



ANNUAL REPORT 2018

DO DAY DREAM
PUBLIC COMPANY LIMITED





01



18



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OVERVIEW



MESSAGE FROM CHAIRMAN

“The Company pledges to undertake its business in accordance with good corporate governance principles and develop the organization to achieve sustainable growth and become one of the top 3 leading Beauty Company in Asia.”



Do Day Dream Public Company Limited engages in manufacturing and distribution on skin care products known under its signature brand “**NAMU LIFE SNAILWHITE**”. Since the Company set another milestone in becoming a listed company in the Stock Exchange of Thailand, the Company has developed internal management, new product launch, acquisition of modern machines and equipment to enhance production efficiency, and employee development to build expertise. Besides, the Company places emphasis on international business expansion in Asia to broaden its customer base as well as satisfy the overseas consumers’ needs.

Regarding our business in the past year; although the overall performance has decreased compared to the previous year because of the global economy and the domestic situation that affect the Company’s business, but the Company never stops developing its products and continuously conduct marketing campaigns. The Company concerns on product quality to ensure the best quality products delivered to our customers and satisfied their requirements. In addition, the Company will not cease to develop the organization in all aspects to attain its business of endless growth as well as to generate healthy return for all

stakeholders with stability and sustainability.

The Board of Directors place importance on compliance with good corporate governance principles. In 2018, the Company obtained an assessment for its corporate governance from the Corporate Governance Report of Thai Listed Company (CGR 2018) conducted by the Thai Institute of Directors for the first year which the Company was rated “Very Good” for its CG scoring.

Finally, as Chairman of the Board of Directors, I would like to extend our sincere gratitude to all stakeholders for trust and support as well as our executives and employees for giving their best cooperation with the Company. The Company pledges to undertake its business in accordance with good corporate governance principles and develop the organization to achieve sustainable growth and become one of the top 3 leading Beauty Company in Asia.

Pol. Gen.

Chatchawal Suksomjit

Chairman of the Board of Directors

MESSAGE FROM CEO

“ We Do to make
every...
We **Do** to make
every**Day** your **Dream** ”



Gearing up to the 8th year in business of Do Day Dream Public Company Limited and the 5th year for brand “**NAMU LIFE SNAILWHITE**” although the company is still new in the investor market, but the Company has proved that we are professional in operating our skin care product business as evident from our past success and growth despite the fact that we are new to investors. The Company continues offer healthy skin for consumers’ own ways through its products that are always well-received in the market.

In 2018, The Company has further expanded its marketing channels to Southeast Asia countries especially the Philippines with high growth potential. The Company still ramps up its existing distribution channels in all countries we operate in and keeps developing products that are perfect for skin condition of Asian consumers to serve the needs of consumers regardless of gender and age to have beautiful and healthy skin under concept “Beauty is Healthy”. To become the leader in beauty business in Asia, the Company will not stop to improve quality and diversity of products as well as expanding all possible distribution channels.

However, in 2018, the Company faced many challenges from both domestic and foreign markets caused by various

factors such as fluctuations in number of tourists, Chinese Yuan depreciating, and many incidents that affected the Company’s domestic wholesales channels. These factors materially impacted the Company’s performance.

The Company recognizes the importance of risk diversification and to have a diverse customer group. Therefore, the Company established a subsidiary to conduct marketing and distribute products in the Philippines which will help the Company to reduce dependence on Chinese customers. Moreover, the Company extended further to traditional trade channel in the country to broaden the customer base in other provinces.

In this matter, as CEO and on behalf of all employees, I would like to take this opportunity to make a promise that the Company will continue develop the organization and new products in order to become one of the top 3 leading beauty company in Asia with pride in alignment with our motto...We **Do** to make every**Day** your **Dream**” for the best and sustainable interest of the shareholders

Dr. Sarawut Pornpatanarak
(Chief Executive Officer)x

Vision

TO BE 1 OF THE 3 MARKET LEADERS IN
THE ASIAN BEAUTY INDUSTRY

Mission

WE CREATE HEALTHY SKIN FOR
EVERYONE TO BE TRULY BEAUTIFUL
IN THEIR OWN UNIQUE WAY

Business Objectives

The Company attempt to be 1 of the 3 market leaders in
the Asian beauty industry with below target:

1. Increase new products as well as expand distribution channels and marketing both in domestic and overseas to enhance ease of access for target customers and customers can remember the Company's trademark very well
2. Continuously improve the Company's internal systems to enhance speed and effectiveness of operations, while maintaining good relations with all business partners and engage in corporate social and environmental responsibility to foster long-term sustainability.

