



ANNUAL REPORT 2017



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.

CONTENTS

5	FINANCIAL HIGHLIGHTS	62	THE NOMINATION OF DIRECTORS AND MANAGEMENT
6	MESSAGE FROM CHAIRMAN	73	THE REMUNERATIONS OF DIRECTORS & EXECUTIVES
8	THE BOARD OF DIRECTORS & MANAGEMENT	78	REPORT OF GOOD CORPORATE GOVERNANCE
16	NATURE OF BUSINESS	97	GOOD CORPORATE GOVERNANCE CODE, 2017 AMENDMENT
24	TOG INFORMATION	119	CONTROL OF THE USE OF INTERNAL INFORMATION
26	REVENUE STRUCTURE	120	INTERNAL CONTROL AND INTERNAL AUDIT SYSTEMS
27	INDUSTRIAL CONDITIONS AND COMPETITIONS	125	CONNECTED TRANSACTIONS
32	BUSINESS OBJECTIVES AND FUTURE PLANS	130	MANAGEMENT DISCUSSION AND ANALYSIS OF THE 2017
34	RISK FACTORS	136	REPORT OF THE BOARD OF DIRECTORS OF RESPONSIBILITY FOR FINANCIAL REPORTS
38	DIVIDEND PAYOUT POLICY	137	REPORT OF THE AUDIT COMMITTEE
39	SHAREHOLDER STRUCTURE & MANAGEMENT	139	AUDIT FEE
44	THE BOARD OF DIRECTORS & MANAGEMENT	141	AUDITOR'S REPORT
60	CHANGING IN DIRECTORS' SHAREHOLDING	145	FINANCIAL STATEMENTS & NOTES TO CONSOLIDATED

IN THE HEART OF ETERNAL MIND



I want to express that
"If the people donot
"leave" me, then how
can I "abandon" how, but
the car had already left and ran
fast so far gone...."

89
YEARS

"Do not leave the people" I want to cry to him. *If the people do not "leave" me, then how can I "abandon" how, but the car had already left and ran fast so far gone*

With this message, once His Majesty King Bhumibol Adulyadej had finished his king duties abroad, *he has never gone outside Thailand to leave his people anymore...*





Your Everyday Protective Lens

TOG
THAI OPTICAL GROUP

FINANCIAL HIGHLIGHTS

Thai Optical Group Public Company Limited



Detail (Million Baht)	Consolidated financial statements			Separated financial statements		
	2017	2016	2015	2017	2016	2015
Statements of Comprehensive Income						
Total Revenues	1,912.20	2,006.05	1,893.04	1,392.93	1,476.69	1,353.68
Earnings before finance costs, income taxes, depreciation and amortization including non-operating incomes and expenses (EBITDA)	380.85	456.69	436.15	121.92	203.24	248.15
Net Profit (Loss)	183.46	250.37	229.64	178.69	241.17	204.82
Financial Position						
Total Assets	2,637.49	2,591.31	2,250.12	1,792.69	1,868.31	1,728.96
Total Liabilities	789.26	735.23	450.62	357.05	420.50	326.33
Shareholders' Equity	1,848.23	1,856.08	1,799.50	1,435.64	1,447.81	1,402.63
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)	0.39	0.53	0.48	0.38	0.51	0.43
Book Value per Share (Baht)	3.90	3.91	3.79	3.03	3.05	2.90
Dividend per share (Baht)	0.35	0.42	0.38			
Dividend Payout (%)	90.00	80.00	78.00			
Share Price at the end of Financial Period (Baht)	7.95	8.40	5.70			
Weighted average number of ordinary shares (million shares)	474.32	474.32	474.32	474.32	474.32	474.32
Financial Ratios (%)						
Earnings before finance costs, income taxes, depreciation and amortization including non-operating incomes and expenses (EBITDA)	20.28	23.01	23.04	10.44	10.23	18.33
Net Profit Margin	9.77	12.95	12.59	15.30	19.26	16.78
Return on Shareholders' Equity	9.91	13.70	13.06	12.39	16.92	14.90
Return on Total Assets	8.73	12.75	12.94	9.86	14.44	13.98
Ratio of Liability to Capital (Times)	0.43	0.40	0.25	0.25	0.29	0.23



MESSAGE FROM CHAIRMAN



“

Dear Shareholders,

In year 2017, it was the saddest year for Thai people because all Thai people have the greatest loss of our greatest beloved king, King Rama IX, King Bhumibol Adulyadej. Thai Optical Group Public Company Limited (the "Company") has participated in many activities to pay our respect and faithfulness as well as our deepest sympathizes in the passed away of our greatest King Rama IX.

In overall for year 2017, though, many countries had faced the economic deflation and also encountered with the strong Thai Baht currency, 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. The Company was successfully in having new customers from America and Asia Continents and expanding our business in America continent by establishing a corporation in USA, namely TOG USA, Inc., which will be the key entity to distribute our products into the America continent effectively.

In year 2017, the Company has commenced the new production line of RX automation which was the investment of the Company last year. RX Automation will support the Prescription Lenses or Rx Lenses production line in order to increase the productivity and to meet the growth of the customers' demand efficiently.

Performance

In the year 2017, the Company's revenue is 1,912 million Baht, decreased to operating results of year 2016 that earned revenue at 2,006 million Baht, however, the Company is able to consistently pay dividend to shareholders. According to operating results of the year 2017, the Company has paid dividend in the amount of 166.01 million Baht or 0.35 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

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project for year 2016, seven consecutive years (Year 2011 – 2017). In addition, the Company has been certified by Private Sector Collective Action Coalition against Corruption and be rated as ESG100 by Thaipat Institution for three consecutive years (Year 2015-2017).

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.

A handwritten signature in blue ink, appearing to read 'Sawang Prachartam'.

(Mr. Sawang Prachartam)
Chairman





THE BOARD

OF DIRECTORS AND MANAGEMENT



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 |
| (Passed away as of 27 November, 2017) | | |
| 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

7. Mr. David	Andrew Cross	Director / Member of the Business Strategic Committee
8. Mr. Singh	Tangtatswas	Independent Director / Chairman of the Audit Committee
9. Mr. Wicha	Jiwalai	Independent Director / Member of the Audit Committee / Member of Nomination and Remuneration Committee
10. Mr. Phairuch	Mekarporn	Independent Director / Chairman of the Nomination and Remuneration Committee / Member of the Audit Committee
11. Mr. Banchong	Chittchang	Independent Director / Chairman of the Business Strategic Committee / Member of the Nomination and Remuneration Committee
12. Miss. Wichit	Thaveeprechachat	Director



THE BOARD

OF DIRECTORS AND MANAGEMENT



Managements

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

5. Mrs. Narueporn Prachartam

6. Mr. Sarath Teganjanavanich

7. Miss Michelle Hsieh

8. Mrs. Rewadee Jantamaneechote

Accounting and Tax Division Manager

Business Planning and Finance Division Manager,
Business Planning and Finance Division

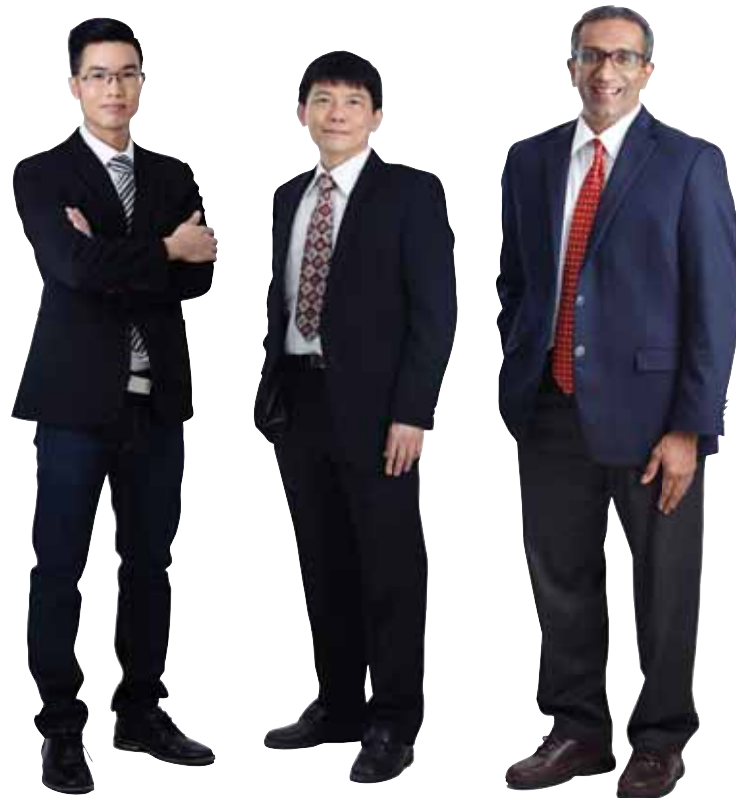
Sales Division Manager, Sales Division

Company Secretary and Legal Division Manager /
Company Secretary



THE BOARD

OF DIRECTORS AND MANAGEMENT



Subsidiary Companies' Managements

- | | | |
|---------------------|-----------------|--------------------------------|
| 1. Mr. Smith | Teganjanavanich | Vice President, Poly Sun Plant |
| 2. Mr. Witoon | Prachartam | Vice President, TOC Plant |
| 3. Mr. Venkatramani | Iyer | General Manager, TOG USA, Inc. |



The Board of Directors



Independent Directors



Audit Committee



Business Strategic Committee



Nomination and Remuneration Committee



Managements of TOG and its' Subsidiaries



NATURE OF BUSINESS



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

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



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

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

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

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

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





B.C.	TOG Milestones in Ophthalmic Lenses Business
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 High Refractive Index Lenses and High Impact Resistant Lenses 1.6 production. (Excelite R, Trivex R)
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 and had the first trading day on May 16, 2006.
2007	TOG conducted the experimentation and development the processes of 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 operation the business for prescription lenses and finished lenses by having TOG hold the shares at 33%.
	TOG increase production line for normal optical lenses.
	TOC expand its business by increasing the investment in Digital Surfacing Prescription Lenses.
2011	TOG launched the new product "Excelite® Tribrid™" Lenses.
2013	Joint Venture 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
2017	TOG invested in Rx Automation production line.
2017	TOG established TOG USA Inc. to expand the business in America market continental.

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

1. Organic lenses: sub-divided into 6 categories according to the raw materials:
 - 1.1 CR39® Lenses
 - 1.2 Photochromic Lenses
 - 1.3 High Index Lenses
 - 1.4 High Impact Resistant Lenses
 - 1.5 Sun - filtered Lenses
 - 1.6 Polarized Lenses
2. Mineral Lenses
3. Prescription Lenses or Rx Lenses
4. Other products and services such as Glass Mold used in casting process, other trading lenses and hard coating lenses and anti reflected multi coating lenses.

The Company and its Subsidiary Company distribute to wholesalers both domestic and foreign countries on an "OEM" (Original Equipment Manufacturer) basis, and also under the Company's own brand called "Excelite®".





PRODUCT CHARACTERISTICS

1. Organic Lenses - - - - -

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

1.1 CR-39®

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

1.2 Photochromic Lenses

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

1.3 High Index Lenses

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

1.4 High Impact Resistant Lenses

with its lightness, thinness and high tensile strength, lenses of this type offer maximum safety and protection to children and adults with active lifestyles. It is also suited to rimless frames. According to U.S. Food and Drug Administration which has set the regulations for those children under the age of eighteen to use the impact resistant lenses but if parents' intension deny to use this kind of lenses for their children then, they have to sign a Limitation of Liability Letter with Optical/Eyewear shop. Moreover, several countries in European zone have prepared to launch the same regulation that children have to use high Impact-resistant lenses. The company's High Impact Resistant Lenses made from Monomer under the trade name of "Trivex™"

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

1.5 Sun Filtered Lens

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

1.6 Polarized Lenses

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



SHADE
POLARVIEW

The products of Organic Lenses are produced in 2 types:

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

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

The coating lenses are available as follows:

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

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

- Single Vision Lenses

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

- Bifocal Lenses

An optical lens with 2 different focal lengths normally used by elderly people who have problems with far and near/reading distance visions. This kind of lenses demands advanced technology to assemble the 2 sections of lenses. Once assembled the two zones are appeared visibly marked on the lens.

- Progressive Lenses

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





2. Mineral Lenses - - - - -

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

2.1 Mineral 1.523

the most commonly used glass lens with index of 1.523

2.2 High Index Mineral 1.6

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

2.3 High Index Mineral 1.7

the special component mineral lenses which have index at 1.7 which is the highest index lenses, causing to produce mineral lenses with thin and light weight. The end products of mineral lenses are delivered in 2 types:

- Semi-Finished Lenses
- Finished Lenses

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

- Single Vision Lenses
- Bifocal Lenses
- Progressive Lenses

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

3. Prescription Lenses or Rx Lenses - - - - -





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



4. Other products and services - - - - -

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



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

 TOG <small>THAI OPTICAL GROUP</small>	 THAI OPTICAL	 POLY SUN	 TOG <small>TOG USA INC</small>
The Company	The Subsidiary Company (TOC)	The Subsidiary Company (Poly Sun)	The Subsidiary Company (TOG USA)
Organic lenses (CR-39)	Organic lenses (CR-39)	Sun Lenses	Distribute products and provide sales and marketing services in America Continent.
Photochromic Lenses	Prescription / Rx Lenses	Polarized Lenses	
High Index Lenses	Coating services and surface hardness Coating cut reflection.		
High Impact Resistant Lenses			
Coating services and surface hardness Coating cut reflection.			
Glass Mold			

 MVISION	 VINA-VISTA
The Associated Company (MVision)	The Associated Company (Vina Vista)
Organic lenses (CR-39)	Organic lenses (CR-39)
Prescription / Rx Lenses	Prescription / Rx Lenses



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, Klontonsai, 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



Subsidiary Company

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



Subsidiary Company

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



Subsidiary Company

Company's name (3)	: TOG USA, Inc.
	: TOG USA
Type of Business	: Distribute products and provide sales and marketing services
Head Office	: Delaware State, the United States of America
Telephone	:
Facsimile	:
Registration No.	:
Registered Capital	: USD 50,000
The proportion of the investment	: 100.00 %



Associated Company

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

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 : 1,980,000 MYR (33 %)
the investment



Associated Company

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

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 2017 (%)	Consolidated 2016 (%)	Consolidated 2015 (%)
1. Standard Lenses (Plastics lens)	The Company & Sub. Company	35.90	34.07	34.63
2. Value-added Lenses*	The Company	24.99	30.68	33.52
3. Rx /Prescription Lenses	Sub. Company	31.09	28.51	26.08
4. Mineral Lenses, Other Products and Services	The Company & Sub. Company	8.02	6.74	5.77
Total		100.00	100.00	100.00

Product Types by Volume	Manufacturer	Consolidated 2017 (%)	Consolidated 2016 (%)	Consolidated 2015 (%)
1. Standard Lenses (Plastics lens)	The Company & Sub. Company	77.54	74.29	72.75
2. Value-added Lenses*	The Company	15.38	18.96	21.17
3. Rx /Prescription Lenses	Sub. Company	6.74	6.24	5.53
4. Mineral Lenses, Other Products and Services	The Company & Sub. Company	0.34	0.51	0.55
Total		100.00	100.00	100.00

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

INDUSTRIAL

CONDITIONS AND COMPETITIONS



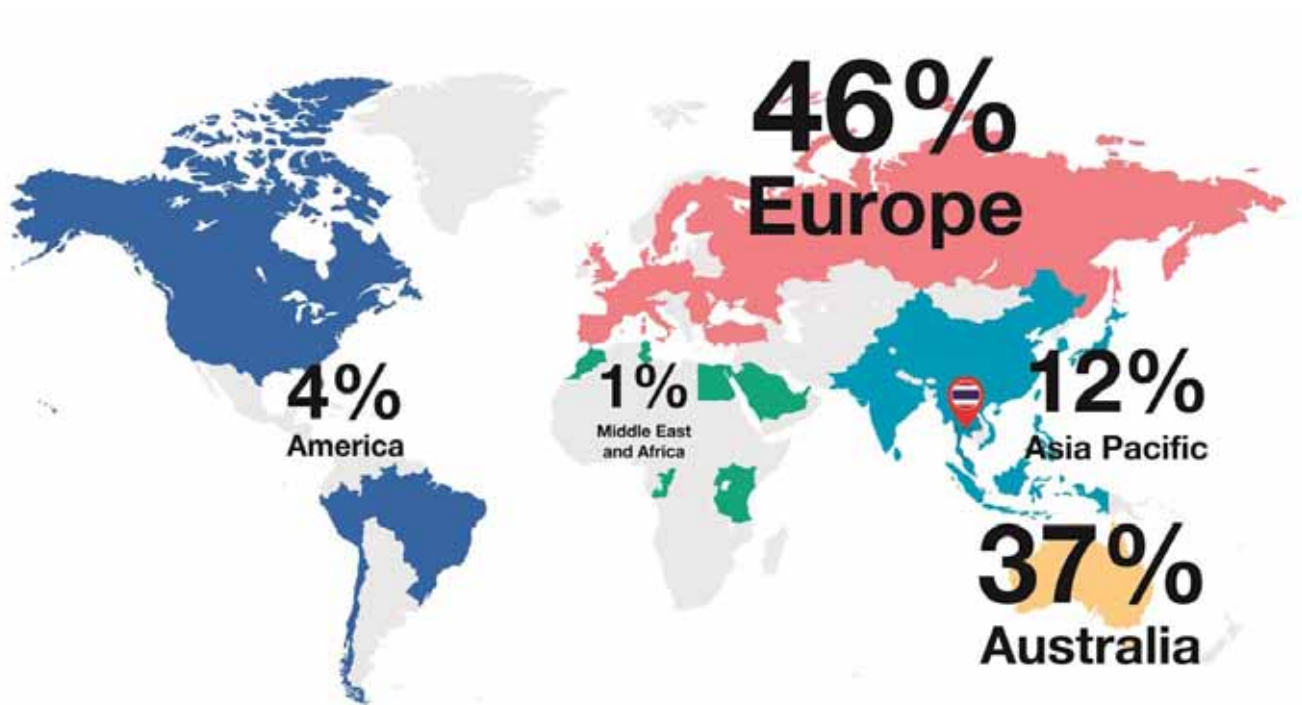
The volume of lenses exported from Thailand to foreign countries is as follows; (Data from the Customs Department of Thailand, as at December 31, 2017).

	Year 2017	Year 2016	Changing increase / (decrease) (%)
Value (million Baht)			
Optical Plastic Lenses	31,003.00	30,593.00	1.3
Optical Glass Lenses	253.18	263.00	(3.7)
Volume (million Pieces)			
Optical Plastic Lenses	227.55	220.06	3.4
Optical Glass Lenses	1.13	3.37	(66.5)
Average Price (Baht /Piece)			
Optical Plastic Lenses	136.00	139.00	(2.0)
Optical Glass Lenses	224.00	78.00	187.1



INDUSTRIAL

CONDITIONS AND COMPETITIONS



Investments tend and Market expansion. - - - - -

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

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

Policy and the Nature of Marketing - - - - -

1. Competitive Strategy

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

• Quality of Products

The utmost important strategy of The Company and its Subsidiary is to manufacture quality products. Every step of production is strictly controlled according to quality control process. Every lens is inspected for quality of visual power, thickness, color and free of any imperfection. Every batch of products is produced with the same high standard, ensuring quality and long shelf life that customers can rely on, resulting in long term customer relationship. At the same time, the Company and its Subsidiary can use this focus on quality to develop relationship with premium customers and acquire new customers who demand high quality products. Moreover, the Company and its Subsidiary also focus on the management of using resources efficiently for high quality products. As at January 13, 2015, the Company has recently received DS / EN ISO -13485: 2012 certificate by Bureau Veritas which is an internationally standard that defines requirements within quality management systems for manufacturers of medical devices and equipment apart from ISO 14001, ISO 9001 and 9002 by TUV CERT in the production standard, and all products are certified under international standards of U.S. Food and Drug Administration and European Union.

