)	576	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

13.3 Summarised financial information about material associates

Summarised information about financial position

(Unit : Million Baht)

	MVision Optical Pte. Ltd.		MVision Optical Industry Sdn. Bhd.		Vietnam Visibilitiy Target Company Limited	
	2559	2558	2559	2558	2559	2558
Current assets	38	34	26	25	73	61
Non-current assets	16	19	1	3	44	38
Current liabilities	(23)	(21)	(14)	(16)	(50)	(35)
Non-current liabilities	-	-	-	-	(10)	(10)
Net assets	31	32	13	12	57	54
Shareholding percentage (%)	33%	33%	33%	33%	33%	33%
Share of net assets	10.2	10.6	4.3	4.0	18.8	17.8
Gain (loss) on exchange and others	(0.9)	(1.4)	(0.1)	(0.3)	(0.5)	(0.4)
Carrying amounts of associates based on equity method	9.3	9.2	4.2	3.7	18.3	17.4

Summarised information about comprehensive income

(Unit : Million Baht)

For the years ended 31 December

	MVision Optical Pte. Ltd.		MVision Optical Industry Sdn. Bhd.		Vietnam Visibilitiy Target Company Limited	
	2559	2558	2559	2558	2559	2558
Revenue	70.7	73.1	61.0	61.0	154.0	125.3
Profit (loss)	0.4	(1.6)	1.7	(5.2)	4.5	6.6
Total comprehensive income	0.4	(1.6)	1.7	(5.2)	4.5	6.6

14. Property, plant and equipment

(Unit : Thousand Baht)

Consolidated financial statements

	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicales	Asset in progress	Total
Cost :							
1 January 2015	152,421	532,748	1,474,437	105,143	39,078	28,757	2,332,584
Increase from purchase of investment in subsidiary	16,572	21,021	104,147	10,300	1,295	128	153,463
Additions	-	39	1,810	2,578	108	89,569	94,104
Transferred in / (out)	-	1,882	73,139	6,309	740	(82,070)	-
Disposals	-	(4,441)	(31,607)	(5,676)	(6,913)	-	(48,637)
31 December 2015	168,993	551,249	1,621,926	118,654	34,308	36,384	2,531,514
Additions	-	-	5,417	5,151	760	446,014	457,342
Transferred in / (out)	-	2,207	103,738	4,167	21	(110,133)	-
Disposals	-	(5,961)	(53,316)	(5,682)	(750)	-	(65,709)
31 December 2016	168,993	547,495	1,677,765	122,290	34,339	372,265	2,923,147
Accumulated depreciation :							
1 January 2015	-	267,476	1,058,080	85,686	32,382	-	1,443,624
Increase from purchase of investment in subsidiary	-	9,352	96,615	6,792	1,295	-	114,054
Depreciation for the year	-	32,072	96,712	8,207	1,799	-	138,790
Depreciation on disposals	-	(4,418)	(31,216)	(5,657)	(6,913)	-	(48,204)
31 December 2015	-	304,482	1,220,191	95,028	28,563	-	1,648,264
Depreciation for the year	-	32,678	96,999	9,267	1,760	-	140,704
Depreciation on disposals	-	(5,671)	(53,200)	(5,186)	(750)	-	(64,807)
31 December 2016	-	331,489	1,263,990	99,109	29,573	-	1,724,161
Net book value :							
31 December 2015	168,993	246,767	401,735	23,626	5,745	36,384	883,250
31 December 2016	168,993	216,006	413,775	23,181	4,766	372,265	1,198,986
Depreciation for the year							
2015 (Baht 132 million included in manufacturing cost, and the balance in administrative expenses)							138,790
2016 (Baht 132 million included in manufacturing cost, and the balance in administrative expenses)							140,704

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

(Unit : Thousand Baht)