Core Value



DYNAMIC

Robust growth while always
being adaptive



DIFFERENT

Commitment to continuous
improvement for sustainability and stability



DEVELOP

Fresh and uniquely innovative



2018 HIGHLIGHTS



Company's Awards Year 2015-2018

2018



2017



2016



2015



2018	Popular Stock Award No. 7 in consumer products, the result from 4,000 sample investors, from 1 January - 31 December 2018, according to Yamane's criteria	Khaohoon Business Newspaper
	Health, Wellness and Beauty Award 2018 (HWB Award 2018)	
	1) Best Body Wash from NAMU LIFE SNAILWHITE CRÈME BODY WASH NATURAL WHITE	Watsons
	2) Best Selling Body Acne Spray product from Oxé Cure Body Acne Spray	
	C Channel Beauty Awards 2018 for Best Anti-Aging Moisturizer from NAMU LIFE SNAILWHITE GOLD	C Channel
2017	Lisa Beauty Choice Awards 2017 for "Best Day Cream" from NAMU LIFE SNAILWHITE DAY CREAM SPF20 PA	Lisa Magazine
	Best of New Product Launch 2017 for Bath Care from NAMU LIFE SNAILWHITE CRÈME BODY WASH NATURAL WHITE 500ML.	Watsons
	Cleo Beauty Hall of Fame 2017	
	1) NAMU LIFE SNAILWHITE MIRACLE INTENSIVE REPAIR for the Best Whitening	CLEO Magazine
	2) NAMU LIFE SNAILWHITE MASK SHOT for the Best Mask	
2016	Lisa Beauty Choice Awards 2017 for "Best Facial Serum" from NAMU LIFE SNAILWHITE MIRACLE INCENTIVE REPAIR	Lisa Magazine
	Iconic Brightening Facial Sunscreen from NAMU LIFE SNAILWHITE SUNSCREEN	Praew Magazine
	SME Excellence Award in Manufacturing Business of Thailand Management Association	TMA
	No.1 Body Wash reviewed from real user from NAMU LIFE SNAILWHITE CRÈME BODY WASH	Website Cosmenet
	Lisa Beauty Choice Award: Editor's Choice 2016 from product NAMU LIFE SNAILWHITE MIRACLE INCENTIVE REPAIR	Lisa Magazine
2015	OK! Beauty Choice 2015 in Best Cleanser	OK! Magazine
	Top 5 Cleanser from Marie Claire BEST Beauty 2016 for the Best Beauty Product of Facial Cleansing	Marie Claire Magazine
	Iconic Beauty 2015 for ICONIC Whitening Facial Cleanser from NAMU LIFE SNAILWHITE CLEANSING	Praew Magazine
	Health, Wellness and Beauty Award 2016 (HWB Award 2016)	
	(1) Best Selling Natural Ingredient Moisture Facial Cream from NAMU LIFE SNAILWHITE FACIAL CREAM	WATSONS
2015	(2) Best Body Cream for Brighter Skin from NAMU LIFE SNAILWHITE BODY BOOSTER	
	(3) Best of the Best	
	Cosmo Kiss Beauty Award 2015 for Best Facial Sheet Mask from NAMU LIFE SNAILWHITE MASK SHOT	Cosmopolitan Magazine
	Health, Wellness and Beauty Award 2015 (HWB Award 2015)	
	1) Best of the Best from NAMU LIFE SNAILWHITE SNAIL FILTRATE MOISTURE FACIAL CREAM	WATSONS
	2) Best Selling Natural Ingredient Moisture Facial Cream from NAMU LIFE SNAILWHITE SNAIL FILTRATE MOISTURE FACIAL CREAM	
2015	Iconic Beauty 2015 for Iconic Skin Brightening Facial Cleanser from NAMU LIFE SNAILWHITE CLEANSING	Praew Magazine
	Marie Claire Best Beauty 2015 for Most Impressive Performance Body Care from NAMU LIFE SNAILWHITE BODY BOOSTER	Marie Claire Magazine

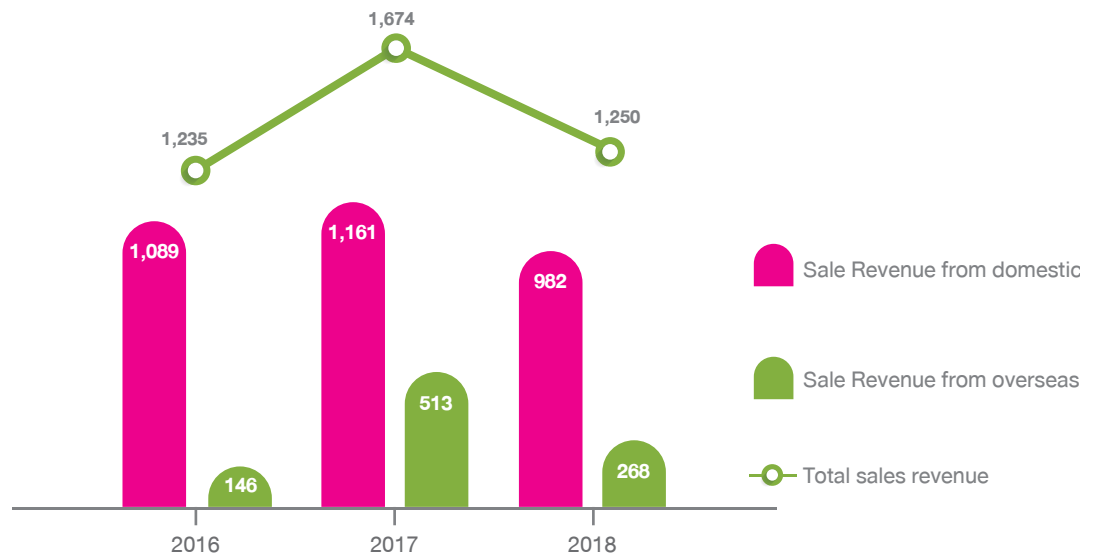
FINANCIAL HIGHLIGHTS

(Unit: Million Baht)

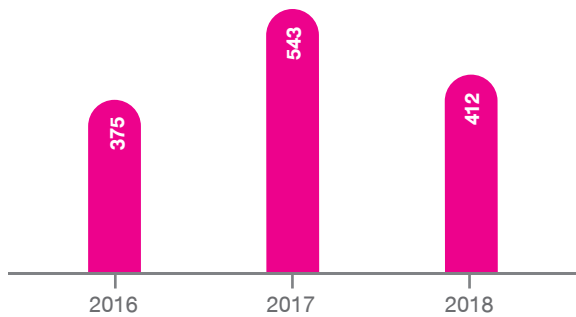
	2016	2017	2018
Total Assets	775	5,460	5,248
Total Liabilities	400	674	265
Shareholders' Equity	375	4,786	4,983
Total Sales	1,237	1,674	1,250
Total Revenue	1,240	1,684	1,304
Cost of Sales	(375)	(543)	(412)
Selling and Administrative Expenses	(442)	(716)	(669)
Net Profit for the Period	335	351	184.5
Shareholder Information			
Ordinary shares (MB)	225	316	318
Issued and fully paid up (million shares)	2	316	318
Financial Ratio			
Return on Assets: ROA (%)	51	11	3.5
Return on Equity: ROE (%)	109	14	3.7
Gross Profit Margin (%)	69	68	67
Net Profit Margin (%)	27	21	14
Debt to Equity Ratio	1	0.1	0.05



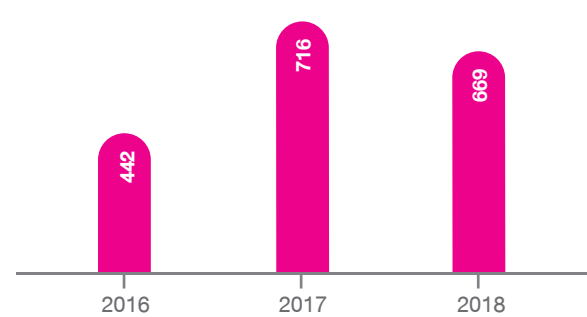
Sale Revenue (MB)