• 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 which is optical lenses produced from using bio based material more than 82% and having the highest index refractive which the company is the second manufacturer of these lenses, follow Japan.

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





INDUSTRIAL

CONDITIONS AND COMPETITIONS

2. Target Customers

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

3. Channel of Distribution

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

Distribution	Consolidated financial statements Year 2017	Consolidated financial statements Year 2016	Consolidated financial statements Year 2015
Domestic	4.70%	4.53%	4.20 %
Foreign	95.30%	95.47%	95.80 %

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 2017	Consolidated financial statements Year 2016	Consolidated financial statements Year 2015
Europe	46%	42%	46 %
Australia	37%	35%	33%
Asia and Pacific	12%	16%	14%
America	4%	6%	6 %
Africa and Middle East	1%	1%	1 %



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

Product Provision - - - - -

1. Production

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

2. Raw materials

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

Environmental Impact - - - - -

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

Research and Development - - - - -

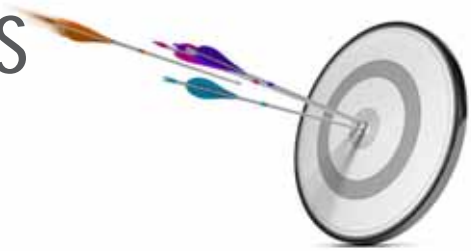
Among Ophthalmic Lens Industry, whenever the new material that suitable for producing lens is discovered, each manufacturer will bring that material to experiment and develop the production process with customized technology. The Company has established Research and Development Institution that is responsible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





BUSINESS

OBJECTIVES & FUTURE PLANS



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

Future Plans

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

Marketing

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

Human Resource

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

- Provide concentration to the working period of employees ensuring that the employees have appropriate rest period as well as improve the working area to have a good landscape and improving the working area condition.

Research and Development

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

- Emphasize value added products by increasing greater qualities to the high impact resistant lenses. The Company has been acknowledged to be the first Ophthalmic lenses manufacturer of High impact resistant lenses "Excelite® Trivex®" in finished single vision, and Progressive lenses. The Company has joined the agreement with Transitions Optical Inc., the world-leading producer of photochromic lenses, to add the quality to change color for 2 kinds of lenses, i.e. High impact resistance lenses "Excelite® Trivex®" and High index lenses (High-index Lens) 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™ this material was developed with advanced technology by hybrid combination that a research in the optical lens production process with this material had been studied for more than one year. In addition, the lens had been launched on October, 2011 at International Eyewear Exhibition (SILMO)-Paris, France and International Eyewear Exhibition (MIDO)-Italy which had received high interest from optical wholesalers in various countries.
- TOG has jointed researched and developed with Mitsut Checimal Inc. to produce 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: 2015 From Bureau Veritas in order to enhance its capability in the global market competition.
- Maintain and Develop in accordance with ISO 14001 : 2004 certification.
- Continuing to implement the Corporate Social Responsibility (CSR) and 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 2017, the Company and its Subsidiaries require all departments to assess systematically any possible risks, effects, prevention and solution including with appoint Risks Management Team to assess, analyze risk, set measure or action plan for risks management as well as systemically follow-up and taking into account internal factors and external factors such as production process, marketing, exchange rates and personnel, etc. The Company has reviewed and prepared medium-term-plan which will analyze the risk of business related to economic conditions including marketing and procurement of raw materials to prevent and respond the risk that may occur in the future, including setting proactive strategy to manage the problems. Each department is required to perform the assessment and report to the superior in accordance to the organization structure. In the case of a realization of any risk, all departments and management must jointly address and execute the required mitigation measure and report to the Board of Directors to establish the risk mitigation measure policy accordingly. Risk mitigation measures will be announced guidelines to employees to prevent or mitigate future reoccurrences, which may affect the Company and its Subsidiary's business.

1. Business Risk - - - - -

1.1 Risks from Substituted Products

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

However, the detractions of contact lenses are their relatively shorter lifespan, special care required and the continual expenses of cleaning solutions. It can be uncomfortable for people with parched eyes as contact lenses sit directly on their cornea, which may also lead to other eyes diseases that can easily be infected due to unsanitary conditions. As for LASIK, this method now can cure only one type of myopia or hypermetropia and cannot cure presbyopia in elderly people. Lasik is also very costly and cannot guarantee that the eye disorder will not return. Therefore, the aforementioned product and method have inherent limitations, which prohibit them from replacing the use of eyeglasses.

1.2 Risks from Competition

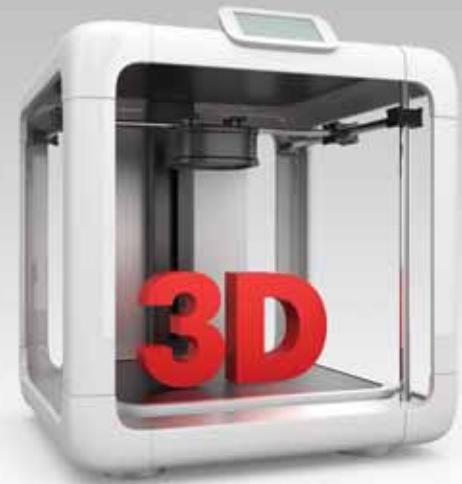
In Thailand, the Ophthalmic Lenses Industry is mainly an export industry. Aside from domestic competition, the Company has to compete globally with manufacturers from many other countries, especially China, whose manufacturers can produce CR39 (basic plastic lenses) at very low cost. Therefore, the competition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



process. These systems help to produce the best quality of products and provide the lowest production cost and shortest production time. Therefore, the Company can fulfill customers' requirements and also compete with others.

1.3 Risk from 3D Printing

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



2. Production Risk - - - - -

2.1 Risks over Price and Raw Material Procurement

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

2.2 Labor Risk

At Present, Thailand is facing a labor shortage at operation level especially in the private sector because most people have continued their education in higher level as a result, operation labor may shortage in the future. In this issue, the Company set various measures such as investment in Automation machines as well as offer compensation and welfares to persuade employees to work with the Company.



3. Financial 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.

(Unit : Baht)

Currency	Assets	Liabilities	Different of Asset and Liabilities	Average Exchange Rate as at December 31,2017	Different of Asset and Liabilities in Thai Baht
US Dollar	9,201,399	3,148,267	6,053,132	32.6407	197,578,466
SG Dollar	-	5,089	(5,089)	24.4157	(124,251)
EURO	1,001,606	768,387	233,219	38.9753	9,089,780
JPY	20,872,402	10,877,970	9,994,432	0.2894	2,892,389
MYR	8,714	-	8,714	8.0379	70,042
GBP	-	73,106	(73,106)	43.9241	3,211,115

As at 31 December 2017, the Company has contingent liabilities in respect of the guarantees of Thai Optical Company Limited, a subsidiary's credit facility amounting to Baht 68.7 million and EUR 5.3 million or equivalent to Baht 275.1 million (2016: Baht 29.5 million and EUR 4.8 million or equivalent to Baht 217.8 million) provided to banks.

As at 31 December 2017, the Company has contingent liabilities in respect of the guarantees of Poly Sun Company Limited, a subsidiary's credit facility amounting to Baht 17 million (2016: Nil).

As at 31 December 2017, Thai Optical Company Limited, a subsidiary company has contingent liabilities in respect of the guarantees of the Company's credit facility amounting to Baht 107 million (2016: Baht 63.3 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.



4. Management Risk - - - - -

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

The Prachartam Family holds 53.30 % (as of December 29, 2017) of the Company's paid-up capital. With the majority of shares, the Prachartam 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

The sole domestic distributor of products manufactured by the Company and its Subsidiary is 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

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

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



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

SHAREHOLDER STRUCTURE & MANAGEMENT

1. Shareholders

As at December 29, 2017 (the recent closing date), Thai Optical Group Public Company Limited has 1,307 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. Prateep Prachartam	Brother	24,000,000	5.06
2	Mr. Kamron Prachartam	Brother	26,035,000	5.49
3	Mr. Torn Prachartam	Nephew (The son of Mr. Kamron)	24,100,000	5.08
4	Mr. Pakee Prachartam	Nephew (The son of Mr. Kamron)	27,000,000	5.69
5	Mr. Yosanan Prachartam	Nephew (The son of Mr. Sarote)	20,153,893	4.25
6	Mr. Samrit Prachartam	Brother	14,840,000	3.13
7	Mr. Sawang Prachartam	-	12,000,000	2.53
8	Miss Prinda Prachartam	Daughter	10,107,700	2.13
9	Mr. Wirach Prachartam	Nephew (The son of Mr. Prateep)	12,010,000	2.53
10	Mr. Witoon Prachartam	Nephew (The son of Mr. Prateep)	11,830,000	2.49
11	Miss. Roongnapa Prachartam	Sister	9,352,000	1.97
12	Mrs. Rattana Prachartam	Sister-in-law (The wife of Mr. Prateep)	8,479,200	1.79
13	Mrs. Chalinee Laosuan	Niece (The daughter of Mr. Prateep)	7,040,000	1.48
14	Mrs. Pornpun Thotrakul	Niece (The daughter of Mr. Prateep)	6,880,000	1.45
15	Mrs. Amolrat Prachartam	Niece (The daughter of Mr. Prateep)	6,830,000	1.44
16	Miss Pornpip Prachartam	Niece (The daughter of Mr. Prateep)	6,730,000	1.42
17	Mrs. Nonglak Somboontam	Niece (The daughter of Mr. Prateep)	6,830,000	1.44
18	Mr. Sarath Teganjanavanich	Nephew (The son of Lieut. Col. Ketnapa)	4,687,500	0.99



SHAREHOLDER STRUCTURE & MANAGEMENT

No.	Name of Shareholders	Relation with Mr. Sawang Prachartam	Number of Shares	Stock holder Proportion (%)
19	Lieut. Col. Ketnapa Teganjanavanich	Sister	3,050,000	0.64
20	Mr. Sarote Prachaktam	Brother	3,250,000	0.69
21	Miss Ruedeeporn Yongritthikul	Niece (The daughter of Miss Walnapa)	1,718,516	0.36
22	Miss Kornwara Yongritthikul	Niece (The daughter of Miss Walnapa)	1,718,515	0.36
23	Mr. Bancha Yongritthikul	Nephew (The son of Miss Walnapa)	1,260,469	0.27
24	Miss Pornpen Prachartam	Niece (The daughter of Mr. Prateep)	2,920,000	0.62
Total of shares held by the Prachartam Family			252,822,793	53.30

Foreign Shareholders Limitation

Foreign shareholders are not allowed to hold more than 49 % of the total paid- up capitals. As of December 29, 2017, there was 30.41 % of the total shares of the Company held by foreign shareholders.

1. Shareholders

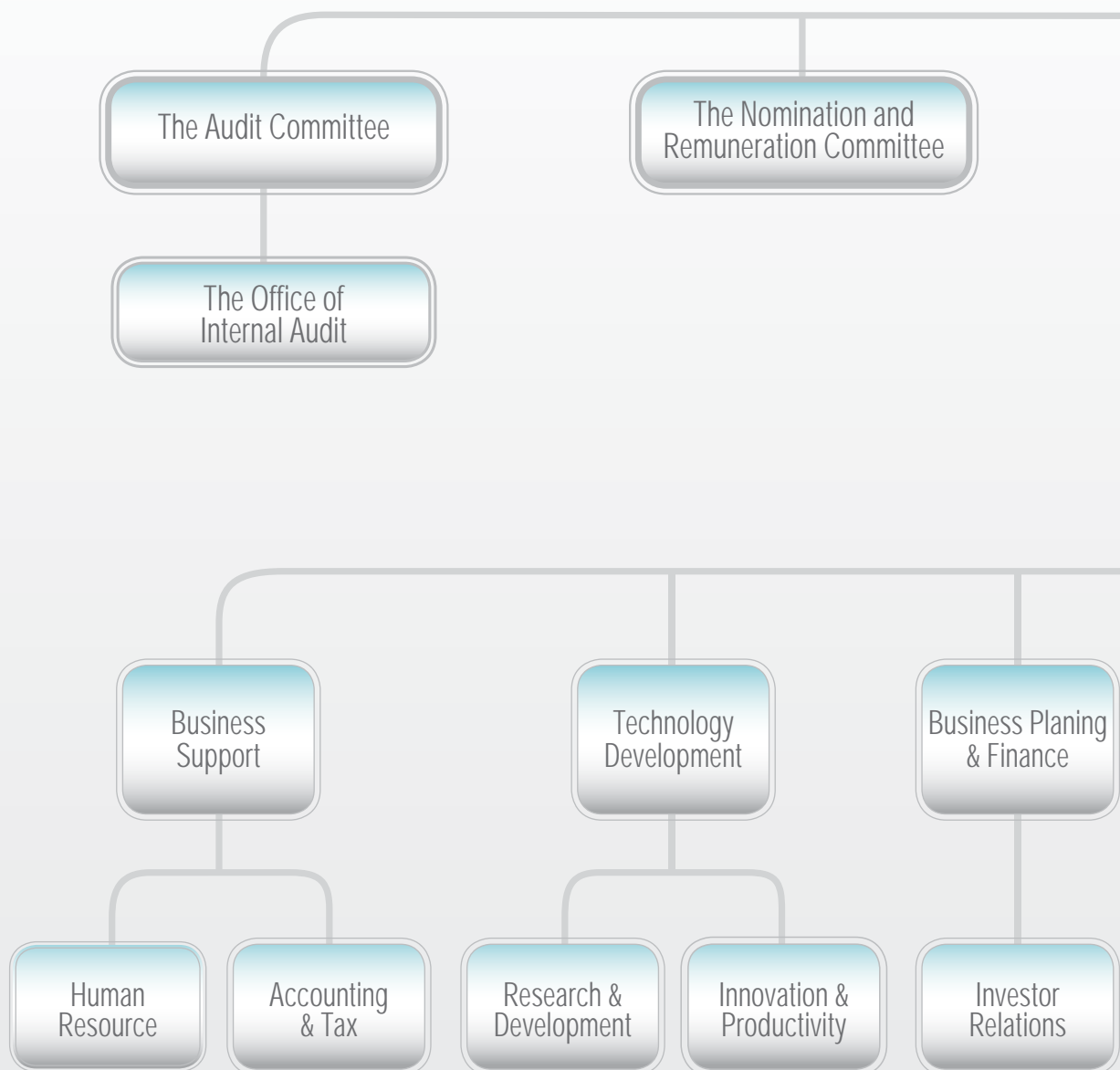
As at December 29, 2017 (the recent closing date), Thai Optical Group Public Company Limited has 1,307 shareholders. (counted from paid-up capitals of 474,318,000 shares) are;

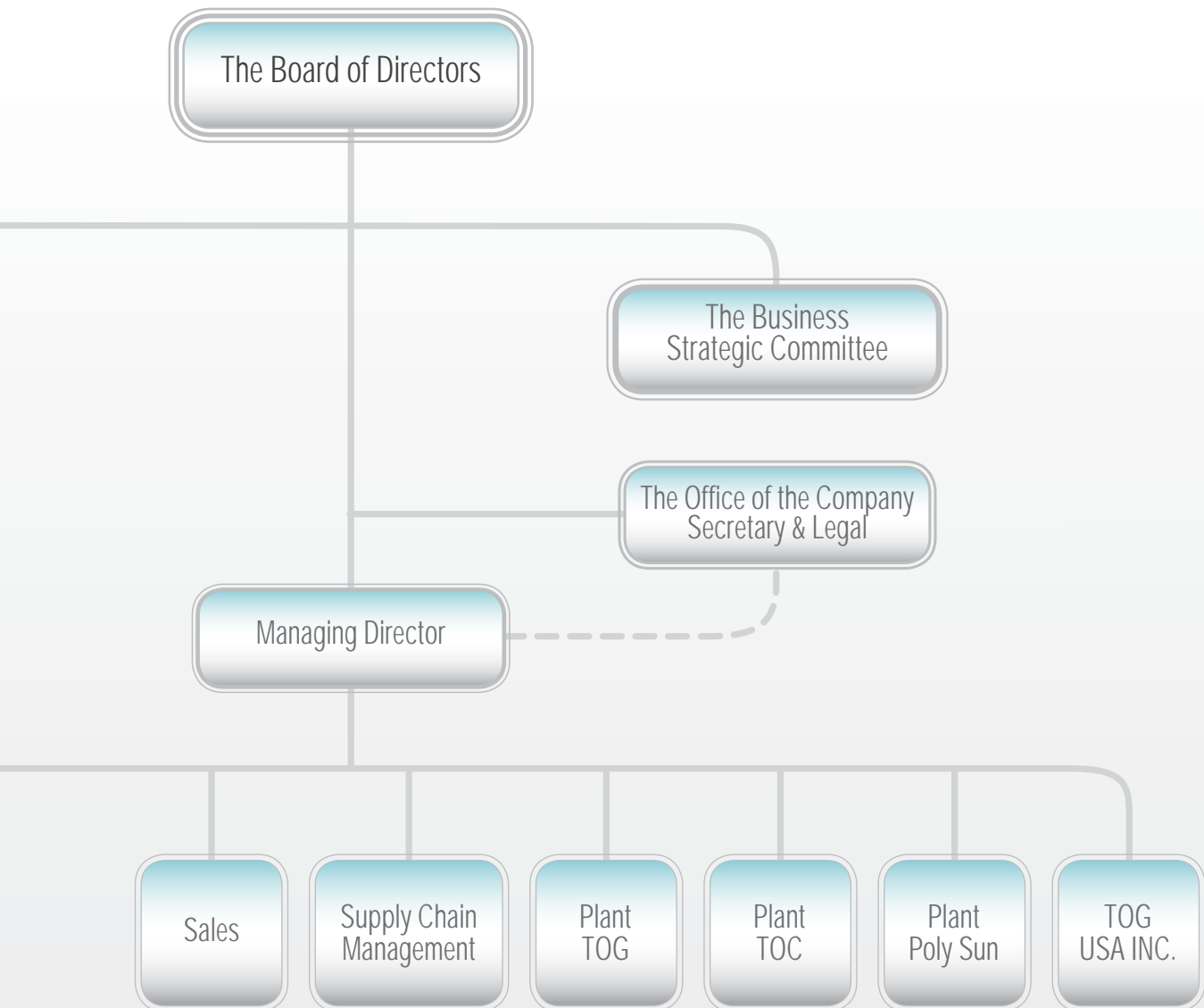
No.	Name of Shareholders	Number of Shares	Stock holder Proportion (%)
1	The Prachartam Family	252,822,793	53.30
2	Specsavers Asia Pacific Holding Limited	118,767,600	25.04
3	Aberdeen Small Cap Open Fund	19,360,400	4.08
4	SKANDINAVISKA ENSKILDA BANKEN AB	18,435,600	3.89
5	Mr. Kriangsak Isarayangyuen	5,579,200	1.18
6	Sin Kwang Optical Pte Ltd. (Singapore)	5,000,000	1.05
7	Thai NVDR Limited	4,181,403	0.88
8	Mr. Prasit Rakthaisanthavee	2,455,000	0.52
9	Bangkok Life Assurance Public Company Limited by Aberdeen Asset Management Company Limited	2,324,200	0.49
10	Mrs. Supratra Chansangavej	1,953,645	0.41
	Other shareholders	43,438,159	9.16
	Total Shares	474,318,000	100.00



ORGANIZATION STRUCTURE

Thai Optical Group Public Company Limited and its Subsidiary







THE BOARD

OF DIRECTORS AND MANAGEMENT



Mr. Sawang Prachartam

Chairman
Ages : 73 Years

Shareholding : 2.53%

Education :

- 1966 B.Eng. (Civil) 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 Experiences :

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

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

Position in Subsidiary and Associate Company: Yes

- NST Ventures Company Limited
Director

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
- TopCon Co.,Ltd.
Director



Mr. Torn Prachartam

Director / Member of the Business Strategic Committee / Managing Director / Acting Human Resources Division Manager
Ages : 50 Years

Shareholding : 4.66%

Education :

- Bachelor Degree of Chemical Engineering, King Mongkut's University of Technology Thonburi.
- MSc. 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
- Top Management Program, Capital Market Academy # 22
- Strategic Board Master Class Retreat (SBM), IOD
- The 4 Disciplines of Execution, PacRim Group

Work Experiences :

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

Position in Subsidiary and Associate Company: Yes

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

Position in Related Company : None

Other Current Position : Yes

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



THE BOARD

OF DIRECTORS AND MANAGEMENT



Mr. Wirach Prachartam
Director / Member of the
Business Strategic Committee
Ages : 56 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 - 2017 | Thai Optical Group PCL. ,
Director / Member of the Business Strategic
Committee |
| 2015 - 2017 | Better Vision Co. Ltd
Acting Managing Director |

Position in Subsidiary and Associate Company : None

Position in Related Company : None

Other Current Position : None

Remark :

Mr. Wirach Prachartam passed away on November 27, 2017.