Separate financial statements

	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicales	Asset in progress	Total
Cost :							
1 January 2015	84,022	427,998	787,787	56,404	27,279	16,190	1,399,680
Additions	-	-	493	1,520	-	70,160	72,173
Transferred in / (out)	-	557	65,127	3,330	-	(69,014)	-
Disposals	-	(4,334)	(20,723)	(2,594)	(5,109)	-	(32,760)
31 December 2015	84,022	424,221	832,684	58,660	22,170	17,336	1,439,093
Additions	-	-	2,348	3,143	-	154,059	159,550
Transferred in / (out)	-	1,563	98,369	3,959	21	(103,912)	-
Disposals	-	(1,471)	(7,150)	(2,756)	(715)	-	(12,092)
31 December 2016	84,022	424,313	926,251	63,006	21,476	67,483	1,586,551
Accumulated depreciation :							
1 January 2015	-	190,998	553,916	47,791	23,758	-	816,463
Depreciation for the year	-	27,040	53,063	3,807	922	-	84,832
Depreciation on disposals	-	(4,334)	(20,717)	(2,594)	(5,109)	-	(32,754)
31 December 2015	-	213,704	586,262	49,004	19,571	-	868,541
Depreciation for the year	-	26,926	55,741	4,590	771	-	88,028
Depreciation on disposals	-	(1,471)	(7,143)	(2,746)	(715)	-	(12,075)
31 December 2016	-	239,159	634,860	50,848	19,627	-	944,494
Net book value :							
31 December 2015	84,022	210,517	246,422	9,656	2,599	17,336	570,552
31 December 2016	84,022	185,154	291,391	12,158	1,849	67,483	642,057
Depreciation for the year							
2015 (Baht 81 million included in manufacturing cost, and the balance in administrative expenses)							84,832
2016 (Baht 83 million included in manufacturing cost, and the balance in administrative expenses)							88,028

During the year 2016, the subsidiary had capitalised interest expenses of Baht 0.98 million as part of costs of assets under construction and installation. The capitalisation rate is 2.75 to 3.25 percent per annum.

As at 31 December 2016, 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 998.72 million (2015: Baht 974.88 million) and the Company only amounted to Baht 527.44 million (2015: Baht 479.70 million).

15. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit : Thousand Baht)

Consolidated financial statements				
	Computer software	Deferred product development	License	Total
31 December 2016 :				
Cost	58,477	32,594	76,392	167,463
Less : Accumulated amortisation	(43,442)	(25,726)	(76,392)	(145,560)
Net book value	15,035	6,868	-	21,903
31 December 2015 :				
Cost	53,302	29,200	76,392	158,894
Less : Accumulated amortisation	(38,768)	(22,760)	(76,392)	(137,920)
Net book value	14,534	6,440	-	20,974

(Unit : Thousand Baht)

Separate financial statements				
	Computer software	Deferred product development	License	Total
31 December 2016 :				
Cost	35,225	32,594	74,911	142,730
Less : Accumulated amortisation	(28,573)	(25,726)	(74,911)	(129,210)
Net book value	6,652	6,868	-	13,520
31 December 2015 :				
Cost	35,007	29,200	74,911	139,118
Less : Accumulated amortisation	(25,035)	(22,760)	(74,911)	(122,706)
Net book value	9,972	6,440	-	16,412

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

			(Unit : Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	20,974	23,034	16,412	19,867
Acquisition of computer software	5,175	6,089	218	3,324
Increase (decrease) of deferred product development	3,394	(28)	3,394	(28)
Amortisation	(7,640)	(8,121)	(6,504)	(6,751)
Net book value at end of year	21,903	20,974	13,520	16,412

16. Short-term loans from banks

			(Unit : Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term loans from banks	60,000	82,733	60,000	62,733
Trust receipts	182,821	-	-	-
Total	242,821	82,733	60,000	62,733

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 guaranteed by a subsidiary company.

Bank overdrafts, trust receipts and short-term loans from banks of the subsidiary companies are guaranteed by the Company.

17. Trade and other payables

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Trade accounts payable - related parties (Note 10)	20	301	8,507	10,218
Trade accounts payable - unrelated parties	232,889	156,665	187,438	116,776
Other payables - related parties (Note 10)	1,252	247	203	84
Other payables - unrelated parties	64,759	17,457	44,129	15,248
Accrued expenses	42,060	67,822	28,180	39,033
Others	1,275	3,616	435	2,096
Total trade and other payables	342,255	246,108	268,892	183,455

18. Payable for investment in subsidiary

As at 31 December 2016 and 2015, the Company had payable for investment in subsidiary as below.