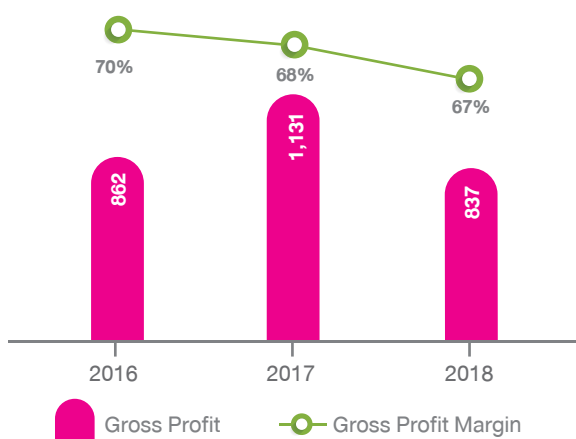
Cost of Sales (MB)



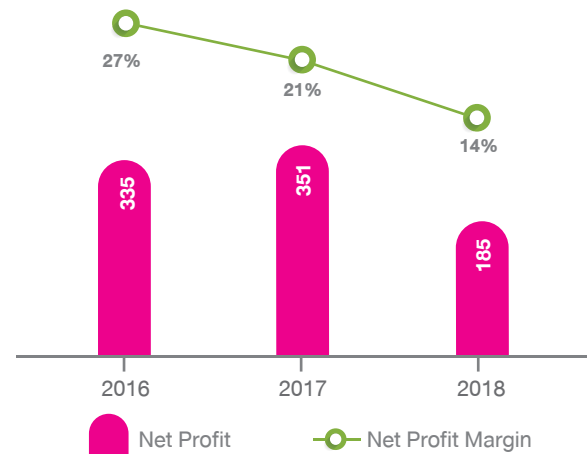
Selling and Administrative Expense (MB)



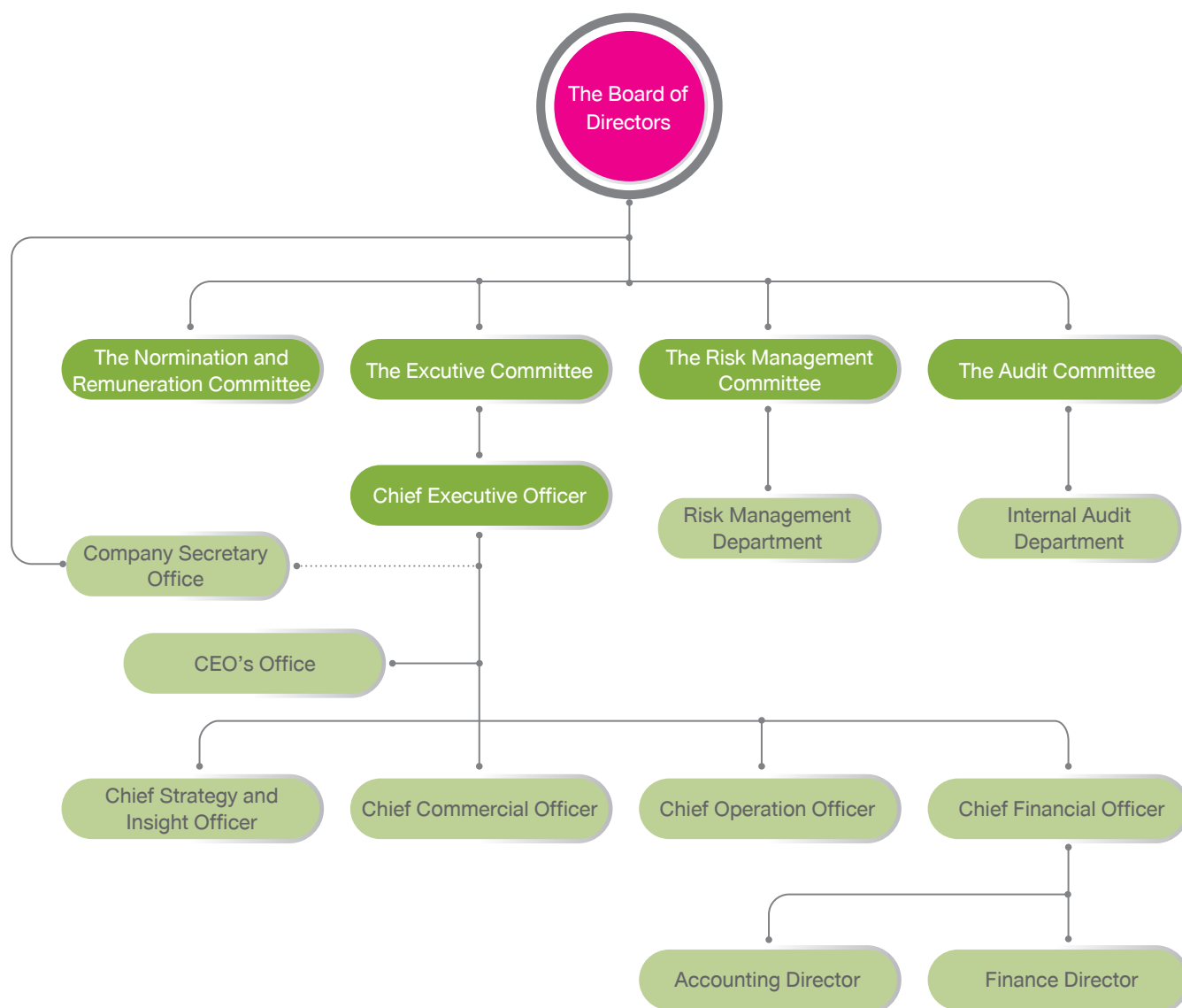
Gross Profit (MB)



Net Profit (MB)



ORGANIZATION STRUCTURE



DIRECTORS AND EXECUTIVES INFORMATION



Pol. Gen. Chatchawal Suksomjit

Chairman of the Board of Directors

Age 63 Years Old

Nationality Thai

Education

- Master of Public Administration, Chulalongkorn University
- Bachelor of Public Administration, Police Cadet School

Director Training

- Directors Accreditation Program (DAP) 122/2015
- Role of the Chairman Program (RCP) 39/2016
- Ethical Leadership Program (ELP) 10/2017
- Board Matters and Trends (BMT) 6/2018
- The Thai Institute of Directors Association (IOD)

"DDD" Shareholding - None -

Family Relationship with Management Team - None -

Position in Other Listed Company

- 2016 - Present Chairman and Independent Director; Do Day Dream PCL.
- 2016 - Present Chairman; Generali Insurance (Thailand) PCL
- 2016 - Present Chairman; Generali Life Assurance (Thailand) PCL.