* He passed away as of 27 November, 2017



Mr. Sarote Prachaktam

Director /Member of the
Business Strategic
Committee
Ages : 69 Years

Mrs. Pornpun Thotrakul

Director
Ages : 63 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 Associate Company: None

Position in Related Company: Yes

- NST Ventures Company Limited, Director

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 Associate Company : None

Position in Related Company : Yes

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

Shareholding : Yes

- Karai Estate Company Limited, Director



THE BOARD

OF DIRECTORS AND MANAGEMENT



Mr. Sean Darren Lawe

Director/Member of the Business
Strategic Committee
Ages : 50 Years

Shareholding : None

Education :

- Worshipful Company of Spectaclemakers Diploma (1998)
- Master in Business Administration (Technology) (2012),
The Open University (UK)

Management Developments :

- IoD (UK) CloD (2016)
- Chartered Director (IOD UK) 2017

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

2015 - Present Thai Optical Group PCL. ,

Director/ Member of the Business Strategic
Committee

Position in Subsidiary and Associate Company : None

Position in Related Company: Yes

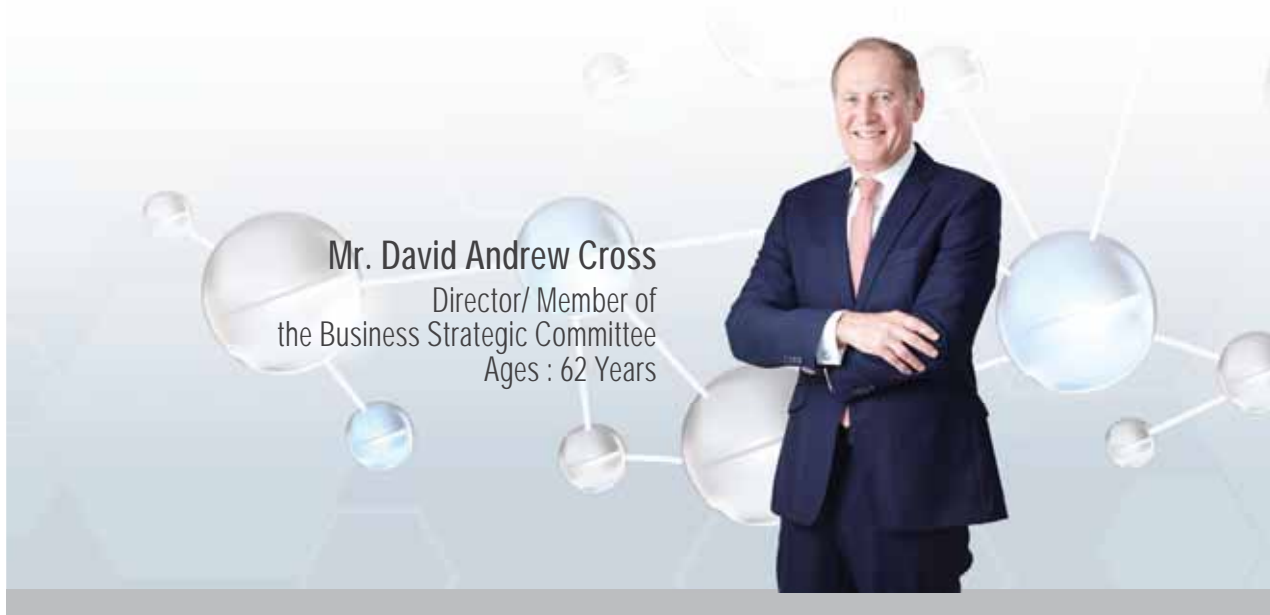
July 2016 - Present Specsavers Asia Pacific Holding Limited
Director

Other Current Position : Yes

2010 – Present Specsavers Supply Chain Board.
Member

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
Ages : 62 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 Associate Company : None

Position in Related Company : None

Other Current Position : Yes

2007 - Present Royal Automobile Association of
South Australia Inc. (RAA Group)
President and Chairman of Board/
Member of Audit Committee/
Member of Mergers and Acquisitions Committee/
Member of Public Policy Committee/
Member of Remuneration Committee/
Member of Investment Committee

2009 - Present Specsavers Pty Ltd.,
Director of Operations (Supply Chain) Asia Pacific

2010 - Present RAA Insurance Ltd. and
RAA Insurance Holdings Limited
Chairman of Board /Member of Audit Committee /
Member of Governance and Remuneration
Committee

2013 - Present Automobile Association of Australia (AAA)
Non Executive Director



THE BOARD

OF DIRECTORS AND MANAGEMENT



Mr. Singh Tangtatswas
Independent Director /
Chairman of the Audit Committee
Ages : 75 Years

Shareholding : None

Education :

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

Management Developments :

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

Thai Institute of Directors (IOD):

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

Work Experience :

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

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

Other Current Position : Yes

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



Mr. Wicha Jiwalai

Independent Director / Member of the Audit Committee / Member of Nomination and Remuneration Committee
 Ages : 73 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 Ghajamadha University, Indonesia
(under the MUCIA - World Bank Project)
Visiting Professor,
- 1985 - 1989 Deputy Governor of Bangkok
Metropolitan Administration
- 1993 - 1998 Thai Condominium Association,
President

1994 - 1995 The Sub-Committee for National Housing Policy
Committee

2000 - 2005 Geo-Informatics and Space Technology
Development Agency (Public Organization),
Chairman of Executive Board

2012 - 2013 The Asean Federation of Land Surveying
and Geomatic,
President

2004 - Present Thai Optical Group PCL. ,
Independent Director /
Member of the Audit Committee

2015 - Present Thai Optical Group PCL. ,
Member of Nomination and Remuneration
Committee

Other Current Position : Yes

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



THE BOARD

OF DIRECTORS AND MANAGEMENT



Mr. Phairuch Mekarporn

Independent Director /
Chairman of the Nomination
and Remuneration Committee /
Member of the Audit Committee
Ages : 72 Years

Shareholding : None

Education :

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

Management Developments :

- Harvard Business School :
1995 Advanced Management Program

Thai Institute of Directors (IOD):

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

Work Experience :

1989 - 1996 Thai Paper Co., Ltd. ,
Thai Union Paper Co., Ltd. ,
Managing Director

1996 - 2003 Siam Kraft Industry Co., Ltd. ,
Thai Kraft Paper Industry Co., Ltd. ,
Thai Union Paper Industry Co., Ltd. ,
Managing Director

2004 - 2014 Thai Optical Group PCL. ,
Member of the Business Strategic Committee

2004 - Present Thai Optical Group PCL. ,
Independent Director /
Chairman of the Nomination and Remuneration
Committee

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

Other Current Position : Yes

- TTW Public Company Limited,
Independent Director / 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 : 69 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

Federation of Thai Industries,
Vice Chairman Food Processing Industry Club
Thailand Management Association (TMA),
Councillor

- 2008 - Present Thai Optical Group PCL. ,
Independent Director / Member of the Nomination and Remuneration Committee / Member of the Business Strategic Committee

- 2015 - Present Thai Optical Group PCL. ,
Chairman of the Business Strategic Committee

Other Current Position : Yes

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



THE BOARD

OF DIRECTORS AND MANAGEMENT



Miss Wichit Thaveeprechachat

Director
Ages : 57 Years

Mrs. Anuruk Rattanasansuntorn

Internal Audit Manager
Ages: 50 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 Khumsappaial Co., Ltd. ,
Treasury
- 1987 - 1989 Kiatpaisal Co., Ltd. ,
Treasury
- 1989 - 1993 Thai Central Steel Co., Ltd. ,
Assistant Accounting Manager
- 1993 - 2004 Sin Thai Estate Co., Ltd. ,
Accounting Manager
- 2005 - 2017 Thai Optical Group PCL. ,
The Company Secretary
- 2008 - Present Thai Optical Group PCL. ,
Director

Position in Subsidiary and Associate Company : None

Position in Related Company : None

Other Current Position : None

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 Associate Company : None

Position in Related Company : None

Other Current Position : None



Mr. Bancha Yongrithikul
Plant Division Manager (TOG)
Ages : 47 Years

Mrs. Amolrat Prachartam
Logistics and Supply Chain
Division Manager
Ages: 50 Years

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 Associate Company : None

Position in Related Company : None

Other Current Position : None

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.
Logistics and Supply Chain Division Manager

Position in Subsidiary and Associate Company : Yes

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

Position in Related Company : Yes

- TOG USA, Inc.
Member of Board of Directors

Other Current Position : None



THE BOARD

OF DIRECTORS AND MANAGEMENT



Mrs. Narueporn Prachartam

Accounting and Tax Division Manager

Ages : 54 Years

Miss Michelle Hsieh

Sales Division Manager

Ages: 39 Years

Shareholding : None

Education :

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

Work Experience :

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

Position in Subsidiary and Associate Company: None

Position in Related Company: None

Other Current Position: Yes

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

Shareholding : None

Education :

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

Work Experience :

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

Position in Subsidiary and Associate Company : None

Position in Related Company : None

Other Current Positions : None



Mr. Sarath Teganjanavanich

Business Planning and
Finance Division Manager
Ages : 33 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 Associate Company: Yes

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

Position in Related Company : Yes

- NST Ventures Company Limited. ,
Executive Director

Other Current Position : Yes

- Karai Estate Co., Ltd.
Director



THE BOARD

OF DIRECTORS AND MANAGEMENT



Mrs. Rewadee Jantamaneechote

Company Secretary and
Legal Division Manager /
Company Secretary
Ages : 44 Years

Witoon Prachartam

Vice President, TOC Plant
Ages: 54 Years

Shareholding : None

Education :

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

Work Experience :

July 2017 - Present	Thai Optical Group Public Company Limited Company Secretary and Legal Division Manager
February 2016	Thai Optical Group Public Company Limited Assistant Company Secretary
2014 - 2015	Wind Energy Holdings PCL General Counsel
2013 - 2014	GMS Power PCL VP Legal and Company Secretary
2007 - 2013	Chevron E&P (Thailand) Ltd. Counsel

Position in Subsidiary and Associate Company : None

Position in Related Company : None

Other Current Positions : None

Shareholding : 2.49%

Education :

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

Work Experience:

1987 - 1991	Thai Optical Co., Ltd. – Ngamwonwan Factory Engineer
1994 - 1996	Thai Optical Co., Ltd. – Ngamwonwan Mold Production Line Manager
1997 - 2003	Thai Optical Co., Ltd. – Ngamwonwan Double Layer Glass Line Manager
2003 - 2004	Thai Optical Co., Ltd. – Bangbuathong Engineering Manager
2004 - Present	Thai Optical Co., Ltd. – Bangbuathong Vice President, TOC Plant

Position in Subsidiary and Associate Company : Yes

- Thai Optical Co. Ltd. Ditor

Other Current Position : None



Smith Teganjanavanich

Vice President,
Poly Sun Plant
Ages: 35 Years

Mr. VENKATRAMANI IYER

General Manager,
TOG USA, Inc.
Ages: 53 Years

Shareholding : None

Education:

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

Work Experience:

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

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

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

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

Other Current Position: None

Shareholding : None

Education:

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

Work Experience:

2012 - 2013 Pixel Optics Inc.
Director, Product Development

Other Current Position: Yes

2017 - Present TOG USA, Inc.
Director



CHANGING

IN DIRECTORS' SHAREHOLDING OF THAI OPTICAL GROUP PUBLIC COMPANY LIMITED REPORT

Changing in Directors' Shareholding of Thai Optical Group Public Company Limited Report (as of December 29, 2017)

No.	Name	Thai Optical Group PCL.			Subsidiary Company			
		Common Shares (Shares)			Common Shares (Shares)		Debenture (Shares)	
		Own	Spouse or Underage Child	Increase (Less) During Jan-Dec. 2017	Own	Increase (Less) During Jan-Dec. 2017	Own	Increase (Less) During Jan-Dec. 2017
1	Mr. Sawang Prachartam	12,000,000	--	7,800	None	--	--	--
2	Mr. Sarote Prachartam	3,250,000	--	--	None	--	--	--
3	Mr. Wirach Prachartam (Passed away as of 27 November 2017)	12,010,000	--	--	None	--	--	--
4	Mrs.Pornpun Thotrakul	6,880,000	--	--	None	--	--	--
5	Mr. Torn Prachartam	22,100,000	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	--	--	--

Remark :

- TOG has registered capital of 475,000,000 Baht, paid-up capital 474,318,000 Baht (as of December 29, 2017) 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 Managements' Shareholding of
Thai Optical Group Public Company Limited Report
(as of December 29, 2017)

No.	Name	Thai Optical Group PCL.			Subsidiary Company			
		Common Shares (Shares)			Common Shares (Shares)		Debenture (Shares)	
		Own	Spouse or Underage Child	Increase (Less) During Jan-Dec. 2017	Own	Increase (Less) During Jan-Dec. 2017	Own	Increase (Less) During Jan-Dec. 2017
1	Mr. Torn Prachartam	22,100,000	2,000,000	--	None	--	--	--
2	Mrs.Amolrat Prachartam	6,830,000	--	--	None	--	--	--
3	Mrs.Narueporn Prachartam	None	11,830,000	--	None	--	--	--
4	Mr.Bancha Yongrithikul	1,260,469	--	--	None	--	--	--
5	Miss Michelle Hsieh	None	--	--	None	--	--	--
6	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 have 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.

As of December 31, 2017, the Board of Directors of the Company consists of 11 members as follows:

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

The Directors Authorized to sign on behalf of the Company. The following 4 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 Prachartam	Director
3.	Mr. Torn Prachartam	Director
4.	Mrs. Pornpun Thotrakul	Director

Note : 1. To bind the Company, two of these four directors are required to co-sign, and stamped with the Company's corporate seal.
2. Mr. Wirach Prachartam passed away on 27 November 2017.





THE NOMINATION OF DIRECTORS AND MANAGEMENT

Regarding to, the resolution of the Board of Directors' Meeting No. 80 (1/2018), held on February 14, 2018, the approval as proposed by The Nomination and Remuneration Committee, was granted to reappoint four directors whose term had expired as follows;

- | | |
|--------------------------|---------------------------------|
| 1. Mr. Sawang Prachartam | 2. Mr. Sarote Prachaktam |
| 3. Mr. Torn Prachartam | 4. Miss Wichit Thaveeprechachat |

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.15 which will be held on Wednesday, April 4, 2018 for approval further. In addition, the Company has provided the opportunity for shareholders to propose nominee directors during October 6, 2017 to January 31, 2018, 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, here to:

2.1 Components of the Audit Committee

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

2.2 Qualifications of the Audit Committee

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

2.3 Appointment, Term in Position, and Termination

1. Appointment of the Audit Committee

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

2. Term in position

- Member of the Audit Committee has a 3-year-term in position and is in accordance with the term of the Company's Director. Member of the Audit Committee, who leaves his position as the Company's Director due to the expiry of the term, when being re-appointed to be the Director again, shall also be elected to be the Audit Committee as well.
- When there are any factors causing an early expiry of member of the Audit Committee which later results in uncomplete number of the Committee, the Company's Board of Directors will appoint a Director to be new member of the Audit Committee in order to complete the number of the Committee within 3 months after the expiry.

2.4 Vacancy

1. Member of the Audit Committee will terminate when

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

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

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

As of December 31, 2017, 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.



THE NOMINATION OF DIRECTORS AND MANAGEMENT

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).

To ensure the understanding in the duties and responsibility of the Audit Committee, the charter of Audit Committee was reviewed by the Audit Committee in the Board of Directors Meeting No. 78 (No. 5/2017) held on 7 November 2017.

Scope of Duties of the Audit Committee

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

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



THE NOMINATION OF DIRECTORS AND MANAGEMENT

3. The Business Strategic Committee - - - - -

As of December 31, 2017, The Business Strategic Committee consists of 5 directors as follows:

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

Note: Mr. Wirach Prachartam passed away on 27 November 2017.

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

In 2017, the Charter of Business Strategic Committee was reviewed by the Business Strategic Committee in the Board of Directors Meeting No. 78 (No. 5/2017) held on 7 November 2017.

Scope of Duties of the Business Strategic Committee

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

4. The Nomination and Remuneration Committee - - - - -

As of December 31, 2017, The Nomination and Remuneration Committee consist of 3 directors as follows;

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

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

As of November 11, 2015 the Board of Directors meeting No.5/2558 had a resolution to approve "The charter of Nomination and Remuneration committee"-revised version, which the charter had been first used on February 18,2009, 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. 78 (No. 5/2017) held on 7 November 2017. The scope of duties of the Nomination and Remuneration committee as follows;

Scope of Duties of the Nomination and Remuneration Committee

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



THE NOMINATION OF DIRECTORS AND MANAGEMENT

5. The Company's Executives

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

The Company's executives as of December 31, 2017 consist of 7 persons as follows;

Name			Position
1.	Mr. Torn	Pracharktam	Managing Director
2.	Mrs. Amolrat	Pracharktam	Supply Chain Management Division Manager
3.	Mrs. Narueporn	Pracharktam	Accounting and Finance 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
7.	Mrs. Rewadee	Jantamaneechote	Company Secretary and Legal Division Manager and Company Secretary

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

Delegation of executive power to Managing Director

Regarding to, the resolution of the Board of Directors' Meeting on April 20, 2004 and on April 8, 2005, the scope of authority of Managing Director was clearly stated as follows; Managing Director is responsible for managing normal business operations of the Company and perform in regarding to the Company's Board of Directors has assigned under the rules and regulations of the Company as well.

1. To set the Company's missions, objectives, methods and policy, including conducting and controlling business operations to accomplish the Company's objectives.
2. To recruit, employ, appoint, dismiss, revoke, fire, as well as set wages and rewards, adjusts salary, remuneration and bonuses for all Company employees in the positions lower than Managing Director, including with appoint a person as employer's representative in the Company's Provident Fund Committee.
3. To consider and approve payments for expenses of ordinary business operations, such as purchasing goods and services to the extent of 20 Million Baht per time, or authorizes another person to perform this task.

4. To issue instructions, orders, regulations, announcements, and memos to control business operations of the Company for profit and objective achievement, including maintaining discipline in the organization.
5. To act and appear as the Company representative to contact external parties or sectors related to and advantageous for the Company's business.
6. Carefully considers the Company investment before proposing to the Board of Directors.
7. To consider appointing any consultant that necessary for the operations of the Company before proposing to the Board of Directors.
8. To consider and approve general commercial conditions related to market price offering for sales and credit terms to general customers, which are set for commercial standard policy, reviewed by the Audit Committee and approved by the Board of Directors.
9. Manages Company's general activities.
10. To perform other duties assigned by the Board of Directors.
11. To consider funding activities in order to propose to the Board of Directors.