	(Unit : Thousand Baht)	
	Consolidated and separate	
	financial statements	
	2016	2015
Payable for investment in subsidiary	24,000	36,000
Less : Portion due within one year	(12,000)	(12,000)
Payable for investment in subsidiary - net of current portion	12,000	24,000
Of which payable to related parties (Note 10)	12,000	18,000

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Movements in the payable for investment in subsidiary account during the years ended 31 December 2016 and 2015 are summarised below.

	(Unit : Thousand Baht)	
	Consolidated and separate financial statements	
	2016	2015
Balance at beginning of year	36,000	-
Add : Increase in payable for investment in subsidiary	-	36,000
Less : Repayment during the year	(9,085)	-
Reversal of payable for investment in subsidiary	(2,915)	-
Balance at end of year	24,000	36,000

During the year ended 31 December 2016, the Company had payable for investment in subsidiary which was due for repayment amounting to Baht 12 million. However, the Company paid for payable for investment in subsidiary of Baht 9.1 million and reversed payable for investment in subsidiary of Baht 2.9 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 2.9 million and recorded such amount as other income in the consolidated and separate statements of comprehensive income for the year ended 31 December 2016.

19. Long-term loans from banks

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Long-term loans from banks	25,833	-	-	-
Less : Portion due within one year	(14,622)	-	-	-
Long-term loans from banks - net of current portion	11,211	-	-	-

Movements in the long-term loans from banks during the years ended 31 December 2016 and 2015 are summarised below.

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Balance at beginning of year	-	-	-	-
Add : Cash receipt from long-term loans	25,833	-	-	-
Balance at end of year	25,833	-	-	-

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 2016, the subsidiary had outstanding balance of long-term loans of EUR 0.4 million or equivalent to Baht 14.9 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 2016, the subsidiary had outstanding balance of long-term loans of Baht 10.9 million. The loans are guaranteed by the Company. The loan agreements contains certain covenants with which the subsidiary must comply, pertaining to matters such as the maintenance of a certain financial ratio.

As at 31 December 2016, the subsidiary had long-term credit facilities, which have not been withdrawn, of EUR 5.6 million and Baht 133.1 million (2015: Nil).

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20. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2016 and 2015, 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	
	2016	2015	2016	2015
<hr/>				
Provision for long-term employee benefits				
at beginning of year	56,935	56,842	30,127	26,427
Increase from purchase of investment				
in subsidiary	-	1,830	-	-
Included in profit or loss :				
Current service cost	3,794	4,105	2,236	2,299
Interest cost	1,317	2,197	717	951
Included in other comprehensive income :				
Actuarial (gain) loss arising from				
Demographic assumptions changes	1,320	(3,552)	1,031	(397)
Financial assumptions changes	(1,898)	53	(1,339)	34
Experience adjustments	5,652	5,127	8,134	3,123
Benefits paid during the year	(6,594)	(9,667)	(3,310)	(2,310)
Provision for long-term employee				
benefits at end of year	<u>60,526</u>	<u>56,935</u>	<u>37,596</u>	<u>30,127</u>
Provision for employee benefits				
Current	1,521	3,829	487	2,422
Non-current	59,005	53,106	37,109	27,705
	<u>60,526</u>	<u>56,935</u>	<u>37,596</u>	<u>30,127</u>

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	
	2016	2015	2016	2015
<hr/>				
Cost of sales	3,653	4,164	1,749	2,025
Selling and administrative expenses	1,458	2,138	1,204	1,225
Total expenses recognised in profit or loss	<u>5,111</u>	<u>6,302</u>	<u>2,953</u>	<u>3,250</u>

The Company and its subsidiaries expect to pay Baht 1.5 million of long-term employee benefits during the next year (Separate financial statements: Baht 0.5 million) (2015: Baht 3.8 million, separate financial statements: Baht 2.4 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 12 years (Separate financial statements: 12 years) (2015: 9 years, separate financial statements: 9 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.0	2.6	3.0	2.6
Salaly increase rate	4.0	4.0	4.0	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 2016 and 2015 are summarised below.