Position in Other Non-Listed Company

- 2014 - Present Member of National Legislative Assembly

Position in other companies potentially

having conflict of Interest - None -

Meeting Attendance in 2018

- The Board of Directors' Meeting 7 / 8 times
- The Annual General Shareholders' Meeting 1 / 1 times

Appointment Date 13 June 2016



Dr. Sarawut Pornpatanarak

Vice Chairman, Member of Risk Management Committee, Chairman of the Executive Committee, Chief Executive Officer, and Authorized Director

Age 41 Years Old

Nationality Thai

Education

- Doctorate of Business Administration (English Program), Ramkhamhaeng University
- Master of Organization Development and Management (English Program), Assumption University
- Bachelor of Business Administration Advertising Major (English Program) Assumption University

Director Training

- Directors Certification Program (DCP) 215/2016
- The Thai Institute of Directors Association (IOD)

"DDD" Shareholding 56.48%

Family Relationship with Management Team

Brother of Ms. Saowakon Yamcharoen's spouse, Executive Director

Position in Other Listed Company

- 2010 - Present Vice Chairman, member of Risk Management Committee, Chairman of Executive Committee Acting Chief Operation and Commercial Officer, and Chief Executive Officer; Do Day Dream PCL.

Position in Other Non-Listed Company

- 2018 - Present Director, Do Day Dream Trading Pte. Ltd.
- 2018 - Present Director, Do Day Dream Holding Pte. Ltd.
- 2018 - Present Director, Skin Make Smiles Co., Ltd.
- 2017 - Present Director, Do Infinite Dream Co., Ltd.
- 2015 - Present Director, Namu Life Plus Co., Ltd.
- 2003 - Present Director, Colour Trend Co., Ltd.
- 2003 - Present Director, Over Drive (Thailand) Co., Ltd.
- 2000 - Present Director, P M Chemical Co., Ltd.

Position in other companies potentially

having conflict of Interest - None -

Meeting Attendance in 2018

- The Board of Directors' Meeting 8 / 8 times
- The Risk Management Committee's Meeting 3 / 3 times
- The Executive Committee's Meeting 11 / 11 times
- The Annual General Shareholders' Meeting 1 / 1 times

Appointment Date

1 September 2010



Mr. Krish Follett

Independent Director, Chairman of the Audit Committee, Chairman of Risk Management Committee

Age 69 Years Old

Nationality Thai

Education

- Masters of Business Administration, Thammasat University
- Bachelor of Economic, Thammasat University

Director Training

- Audit Committee Seminar: Get Ready for the Year End, Thailand Federation of Accounting Professions
- Directors Certification Program (DCP) 149/2011
- Diploma Examination Exam (EXAM) 32/2012
- Risk Management Program for Corporate Leaders (RCL) 9/2017 The Thai Institute of Directors Association (IOD)

"DDD" Shareholding 0.01%

Family Relationship with Management Team - None -

Position in Other Listed Company

- 2016 - Present Independent Director, Chairman of Audit Committee, and Chairman of Risk Management Committee; Do Day Dream PCL.
- 2016 - Present Chairman; Chaopraya Mahanakorn PCL.
- 2016 - Present Independent Director; Bank of China PCL.
- 2012 - Present Independent Director and Chairman of Risk Management Committee; Thai Wacoal PCL.
- 2011 - 2016 Independent Director, Audit Committee, and Risk Management Committee; Thanulux PCL.
- 2013 - 2016 Independent Director and Audit Committee, Sahaphatthana Inter Holding PCL.
- 2012 - 2016 Independent Director, Chairman of Audit Committee, and Chairman of Risk Management Committee; Thoresen Thai Agencies PCL.
- 2010 - 2015 Independent Director and Chairman of Audit Committee, Property Perfect PCL.

Position in Other Non-Listed Company

- 2009 - 2013 Advisor to the President, Boon Rawd Brewery Co., Ltd.

Position in other companies potentially

having conflict of Interest - None -

Meeting Attendance in 2018

- The Board of Directors' Meeting 8 / 8 times
- The Audit Committee's Meeting 8 / 8 times
- The Risk Management Committee's Meeting 3 / 3 times
- The General Shareholders' Meeting 1 / 1 times

Appointment Date

13 June 2016



Mr. Nattawut Kruapradub

Independent Director, Member of Audit Committee, and Chairman of Nomination and Remuneration Committee

Age 45 Years Old

Nationality Thai

Education

- Management Program, Harvard Business School, USA
- Bachelor in Engineering, Kasetsart University

Director Training

- Directors Accreditation Program (DAP) 125/2016
- Advance Audit Committee Program (AACP) 27/2017
- Board Nomination and Compensation Program (BNCP) 2/2017
- Risk Management Program for Corporate Leaders (RCL) 14/2018 The Thai Institute of Directors Association (IOD)

"DDD" Shareholding 0.04%

Family Relationship with Management Team - None -

Position in Other Listed Company

- 2015 - Present Independent Director, Member of Audit Committee, and Chairman of Nomination and Remuneration Committee; Do Day Dream PCL.
- 2015 - Present Charter Engineer in Mechanical Engineering; PTT PCL.
- 2012 - 2015 Manager of Machine Maintenance, PTT Rayong Gas Separation Plant; PTT PCL.