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

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

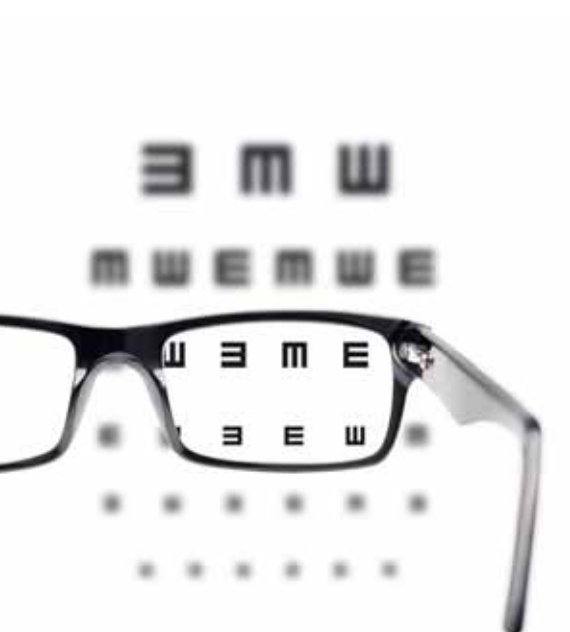




THE NOMINATION OF DIRECTORS AND MANAGEMENT

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 & EXECUTIVES

1. Directors Remuneration - - - - -

From year 2015-2016, the Board of Directors of the Company had conducted total 5 meetings for each year, while there are 6 meeting in the year 2017. Each Director attended the meetings and obtained the remuneration as follows;

Names of The Company's Directors	Year 2017		Year 2016		Year 2015	
	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1. Mr. Sawang Prachartam	6/6	517,000	5/5	470,000	3/5	402,000
2. Mr. Sarote Prachaktam	5/6	294,000	4/5	280,000	5/5	269,000
3. Mr. Torn Prachartam	6/6	294,000	5/5	280,000	5/5	269,000
4. Mr. Wirach Prachartam	5/5	294,000	5/5	280,000	5/5	269,000
5. Mrs. Pornpun Thotrakul	6/6	294,000	5/5	280,000	5/5	269,000
6. Mr. Phairach Mekarporn	6/6	294,000	5/5	280,000	5/5	269,000
7. Mr. Singh Tangtatswas	5/6	294,000	5/5	280,000	4/5	269,000
8. Mr. Wicha Jiwalai	6/6	294,000	5/5	280,000	4/5	269,000
9. Mr. Banchong Chittchang	6/6	294,000	5/5	280,000	5/5	269,000
10. Mr. Trevor Paul Blatchford***	-	-	-	-	3/5	201,750
11. Mr. David Andrew Cross	5/6	294,000	4/5	280,000	5/5	269,000
12. Mr. Sean Darren Lawe****	5/6	294,000	5/5	280,000	1/5	67,250
13. Miss Wichit Thaveeprechachat*	6/6	294,000	5/5	280,000	5/5	269,000

Remark: * Mr. Wirach Prachartam passed away on November 27, 2017.
 ** 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 Board Meeting No. 79 (6/2017) was called to consider the passing away of Mr. Wirach Prachartam.



THE REMUNERATIONS OF DIRECTORS & EXECUTIVES

From year 2015-2017, 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 2017		Year 2016		Year 2015	
	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1.Mr. Singh Tangtatswas	3/4	344,000	4/4	328,000	4/4	315,000
2.Mr. Wicha Jiwalai	4/4	229,000	4/4	218,000	4/4	210,000
3.Mr. Phairach Mekarporn	4/4	229,000	4/4	218,000	4/4	210,000

From year 2015-2017, 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 2017		Year 2016		Year 2015	
	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1. Mr. Banchong Chittchang	4/4	211,000	4/4	201,000	4/4	193,000
2. Mr. Sarote Prachaktam	3/4	140,000	3/4	133,000	4/4	128,000
3. Mr. Torn Pracharktam	4/4	140,000	4/4	133,000	4/4	128,000
4. Mr. Wirach Pracharktam (Passed away as of 27 November 2017)	4/4	140,000	4/4	133,000	4/4	128,000
5. Mr. Trevor Paul Blatchford*	--	--	--	--	3/4	96,000
6. Mr. Sean Darren Lawe**	4/4	140,000	4/4	133,000	1/4	32,000
7. Mr. David Andrew Cross	4/4	140,000	3/4	133,000	4/4	128,000

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.

From year 2015-2017, 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 2017		Year 2016		Year 2015	
	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1. Mr. Phairuch Mekarporn	4/4	211,000	4/4	201,000	4/4	193,000
2. Mr. Banchong Chittchang	4/4	140,000	4/4	133,000	4/4	128,000
3. Mr. Sarote Prachaktam*	-	-	-	-	2/4	64,000
4. Mr. Wicha Jiwalai**	4/4	140,000	4/4	133,000	1/4	64,000

Remark: ** 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. 14/2560 which held on April 4, 2017 had approved to pay the remuneration and compensation to members of the Board of Directors and members of subcommittee for the year 2017 to directors of the Company as follows;

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

Type of Remuneration	Total number (person)	Remuneration (Baht/person/year)	Total Remuneration (Baht /year)
Chairman of the Board of Directors	1	517,000	517,000
Member of the Board of Directors	11	294,000	3,234,000
Chairman of the Audit Committee	1	344,000	344,000
Member of the Audit Committee	2	229,000	458,000
Chairman of the Business Strategic Committee	1	211,000	211,000
Member of the Business Strategic Committee	5	140,000	700,000
Chairman of the Nomination and remuneration Committee	1	211,000	211,000
Member of the Nomination and Remuneration Committee	2	140,000	280,000
Total Remuneration			5,955,000



THE REMUNERATIONS OF DIRECTORS & EXECUTIVES

The Bonus of the Company's directors in the year 2016 can be summarized in the table below;

No.	Name of Director	Position	Bonus (Baht)
1	Mr.Sawang Prachartam	Chairman of the Boards	470,000
2	Mr.Sarote Prachaktam	Director and Member of the BSC	413,000
3	Mr.Wirach Prachartam <i>(Passed away as of 27 November 2017)</i>	Director and Member of the BSC	413,000
4	Mrs.Pornpun Thotrakul	Director	280,000
5	Mr.Torn Prachartam	Director and Member of the BSC	413,000
6	Mr.Phairuch Mekarporn	Director, Independent Director, Member of the AC, Chairman of the N&R Member of the BSC	699,000
7	Mr.Singh Tangtatswas	Director, Independent Director, Chairman of the AC	608,000
8	Mr.Wicha Jiwalai	Director, Independent Director, Member of the AC	631,000
9	Mr.Banchong Chittchang	Director, Independent Director, Member of the N&R, Chairman of the BSC	614,000
10	Mr.Sean Darren Lawe	Director and Member of the BSC	413,000
11	Mr.David Andrew Cross	Director and Member of the BSC	413,000
12	Miss Wichit Thaveeprechachat	Director	280,000
Total			5,647,000

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

2. Remunerations of the Management team - - - - -

The Company's executive have the remuneration from year 2015 to year 2017 as in the table below;

Type of Remunerations	Year 2017		Year 2016		Year 2015	
	Total number (person)	Total Remuneration (Baht/year)	Total number (person)	Total Remuneration (Baht/year)	Total number (person)	Total Remuneration (Baht/year)
Executive Salary	6	14,704,718	6	14,659,799	7	13,760,140
Executive Bonus	6	2,295,391	6	3,232,808	7	3,470,791
Provident Fund	6	863,640	6	802,626	7	539,460
Total Remuneration		17,863,749		18,695,233		17,770,391





REPORT OF GOOD CORPORATE GOVERNANCE



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

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

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



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

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

In year 2017, 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 assessment resulted in the year 2017 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 2017. The meeting was rated "Excellent". (received since year 2011 until present)



REPORT OF GOOD CORPORATE GOVERNANCE

1. Rights of Shareholders

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

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

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

Moreover, the Company has set the shareholders ordinary meeting within 4 months after the accounting period. For other meetings, the Board of Directors can hold the extraordinary meeting as when is necessary. The Company requires all of directors and executives to attend the shareholders' meetings in order to provide information to any shareholders who give opinions and enquire questions equitably. The minutes of the meeting must be noted correctly and completely to report and request for approval on the significant matters, or related to the principles of law that such a matter has to be approved in the shareholders' meetings. In order to let the shareholders get the information needed for the meeting in advance, the Company will send the relevant information to the shareholders, at least 14 days or 21 days according to the agenda that is required by the law before the meeting date, and also will announce through the newspaper of 3 consecutive days before the meeting day, to allow shareholders for consideration the agenda of the incoming meeting in advance. It shall be noted that the 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 : CompanySecretary@thaiopticalgroup.com

Fax : (02) 862 0705

Telephone : (02) 440 0506

Post : Mrs. Rewadee Jantamaneechote (Company Secretary)
The Office of Company Secretary and Legal
Thai Optical Group Public Company Limited
77/ 141-142 Sinn Sathorn Tower, 33rd floor, Krungthonburi Rd., 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.
3. The Company provides opportunities to shareholders who are unable to participate the meeting to exercise their rights by proxy. The Company encourages the use of proxy forms on which shareholders are able to specify their votes and also provides an option to shareholders whereby they may appoint 2 independent directors of the Company as their proxy and for the shareholders equitable treatment, the Company has disclosed information completely, transparency and sufficiently for shareholders in a manner that encourages and provides opportunities for the shareholders equally to express opinions and ask questions by paying attention to the recommendation of shareholders and clearly fixing the rights to votes of shareholders in the Annual General Meeting of Shareholders (AGM).





REPORT OF GOOD CORPORATE GOVERNANCE

4. In the year 2017, the company participated in the activities described as follows;

1. 25 January Mr. Torn Prachartam gave the interview to Forbes Thailand Magazine in ASEAN BIZ column.
 2. 7 February Mr. Sarath Teganjanavanich gave the interview to Eworld Magazine.
 3. 15 February Mr. Torn Prachartam gave the interview to BizFocus Industry Magazine in CSR TALK column
 4. 31 March Mr. Torn Prachartam gave the interview to Manager Online
 5. 23 May Mr. Kritnapatt Sirinorakul (lenses and product expert) gave the interview to Samran Dee Village TV Program on MOCT.
 6. 24 May Mr. Torn Prachartam gave the interview to San Fan Pan Jintanakarn TV Program
 7. 30 May Mr. Torn Prachartam and Mr. Sarath Teganjanavanich gave the interview to Tann Hunn Newspaper.
 8. 7 June Mr. Torn Prachartam gave the interview to Voice of leaders magazine.
 9. 26 September Mr. Torn Prachartam attended the "Mapping 17 SDGs to your business strategy" organized by CSR Club for listed companies.
 10. 7 October Mr. Torn Prachartam gave the interview Puan Koo Kid TV Program on Channel 33HD
 11. 21 November Mr. Torn Prachartam gave the interview to FM 106 MHz , SMART SMEs
 12. 17 May and 20 November attended the Opportunity Day organized by SET and having the online website.
 13. Present the trend of business and prospect market relating to Company Business to Aberdeen Asset Management, Asia Plus Securities, BBL Asset Management, Yuanta Securities, KT ZMICO Securities, Talis Asset Management
5. The Company sets procedures to prevent the use of inside information for abusive self-dealing by directors and management team. The Company informs the policy and practice to all of them and also has the regularly follow-up check. For all directors and executives, they are prohibited to sell- buy their shares during 20 days after the closing date of each quarter of financial statements and during 2 days after the disclosure of financial statements to the public. Moreover, it is the duty of all directors and management to regularly submit to the Board of Directors a report on their ownership of the Company's shares.





REPORT OF GOOD CORPORATE GOVERNANCE

3. Right of Stakeholders - - - - -

Beside the duties to perform achievement of business goals and objectives, the Company also treats all stakeholders with equality according to the principles of morality and ethical practices, as well as the Company also define the policy 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 2017, there was 1.85 % (or 27 employees of 1,463 employees)

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

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

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

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

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

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

Telephone : (662) 440 0506 to 7

Fax : (662) 862 0705

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

E-mail : CompanySecretary@thaiopticalgroup.com

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

1. Managing Director

2. Human Resources Division Manager

3. Internal Audit Manager

4. Chairman of the Audit Committee

Post : Thai Optical Group Public Company Limited

15/5 Moo 6 Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi (11110) -Thailand

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

1. The Company's Board of Directors and Management must disclose information of stakeholders and related persons to the Board. It is the duty of the Board to consider any transactions that may cause conflict of interest. Anyhow, directors and executives who are stakeholders must not taking part in making decision on such transactions. Besides, the consideration must follow the steps and policy of the Company's approval of transactions.
2. The Company has set clearly written policy and steps of approval for the related matter that the Board of Directors must approve the item, which may cause any conflict of interest. Any practice that may cause conflict of interest, the Board will hold directors meeting to consider such matter. In case that it needs an approval from the Shareholders, an extraordinary general meeting will be held before starting the project. However, the consideration of the Board must be made carefully, faithfully and reasonably for the best benefit of the Company and shareholders as a whole.
3. Regarding to the Board of Directors Meeting No.54 (1/2013) which held on February 20, 2013, the meeting had agreed with the Securities and Exchange Commission (SEC) that encouraged listed companies to involve in anti-corruption policy. Moreover, the Boards assigned the responsible person to summary the rules and set as the policy then propose to the Boards for consideration further. In order that, the Boards had assigned the Company Secretary to take training course "Anti-Corruption: The Practical Guide" ,held on 21 and 22 November,2013 , organized by the Thai Institute of Directors as in the Board of Directors meeting No.59 (1/2557) on February 19, 2014 had passed a resolution declaring its intention to join the Collective Action Coalition Project organized by Thailand private sector in anti-corruption issue. Also, the Company has signed to declare its intention to be a part of the Collective Action Coalition Project, with Thai Institutes of Directors, Thai Chamber of Commerce, Thai Bankers Association, International Chamber of Commerce and Thai Listed Companies Association, for intention to operate business in comply with the law, transparency and Anti-Corruption in all forms,and the Company had already certified on 16 January,2015. (see more at : www.thaiopticalgroup.com)
4. The Company had set training for employees in accordance with Skill Development Promotion Act BE. 2555, the implementation of the policy about human resource development. In 2016, the Company had conducted the training courses within the organization for employees and management such as, Leadership Development Program, Multi Skill Development, Safty Training and etc. (Detail had been described in SD Report 2017)



REPORT OF GOOD CORPORATE GOVERNANCE

4. Disclosure and Transparency - - - - -

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

- 1) The Company discloses all specified information in relevant regulations through the channel of the SET, in the annual statement (form 56-1), and the annual report (form 56-2) including on the website (<http://www.thaiopticalgroup.com>) in both Thai and English languages.
- 2) The Board of Directors reports the Company's performance in accordance with the corporate governance in the annual statement (form 56-1), and the annual report (form 56- 2).
- 3) The Board of Directors explains its responsibilities in providing the Company's financial statement parallel with the reports of financial auditor and presents the report on the corporate governance of the internal audit committee in the annual report (form 56- 2).
- 4) The Board of Directors discloses the name list and roles of the board and subcommittees, the frequency of meeting held, and the number of meeting attendance of the Board in each year.
- 5) The Board of Directors discloses service fee that each director has received in every categories including remuneration from being the director of its Subsidiary or any other position, such as a consultant. The first four directors according to the name list of the Board (starting from the managing director) will disclose their service fee in the annual report (form 56- 2) and the annual statement (form 56-1).
- 6) The Company has set the Investors Relations section in order to communicate equitably with the outsiders such as, shareholders, institutional investors and investors, analysts including with related government sectors. The detailed communication will be disclosed in the annual report and on the Company's website.
- 7) The Board of Directors and Executives have reported on the holding and having transaction of the Company's assets in accordance with the regulations of The Securities and Exchange Commission (SEC.).
- 8) The Company discloses the structure of the Company's shares in the annual report (form 56-2) and the annual statement (form 56-1).
- 9) The Company sets the risk management which covers all of the risks related to the missions, business strategic plans, financial, productions, securities, and information as well as considers the tentative and degree of effectiveness that can be occurred including with setting the rules and regulations to prevent any incidents. The clearly responsibilities will be stated to the concerned people. Moreover, the Company sets the policy to report and assess performance by appointing manager to be in charge of its responsibilities and also presents the plan and performance to the Management.

10) The Company has set up Investor Relations Section to communicate with Investors, Institutional investors, Shareholders, Analysts and Governmental Agency. In the year 2017, the Company had open opportunity for Analysts, Investors, Institutional investors, Journalist, Shareholders and 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.



REPORT OF GOOD CORPORATE GOVERNANCE

5. Responsibilities of the Directors - - - - -

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

5.1 Structures of the Board of Directors

(1) Independence and Neutrality of the Directors

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

(2) Qualifications of the Board of Directors

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

(3) Qualifications of Independent Director

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

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

(4) Structure of the Board of Directors

As of 31 December, 2015, the Company comprise of 12 directors in the Board of Directors which is appropriately to the business size of the Company. The Board consists of Chairman and Directors. There are independent directors accounting not less than one- third of the Board members. They must be independent from the Management team and have no business relationship or any other relationship that can influence on their consideration. Independent directors have a term of 3 years. At present, the Company had four Independent Directors. The Board of Directors believes that qualification of "Independent Directors" that set by the Company is more strictly than definition set forth by the Office of Securities and Exchange Commission (the SEC) and the Stock Exchange of Thailand(the SET).

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

Responsibility of Chairman of the Board of Directors:

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

Responsibilities of Managing Director:

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

The Company Secretary:

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

1. To be competent and understands well in the Company's business and other related work which concern the duties of the secretary, the board of the directors, and the management;
2. To have good knowledge about the relevant rules, regulations and laws of SET and SEC;
3. To work carefully with high responsibility and honesty;



REPORT OF GOOD CORPORATE GOVERNANCE

4. To have good relationship with other people that is needed for effectively communicating with many sectors.
5. Understand the key principle of Accounting and Finance.

Duties and Responsibilities of the Company Secretary:

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

5.2. The Sub Committees of the Company.

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

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

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

(1) The Audit Committee:

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

(2) The Business Strategic Committee

The Strategic Committee consists of 1 executive directors, 1 independent directors and 2 expert directors in running businesses, who are representatives from the major shareholders. This committee has duty to study the important matter that needed for close supervision, proposes strategy for producing new products and trends of new innovations, expand distribution channels as well as scrutinizing the matters related to investment in order to run the business effectively. Moreover, they also give advice and launch other related business strategies.

(3) The Nomination and Remuneration Committee:

The committee consists of 2 out of 3 independent directors. They perform duty to search and elect qualified persons to be the Company's directors. They set the succession plan and evaluate the performance of the Board of Directors, propose policies of remunerations and other payments to the Board of Directors, The Sub-committees, Managing Director and Deputy Managing Director. Besides, they consider and review the remuneration system to be suitable for directors and executives' responsibility and be in accordance with the Company's performance.

5.3 Responsibilities of the Board of Directors

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

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

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



REPORT OF GOOD CORPORATE GOVERNANCE

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

5.4 The Board of Directors' Meetings

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

- (1) The Company conducts the meetings at least four times a year and schedules the whole year meetings of the Board of Directors in advance and also inform each director accordingly.
- (2) The Board of Directors had arranged the meetings of the year 2016 total 6 times.
- (3) The Chairman of the Board of Directors and/ or Managing Director considers the matters to put on the agenda of meetings and each director can propose the matters independently.
- (4) There must be clearly agenda, complete and adequate related documents for each meeting. The documents must be delivered to the Board of Director at least 5 days before the date of meeting.
- (5) The Chairman provides enough time for the administrative team to propose the matters and every director can discuss the important issue carefully. The detail of meeting must be noted as manual and be available for the directors and related persons.
- (6) All directors can get more necessary information from the Managing Director, the Secretary, the Board of Director and other Administrative Sections.
- (7) The Company set the policy for Non-Executive Director (NED) to have a chance to conduct an inside meeting once a year without attending of the management team in order to discuss any problem that is in their interest. The meeting minutes must be reported to Managing Director. For the year 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.78 (5/2017), held on November 7, 2017, 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;

Self Assessment for the board of directors as a whole

Criteria	No. (Items)	Full score	2017	2016
1.Board structure and qualifications	13	4.00	3.79	3.83
2.Roles, duties and responsibilities of the board	20	4.00	3.81	3.84
3.The board meeting	9	4.00	3.91	3.96
4.Duties of directors	7	4.00	3.96	3.99
5.Relationship with management	5	4.00	3.92	3.92
6. Director's self improvement and management training	6	4.00	3.85	3.85
Total	60	4.00	3.87	3.88

Summary : 2017 Score is lower than 2016 Score in criteria 1 - 4 and criteria 5 - 6 is the same as 2016. However, there is no significant change in the assessment score generally.