(Unit : Thousand Baht)

As at 31 December 2016				
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4,422)	5,000	(3,091)	3,512
Salaly increase rate	5,057	(4,576)	3,469	(3,121)

(Unit : Thousand Baht)

As at 31 December 2015				
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3,958)	4,466	(2,406)	2,733
Salaly increase rate	4,288	(3,877)	2,660	(2,391)

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21. Dividend paid

Dividends declared in 2016 and 2015 consist of the following :

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<hr/>				
<u>The Company</u>				
<u>2016</u>				
Final dividend on 2015 earnings	Annual Ordinary Meeting of the shareholders on 5 April 2016	142.30	0.30	4 May 2016
Interim dividend of earnings for the period as from 1 January 2016 to 30 June 2016	The Meeting of the Board of Directors of the Company on 10 August 2016	47.43	0.10	9 September 2016
Total for 2016		189.73	0.40	
<u>2015</u>				
Final dividend on 2014 earnings	Annual Ordinary Meeting of the shareholders on 1 April 2015	109.09	0.23	24 April 2015
Interim dividend of earnings for the period as from 1 January 2015 to 30 June 2015	The Meeting of the Board of Directors of the Company on 11 August 2015	37.95	0.08	9 September 2015
Total for 2015		147.04	0.31	

22. 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 a statutory reserve. The statutory reserve could not be used for dividend payment.

23. 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 and the Company and its subsidiaries at the rate of 3 - 5 percent of their basic salaries. The fund is managed by CIMB Thai Bank Public Company Limited and Siam Commercial Bank Public 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 2016, the Company and its subsidiaries recognised the contributions of Baht 9.3 million (2015: Baht 8.7 million) and the Company recognised the contributions of Baht 5.5 million (2015: Baht 4.8 million) as expenses.

24. Expenses by nature

Significant expenses classified by nature are as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salaries and wages and other employee benefits	447,207	405,908	281,682	232,095
Depreciation	140,704	138,790	88,028	84,832
Amortisation expenses	7,640	8,121	6,504	6,751
Utility expenses	99,443	109,217	65,688	66,727
Raw materials and consumables used	597,714	570,596	508,420	447,561
Changes in inventories of finished goods and work in progress	22,093	5,196	(2,024)	(8,301)
Reduce cost of inventory value (reversal)	11,330	2,973	3,885	(7,431)

25. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax :				
Current income tax charge for the year	58,272	50,810	14,735	25,550
Deferred tax :				
Relating to origination and reversal of temporary differences	(1,607)	3,927	1,962	4,586
Income tax expenses reported in the statements of comprehensive income	56,665	54,737	16,697	30,136

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to actuarial loss	(1,015)	(326)	(1,565)	(552)

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FOR THE YEAR ENDED 31 DECEMBER 2016

The reconciliation between accounting profit and income tax expenses is shown below.

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Accounting profit before tax	307,032	284,373	257,869	234,952
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	61,406	56,875	51,574	46,990
Effects of :				
Non-deductible expenses	397	1,240	139	204
Additional expense deductions allowed	(5,682)	(1,060)	(4,622)	(678)
Income not subject to tax	-	-	(30,205)	(16,380)
Others	544	(2,318)	(189)	-
Total	(4,741)	(2,138)	(34,877)	(16,854)
Income tax expenses reported in the statements of comprehensive income	56,665	54,737	16,697	30,136

The components of deferred tax assets and deferred tax liabilities are as follows :

	Consolidated		(Unit : Thousand Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for doubtful accounts	1,713	1,674	3	-
Allowance for diminution in value of inventories	10,717	8,454	2,939	2,162
Accumulated amortisation - Computer software	3,181	5,851	3,181	5,851
Provision for long-term employee benefits	12,105	11,387	7,519	6,025
Unused tax loss	2,368	-	-	-
Total	30,084	27,366	13,642	14,038
Deferred tax liabilities				
Land and building	379	283	-	-
Total	379	283	-	-
Deferred tax assets - net	29,705	27,083	13,642	14,038

26. Promotion privileges

The Company has received promotional privileges under the Investment Promotion Act B.E. 2520 from the Board of Investment as follows :

26.1 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 necessary 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 2017 was granted.