Position in Other Non-Listed Company - None -

Position in other companies potentially

having conflict of Interest - None -

Meeting Attendance in 2018

- The Board of Directors' Meeting 10 / 11 times
- The Audit Committee's Meeting 7 / 8 times
- The Nomination and Remuneration Committee's Meeting 5 / 5 times
- The General Shareholders' Meeting 1 / 1 times

Appointment Date

13 June 2016



Mr. Songpol Chevapanyaroj
Independent Director, Member of Audit Committee, and Member of Nomination and Remuneration Committee

Age 46 Years Old

Nationality Thai

Education

- Master of Finance ,Case Western Reserve University, USA
- Bachelor in Finance, University of Findlay, USA

Director Training

- Senior Finance Executive Course, Class 3, the Comptroller General's Department
- Corporate Governance for Capital Market Intermediaries (CGI) 7/2015
- Directors Certification Program (DCP) 231/2016
- The Thai Institute of Directors Association (IOD)

"DDD" Shareholding - None -

Family Relationship with Management Team - None -

Position in Other Listed Company

- 2017 - Present Independent Director, Member of Audit Committee, and Member of Nomination and Remuneration Committee; Do Day Dream PCL.
- 2017 - Present Director, Bangkok Commercial Asset Management PCL.
- 2015 - 2017 Director and Chairman of Risk Management Committee, Krungthai Asset Management PCL.
- 2014 - 2017 Senior Executive Vice President, Krung Thai Bank PCL.
- 2010 - 2014 Executive Vice President, Kasikorn Bank PCL.

Position in Other Non-Listed Company

- Present Director, Audit Committee, and CG & CSR Committee, Dhanarak Asset Development Co., Ltd.
- Present Director, Vending Corporation Co., Ltd.
- Present Director, Vending Plus Co., Ltd.
- Present Director, Space At Siam Co., Ltd.
- Present Director, สบจ. S B Siam Co., Ltd.

Position in other companies potentially

having conflict of Interest - None -

- Meeting Attendance in 2018
- The Board of Directors' Meeting 6 / 8 times
- The Audit Committee's Meeting 4 / 8 times
- The Nomination and Remuneration Committee's Meeting 4 / 5 times
- The General Shareholders' Meeting 1 / 1 times

Appointment Date

13 June 2017



Mrs. Nualphan Lamsam
Director

Age 52 Years Old

Nationality Thai

Education

- Master in Education Administration, Boston University, USA
- Bachelor of Business Administration, Marketing Major, Faculty of Commerce and Accountancy, Chulalongkorn University

Director Training

- Directors Certification Program (DCP) 67/2005
- The Thai Institute of Directors Association (IOD)

"DDD" Shareholding -0.03%

Family Relationship with Management Team - None -

Position in Other Listed Company

- 2016 - Present Director, Do Day Dream PCL.
- 2010 - Present President, CEO and Executive Director; Muang Thai Insurance PCL.
- 2010 - Present Director, Phatra Leasing PCL.
- 2010 - Present Advisor to the President, Muang Thai Life Assurance PCL.
- 2010 - Present Advisor, Muang Thai Real Estate PCL.
- 2009 - 2017 Director, Nava Nakorn

Position in Other Non-Listed Company

- 2017 - Present Secretary General, The Thai Chamber of Commerce and Board of Trade of Thailand
- 2016 - Present Qualified Committee, Assumption University Council
- 2015 - Present Honorary Consul, The Republic of Lithuania for Thailand
- 2014 - Present Member, Thailand National Identity Board
- 2014 - Present The expert panel, Ministry of Social Development and Human Security
- 2013 - Present Director, The Thai Institute of Directors Association
- 2010 - Present Advisor, Muang Thai Group Holding Co., Ltd.
- 2009 - Present Honorary Chairman, Saint Sonore (Bangkok) Co., Ltd.
- 2014 - 2016 Advisor to the President, The National Legislative Assembly

Position in other companies potentially

having conflict of Interest - None -

- The Board of Directors' Meeting 6 / 8 times
- The General Shareholders' Meeting 0 / 1 times

Appointment Date

13 June 2017



Mr. Yuthapong Ma

Director

Age 52 Years Old

Nationality Thai

Education

- Master of Business Administration, Columbia Business School, USA
- Bachelor of Business Administration, Columbia College, USA

Director Training - None -

"DDD" Shareholding - None -

Family Relationship with Management Team - None -

Position in Other Listed Company

- 2018 - Present Director, Do Day Dream PCL.

Position in Other Non-Listed Company

- Present Director, Morgan Stanley (Thailand) Co., Ltd.
- Present Chairman of the Board Trustees, ISB International School

Position in other companies potentially

having conflict of Interest - None -

Meeting Attendance in 2018

- The Board of Directors' Meeting 2 / 4 times

Appointment Date 24 April 2018



Mr. Nittiroj Manolamai

Director, Member of Risk Management Committee, Member of Executive Committee, and Authorized Director

Age 41 Years Old

Nationality Thai

Education

- Master of Science in Internet and E-Commerce Technology, Assumption University
- Bachelor in Communication Arts, Assumption University

Director Training

- Directors Accreditation Program (DAP) 123/2016 The Thai Institute of Directors Association (IOD)

"DDD" Shareholding 0.12%

Family Relationship with Management Team - None -

Position in Other Listed Company

- 2015 - Present Director, Risk Management Committee, Executive Committee; Do Day Dream PCL.

Position in Other Non-Listed Company

- 2018 - Present Director, Do Infinite Dream Co., Ltd.
- 2002 - 2012 Graphic Supervisor, BEC Tero Radio Co., Ltd.

Position in other companies potentially

having conflict of Interest - None -

Meeting Attendance in 2018

- The Board of Directors' Meeting 8 / 8 times
- The Risk Management Committee's Meeting 2 / 3 times
- The Executive Committee's Meeting 10 / 11 times
- The General Shareholders' Meeting 1 / 1 times

Appointment Date 23 September 2015



Mr. Suphawatt Vanichprapha

Director, Member of Nomination and Remuneration Committee, Member of Executive Committee, and Authorized Director

Age 42 Years Old

Nationality Thai

Education

- Master of Business Administration, International Trading, University of La Verne CA, USA
- Bachelor of Business Administration, Computer Major (International Program), Assumption University

Director Training

- Directors Accreditation Program (DAP) 123/2016
The Thai Institute of Directors Association (IOD)

"DDD" Shareholding 0.36%

Family Relationship with Management Team - None -

Position in Other Listed Company

- 2015 - Present Director, Member of Nomination and Remuneration Committee, Member of Executive Committee; Do Day Dream PCL.

Position in Other Non-Listed Company

- 2010 - 2012 Project Manager, Iprospect (Thailand) Co., Ltd.