REPORT OF GOOD CORPORATE GOVERNANCE

Self Assessment of committee as a whole

Criteria	No. (Items)	Full score	2017	2016
1. Board structure and qualifications	7	4.00	3.21	3.48
2. Sub Committee Meeting supports the Board meeting effectively	6	4.00	3.92	3.94
3. Role and responsibility of Subcommittee gives the important to review the relevant agenda appropriately				
3.1.Audit Committee	7	4.00	3.33	3.93
3.2 Nomination Committee	4	4.00	3.73	3.72
3.3 Compensation Committee	2	4.00	3.86	3.78
3.4 Good Corporate Governance Committee	5	4.00	3.80	3.88
3.5 Risk Management Committee	5	4.00	3.70	3.47
Total	23	4.00	3.65	3.77

Summary : 2017 Score in criteria 1,2,3.1 and 3.4 are less than 2016 Score however, the other criteria are higher than 2016 Score. The less of the score has no significant change generally.

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

Criteria	No. (Items)	Full score	2017	2016
1.Board structure and qualifications	2	4.00	3.83	3.85
2. The board meeting	4	4.00	3.94	3.88
3. Roles, Duties and Responsibilities of directors	5	4.00	3.87	3.82
Total	11	4.00	3.88	3.85

Summary : 2017 score has score in criteria 1 less than 2016 Score, whilst the criteria 2 and 3 are higher than score 2016, therefore the total score of 2017 is slightly higher than 2016.

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 2017, the Company has conducted the training 4DX Dimension in high performance to the managements.
- (2) The Board of Directors assigns the administrative team to have an orientation for the new director, invite them to the meeting and participate in the operation plan's presentation of the Company and its Subsidiary.
- (3) The Board of Directors determines the plan to improve the competency of Managing Director and Deputy Managing Director by assigning the administrative team to make the continuing plan and report to the Board of Directors.

5.8 Performance Evaluation of the Managing Director

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



REPORT OF GOOD CORPORATE GOVERNANCE

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.

GOOD CORPORATE GOVERNANCE CODE, *2017 AMENDMENT*



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

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

Principle 1 :

Establish clear leadership role and responsibilities of the Board

- Principle 1.1** The Board should demonstrate a thorough understanding of its leadership role, assume its responsibilities in overseeing the Company, and strengthen good governance, including:
- (1) defining objectives;
 - (2) determining means to attain the objectives; and
 - (3) monitoring, evaluating, and reporting on performance.
- Principle 1.2** To achieve sustainable value creation, the Board should exercise its leadership role and pursue the following governance outcomes:
- (1) competitiveness and performance with long-term perspective;
 - (2) ethical and responsible business;
 - (3) good corporate citizenship; and
 - (4) corporate resilience.



GOOD CORPORATE

GOVERNANCE CODE, 2017 AMENDMENT

Guidelines

- 1.2.1 The Board of Directors has a duty to ensure that all directors and executives perform their responsibilities in compliance with their fiduciary duties with the required responsibility, due care and loyalty. The Board of Directors is responsible to the Shareholders in term of management and controlling the administration following the business plans and goals in order to create the highest profit for the Shareholders on the basis of morality and consideration on the benefit of every stakeholder.
- 1.2.2 The Board of Directors creates a manual for running the ethical business in order to be the practice guidelines for directors and employees including the rules of punishment and review such policies at least once a year.
- 1.2.3 The Board of Directors sets policy for the corporate governance of the Company and makes them as a written manual. The evaluation on the performance and revision of such policy will be set at least once a year.
- 1.2.4 The Board of Directors will ensure effective implementation including regular communication of the Company's policies and guidelines to all directors, executives, employees and staff. The board should ensure adequate mechanisms are in place for monitoring, reviewing and reporting compliance with the Company's policies and guidelines.

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

Guidelines

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

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

Guidelines

1.4.1 The Board of Directors adopts the Board Charter setting out the roles and responsibilities of the directors and review such Charter at least once a year.

1.4.2 The Board of Directors sets its written ability, responsibility, and accountability in the Board Charter.

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

Principle 2 :**Define objectives that promote sustainable value creation**

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

Guidelines

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

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

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

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

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



GOOD CORPORATE

GOVERNANCE CODE, 2017 AMENDMENT

Guidelines

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

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

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

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

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

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

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

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

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

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

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

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

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

Post : Thai Optical Group Public Company Limited
 15/5 Moo 6 Bangbuathong-Suphanburi Road, Laharn, Bangbuathong,
 Nonthaburi (11110) Thailand

E-mail : Anti-Corruption@thaiopticalgroup.com

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

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



GOOD CORPORATE

GOVERNANCE CODE, 2017 AMENDMENT

Principle 3:

Strengthen Board Effectiveness

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

Guidelines

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

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

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

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

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

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

5. Not gain more than 2 million Bath per year in giving any professional services to the Company and its Subsidiary, Affiliated company or any juristic person that may cause the conflicts.
6. Not have relationships with the executives, shareholders or major shareholders of the Company.
7. Must not be appointed as representatives to protect assets of the Company's directors or shareholders.
8. Be capable of performing their duties, express opinions or report independently to the Boards.

3.1.4 The Board will explicitly disclose in the Company's annual report and on the website its diversity policies and details relating to directors, including directors' age, gender, qualifications, experience, shareholding percentage, years of service as director, and director position in other listed companies.

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

Guidelines

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

Responsibility of Chairman of the Board of Directors :

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



GOOD CORPORATE

GOVERNANCE CODE, 2017 AMENDMENT

Responsibilities of Managing Director:

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

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

3.2.2 Independent directors have a term of 3 years. They are able to be in the position exceeding a cumulative term of nine years from the first day of service, if the Board of Directors has reasonably considered such necessity.

3.2.3 The Board of Directors of the Company appointed these following 3 sub-committees: (1) the Audit Committee; (2) the Business Strategic Committee; and (3) the Nomination and Remuneration Committee to review specific matters, to screen information, and to recommend action for Board approval

3.2.4 The Board of Directors discloses the name list and roles of the Board and sub-committees, the frequency of meeting held, and the number of meeting attendance of the Board in each year.

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

Guidelines

3.3.1 The Nomination and Remuneration Committee consists of 2 out of 3 independent directors. The chairman of the Nomination and Remuneration Committee is an independent director.

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

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

Guidelines

3.4.1 The Nomination and Remuneration Committee per Item 3.3.1 is responsible for setting the remuneration policy.

3.4.2 Consideration on remunerations of the Directors will be made by comparing with the standard of the same industries, the same business size, the Company's operating performance, and the scope of responsibilities of the Directors. This consideration is an authorized approval from the Shareholders' meeting.

The Directors who are also appointed to be the subcommittee shall receive their remuneration according to their responsibility.

3.4.3 The Board of Directors discloses service fee that each director has received in every categories including remuneration from being the director of its Subsidiary or any other position, such as a consultant in the annual report (form 56- 2) and the annual statement (form 56-1).

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

Guidelines

3.5.1 The Board will ensure that there is a mechanism to support directors in understanding their roles and responsibilities per Item 3.8.

3.5.2 Each director has ability to devote sufficient time to the Company and be a director of not more than 5 listed companies.

3.5.3 The Board will ensure reporting and public disclosure of directors assuming or holding positions at other companies.

3.5.4 The Board will ensure that the Company's policies prohibit and prevent a director from creating a conflict of interest with the Company, including by using the Company's assets, information or opportunities for his or her own benefit, as a result of having or taking a director or management position, or having or creating vested interests, both directly and indirectly, in other companies. Information about a director's other directorships and positions should be reported to shareholders, as appropriate per Item 6.3.2.

3.5.5 Each director will be required to attend not less than 75 percent of all Board meetings in any whole financial reporting year.



GOOD CORPORATE GOVERNANCE CODE, 2017 AMENDMENT

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

Guidelines

3.6.1 The Board will ensure that the Company's governance framework and policies extend to its subsidiaries, including written policies relating to:

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

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

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

Guidelines

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

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

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

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

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

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

Guidelines

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

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

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

Guidelines

3.9.1 The Board determines the Board of Directors meeting and the meetings of sub-committee in advance for a whole year and also inform each director of such planned meeting date.

3.9.2 The Board of Directors had arranged the meetings at least 5 times a year and the meetings hold at 10.30 a.m. on every Wednesday of sixth week after end of each quarter or other designated day and to consider together with Executives on the operation of the Company that it pursues the business in compliance with Vision and Mission of the Company.

3.9.3 The Chairman of the Board of Directors and/ or Managing Director considers the matters to put on the agenda of meetings and each director can propose the matters independently.

3.9.4 There must be clearly agenda, complete and adequate related documents for each meeting. The documents must be delivered to the Board of Director at least 7 days before the date of meeting for consideration and study.

3.9.5 The Board of Directors encourages the Executive Directors of the Company to attend the meeting of the Board.

3.9.6 All directors can get more necessary information from the Managing Director, the Company Secretary, the Board of Director and other Administrative Sections.

If necessary to discharge their responsibilities, the Board may seek independent professional advice at the Company's expense.

3.9.7 The Company set the policy for Non-Executive Director (NED) to have a chance to conduct an inside meeting once a year without attending of the management team in order to discuss any problem that is in their interest. The meeting minutes must be reported to Managing Director.



GOOD CORPORATE

GOVERNANCE CODE, 2017 AMENDMENT

3.9.8 The Board of Directors assigns the Company Secretary to provide the meeting agendas, write the Invitation letters, manage and facilitate the meetings, keep filings of related documents and produce the meeting minutes to ask for an agreement of Chairman before proposing to the Board for an approval.

The Board will disclose the qualifications and experience of the Company Secretary in its annual report and on the Company's website.

3.9.9 The Company Secretary will receive ongoing training and education relevant to performing his/her duties.

Principle 4:

Ensure Effective CEO and People Management

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

Guidelines

4.1.1 To consider and nominate the qualified candidate to be as Managing Director, in case, there is vacancy of the position and then propose to the Board of Directors.

4.1.2 The Managing Director will be in charged of appointing knowledgeable, skilled, and experienced key executives. The Managing Director together with the Nomination and Remuneration Committee will establish the criteria and procedures for nomination and appointment of key executives.

4.1.3 The Board of Directors determines the plan to improve the competency of Executive and succession plan for top positions by assigning the administrative team to make the continuing plan and report to the Board of Directors.

4.1.4 Managing Director and top management can served as directors in the other companies but it have to approve by the Board of Directors. The number of companies in which they are allowed to simultaneously serve as a director will be in accordance with the approval of the Board.

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

Guidelines

4.2.1 The Board will ensure that the compensation structure rewards individual performance, incentivizes the chief executive officer, key executives, employees and staff at all levels to act in support of the Company's objectives and values, and fosters long-term commitment by aligning incentives with future Company performance through:

- (1) appropriate combination of salary and other short-term compensation (such as bonus), and long-term compensation (such as employee stock ownership plan participation);
- (2) ensure that the individual total compensation takes into account industry standards and Company performance; and
- (3) predetermined and communicated performance evaluation criteria.

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

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

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

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

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

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

Guidelines

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

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

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

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

Guidelines

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

- 4.4.2 The Company set the provident fund for its employees



GOOD CORPORATE

GOVERNANCE CODE, 2017 AMENDMENT

Principle 5

Nurture Innovation and Responsible Business

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

Guidelines

5.1.1 The Board will prioritize and promote a corporate culture that embraces innovation and the Business Strategic Committee will ensure to include the innovation in corporate strategy, and the Management will include the innovation for operational development planning, and operation monitoring.

5.1.2 The Board will nurture innovation that enhances long-term value creation for the business in a changing environment. Such innovation may include designing innovative business models under supervision of the Business Strategic Committee, products and services, promoting research, improving production and operation processes, and collaborating with partners.

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

Guidelines

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

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

Guidelines

5.3.1 The Board will have a thorough understanding of the Company's resource needs to support its business model, and how available resources correlate.

5.3.2 The Board will have a thorough understanding of how the business model affects resources optimization in support of ethical, responsible, and overall sustainable value creation.

5.3.3 The Board will ensure that management continuously reviews, adapts, and develops the Company's use and optimization of resources, considering internal and external factors to meet the Company's objectives.

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

Guidelines

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

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

Principle 6:

Strengthen Effective Risk Management and Internal Control

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

Guidelines

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

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

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

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



GOOD CORPORATE

GOVERNANCE CODE, 2017 AMENDMENT

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

Guidelines

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

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

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

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

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

Guidelines

6.3.1 The Company sets procedures to prevent the use of inside information for abusive self-dealing by directors and management team. The Company informs the policy and practice to all of them and also has the regularly follow-up check. For all directors and executives, they are prohibited to sell- buy their

shares during 20 days after the closing date of each quarter of financial statements and during 2 days after the disclosure of financial statements to the public. Moreover, it is the duty of all directors and management to regularly submit to the Board of Directors a report on their ownership of the Company's shares

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

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

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

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

Guidelines

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

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

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

Guidelines

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



GOOD CORPORATE

GOVERNANCE CODE, 2017 AMENDMENT

Principle 7: Ensure Disclosure and Financial Integrity

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

Guidelines

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

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

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

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

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

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

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

Guidelines

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

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

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

Guidelines

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

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

Guidelines

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

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

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

Guidelines

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

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



GOOD CORPORATE

GOVERNANCE CODE, 2017 AMENDMENT

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

Guidelines

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

Principle 8:

Ensure Engagement and Communication with Shareholders

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

Guidelines

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

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

E-mail : CompanySecretary@thaiopticalgroup.com

Fax : (662) 862 0705

Tel. : (662) 440 0506

Post : The Company Secretary

Address : The Office of Company Secretary and Legal

Thai Optical Group Public Company Limited

77/ 141-142 Sinn Sathorn Tower, 33rd floor, Krungthongburi Rd., Klong Tonsai,

Klong Sarn, Bangkok (10600) - Thailand

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

E- mail : ir@thaiopticalgroup.com Fax : (662) 862 0705 Tel : (662) 440 0506

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

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

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

Guidelines

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



GOOD CORPORATE GOVERNANCE CODE, 2017 AMENDMENT

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

Guidelines

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

CONTROL OF THE USE OF INTERNAL INFORMATION

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

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

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





INTERNAL CONTROL

AND INTERNAL AUDIT SYSTEMS

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

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

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

In the year 2017, no important error of the Company's audit system was found, as follows:

Control within Organization

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

Risks Management

Above the adequacy assessment of the internal control system under the COSO (The Committee of Sponsoring Organizations of the Tread way Commission) Framework of the Office of Securities and Exchange Commission (SEC), the Company has arranged to have the risk assessments per the Enterprise Risk Management Framework covering four (4) risks, namely, strategy risk, operation risk, report risk, and compliance risk. The Company has analyzed risks, possible results that may occurred in the future, and risk mitigation measures including following up the risk management systematically. The strategy risks are assessed and followed up by the Business Strategic Committee's Meeting quarterly. Other risks are reviewed and monitored by the Risk Management Committee, consisted of the Managing Director as the President and all members of Management Team as members to the Committee. This Committee has a responsibility for determining the structure, policy, and framework of risk management in accordance with the ISO31000 standard. In the year 2017, ISO9001 version 2015 has been implied, thus, the Company has a duty to have risk management in all activities which may affect the customers' satisfaction. This will enable all concerned departments to be more aware of risk and more systematical management. The Company has followed up and taken 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





INTERNAL CONTROL AND INTERNAL AUDIT SYSTEMS

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.



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 2017, 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 2017, the Audit Committee had total 4 meetings.

During the Audit Committee Meeting No. 1/2018 held on February 14, 2018, 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.

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. Co-purchase/sell fixed assets are at agreed rate.
7. Dividend will be considered as a revenue upon the declaration of dividend payment and eligible to receive the dividend
8. Loans to the Associated Company bear interest at a rate of 2.58 percent per year

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.



CONNECTED TRANSACTIONS

The Subsidiary Company:

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

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 2015 and 2014 are shown in Note to Consolidated Financial Statements, item no. 10 (Connected Party Transactions) including transactions between the Company, Subsidiary Companies, and related companies both domestic and international, the balance of trade account receivable and payable of the Company, Subsidiary Companies and Related Companies.

2. Necessity and Rationality of Transactions - - - - -

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

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

1.1 Trading with Optical Lenses Wholesalers

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

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

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

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.



CONNECTED TRANSACTIONS

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 properly 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	: Titles Deeds No. 173, 14676, 14677, 14678, 14679, 14680, 14681, and 14682 Total 8 Title Deeds, with total area of 2-1-59 Rai, located at 83 Moo2, Ngamwongwan Road, Bangkhen, Nonthaburi, Thailand
Lessor	: Sin Thai Estate Co., Ltd. (Change from normal person to juristic person having Managing Director who is the shareholder in Prachartam Group)
Lessee	: Thai Optical Company Limited.
Lease Term	: 1 year, since January 1, 2016 - December 31, 2016
Rental Fee	: 70,000 Baht per month The Lessee agree to pay rental fee to the lessor in quarterly by fixing payable on date 25 th of March, June, September, and December of each year.

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 Karai 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 insted 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.

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 expertise 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 2017 FINANCIAL STATUS AND OPERATING PERFORMANCE

Operating Performance

Overall Past Performance

The opinion of the Management team for the 2017 operating performance was that total revenue of the Company and its Subsidiaries was 1,912.26 million Baht, which was decreased by 93.79 million Baht (4.67%) from the previous year. The Company's net profit was 183.46 million Baht, which was decreased by 66.91 million Baht (26.72%). The reduction of net profit derives from the decreased of value-added lens in Asia-Pacific Region and America region. Additionally, the Company was in an unfavorable condition of the strengthening currency exchange rate in this case, result in loss by 14.19 million Baht. The net profit margin of the company was at 9.77% in 2017, compared to 12.95% in previous year.

	Consolidated Financial Statements (million Baht)			Separated Financial Statements (million Baht)		
	Year 2017	Year 2016	Year 2015	Year 2017	Year 2016	Year 2015
Total revenue	1,912.26	2,006.05	1,893.04	1,392.93	1,476.69	1,353.68
Net Profit (Loss)	183.46	250.37	229.64	178.69	241.17	204.82

1. Revenue from sales and services

In 2017, revenue from sales and services of the Company and its Subsidiaries was 1,877.59 million Baht comparing to 1,933.99 million Baht in 2016, with was decrease by 56.40 million Baht or 2.92%. The reduction of revenue from sales and services in 2017 is primarily a result of a decreased demand for Value-Added Lens in Asia-Pacific region and America region. However, The Company has fine-tuned its sales and marketing strategy 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, result in an increase in the 2017 revenue of lens Organic Lenex/CR39 and Rx/Prescription Lenex in Europe region and Australia region.