26.2 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 necessary 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 2017 was granted.

26.3 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 necessary 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 2017 was granted.

26.4 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 :

26.4.1 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.

26.4.2 Exemption from import duty on raw materials and necessary materials imported for export manufacturing from 30 July 2004 to 29 July 2010. During the year 2012, an extension of the privileges until 29 July 2018 was granted.

26.4.3 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 2018 was granted.

The Company has to comply with certain conditions and restrictions specified under the promotion certificates.

27. 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.

28. 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 and total assets information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2016 and 2015 :

(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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Sales and service income												
Inter-segment	155	145	42	25	70	46	267	216	(267)	(216)	-	-
External customers												
- Local	85	74	1	1	2	2	88	77	-	-	88	77
- Export	1,726	1,653	112	88	8	6	1,846	1,747	-	-	1,846	1,747
	<u>1,966</u>	<u>1,872</u>	<u>155</u>	<u>114</u>	<u>80</u>	<u>54</u>	<u>2,201</u>	<u>2,040</u>	<u>(267)</u>	<u>(216)</u>	<u>1,934</u>	<u>1,824</u>
Gross profit margin	417	387	61	52	3	(6)	481	433	3	(2)	484	431
Other income							102	75	(30)	(6)	72	69
Dividend income							151	82	(151)	(82)	-	-
Selling expenses							(50)	(41)	-	-	(50)	(41)
Administrative expenses							(219)	(185)	19	15	(200)	(170)
Share of profit from investments in associates							-	-	2	-	2	-
Finance cost							(4)	(6)	3	2	(1)	(4)
Income tax expenses							(57)	(55)	-	-	(57)	(55)
Profit for the year							<u>404</u>	<u>303</u>	<u>(154)</u>	<u>(73)</u>	<u>250</u>	<u>230</u>
Segment total assets							2,873	2,503	(281)	(253)	2,592	2,250
Investments in associates accounted for by the equity method							-	-	31	30	31	30
Additions (reductions) to non-current assets other than deferred tax assets							325	56	(7)	(56)	318	-

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit : Thousand Baht)	
	2016	2015
Revenue from external customers		
Local		
Thailand	87,548	76,562
Export		
Europe	1,418,642	1,365,866
America	108,728	109,644
Others	319,076	271,724
Total	1,933,994	1,823,796

The Company and its subsidiaries are operated in Thailand. As a result, all of the assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers

For the year 2016, the Company and its subsidiaries had revenue from two major customers (2015: 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.

29. Commitments and contingent liabilities

As at 31 December 2016, the Company and its subsidiaries had commitments and contingent liabilities other than those disclosed in other notes as follows :

- 29.1 The Company and its subsidiaries had commitments to purchase raw materials amounting to Baht 15.5 million, JPY 35.5 million, USD 3.2 million, EUR 0.3 million and GBP 0.1 million or equivalent to Baht 154.5 million (2015: Baht 12.9 million, JPY 13.6 million, USD 2.6 million, EUR 0.4 million and GBP 0.1 million or equivalent to Baht 130.5 million), and the Company only amounting to Baht 5.7 million, JPY 35.0 million, USD 2.7 million and EUR 0.2 million or equivalent to Baht 125.2 million (2015 Baht 8.0 million, JPY 12.9 million and USD 2.2 million or equivalent to Baht 90.3 million).
- 29.2 There were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries of approximately Baht 29.6 million (2015: Baht 29.4 million), and the Company only Baht 13.4 million (2015: Baht 13.3 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 :

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	(Unit : Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2016	2015
	2016	2015
Payments of tax to the Customs Department	13.6	13.4
Electricity usage	16.0	16.0
	29.6	29.4
	13.4	13.3

29.3 The Company and its subsidiaries had outstanding commitments with respect to service contract totaling approximately Baht 1.6 million per month (2015: Baht 2.8 million), and the Company only approximately Baht 0.9 million per month (2015: Baht 0.8 million).