Position in other companies potentially

having conflict of Interest - None -

Meeting Attendance in 2018

- The Board of Directors' Meeting 8 / 8 times
- The Nomination and Remuneration Committee's Meeting 5 / 5 times
- The Executive Committee's Meeting 8 / 9 times
- The General Shareholders' Meeting 1 / 1 times

Appointment Date 23 September 2015



Mr. Rittikrai Thammaraksa

Director, Member of Executive Committee, and Authorized Director

Age 41 Years Old

Nationality Thai

Education

- Master in Media Communications, Webster University
- Bachelor of Business Administrative (English Program) Assumption University

Director Training

- Directors Accreditation Program (DAP) 123/2016
The Thai Institute of Directors Association (IOD)

"DDD" Shareholding 0.19%

Family Relationship with Management Team - None -

Position in Other Listed Company

- 2015 - Present Director and Member of Executive Committee; Do Day Dream PCL.

Position in Other Non-Listed Company

- 2018 - Present Director, Do Day Dream Trading Pte. Ltd.
- 2018 - Present Director, Do Day Dream Holding Pte. Ltd.
- 2018 - Present Director, Dream Dermatology Co., Ltd.
- 2018 - Present Director, Skin Make Smiles Co., Ltd.
- 2015 - Present Director, Namu Life Plus Co., Ltd.
- 2008 - 2014 Assistant Director of Media Planning, Vizeum (Thailand) Co., Ltd.

Position in other companies potentially

having conflict of Interest - None -

Meeting Attendance in 2018

- The Board of Directors' Meeting 7 / 8 times
- The Executive Committee's Meeting 10 / 11 times
- The Annual General Shareholders' Meeting 1 / 1 times

Appointment Date 23 September 2015



Ms. Saowakon Yamcharoen

Director, Member of Executive Committee,
and Authorized Director

Age 40 Years Old

Nationality Thai

Education

- Bachelor of Communication Arts, Bangkok University
- Associate Degree in Fashion Merchandiser, Mesa College CA, USA

Director Training

- Directors Accreditation Program (DAP) 123/2016
The Thai Institute of Directors Association (IOD)

"DDD" Shareholding 0.33%

Family Relationship with Management Team

Spouse of Dr. Sarawut Pornpatanarak's brother

Position in Other Listed Company

- 2013 - Present Director and Member of Executive Committee;
Do Day Dream PCL.
- 2011 - 2018 Chief Marketing Officer, Do Day Dream PCL.

Position in Other Non-Listed Company

- 2007 - 2009 Marketing Coordinator & Buyer, Central
Marketing Group Co., Ltd.
- 2005 - 2006 Store Manager Assistance, American
Apparel, America

Position in other companies potentially

having conflict of Interest - None -

Meeting Attendance in 2018

- The Board of Directors' Meeting 6 / 8 times
- The Executive Committee's Meeting 5 / 9 times
- The Annual General Shareholders' Meeting 1 / 1 times

Appointment Date 23 September 2015



Mr. Piyawat Ratchapolsitte

Director, Chief Financial Officer,
and Authorized Director

Age 32 Years Old

Nationality Thai

Education

- Master of Finance Cass Business School, City University, UK
- Bachelor in Economics (International Program) from Thammasat
University

Director Training

- Investment Banking Club, Financial Advisor License, Association of
Securities Companies
- Directors Certification Program (DCP) 215/2016
The Thai Institute of Directors Association (IOD)

"DDD" Shareholding 0.18%

Family Relationship with Management Team - None -

Position in Other Listed Company

- 2015 - Present Director and Chief Financial Officer,
Do Day Dream PCL.
- 2013 - 2014 ASEAN Country Business Manager,
Kasikorn Bank PCL.
- 2010 - 2013 Assistant Manager Investment Banking
Department Maybank Kim Eng Securities
(Thailand) PCL.

Position in Other Non-Listed Company

- 2018 - Present Director, Do Day Dream Trading PTE Ltd.
- 2018 - Present Director, Do Day Dream Holding PTE Ltd.
- 2017 - Present Director, Do Infinite Dream Co., Ltd.
- 2015 - Present Director, Namu Life Plus Co., Ltd.
- Present Director, Career Connex Group Co., Ltd.
- Present Director, Nama Nama Group Co., Ltd.
- 2014 - 2015 Vice President of Private Equity,
Richardson Doyle & Partners
- 2012 -2013 Advisor to the Committee of National Debt to
Solution, The Parliament

Position in other companies potentially

having conflict of Interest - None -

Meeting Attendance in 2018

- The Board of Directors' Meeting 8 / 8 times
- The Annual General Shareholders' Meeting 1 / 1 times

Appointment Date 23 September 2015

Mr. Thiti Rattamany

Chief Strategy and Insight Officer

Age 41 Years Old**Nationality** Thai**Education**

- Master of Science in International Business, London South Bank University, UK
- Bachelor of Business Administration, International Business Management Major, Assumption University

Training

- Directors Accreditation Program (DAP) 2017
The Thai Institute of Directors Association (IOD)

"DDD" Shareholding 0.03%**Family Relationship with Management Team** - None -**Position in Other Listed Company**

- 2016 - Present Chief Strategy and Insight Officer, Do Day Dream PCL.
- 2014 - 2016 Vice President, Customer & Market Insight, Siam Commercial Bank PCL.

Position in Other Non-Listed Company

- 2018 - Present Director, Namu Life Plus Co., Ltd.
- 2013 - 2014 Customer Engagement Director, Hypertrade Consulting Co., Ltd.
- 2008 - 2013 Head of Insight, Ek-Chai Distribution System Limited

Position in other companies potentially**having conflict of Interest** - None -**Appointment Date** 1 July 2016**Mrs. Peerawan Matngammuang**

Company Secretary

Age 35 Years Old**Nationality** Thai**Education**

- Bachelor Management Science (English Program), Prince of Songkhla University

Training

- Company Secretary Program 30/2009
- Effective Minute Taking 26/2013
- Company Reporting Program 9/2014
- Board Reporting Program 17/2015
The Thai Institute of Directors Association (IOD)

"DDD" Shareholding - None -**Family Relationship with Management Team** - None -**Position in Other Listed Company**

- 2018 - Present Company Secretary, Do Day Dream PCL.
- 2017 - 2018 Company Secretary, Selic Corp PCL.
- 2016 - 2017 Company Secretary, Bangko Ranch PCL.
- 2015 - 2016 Company Secretary Manager, Advance Info Service PCL.
- 2012 - 2015 Assistant Vice President in President Office, Amanah Leasing PCL.