Operating Performance of each Business Sector

Foreign Market	Operating Performance from Sales and Services Consolidated Financial Statement (%)		
	Year 2017	Year 2016	Year 2015
European Region	43.74%	40.04%	43.70%
AU-NZ Region	35.73%	33.51%	31.31%
Asia-Pacific Region	15.87%	20.33%	18.19%
America Region	4.12%	5.57%	6.01%
Africa and Middle East Region	0.54%	0.55%	0.79%

Operating Performance of each Product Line

Product Line	Producer	Consolidated 2017 (%)	Consolidated 2016 (%)	Consolidated 2015 (%)
1. Organic Lens	Company and its Subsidiaries	36	34	35
2. Value-added Organic Lens	Company	25	31	34
3. Prescription Lens or Rx Lens	Its Subsidiaries	31	28	26
4. Mineral Lens & other products and services	Company and its Subsidiaries	8	7	5
Total		100	100	100

2. Cost of Goods Sold

The company and its subsidiaries had the proportion no cost of goods sold to revenue from sales and services in of year 2017 and 2016 was 75.17% and 74.96%, respectively. The increase proportion of cost of goods sold was because of the production process in first half of 2017.

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

The Company and its Subsidiaries' expenses in SG&A were 261.72 and 249.89 million Baht in of year 2017 and 2016, respectively. The increase in expenses of 11.83 million Baht was due to the expenses of human resources development and training, research & development expensed, added base rate of provident funds, bad debt and allowance for doubtful accounts.

4. Other Revenues

The strengthening of currency exchange rate was a negative factor to the Company's revenue in 2017. The Company's loss from currency exchange were 14.19 million Baht as the majority of the income of the Company was mainly in US Dollar currency. Which was in year 2016 had the gain of exchange rate in the amount of 17.08 million Baht and gained from trading revenue and production support of 21.87 million Baht.

5. Interest Expense

The company and its subsidiarits had expenses in interest expenses 3.76 million Baht and 1.63 million Baht in of year 2017 and 2016, respectively. Increase in interest expenses 2.13 million Baht was for working capital.

6. Net Profit

The company and its subsidiaries had net profit 183.46 and 250.37 million Baht in of year 2017 and 2016, respectively, which was decreased by 66.91 million Baht or 26.72% due to the production process in first half, higher of selling, general and administrative expenses and loss from the exchange rate.

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. 76(3/2560) held on August 9, 2017, 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, 2017, at 0.08 Baht per



MANAGEMENT

DISCUSSION AND ANALYSIS OF THE 2017 FINANCIAL STATUS AND OPERATING PERFORMANCE

share from paid-up shares of 474,318,000 shares on total of 37,945,000 Baht (Thirty-seven million nine hundred and forty-five thousand Baht only.)

For 2017, Operating Results, the Board of Director's Meeting No.80 (1/2018), held on February 14, 2018, had a resolution on approval to pay dividend of 2016 at 0.35 Baht per share which interim dividend had already been paid at 0.08 Baht per share and the remaining dividend payment of this period will be at 0.27 Baht per share to shareholders (Operating period July 1 to December 31, 2017) and will propose for approval to the next 2018 Annual General Meeting of Shareholders which will be held on April 4, 2018, 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 2018.

Financial Status - - - - -

In 2017, the Company and its Subsidiaries had total assets of 2,637.49 million Baht, increased by 46.18 million Baht from the previous year 2016. Details are as follows:

1. Current assets increased by 72.05 million Baht as follows;

- Cash and cash equivalents increased by 19.58 million Baht
- Trade and other receivables related to and non-related to company decreased by 79.57 million Baht. The trade and other receivables related to the company decreased by 47.04 million Baht and the non-related to company decreased by 32.53 million Baht. (More information in Note to Financial Statement No. 9).
- Net inventories decreased by 153.82 million Baht consisting of finished goods by 145.59 million Baht, goods in the process by 1.75 million Baht, the raw materials by 29.82 million Baht, the factory materials by 7.21 million Baht, glass mild by 16.31 million Baht, However, the goods in transit increased by 46.86 million Baht. (More details in Note to Financial Statement No. 12).
- Other current assets decreased by 29.91 million Baht.

2. Non-current assets increased by 25.87 million Baht with details as follows;

- The investment in the associated company increased by 2.77 million Baht.
- Land, Building and net equipment decreased by 26.77 million Baht.
- Intangible assets decreased by 1.48 million Baht.
- Deferred income tax decreased by 0.39 million Baht.

3. Liabilities

In 2017, the Company and its Subsidiaries had total liabilities of 789.26 million Baht, increased by 54.03 million Baht when comparing with 2016. The details are below;

- Current liabilities increased by 12.23 million Baht with details as follows;
 1. Short-term loan from bank increased by 150.28 million Baht.
 2. Trade payable and other accounts payable decreased by 138.45 million Baht, which could be separated as Trade account payable decreased by 105.08 million Baht and other accounts payable decreased by 33.37 million Baht. (More details in Note to Financial Statement No. 18).
 3. Short-term benefit reserve for employee increased by 1.64 million Baht.
 4. Accrued unpaid corporate income tax decreased by 22.24 million Baht.
 5. Current portion of long-term loans from bank increased by 21.00 million Baht.

- Non-current liabilities increased by 41.08 million Baht with details as follows;
 1. Payable for investment in subsidiary - net of current portion decreased by 12.00 million Baht.
 2. Long - term loan from bank - net of current portion increased by 51.97 million Baht.
 3. Provision for Long - term employee benefits increased by 1.83 million Baht.

4. Shareholders' Equity

In 2017, the Company and its Subsidiaries had Shareholders' equity of 1,848.23 million Baht which was decreased from the amount of 2016 year - end by 7.85 million Baht due to dividend payment.

Liquidity

1. In 2017, the Company and its Subsidiaries had net cash decreased by 25.97 million Baht resulted from Company's operations of 312.03 million Baht and earnings from Investments of 266.02 million Baht and increase in using the financing activities 20.04 million Baht.

2. Capital Structure

	Consolidated Financial Statements			Separated Financial Statements		
	Year 2017	Year 2016	Year 2015	Year 2017	Year 2016	Year 2015
Debt to equity ratio (times)	0.43	0.40	0.25	0.25	0.29	0.23
Interest-bearing debt to equity ratio (times)	0.27	0.14	0.05	0.15	0.06	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.

3. Liquidity Ratio

	Consolidated Financial Statements			Separated Financial Statements		
	Year 2017	Year 2016	Year 2015	Year 2017	Year 2016	Year 2015
Current ratio (times)	2.08	2.00	3.45	2.93	2.58	3.23
Quick ratio (times)	0.71	0.82	1.31	0.68	0.86	1.01
Cash ratio (times)	0.30	0.28	0.36	0.25	0.25	0.20
Cash flow increase (decrease) from operation (million Baht)	(312.02)	92.68	92.10	(219.28)	(3.64)	73.20

The above details show that in 2017, the liquidity of the Company and its Subsidiaries was higher than the previous year 2016, 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.



MANAGEMENT

DISCUSSION AND ANALYSIS OF THE 2017 FINANCIAL STATUS AND OPERATING PERFORMANCE

4. Profitability ratio

	Consolidated Financial Statements			Separated Financial Statements		
	Year 2017	Year 2016	Year 2015	Year 2017	Year 2016	Year 2015
Operational profit margin (%)	12.15	15.96	15.81	1.11	8.68	12.82
Net profit margin (%)	9.77	12.95	12.59	15.30	19.26	16.78
Return on assets (%)	8.73	12.75	12.94	9.86	14.44	13.98
Return on equity (%)	9.91	13.70	13.06	12.39	16.92	14.90

The above ratios show that decrease of Company's profitability in 2017 comparing with the previous year. The above ratio displayed the cost and expense in accordance with the change of the revenue arising from the dynamic of industry circumstance and negative factor of the strengthening of currency exchange rate.

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 realize the necessity of management to retain skilled workers, therefore offers more compensation and benefits to employees and 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, 2017 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 2017, 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 2017 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 2017:** 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 2017, 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 2017 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 Risk Committee, consisted of the Managing Director and all Managers from all Division, was set up. This Committee has a duty to consider the Company's structure, policy, risk management framework per ISO31000. In the year 2017, ISO9001 version 2015 has been implied, thus, the Company has a duty to have risk management in all activities which may affect the customers' satisfaction. This will enable all concerned departments to be more aware of risk and more systematical management.
8. **Reviewing the CAC recertification:** The Audit Committee had reviewed the recertification to be a certified company to the Private Sector Collective Action Coalition Against Corruption Council.
9. **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.
10. **The Charter of Audit Committee** was reviewed and updated in order to comply with current risks and situations.
11. **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 2017 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 2017, 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 14, 2018

AUDIT FEE



1. Audit fee

In the audit year of 2017, the Company and the Subsidiary companies had paid audit fee in total amounting to 2,190,000 Baht to EY Office Limited (Two Million One hundred and ninety Thousand Baht). The amount was separated by 1,360,000 Baht (One Million Three hundred and sixty Thousand Baht) of the Company and 830,000 Baht (Eight Hundred and thirty Thousand Baht) of the Subsidiary companies.

2. Non-Audit fee

None



REPORT & CONSOLIDATED FINANCIAL STATEMENTS

Thai Optical Group Public Company Limited
and its subsidiaries

31 December 2017

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 2017, 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 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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



AUDITOR'S REPORT

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

Revenue recognition

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

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

Investments in associates

The Company had investments in MVision Optical Pte. Ltd. and MVision Optical Industry Sdn. Bhd. ("associates") at cost of Baht 21 million and Baht 18 million, respectively. These are significantly higher than the carrying amounts determined based on the equity method which are Baht 8 million and Baht 7 million, respectively. As at 31 December 2017, the Company recorded allowance for diminution in value of investment in MVision Optical Pte. Ltd. of Baht 12.5 million in the separate financial statements. The assessment of such investments, especially the determination of impairment of the investments in associates, requires the significant judgement in estimating the cash inflows that are expected to be generated from those associates in the future, and setting an appropriate discount rate and growth rate.

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

Other Information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



AUDITOR'S REPORT

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

Sarinda Hirunprasurtwutti
Certified Public Accountant (Thailand) No. 4799

EY Office Limited
Bangkok: 12 February 2018

THAI OPTICAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2017

(Unit: Baht)

Assets	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Current assets					
Cash and cash equivalents	7	199,549,563	179,972,318	79,645,143	93,635,610
Short-term investments - trading securities	8	893,304	884,384	893,304	884,384
Trade and other receivables	9	272,268,753	351,835,187	137,154,367	224,767,665
Short-term loans to related party	10	-	-	-	11,000,000
Short-term loans to unrelated party	11	8,124,767	-	8,124,767	-
Inventories	12	883,294,452	729,474,189	703,084,349	603,782,244
Other current assets		16,706,425	46,621,420	4,902,351	24,631,095
Total current assets		1,380,837,264	1,308,787,498	933,804,281	958,700,998
Non-current assets					
Investments in subsidiaries	13	-	-	186,000,000	186,000,000
Investments in associates	14	34,597,220	31,830,822	41,791,004	54,330,913
Property, plant and equipment	15	1,172,216,913	1,198,986,356	601,457,375	642,057,434
Intangible assets	16	20,423,644	21,903,265	12,242,579	13,519,698
Deferred tax assets	26	29,317,758	29,704,728	17,332,150	13,641,938
Other non-current assets		96,700	94,000	60,700	58,000
Total non-current assets		1,256,652,235	1,282,519,171	858,883,808	909,607,983
Total assets		2,637,489,499	2,591,306,669	1,792,688,089	1,868,308,981

The accompanying notes are an integral part of the financial statements



THAI OPTICAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2017

(Unit: Baht)

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Current liabilities					
Short-term loans from banks	17	393,104,536	242,821,367	199,000,000	60,000,000
Trade and other payables	18	203,805,145	342,254,565	95,183,098	268,892,263
Short-term loan from related party	10	-	-	10,002,000	20,000,000
Current portion of payable for investment in subsidiary	10, 13, 19	12,000,000	12,000,000	12,000,000	12,000,000
Current portion of long-term loans from banks	20	35,623,006	14,621,871	-	-
Provision for short-term employee benefits	21	3,161,338	1,520,843	2,763,930	487,464
Income tax payable		17,551,411	39,792,220	-	10,007,611
Total current liabilities		665,245,436	653,010,866	318,949,028	371,387,338
Non-current liabilities					
Payable for investment in subsidiary - net of current portion	10, 13, 19	-	12,000,000	-	12,000,000
Long-term loans from banks - net of current portion	20	63,182,500	11,210,613	-	-
Provision for long-term employee benefits	21	60,831,421	59,004,969	38,098,136	37,108,952
Total non-current liabilities		124,013,921	82,215,582	38,098,136	49,108,952
Total liabilities		789,259,357	735,226,448	357,047,164	420,496,290
Shareholders' equity					
Share capital					
Registered					
475,000,000 ordinary shares of Baht 1 each		475,000,000	475,000,000	475,000,000	475,000,000
Issued and fully paid up					
474,318,000 ordinary shares of Baht 1 each		474,318,000	474,318,000	474,318,000	474,318,000
Ordinary share premium		481,749,828	481,749,828	481,749,828	481,749,828
Surplus from business combination under common control	13	167,792,071	167,792,071	-	-
Retained earnings					
Appropriated - statutory reserve	23	62,500,000	62,500,000	47,500,000	47,500,000
Unappropriated		661,870,243	669,720,322	432,073,097	444,244,863
Total shareholders' equity		1,848,230,142	1,856,080,221	1,435,640,925	1,447,812,691
Total liabilities and shareholders' equity		2,637,489,499	2,591,306,669	1,792,688,089	1,868,308,981

The accompanying notes are an integral part of the financial statements

THAI OPTICAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2017

(Unit: Baht)

Profit or loss:	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues					
Sales	10	1,737,966,787	1,818,971,098	1,158,443,064	1,250,818,633
Service income	10	139,624,726	115,022,986	9,675,498	1,123,978
Dividend income	10, 13, 14	-	-	167,436,703	151,025,674
Freight income		17,885,941	16,542,022	6,236,953	7,029,452
Gain on exchange		-	17,079,138	2,019,182	7,883,962
Other income		16,780,448	38,439,312	49,116,697	58,806,734
Total revenues		1,912,257,902	2,006,054,556	1,392,928,097	1,476,688,433
Expenses	25				
Cost of sales	10	1,328,094,556	1,390,480,063	999,679,146	1,025,304,076
Cost of service	10	83,326,439	59,188,741	6,102,191	765,536
Selling expenses		52,324,130	49,853,050	37,730,513	38,265,225
Administrative expenses		209,398,166	200,041,848	169,002,644	152,622,911
Loss on exchange		14,184,698	-	-	-
Total expenses		1,687,327,989	1,699,563,702	1,212,514,494	1,216,957,748
Profit before share of profit from investments in associates, finance cost and income tax		224,929,913	306,490,854	180,413,603	259,730,685
Share of profit from investments in associates	14	3,203,101	2,166,751	-	-
Profit before finance cost and income tax		228,133,014	308,657,605	180,413,603	259,730,685
Finance cost		(3,761,816)	(1,625,635)	(5,065,764)	(1,861,930)
Profit before income tax		224,371,198	307,031,970	175,347,839	257,868,755
Income tax	26	(40,914,809)	(56,665,540)	3,338,477	(16,696,652)
Profit for the year		183,456,389	250,366,430	178,686,316	241,172,103

The accompanying notes are an integral part of the financial statements



THAI OPTICAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

(Unit: Baht)

Other comprehensive income:	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(1,974,135)	(5,073,837)	(1,413,653)	(7,826,132)
Less: Income tax effect	26	394,827	1,014,767	282,731	1,565,226
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(1,579,308)	(4,059,070)	(1,130,922)	(6,260,906)
Other comprehensive income for the year		(1,579,308)	(4,059,070)	(1,130,922)	(6,260,906)
Total comprehensive income for the year		181,877,081	246,307,360	177,555,394	234,911,197
Earnings per share (Baht)	28				
Basic earnings per share					
Profit		0.39	0.53	0.38	0.51
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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

(Unit: Baht)

Consolidated financial statements							
	Note	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Retained earnings		Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2016		474,318,000	481,749,828	167,792,071	62,500,000	613,138,622	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	22	-	-	-	-	(189,725,660)	(189,725,660)
Balance as at 31 December 2016		474,318,000	481,749,828	167,792,071	62,500,000	669,720,322	1,856,080,221
Balance as at 1 January 2017		474,318,000	481,749,828	167,792,071	62,500,000	669,720,322	1,856,080,221
Profit for the year		-	-	-	-	183,456,389	183,456,389
Other comprehensive income for the year		-	-	-	-	(1,579,308)	(1,579,308)
Total comprehensive income for the year		-	-	-	-	181,877,081	181,877,081
Dividend paid	22	-	-	-	-	(189,727,160)	(189,727,160)
Balance as at 31 December 2017		474,318,000	481,749,828	167,792,071	62,500,000	661,870,243	1,848,230,142

The accompanying notes are an integral part of the financial statements



STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

(Unit: Baht)

Separate financial statements						
	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	
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 paid	22	-	-	-	(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
Balance as at 1 January 2017		474,318,000	481,749,828	47,500,000	444,244,863	1,447,812,691
Profit for the year		-	-	-	178,686,316	178,686,316
Other comprehensive income for the year		-	-	-	(1,130,922)	(1,130,922)
Total comprehensive income for the year		-	-	-	177,555,394	177,555,394
Dividend paid	22	-	-	-	(189,727,160)	(189,727,160)
Balance as at 31 December 2017		474,318,000	481,749,828	47,500,000	432,073,097	1,435,640,925

The accompanying notes are an integral part of the financial statements

THAI OPTICAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Cash flows from operating activities		224,371,198	307,031,970	175,347,839	257,868,755
Profit before tax					
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Reversal of payable for investment in subsidiary	19	(5,463,694)	(2,915,461)	(5,463,694)	(2,915,461)
Share of profit from investments in associates		(3,203,101)	(2,166,751)	-	-
Unrealised gain on short-term investments		(8,920)	(9,754)	(8,920)	(9,754)
Unrealised loss (gain) on exchange		9,483,678	(6,633,313)	1,451,751	(1,486,616)
Loss (gain) from sales/written off of property, plant and equipment		333,585	737,520	192,899	(147,668)
Dividend income		-	-	(167,436,703)	(151,025,674)
Depreciation and amortisation		153,696,816	148,344,128	108,944,299	94,532,457
Allowance for doubtful accounts (reversal)		1,471,781	198,443	(10,522)	12,716
Reduce cost to net realisable value of inventory (reversal)		(7,568,881)	11,330,295	10,047,732	3,885,255
Allowance for diminution in value of investment in associated company		-	-	12,539,909	-
Provision for long-term employee benefits		5,919,562	5,110,531	3,811,492	2,952,444
Interest income		(265,108)	(240,193)	(213,011)	(323,482)
Interest expenses		3,168,452	852,658	3,596,416	1,106,131
Profit from operating activities before changes in operating assets and liabilities		381,935,368	461,640,073	142,799,487	204,449,103
Operating assets (increase) decrease					
Trade and other receivables		65,770,637	3,346,509	77,370,355	(2,998,975)
Inventories		(146,251,382)	32,891,482	(109,349,837)	(32,613,158)
Other current assets		31,424,609	(22,362,091)	21,230,969	(4,030,088)
Other non-current assets		(2,700)	(400)	(2,700)	(400)
Operating liabilities increase (decrease)					
Trade and other payables		(106,201,589)	48,790,370	(138,160,315)	56,880,149
Cash flows from (used in) operating activities		226,674,943	524,305,943	(6,112,041)	221,686,631
Cash paid for long-term employee benefits		(4,426,750)	(6,593,750)	(1,959,495)	(3,309,632)
Cash paid for income tax		(63,883,435)	(47,324,064)	(11,578,839)	(18,744,477)
Net cash from (used in) operating activities		158,364,758	470,388,129	(19,650,375)	199,632,522

The accompanying notes are an integral part of the financial statements



THAI OPTICAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2017

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Cash flows from investing activities					
Cash received from repayment of short-term loan from subsidiary		-	-	11,000,000	3,000,000
Dividend received		436,703	575,674	70,436,703	61,025,674
Decrease in payable for investement in subsidiary	19	(6,536,306)	(9,084,539)	(6,536,306)	(9,084,539)
Purchase of property, plant and equipment		(149,057,876)	(409,731,066)	(98,250,479)	(130,749,598)
Purchase of intangible assets		(5,336,613)	(8,397,418)	(4,266,922)	(3,612,053)
Interest income		230,297	521,806	187,916	626,056
Cash received from sales of property, plant and equipment		332,710	164,471	308,411	164,486
Net cash used in investing activities		(159,931,085)	(425,951,072)	(27,120,677)	(78,629,974)
Cash flows from financing activities					
Increase (decrease) in short-term loans from banks		156,000,000	(22,439,169)	139,000,000	(2,439,169)
Increase (decrease) in trust receipts		(11,537,874)	188,239,092	-	-
Cash received from short-term loans from subsidiary		-	-	149,121,174	140,000,000
Cash paid to settle short-term loans from subsidiary		-	-	(62,119,174)	(30,000,000)
Cash received from long-term loans from banks		86,987,518	26,257,279	-	-
Cash paid to settle long-term loans from banks		(14,873,483)	-	-	-
Cash paid for interest expenses		(5,705,429)	(1,233,099)	(3,494,255)	(1,031,178)
Cash paid for dividend		(189,727,160)	(189,725,660)	(189,727,160)	(189,725,660)
Net cash from (used in) financing activities		21,143,572	1,098,443	32,780,585	(83,196,007)
Net increase (decrease) in cash and cash equivalents		19,577,245	45,535,500	(13,990,467)	37,806,541
Cash and cash equivalents at beginning of the year		179,972,318	134,436,818	93,635,610	55,829,069
Cash and cash equivalents at end of the year		199,549,563	179,972,318	79,645,143	93,635,610

The accompanying notes are an integral part of the financial statements

THAI OPTICAL GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Subsidiaries	Nature of business	Percentage of shareholding	
		2017 Percent	2016 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 subsidiaries as recorded in the Company's books of account has been eliminated against shareholders' equity of the subsidiaries as at the acquisition date. The retained earnings of subsidiary companies arising as a result of the Company's purchase of the subsidiary companies at a price lower than the net book value of the subsidiary companies at the acquisition date has been presented in shareholders' equity in the consolidated statements of financial position.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of the revised financial reporting standards and interpretations and new accounting treatment guidance does not have any significant impact on the Company's and its subsidiaries' financial statements. 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 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.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

(b) Financial reporting standards 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 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

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

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

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

4.5 Investments

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

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

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

4.7 Borrowing costs

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

4.8 Intangible assets

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

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

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

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

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

4.9 Related party transactions

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

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

4.10 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.11 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

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.