29.4 The Company had outstanding commitments totaling Baht 2.9 million with respect to software maintenance agreement (2015: Baht 2.9 million).

29.5 The subsidiary company had outstanding commitment totaling approximately Baht 0.8 million with respect to land rental agreement with its related company (2015: Baht 0.8 million).

29.6 The Company and its subsidiary had outstanding capital commitments with respect to the construction of factory buildings, wastewater treatment plant, installation of electricity system and purchase of machinery totaling approximately Baht 22.2 million and EUR 0.5 million or equivalent to Baht 42.5 million (31 December 2015: nil), and the Company only approximately Baht 6.8 million (31 December 2015: nil).

29.7 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 2016 and 2015, future minimum lease payments required under these non-cancellable operating leases contracts were as follows :

	(Unit : Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2016	2015
	2016	2015
Payable within :		
Less than 1 year	2.5	2.5
1 to 5 years	4.7	6.2
	3.9	5.0

During the year 2016, the Company and its subsidiaries recognised rental expenses of Baht 2.8 million (2015: Baht 3.4 million), and the Company only Baht 2.5 million (2015: Baht 3.0 million).

30. Related parties guarantees

As at 31 December 2016, the Company has contingent liabilities in respect of the guarantees of Thai Optical Company Limited, a subsidiary's credit facility amounting to Baht 29.5 million and EUR 4.8 million or equivalent to Baht 217.8 million (2015: Baht 23.2 million and EUR 0.03 million or equivalent to Baht 24.3 million) provided to banks.

As at 31 December 2016, Thai Optical Company Limited, a subsidiary company has contingent liabilities in respect of the guarantees of the Company's credit facility amounting to Baht 63.3 million (2015: Baht 37.2 million and USD 0.8 million or equivalent to Baht 65.6 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 subsidiary at the rate of 1.5 percent per annum.

31. Fair value hierarchy

As at 31 December 2016 and 2015, 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 2016				
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	-	884	-	884

(Unit : Thousand Baht)

As at 31 December 2015				
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	-	875	-	875

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32. Financial instruments

32.1 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, loans, investments, and short-term and long-term loans. 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 receivable. 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, bank overdrafts and loan from banks. 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 2016 and 2015 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.

As at 31 December 2016											(Unit : Million Baht)
Consolidated financial statements					Separate financial statements						
	Fixed interest rates within 1 year	Floating interest rate	Non - interest bearing	Total	Effective interest rate	Fixed interest rates within 1 year	Floating interest rate	Non - interest bearing	Total	Effective interest rate	
					(% per annum)						(% per annum)
Financial Assets											
Cash and cash equivalents	-	179.97	-	179.97	0.05 - 0.38	-	93.64	-	93.64	0.05 - 0.38	
Short-term investment - trading securities	-	-	0.88	0.88	-	-	-	0.88	0.88	-	
Trade and other receivables	-	-	351.84	351.84	-	-	-	224.77	224.77	-	
Short-term loan to related party	-	-	-	-	-	11.00	-	-	11.00	1.04	
	-	179.97	352.72	532.69		11.00	93.64	225.65	330.29		
Financial liabilities											
Short-term loans from banks	242.82	-	-	242.82	2.20 - 2.28	60.00	-	-	60.00	2.20 - 2.28	
Trade and other payables	-	-	342.25	342.25	-	-	-	268.89	268.89	-	
Short-term loans from related party	-	-	-	-	-	20.00	-	-	20.00	1.04	
Payable for investment in subsidiary	-	-	24.00	24.00	-	-	-	24.00	24.00	-	
Long-term loans from banks	-	25.83	-	25.83	2.75 - 3.25	-	-	-	-	-	
	242.82	25.83	366.25	634.90		80.00	-	292.89	372.89		

(Unit : Million Baht)