Position in other companies potentially**having conflict of Interest** - None -**Appointment Date** 2 July 2018**Ms. Supaporn Tangthienthong**

Accounting Director

Age 42 Years Old**Nationality** Thai**Education**

- Master in Finance, University of the Thai Chamber of Commerce

Training

- Merger and Acquisition Course and Professional Controller Course, Federation of Accounting Professions

"DDD" Shareholding - None -**Family Relationship with Management Team** - None -**Position in Other Listed Company**

- 2017 - Present Accounting Director, Do Day Dream PCL.
- 2011 - 2016 Accounting Director, Planet Communications Asia PCL.

Position in Other Non-Listed Company

- 2016 - 2017 Independent consultants in accounting and internal control system

Position in other companies potentially**having conflict of Interest** - None -**Appointment Date** 1 November 2017**Ms. Napat Rattapong**

Internal Audit Director

Age 36 Years Old**Nationality** Thai**Education**

- Bachelor of Business Administration, Major Accounting, Srinakarinwirot University

Training - None -**"DDD" Shareholding** 0.03%**Family Relationship with Management Team** - None -**Position in Other Listed Company**

- 2016 - Present Internal Audit Director, Do Day Dream PCL.
- 2013 - 2016 Senior Manager, Thoresen Thai Agencies PCL.

Position in Other Non-Listed Company

- 2003 - 2013 Manager, KPMG Phoomchai Audit Limited

Position in other companies potentially**having conflict of Interest** - None -**Appointment Date** 27 February 2017

BUSINESS

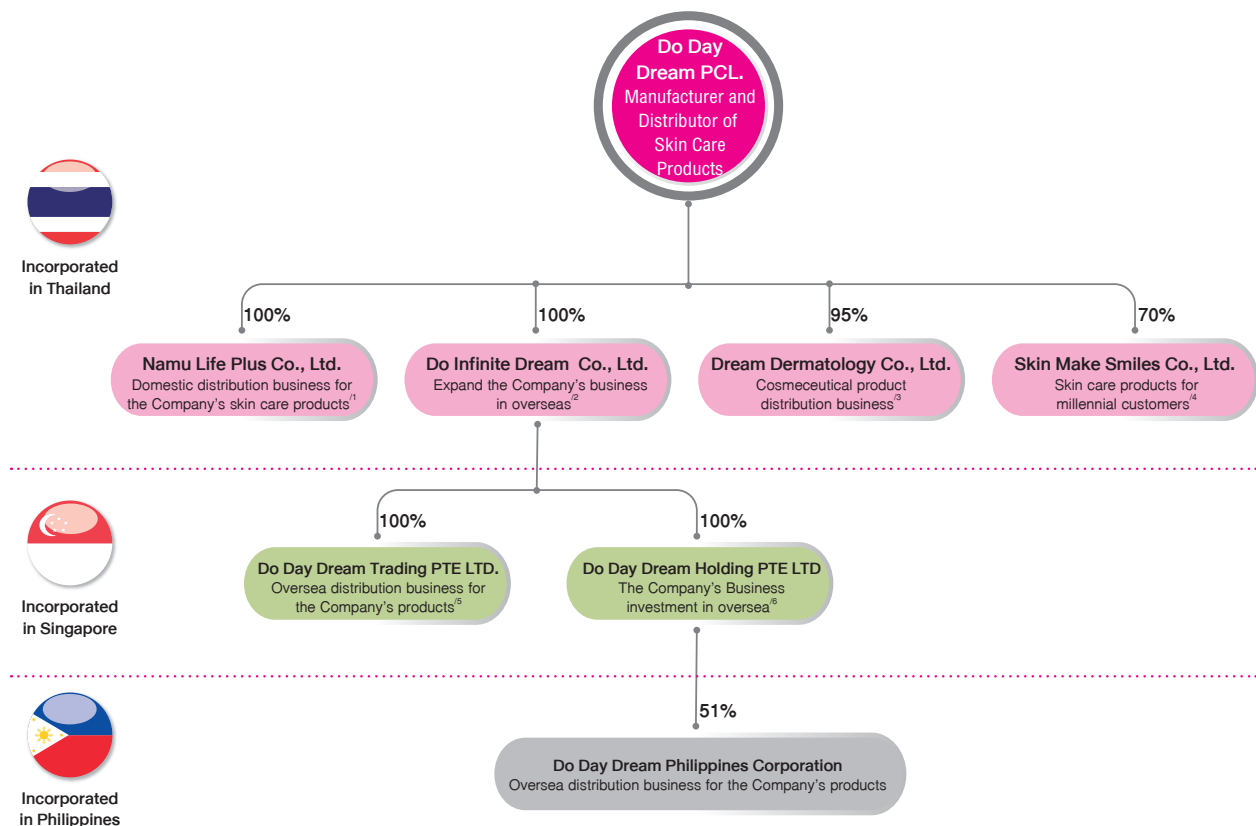


BUSINESS POLICY AND OVERVIEW

Do Day Dream Public Company Limited (“the Company”) manufactures and distributes premium quality skin care products under the trademark “**NAMU LIFE**” with the product line’s name “**SNAILWHITE**” promoting the concept “Beauty is Healthy”. This concept articulates that the ideal beautiful skin is the healthy skin of your own way and is reflected in the product design aiming to nourish all skin types of customers to be healthy and shine from inside naturally. The Company concerns to each step of the production process to ensure highest quality of the products with carefully selecting raw materials from leading suppliers across the world based on quality and credibility to enhance efficiency in the production process in order to manufacture quality and safe products. The Company focuses on participation of all employees to find new

approaches to improve work procedures and work environment in a regular and continuous manner. Products are carefully tested for quality before delivering to consumers to ensure its quality and safety. To monitor every steps of production, the Company set up a Quality Control Department to oversee operations to ensure that products meet quality standards. Moreover, R&D Department is responsible for product development and continuously develop and introduce products as well as study market directions in order to satisfy needs of consumers. The Company has a product development policy that emphasizes creativity and product innovations. In addition, the Company concerned to quality of packaging to ensure that it is designed properly and preserve ingredients inside with safety, durability and ease of use. Transportation and storage standards are also applied as consumer interest is most concerned.