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

4.14 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.15 Long-term leases

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

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

4.16 Provisions

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

4.17 Fair value measurement

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

technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Reduce cost of inventory value

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

Impairment of investments

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

Property plant and equipment and depreciation

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

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Intangible assets

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

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

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

6. Additional cash flows information

Non-cash related transactions for investing activity for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Other payables from purchases of property, plant and equipment and intangible assets.	24,904	55,801	1,561	36,510
Settle of short-term loan from subsidiary company with dividend received.	-	-	97,000	90,000
Transfer trade and other receivables to short-term loans to unrelated party.	8,137	-	8,137	-

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	195	185	85	85
Bank deposits	199,355	179,787	79,560	93,551
Total	199,550	179,972	79,645	93,636

As at 31 December 2017, bank deposits in savings accounts carried interests between 0.05 and 0.38 percent per annum (2016: 0.05 and 0.38 percent per annum).

8. Short-term investments - trading securities

As at 31 December 2017 and 2016, short-term investments in trading securities were as follows:

Consolidated and separate financial statements						
	2017			2016		
	Number of units (Thousand unit)	Cost (Thousand Baht)	Fair value (Thousand Baht)	Number of units (Thousand unit)	Cost (Thousand Baht)	Fair value (Thousand Baht)
<u>Short-term investments:</u>						
Trading securities						
TMB Treasury Money Fund	66	781	893	66	781	884
Total short-term investments - trading securities	66	781	893	66	781	884



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	117,549	138,167	72,688	88,379
Overdue not over 30 days	61,015	86,232	4,189	33,566
Overdue 31 - 90 days	5	1,240	-	1,187
Total trade accounts receivable - related parties (Note 10)	178,569	225,639	76,877	123,132
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	74,600	84,653	50,645	69,026
Overdue not over 30 days	12,724	21,890	3,320	14,257
Overdue 31 - 90 days	4,584	16,466	467	14,051
Overdue 91 - 180 days	1,109	2,383	811	123
Overdue 181 - 365 days	1,278	1,260	4	25
Overdue more than 365 days	9,408	8,110	-	-
Total trade accounts receivable - unrelated parties	103,703	134,762	55,247	97,482
Less: Allowance for doubtful accounts	(10,038)	(8,566)	(2)	(13)
Total trade accounts receivable - unrelated parties - net	93,665	126,196	55,245	97,469
Total trade accounts receivable - net	272,234	351,835	132,122	220,601
<u>Other receivables</u>				
Other receivables - related parties (Note 10)	-	-	4,997	4,167
Other receivables - unrelated party	35	-	35	-
Total other receivables	35	-	5,032	4,167
Total trade and other receivables - net	272,269	351,835	137,154	224,768

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 are charged interest at the rate of 2.2 percent per annum (2016: 1.04 percent per annum).
9. Loan from subsidiary company is charged interest at the rate of 3.0 percent per annum (2016: 1.04 percent per annum).

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. Dividend income is recognised when declared and the right to receive the dividend is established.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<i>Transactions with subsidiaries (eliminated from the consolidated financial statements)</i>				
Sales of finished goods and raw materials	-	-	143,275	126,330
Service income	-	-	299	957
Other sales	-	-	2,100	389
Management and document service income	-	-	29,780	19,060
Other service income	-	-	630	704
Interest income	-	-	84	220
Guarantee fee income	-	-	3,444	1,349
Dividend income	-	-	167,000	150,450
Cost of sales	-	-	121,490	116,322
Purchase of finished goods and raw materials	-	-	60,516	92,627
Purchase of assets	-	-	16,182	10,905
Service fee expenses	-	-	21,258	40,614
Guarantee fee expenses	-	-	1,309	594
Other purchases	-	-	9,189	5,278
Interest expenses	-	-	789	291
<i>Transactions with associates</i>				
Sales of finished goods	7,950	10,099	2,780	7,148
Other service income	503	353	37	75
Dividend income	-	-	437	576

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
<u>Transactions with domestic related companies related by the way of common shareholders and/or common directors</u>				
Sales of finished goods and raw materials	79,179	81,883	15,712	12,373
Service income	6	10	-	-
Other sales	133	153	74	99
Purchase of finished goods and raw materials	-	3	-	-
Others purchases	1,492	1,597	579	627
Service fee expenses	3,632	3,651	570	319
Purchase of assets	344	620	-	-
<u>Transactions with foreign related companies</u>				
Sales of finished goods	1,229,046	1,170,171	575,096	560,683
Other sales	4,639	9,736	2,634	6,445



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade accounts receivable - related parties</u>				
Subsidiary companies	-	-	17,652	13,904
Associated companies	2,390	5,945	1,068	4,917
Related companies (related by common shareholders and/or directors)	176,179	219,694	58,157	104,311
Total trade accounts receivable - related parties (Note 9)	178,569	225,639	76,877	123,132
<u>Other receivables - related parties</u>				
Subsidiary companies	-	-	4,997	4,167
Total other receivables - related parties (Note 9)	-	-	4,997	4,167
<u>Short-term loan to related parties</u>				
Subsidiary company	-	-	-	11,000
Total short-term loan to related parties	-	-	-	11,000
<u>Trade accounts payable - related parties</u>				
Subsidiary companies	-	-	4,101	8,496
Related companies (related by common shareholders and/or directors)	59	20	5	11
Total trade accounts payable - related parties (Note 18)	59	20	4,106	8,507
<u>Other payables - related parties</u>				
Subsidiary company	-	-	162	98
Related companies (related by common shareholders and/or directors)	337	1,252	104	105
Total other payables - related parties (Note 18)	337	1,252	266	203

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Short-term loan from related party</u>				
Subsidiary company	-	-	10,002	20,000
Total short-term loan from related party	-	-	10,002	20,000
<u>Payable for investment in subsidiary - related parties</u>				
Payable for investment in subsidiary -related persons (Note 19)	6,000	12,000	6,000	12,000
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	-	6,000

During the year ended 31 December 2017, movement of loans between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2016	During the year		Balance as at 31 December 2017
		Increase	Decrease	
<hr/>				
<u>Short-term loan to subsidiary company</u>				
Poly Sun Co., Ltd.	11,000	-	(11,000)	-
Total	11,000	-	(11,000)	-
<hr/>				
<u>Short-term loan from subsidiary company</u>				
Thai Optical Co., Ltd.	20,000	149,121	(159,119)	10,002
Total	20,000	149,121	(159,119)	10,002



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	28,948	28,729	26,327	26,059
Post-employment benefits	517	496	423	405
Total	29,465	29,225	26,750	26,464

Guarantee obligations with related parties

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

11. Short-term loans to unrelated party

As at 31 December 2017, the Company had short-term loans to a company which was incorporated in United States of America of USD 0.25 million or equivalent to Baht 8.1 million (2016: Nil), bearing interest at the rate of 6 percent per annum and are repayable on call. These loans were transferred from accounts receivable.

12. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	486,166	330,586	(24,334)	(14,345)	461,832	316,241
Work in process	7,573	5,822	-	-	7,573	5,822
Raw materials	139,742	107,165	(8,285)	(5,527)	131,457	101,638
Spare parts and factory supplies	39,148	31,649	(287)	(1)	38,861	31,648
Supplies - Glass mould	249,528	253,815	(13,111)	(33,712)	236,417	220,103
Goods in transit	7,154	54,022	-	-	7,154	54,022
Total	929,311	783,059	(46,017)	(53,585)	883,294	729,474

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2560	2559	2560	2559	2560	2559
Finished goods	342,593	257,467	(14,207)	(2,033)	328,386	255,434
Work in process	3,822	2,228	-	-	3,822	2,228
Raw materials	119,586	80,872	-	-	119,586	80,872
Spare parts and factory supplies	17,857	13,657	-	-	17,857	13,657
Supplies - Glass mould	237,140	214,069	(10,536)	(12,662)	226,604	201,407
Goods in transit	6,829	50,184	-	-	6,829	50,184
Total	727,827	618,477	(24,743)	(14,695)	703,084	603,782

During the current year, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 7.57 million and reduced the amount of inventories recognised as expenses during the year (2016: reduced cost of inventories by Baht 11.33 million to reflect the net realisable value, which was included in cost of sales) (The Company only: reduced cost of inventories by Baht 10.05 million (2016: Baht 3.89 million) to reflect the net realisable value, which was included in cost of sales).

13. Investments in subsidiary companies

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016	2017	2016
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	167,000	150,450
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	167,000	150,450



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



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

Poly Sun Company Limited

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

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

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

TOG USA, Inc.

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

As at 31 December 2017, the subsidiary had not called for share capital payment.

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

14. Investments in associates

14.1 Details of investments in associates

Company's name	Nature of business	Relationship	Paid-up capital		Shareholding percentage	Consolidated financial statements		Separate financial statements	
			2017	2016		2017 (Thousand Baht)	2016 (Thousand Baht)	2017 (Thousand Baht)	2016 (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	8,487	9,315	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	6,835	4,249	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	19,275	18,267	15,272	15,272
Total						34,597	31,831	54,331	54,331
Less: Allowance for diminution in value of investments						-	-	(12,540)	-
Investments in associates - net						34,597	31,831	41,791	54,331

As at 31 December 2017, the Company recorded allowance for diminution in value of investments in MVision Optical Pte. Ltd., the associated company, of Baht 12.54 million (2016: Nil) in the separate financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

14.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associated companies during the year		Dividend received during the years	
	2017	2016	2017	2016
MVision Optical Pte. Ltd.	(828)	118	-	-
MVision Optical Industry Sdn. Bhd.	2,586	560	-	-
Vietnam Visibility Target Company Limited	1,445	1,489	437	576
Total	3,203	2,167	437	576

14.3 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	MVision Optical Pte. Ltd.		MVision Optical Industry Sdn. Bhd.		Vietnam Visibility Target Company Limited	
	2017	2016	2017	2016	2017	2016
Current assets	34	38	29	26	69	73
Non-current assets	13	16	2	1	34	44
Current liabilities	(18)	(23)	(10)	(14)	(48)	(50)
Non-current liabilities	-	-	-	-	(3)	(10)
Net assets	29	31	21	13	52	57
Shareholding percentage (%)	33%	33%	33%	33%	33%	33%
Share of net assets	9.6	10.2	7.0	4.3	17.1	18.8
Gain (loss) on exchange and others	(1.1)	(0.9)	(0.2)	(0.1)	2.2	(0.5)
Carrying amounts of associates based on equity method	8.5	9.3	6.8	4.2	19.3	18.3

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December					
	MVision Optical Pte. Ltd.		MVision Optical Industry Sdn. Bhd.		Vietnam Visibility Target Company Limited	
	2017	2016	2017	2016	2017	2016
Revenue	65.9	70.7	63.5	61.0	169.4	154.0
Profit (loss)	(2.5)	0.4	7.8	1.7	4.4	4.5
Total comprehensive income	(2.5)	0.4	7.8	1.7	4.4	4.5

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Asset in progress	Total
Cost:							
1 January 2016	168,993	551,249	1,627,865	112,715	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	1,683,704	116,351	34,339	372,265	2,923,147
Additions	-	-	3,020	5,381	49	112,328	120,778
Transferred in/(out)	-	101,113	341,009	19,993	69	(462,184)	-
Disposals/Write-off	-	(200)	(6,522)	(6,711)	(4,107)	-	(17,540)
31 December 2017	168,993	648,408	2,021,211	135,014	30,350	22,409	3,026,385
Accumulated depreciation:							
1 January 2016	-	304,482	1,222,917	92,302	28,563	-	1,648,264
Depreciation for the year	-	32,678	97,354	8,912	1,760	-	140,704
Depreciation on disposals	-	(5,671)	(53,200)	(5,186)	(750)	-	(64,807)
31 December 2016	-	331,489	1,267,071	96,028	29,573	-	1,724,161
Depreciation for the year	-	34,846	100,412	9,812	1,810	-	146,880
Depreciation on disposals/write-off	-	(88)	(6,312)	(6,461)	(4,012)	-	(16,873)
31 December 2017	-	366,247	1,361,171	99,379	27,371	-	1,854,168
Net book value:							
31 December 2016	168,993	216,006	416,633	20,323	4,766	372,265	1,198,986
31 December 2017	168,993	282,161	660,040	35,635	2,979	22,409	1,172,217
Depreciation for the year							
2016 (Baht 132 million included in manufacturing cost, and the balance in administrative expenses)							140,704
2017 (Baht 137 million included in manufacturing cost, and the balance in administrative expenses)							146,880



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(Unit: Thousand Baht)

	Separate financial statements						
	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Asset in progress	Total
Cost:							
1 January 2016	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
Additions	-	-	14,478	3,399	40	45,384	63,301
Transferred in/(out)	-	61,273	40,393	5,361	69	(107,096)	-
Disposals/write-off	-	(200)	(2,963)	(924)	(3,765)	-	(7,852)
31 December 2017	84,022	485,386	978,159	70,842	17,820	5,771	1,642,000
Accumulated depreciation:							
1 January 2016	-	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
Depreciation for the year	-	29,835	67,020	5,801	743	-	103,399
Depreciation on disposals/write-off	-	(88)	(2,813)	(779)	(3,670)	-	(7,350)
31 December 2017	-	268,906	699,067	55,870	16,700	-	1,040,543
Net book value:							
31 December 2016	84,022	185,154	291,391	12,158	1,849	67,483	642,057
31 December 2017	84,022	216,480	279,092	14,972	1,120	5,771	601,457
Depreciation for the year							
2016 (Baht 83 million included in manufacturing cost, and the balance in administrative expenses)							88,028
2017 (Baht 97 million included in manufacturing cost, and the balance in administrative expenses)							103,399

During the year 2017, the subsidiary had capitalised interest expenses of Baht 0.72 million (2016: 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 (2016: 2.75 to 3.25 percent per annum).

As at 31 December 2017, certain plant and equipment items of the Company and subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 1,070.66 million (2016: Baht 998.72 million) and the Company only amounted to Baht 559.57 million (2017: Baht 527.44 million).

16. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Computer software	Deferred product development	License	Total
31 December 2017:				
Cost	62,754	33,564	76,392	172,710
Less: Accumulated amortisation	(48,225)	(27,669)	(76,392)	(152,286)
Net book value	14,529	5,895	-	20,424
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

(Unit: Thousand Baht)

	Separate financial statements			
	Computer software	Deferred product development	License	Total
31 December 2017:				
Cost	38,522	33,564	74,911	146,997
Less: Accumulated amortisation	(32,174)	(27,669)	(74,911)	(134,754)
Net book value	6,348	5,895	-	12,243
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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	21,903	20,974	13,520	16,412
Acquisition of computer software	4,366	5,175	3,297	218
Increase in deferred product development	970	3,394	970	3,394
Amortisation	(6,815)	(7,640)	(5,544)	(6,504)
Net book value at end of year	20,424	21,903	12,243	13,520

17. Short-term loans from banks

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term loans from banks	216,000	60,000	199,000	60,000
Trust receipts	177,105	182,821	-	-
Total	393,105	242,821	199,000	60,000

Bank overdrafts, trust receipts and short-term loans from banks bear interests at the rate determined under the agreements. Under the terms of the above agreements, the Company and its subsidiaries must comply with certain conditions and restrictions stipulated in the agreements.

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

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

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts payable - related parties (Note 10)	59	20	4,106	8,507
Trade accounts payable - unrelated parties	127,770	232,889	52,643	187,438
Other payables - related parties (Note 10)	337	1,252	266	203
Other payables - unrelated parties	39,001	64,759	14,061	44,129
Accrued expenses	35,303	42,060	23,928	28,180
Others	1,335	1,275	179	435
Total trade and other payables	203,805	342,255	95,183	268,892

19. Payable for investment in subsidiary

As at 31 December 2017 and 2016, the Company had payable for investment in subsidiary as below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2017	2016
Payable for investment in subsidiary	12,000	24,000
Less: Portion due within one year	(12,000)	(12,000)
Payable for investment in subsidiary - net of current portion	-	12,000
Of which payable to related parties (Note 10)	6,000	12,000

Movements in the payable for investment in subsidiary account during the years ended 31 December 2017 and 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2017	2016
Balance at beginning of year	24,000	36,000
Less: Repayment during the year	(6,536)	(9,085)
Reversal of payable for investment in subsidiary	(5,464)	(2,915)
Balance at end of year	12,000	24,000

During the year ended 31 December 2017, the Company had payable for investment in subsidiary which was due for repayment amounting to Baht 12 million (2016: Baht 12 million). However, the Company paid for payable for investment in subsidiary of Baht 6.5 million (2016: Baht 9.1 million) and reversed payable for investment in subsidiary of Baht 5.5 million (2016: 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 5.5 million (2016: Baht 2.9 million) and recorded such amount as other income in the consolidated and separate statements of comprehensive income for the years ended 31 December 2017 and 2016.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

20. Long-term loans from banks

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Long-term loans from banks	98,806	25,833	-	-
Less: Portion due within one year	(35,623)	(14,622)	-	-
Long-term loans from banks - net of current portion	63,183	11,211	-	-

Movements in the long-term loans from banks during the years ended 31 December 2017 and 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance at beginning of year	25,833	-	-	-
Add : Cash receipt during the year	86,988	25,833	-	-
Unrealised loss on exchange	858	-	-	-
Less: Repayment during the year	(14,873)	-	-	-
Balance at end of year	98,806	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 2017, the subsidiary had outstanding balance of long-term loans of EUR 0.8 million or equivalent to Baht 30.1 million (2016: 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 2017, the subsidiary had outstanding balance of long-term loans of Baht 68.7 million (2016: Baht 10.9 million).