As at 31 December 2016

	Consolidated financial statements					Separate financial statements				
	Fixed interest rates within 1 year	Floating interest rate	Non - interest bearing	Total	Effective interest rate	Fixed interest rates within 1 year	Floating interest rate	Non - interest bearing	Total	Effective interest rate
					(% per annum)					(% per annum)
Financial Assets										
Cash and cash equivalents	-	134.44	-	134.44	0.05 - 0.38	-	55.83	-	55.83	0.05 - 0.38
Short-term investment - trading securities	-	-	0.87	0.87	-	-	-	0.87	0.87	-
Trade and other receivables	-	-	355.21	355.21	-	-	-	221.21	221.21	-
Short-term loan to related party	-	-	-	-	-	14.00	-	-	14.00	2.58
	-	134.44	356.08	490.52		14.00	55.83	222.08	291.91	
Financial liabilities										
Short-term loans from banks	82.73	-	-	82.73	1.99 - 2.47	62.73	-	-	62.73	1.99 - 2.46
Trade and other payables	-	-	246.11	246.11	-	-	-	183.46	183.46	-
Payable for investment in subsidiary	-	-	36.00	36.00	-	-	-	36.00	36.00	-
	82.73	-	282.11	364.84		62.73	-	219.46	282.19	

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.

As at 31 December 2016					
Currency	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2016 (Baht per on foreign currency unit)
	Assets	Liabilities	Assets	Liabilities	
MYR	4,561	-	-	-	7.9714
USD	11,932,778	4,621,103	6,550,895	3,712,791	35.7843
SGD	-	350	-	350	24.7612
EUR	2,025,941	7,233,326	1,351,339	1,619,637	37.7066
JPY	13,832,356	40,215,279	8,844,788	39,838,479	0.3075
GBP	-	182,572	-	-	43.9594

As at 31 December 2015					
Currency	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2015 (Baht per on foreign currency unit)
	Assets	Liabilities	Assets	Liabilities	
MYR	18,178	-	-	-	8.4168
USD	11,331,005	3,994,868	6,217,535	3,447,551	36.0417
SGD	6,709	430	6,709	-	25.4845
EUR	1,110,969	587,750	813,958	566,558	39.3858
JPY	10,621,119	300,950	9,985,551	-	0.2992
GBP	-	252,040	-	-	53.4250
CHF	555	-	555	-	36.3189

As at 31 December 2016 and 2015, the Company and its subsidiaries have no outstanding of foreign exchange contract.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

32.2 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.

33. 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 2016, the Group's debt-to-equity ratio was 0.40:1 (2015 : 0.25 : 1) and the Company's was 0.29 :1 (2015 : 0.23 :1).

34. Reclassification

Certain amounts in the statements of comprehensive income for the year ended 31 December 2015 were reclassified to conform with the current period's classification as follows :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported

Statements of comprehensive income for the year ended 31 December 2015				
Expenses				
Selling expenses	40,663,701	21,216,036	28,129,163	12,318,217
Administrative expenses	170,718,622	190,166,287	126,181,833	141,992,779

The reclassifications had no effect to previously reported profit for the year or shareholders' equity.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised of directors on 10 February 2017.

Excelite™ tribrid™

TOG is the first ophthalmic lens manufacturer of Tribrid™ material.

Clear

: crisp, sharp and natural viewing

- As sharp as conventional 1.60 lenses
- 25% sharper than conventional 1.67 lenses



Index 1.67 Lens (Abbe Value = 32) | Excelite™ tribrid™ Lens (Abbe Value = 41)

Light

: comfort of considerably less weight

- Incredibly light and exceedingly comfortable to wear
- Up to 10% lighter than other conventional high index lenses of the same prescription
- Especially ideal for children and active adults



Strong

: safe for all purposes & well-suited to rimless frames

- 10x and 6x more durability than 1.50 ADC lenses and conventional 1.60/1.67 lenses respectively
- Surpasses international standard for impact resistance - FDA Drop Ball Test
- Excellent chemical resistance
- Perfect for drilling rimless frame holes to mount lenses



Thin

: increased aesthetic appeal with high refractive index

- Added comfort and satisfaction for high prescription power wearers with reduced lens thickness



Lens thickness varies depending upon PD, frame style, and other prescription values.

บริษัท ไทยออปติคัล กรุ๊ป จำกัด (มหาชน)

15/5 หมู่ 6 ถนนบางบัวทอง-สุพรรณบุรี ตำบลละหาร

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