The loans are guaranteed by the Company. The loan agreements contain certain covenants with which the subsidiary must comply, pertaining to matters such as the maintenance of certain financial ratio.

As at 31 December 2017, the subsidiary had long-term credit facilities, which have not been withdrawn, of EUR 5.1 million and Baht 64.4 million (2016: EUR 5.6 million and Baht 133.1 million).

21. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	60,526	56,935	37,596	30,127
Included in profit or loss:				
Current service cost	4,512	3,794	2,904	2,236
Interest cost	1,408	1,317	907	717
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	528	1,320	414	1,031
Financial assumptions changes	1,446	(1,898)	1,000	(1,339)
Experience adjustments	-	5,652	-	8,134
Benefits paid during the year	(4,427)	(6,594)	(1,959)	(3,310)
Provision for long-term employee benefits at end of year	63,993	60,526	40,862	37,596
Provision for employee benefits				
Current	3,161	1,521	2,764	487
Non-current	60,832	59,005	38,098	37,109
	63,993	60,526	40,862	37,596

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	
	2017	2016	2017	2016
Cost of sales	4,078	3,653	2,295	1,749
Selling and administrative expenses	1,842	1,458	1,516	1,204
Total expenses recognised in profit or loss	5,920	5,111	3,811	2,953



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

The Company and its subsidiaries expect to pay Baht 3.2 million of long-term employee benefits during the next year (Separate financial statements: Baht 2.8 million) (2016: Baht 1.5 million, separate financial statements: Baht 0.5 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 12 years (Separate financial statements: 12 years) (2016: 12 years, separate financial statements: 12 years).

Significant actuarial assumptions are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017 (% per annum)	2016 (% per annum)	2017 (% per annum)	2016 (% per annum)
Discount rate	2.7	3.0	2.7	3.0
Salary 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 2017 and 2016 are summarised below.

(Unit: Thousand Baht)

As at 31 December 2017

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(4,421)	4,994	(3,124)	3,545
Salary increase rate	5,071	(4,593)	3,517	(3,167)

(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
Salary increase rate	5,057	(4,576)	3,469	(3,121)

22. Dividend paid

Dividends declared in 2017 and 2016 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>The Company 2017</u>				
Final dividend on 2016 earnings	Annual General Meeting of the shareholders on 5 April 2017	151.78	0.32	4 May 2017
Interim dividend of earnings for the period as from 1 January 2017 to 30 June 2017	The Meeting of the Board of Directors of the Company on 9 August 2017	37.95	0.08	8 September 2017
Total for 2017		189.73	0.40	
<u>2016</u>				
Final dividend on 2015 earnings	Annual General 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	



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. Presently, the Company and its subsidiaries have fully set aside the statutory reserve. The statutory reserve could not be used for dividend payment.

24. Provident fund

The Company and its subsidiaries and its employees jointly established a provident fund in accordance with the Provident Fund Act (B.E. 2530). The fund is contributed to by both employees at the rate of 3 - 15 percent of their basic salaries and the Company and its subsidiaries at the rate of 5 - 9 percent of their basic salaries. The fund is managed by CIMB - Principal Asset Management Company Limited and will be paid to the employees upon retirement or cessation of employment in accordance with the rules of the fund. During the year 2017, the Company and its subsidiaries recognised the contributions of Baht 17.8 million (2016: Baht 9.3 million) and the Company recognised the contributions of Baht 12.8 million (2016: Baht 5.5 million) as expenses.

25. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	465,408	447,207	333,070	281,682
Depreciation	146,880	140,704	103,399	88,028
Amortisation expenses	6,815	7,640	5,544	6,504
Utility expenses	116,316	99,443	79,909	65,688
Raw materials and consumables used	623,577	597,714	534,714	508,420
Changes in inventories of finished goods and work in progress	(157,331)	22,093	(86,720)	(2,024)
Reduce cost of inventory value (reversal)	(7,568)	11,330	10,048	3,885
Allowance for diminution in value of investments	-	-	12,540	-

26. Income tax

Income tax for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge for the year	40,133	58,272	69	14,735
Deferred tax:				
Relating to origination and reversal of temporary differences	782	(1,607)	(3,407)	1,962
Income tax reported in the profit or loss	40,915	56,665	(3,338)	16,697

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2017	2016	2017	2016
Deferred tax relating to actuarial loss	(395)	(1,015)	(283)	(1,565)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	224,371	307,032	175,348	257,869
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	44,874	61,406	35,070	51,574
Effects of:				
Non-deductible expenses	225	397	87	139
Additional expense deductions allowed	(5,541)	(5,682)	(5,019)	(4,622)
Income not subject to tax	-	-	(33,487)	(30,205)
Others	1,357	544	11	(189)
Total	(3,959)	(4,741)	(38,408)	(34,877)
Income tax reported in the profit or loss	40,915	56,665	(3,338)	16,697

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	2,019	1,713	12	3
Allowance for diminution in value of inventories	9,203	10,717	4,949	2,939
Allowance for diminution in value of investments	-	-	2,508	-
Accumulated amortisation - Computer software	1,691	3,181	1,691	3,181
Provision for long-term employee benefits	12,799	12,105	8,172	7,519
Unused tax loss	4,081	2,368	-	-
Total	29,793	30,084	17,332	13,642
Deferred tax liabilities				
Land and building	475	379	-	-
Total	475	379	-	-
Deferred tax assets - net	29,318	29,705	17,332	13,642

27. Promotion privileges

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

Thai Optical Group Public Company Limited

1. Under Promotion Certificate No. 4392/2547 (11-1162/Sor Aor./2534) dated 13 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 2 May 2004 to 1 May 2008. Presently, an extension of the privileges until 30 June 2019 was granted.
2. Under Promotion Certificate No. 4391/2547 (6-1343/2542) dated 13 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essentials materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 1 July 2005 to 30 June 2009. Presently, an extension of the privileges until 30 June 2019 was granted.
3. Under Promotion Certificate No. 4022/2547 (4-1578/2543) dated 5 January 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essentials materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 7 December 2005 to 6 December 2009. Presently, an extension of the privileges until 6 December 2019 was granted.
4. Under Promotion Certificate No. 1310/2546 dated 30 June 2003 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include the following:
 - 4.1 Reduction of half of import duty on machinery as approved by the Board, except for machinery on which the import duty is lower than 10 percent of the cost.
 - 4.2 Exemption from import duty on raw materials and essentials materials imported for export manufacturing from 30 July 2004 to 29 July 2010. During the year, an extension of the privileges until 29 July 2018 was granted.
 - 4.3 Exemption from import duty on articles that the Company import for re-export from 30 July 2004 to 29 July 2010. Presently, an extension of the privileges until 29 July 2018 was granted.

Thai Optical Co., Ltd.

1. Under Promotion Certificate No. 4074/2531 (6-1027/Sor Aor./2523) dated 29 January 1988 for the manufacture of oblique astigmatism lens and safety eyewear lens used in the factories, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export. This promotion certificate is not specified expiration date of the privileges.
2. Under Promotion Certificate No. 4075/2531 (4-1059/Sor Aor./2547) dated 29 January 1988 for the manufacture of lens or glasses or components, which extended the capacity of production under promotion certificate No. 4074/2531 (6-1027/Sor Aor./2523), subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export. This promotion certificate is not specified expiration date of the privileges.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

3. Under Promotion Certificate No. 4818/2548 (6-1169/2541) dated 16 May 2005 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 21 June 2005 to 20 June 2007. Presently, an extension of the privileges until 20 June 2018 was granted.
4. Under Promotion Certificate No. 1201/Aor./2543 dated 25 April 2000 for the manufacture of hardmulticoat lens, subject to certain imposed conditions the privileges include the following
 - 4.1 Permit to bring into the Kingdom foreign nationals who are (1) skilled workers (2) experts (3) spouses and dependents of persons in (1) or (2) in such numbers and for such periods of time as the Board may deem appropriate. Foreign nationals who are skilled workers or experts are permitted to stay in the Kingdom, shall be granted a work permit for a specific position approved by the Board for the period of permitted stay in the Kingdom.
 - 4.2 Exemption from import duty on machinery as approved by the Board.
 - 4.3 Exemption from import duty on essential materials imported for export manufacturing until granted exemption from the Customs Department.
 - 4.4 Permit to take out or remit money abroad in foreign currency.

This promotion certificate is not specified expiration date of the privileges.

5. Under Promotion Certificate No. 4349/2547 (4-1027/2544) dated 9 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 3 February 2004 to 2 February 2006. Presently, an extension of the privileges until 2 February 2020 was granted.
6. Under Promotion Certificate No. 5358/2547 (3-1553/Aor./2543) dated 15 July 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 2 June 2004 to 1 June 2006. Presently, an extension of the privileges until 2 February 2020 was granted.
7. Under Promotion Certificate No. 59-1240-1-00-1-0 dated 28 September 2016 for the manufacture of lens or glasses, subject to certain imposed conditions the privileges include the following:
 - 7.1 Permit to bring into the Kingdom foreign nationals who are (1) skilled workers (2) experts (3) spouses and dependents of persons in (1) or (2) in such numbers and for such periods of time as the Board may deem appropriate. Foreign nationals who are skilled workers or experts are permitted to stay in the Kingdom, shall be granted a work permit for a specific position approved by the Board for the period of permitted stay in the Kingdom.
 - 7.2 Exemption from import duty on machinery as approved by the Board.
 - 7.3 Exemption from corporate income tax derived from the promoted operation, with the limited rate of 100 percent of the investment excluding land and working capital for a period of 5 years commencing from the date that revenues are first derived from the promoted operation.

In case of losses being incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the loss as a deduction against net profits for a period of 5 years after exemption period, whether from any one year or from several years.

- 7.4 Exemption from income tax on dividend paid from the profit of the promoted operation throughout the tax exemption period
- 7.5 Exemption from import duty on raw materials and essential materials imported for export manufacturing for a period of one year, as from the date of the first import of such materials.
- 7.6 Exemption from import duty on articles that the subsidiary company import for re-export for a period of one year, as from the date of the first import of such materials.

The subsidiary company has started to have operating profit under promotion certificate on 28 December 2017 and have export revenue from promoted operation for the year ended 31 December 2017 of Baht 0.006 million (2016: Nil).

Poly Sun Co., Ltd.

1. Under Promotion Certificate No. 4319/2547 (4-1548/Aor./2541) dated 9 February 2004 for the manufacture of sun lens, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and essential materials imported for export manufacturing and import duty on articles that the subsidiary company imports for re-export from 6 January 2004 to 5 January 2006. Presently, an extension of the privileges until 5 January 2020 was granted.

The Company and its subsidiaries have to comply with certain conditions and restrictions specified under the promotion certificates.

28. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

29. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services with production facilities in Thailand and operates in both local and overseas markets, and have two reportable segments as follows:

1. Plastic and glass lens, which produces and sells of optical lenses.
2. Other products and services i.e. sale of glass mold, trading goods purchased for resale, glasses assembly services and surface treatments of hard coatings and anti-reflection coating service for organic lenses.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 and 2016:

(Unit: Million Baht)

Consolidated financial statements For the years ended 31 December												
	Plastic and glasses lens		Service income		Others		Total segments		Eliminated transactions		Consolidated	
	2560	2559	2560	2559	2560	2559	2560	2559	2560	2559	2560	2559
Sales and service income												
Inter-segment	163	155	22	42	52	70	237	267	(237)	(267)	-	-
External customers												
- Local	85	85	1	1	3	2	89	88	-	-	89	88
- Export	1,645	1,726	129	112	15	8	1,789	1,846	-	-	1,789	1,846
	1,893	1,966	152	155	70	80	2,115	2,201	(237)	(267)	1,878	1,934
Gross profit margin	371	417	70	61	27	3	468	481	(2)	3	466	484
Other income							80	85	(45)	(30)	35	55
Dividend income							167	151	(167)	(151)	-	-
Gain (loss) on exchange							(14)	17	-	-	(14)	17
Selling expenses							(52)	(50)	-	-	(52)	(50)
Administrative expenses							(253)	(219)	43	19	(210)	(200)
Share of profit from investments in associates							-	-	3	2	3	2
Finance cost							(10)	(4)	6	3	(4)	(1)
Income tax expenses							(41)	(57)	-	-	(41)	(57)
Profit for the year							345	404	(162)	(154)	183	250
Segment total assets							2,892	2,873	(255)	(281)	2,637	2,592
Investments in associates accounted for by the equity method							-	-	35	31	35	31
Additions (reductions) to non-current assets other than deferred tax assets							(34)	325	9	(7)	(25)	318



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Geographic information

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

	(Unit: Thousand Baht)	
	2017	2016
Revenue from external customers		
Local		
Thailand	88,303	87,548
Export		
Europe	821,276	774,324
Australia	670,818	648,134
Asia and Pacific	209,730	305,669
America	77,396	107,771
Africa and Middle East	10,069	10,548
Total	1,877,592	1,933,994

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 2017, the Company and its subsidiaries had revenue from two major customers (2016: two major customers) with revenue of more than 10 percent of an entity's revenues, arising from sales by Concentrated, Plastic and glasses lens and service income segments.

30. Commitments and contingent liabilities

As at 31 December 2017, the Company and its subsidiaries had commitments and contingent liabilities other than those disclosed in other notes as follows:

- 30.1 The Company and its subsidiaries had commitments to purchase raw materials amounting to Baht 20.5 million, JPY 33.1 million, USD 2.1 million, EUR 0.2 million and GBP 0.1 million or equivalent to Baht 111.3 million (2016: 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), and the Company only amounting to Baht 9.5 million, JPY 32.3 million, USD 1.9 million and EUR 0.2 million or equivalent to Baht 88.3 million (2016: Baht 5.7 million, JPY 35.0 million, USD 2.7 million and EUR 0.2 million or equivalent to Baht 125.2 million).
- 30.2 There were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries of approximately Baht 19.9 million (2016: Baht 29.6 million), and the Company only of Baht 12.0 million (2016: Baht 13.4 million) in respect of certain performance bonds as required in the ordinary course of business for the Company and its subsidiaries. These included letters of guarantee as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payments of tax to the Customs Department	3.9	13.6	2.9	4.3
Electricity usage	16.0	16.0	9.1	9.1
	19.9	29.6	12.0	13.4

- 30.3 The Company and its subsidiaries had outstanding commitments with respect to service contracts totaling approximately Baht 2.1 million per month (2016: Baht 1.6 million), and the Company only of approximately Baht 1.1 million per month (2016: Baht 0.9 million).
- 30.4 The Company had outstanding commitments totaling Baht 2.9 million per year with respect to software maintenance agreement (2016: Baht 2.9 million).
- 30.5 The subsidiary company had no outstanding commitment with respect to land rental agreement with its related company (2016: Baht 0.8 million).
- 30.6 The subsidiary company had outstanding commitment totaling approximately Baht 0.2 million with respect to warehouse rental agreement with its related company (2016: Nil).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

30.7 The subsidiary company had outstanding capital commitments with respect to the construction of factory buildings, wastewater treatment plant, installation of electricity system and purchase of machinery totaling Baht 12.8 million and EUR 0.3 million or equivalent to Baht 25.2 million (2016: The Company and its subsidiary had outstanding capital commitments totaling Baht 22.2 million and EUR 0.5 million or equivalent to Baht 42.5 million, and the Company only of Baht 6.8 million).

30.8 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 2017 and 2016, future minimum lease payments required under these operating leases contracts were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable:				
in up to 1 year	3.3	2.5	3.0	2.2
In over 1 year and up to 5 years	6.0	4.7	5.5	3.9

During the year 2017, the Company and its subsidiaries recognised rental expenses of Baht 3.3 million (2016: Baht 2.8 million), and the Company only of Baht 3.0 million (2016: Baht 2.5 million).

31. Related parties guarantees

As at 31 December 2017, the Company has contingent liabilities in respect of the guarantees of Thai Optical Company Limited, a subsidiary's credit facility amounting to Baht 68.7 million and EUR 5.3 million or equivalent to Baht 275.1 million (2016: Baht 29.5 million and EUR 4.8 million or equivalent to Baht 217.8 million) provided to banks.

As at 31 December 2017, the Company has contingent liabilities in respect of the guarantees of Poly Sun Company Limited, a subsidiary's credit facility amounting to Baht 17 million (2016: Nil).

As at 31 December 2017, Thai Optical Company Limited, a subsidiary company has contingent liabilities in respect of the guarantees of the Company's credit facility amounting to Baht 107 million (2016: Baht 63.3 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.

32. Fair value hierarchy

As at 31 December 2017 and 2016, 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 2017				
Consolidated and separate financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
TMB Treasury Money Fund	-	893	-	893

(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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

33. Financial instruments

33.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, short-term loans, investments, and short-term and long-term borrowings. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other 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, short-term loans, bank overdrafts, short-term borrowings and long-term borrowings. However, since most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2017 and 2016 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit : Million Baht)

As at 31 December 2017									
	Consolidated financial statements					Separate financial statements			
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total
Financial assets									
Cash and cash equivalents	-	199.55	-	199.55	0.05 - 0.38	-	79.65	-	79.65
Short-term investment - trading securities	-	-	0.89	0.89	-	-	-	0.89	0.89
Trade and other receivables	-	-	272.27	272.27	-	-	-	137.15	137.15
Short-term loan to unrelated party	8.13	-	-	8.13	6.00	8.13	-	-	8.13
	8.13	199.55	273.16	480.84		8.13	79.65	138.04	225.82
Financial liabilities									
Short-term loans from banks	393.10	-	-	393.10	MMR	199.00	-	-	199.00
Trade and other payables	-	-	203.81	203.81	-	-	-	95.18	95.18
Short-term loans from related party	-	-	-	-	-	10.00	-	-	10.00
Payable for investment in subsidiary	-	-	12.00	12.00	-	-	-	12.00	12.00
Long-term loans from banks	-	98.81	-	98.81	EURO LIBOR 3 months, MLR	-	-	-	-
	393.10	98.81	215.81	707.72		209.00	-	107.18	316.18



(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 (% per annum)	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total
Financial assets									
Cash and cash equivalents	-	179.97	-	179.97	0.05 - 0.38	-	93.64	-	93.64
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
	-	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	MMR	60.00	-	-	60.00
Trade and other payables	-	-	342.25	342.25	-	-	-	268.89	268.89
Short-term loans from related party	-	-	-	-	-	20.00	-	-	20.00
Payable for investment in subsidiary	-	-	24.00	24.00	-	-	-	24.00	24.00
Long-term loans from banks	-	25.83	-	25.83	EURO LIBOR 3 months, MLR	-	-	-	-
	242.82	25.83	366.25	634.90		80.00	-	292.89	372.89

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 2017					
Currency	Consolidated financial statements		Separate financial statements		Average exchange rate as at
	Assets	Liabilities	Assets	Liabilities	31 December 2017
					(Baht per one foreign currency unit)
MYR	8,714	-	-	-	8.0379
USD	9,201,399	3,148,267	4,564,827	964,312	32.6407
SGD	-	5,089	-	5,089	24.4157
EUR	1,001,606	768,387	260,096	215,797	38.9753
JPY	20,872,402	10,877,970	19,393,689	10,575,970	0.2894
GBP	-	73,106	-	2,300	43.9241



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

As at 31 December 2016

Currency	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2017 (Baht per one 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 2017 and 2016, the Company and its subsidiaries have no outstanding of forward exchange contracts.

33.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries financial instruments are short-term in nature or carrying interest at rates close to the market rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2017, the Group's debt-to-equity ratio was 0.43:1 (2016: 0.40:1) and the Company's was 0.25:1 (2016: 0.29:1).

35. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised of directors on 12 February 2018.

Trivex is a registered trademark of PPG Industries Ohio, Inc.

Excelite®

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for maximum lens performance

20X	19%	30%
STRONGER	LIGHTER	CLEARER

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clear > light > strong > thin

6X	10%	25%
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