Shareholding Structure of the Group of Companies and Shareholding Proportion as of 31 December 2018



Remarks

1. Namu.Life Plus Company Limited was incorporated in March 2015 as a distributor of the Company's products in Thailand. The Company holds 100% of total shares.
2. Do Infinite Dream Company Limited was incorporated in October 2017 to expand the Company's business in overseas. The Company holds 100% of total shares.
3. Dream Dermatology Company Limited was established in March 2018 to expand the Company's business to cosmeceuticals. The Company holds 95% of total shares.
4. Skin Make Smiles Company Limited was established in June 2018 to expand the Company's skin care business to millennials customers. The Company holds 70% of total shares.
5. Do Day Dream Trading PTE Ltd. was incorporated in Singapore since January 2018 to distribute its products to overseas customers. It is 100% shareholding by Do Infinite Dream Company Limited.
6. Do Day Dream Holding PTE Ltd. was incorporated in Singapore since January 2018 as holding company to invest in the Company's business in overseas. It is 100% shareholding by Do Infinite Dream Company Limited.
7. Do Day Dream Philippines Corporation was established in the Philippines and proceeded the registration for capital increase according to the Philippines' laws since August 2018 to expand the Company's business in distributing products internationally. Do Day Dream Holding PTE Ltd. holds 51% of total shares.

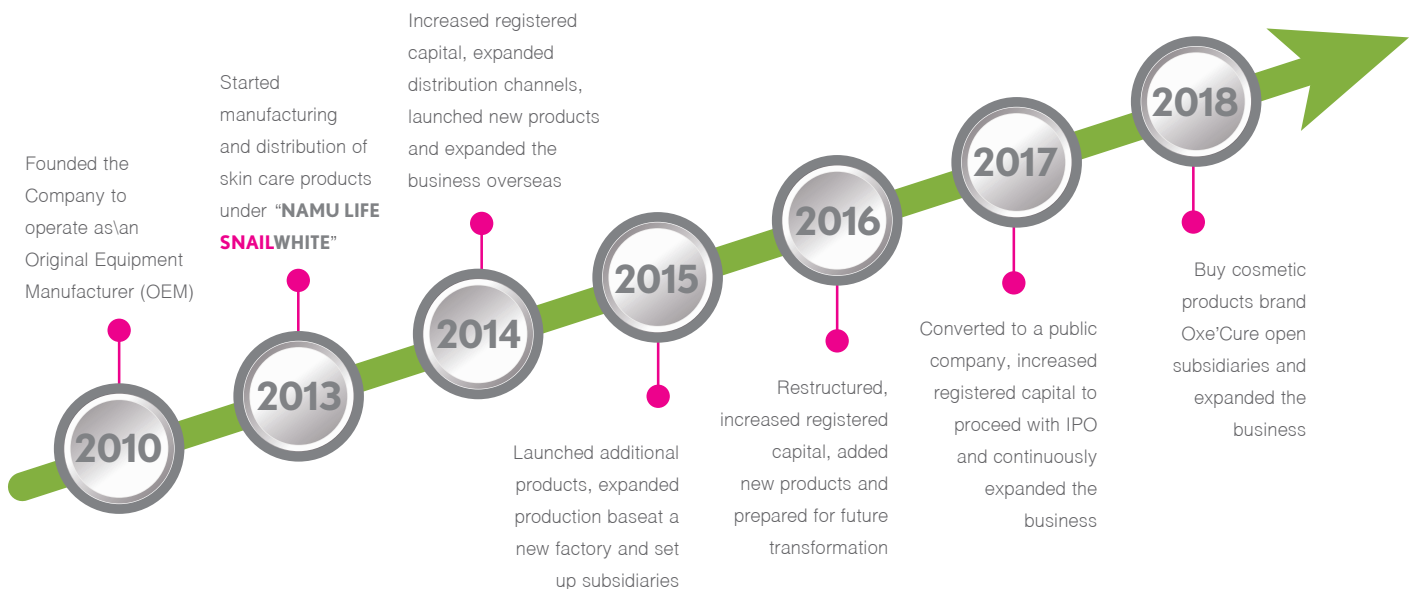


COMPANY HISTORY, SIGNIFICANT CHANGE AND DEVELOPMENT

The Company was incorporated on 20 September 2010 with the initial registered capital of 1 million baht by Pornpatanarak family to operate as an Original Equipment Manufacturer (OEM) and provide business consultation related to skin products. Later in 2013, the Company saw the opportunity in creating its own brand as the Company has gain expertise in production together with the positive growth growth outlook of the industry. Consequently, the Company commenced its business in manufacturing and distributing skin care products under the trademark "NAMU LIFE" with the product line

"**SNAILWHITE**" that reflects its unique feature of using snail secretion filtrates as the key ingredient. From 2013 to 2017, the Company's products gained popularity and awareness among consumers and was reflected in the Company's performance and continuous growth. Key success factors include the use of premium ingredients with skin nourishing properties and unique value propositions that highlight natural beauty, the effective marketing plans using celebrities as presenters to endorse the products, consistent new product launch and expansion of local and international distribution channels.

Significant Change and Development



2010

Founded the Company to operate as an Original Equipment Manufacturer (OEM)

Do Day Dream Company Limited was founded by Pornpatanarak family in September 2010 with the objective to operate as an Original Equipment Manufacturer (OEM) and provide business consultation related to skin products. The initial registered and paid-up capital is 1 Million Baht or a total of 10,000 shares at a par value of 100 Baht per share.

2013

Started manufacturing and distribution of skin care products under “NAMU LIFE SNAILWHITE”

- The Company commenced its business in manufacturing and distribution of skin care products with the product line “SNAILWHITE” under the trademark “**NAMU LIFE**”. The first product launched was facial cream under the brand of **NAMU LIFE SNAILWHITE SNAIL SECRETION FILTRATE MOISTURE FACIAL CREAM** (“**NAMU LIFE SNAILWHITE FACIAL CREAM**”) in March through social media channels and was distributed via traditional trade channels.)

2014

Increased registered capital, expanded distribution channels, launched new products and expanded the business overseas

- The Company increased the registered and paid-up capital from 1 Million Baht to 10 Million Baht at a par value of 100 baht per share, in June, to support the Company’s business.
- The Company began its distribution through modern trade as another channel to reach more consumers starting with Big C, Watsons and Boots in May, August and September respectively.
- The Company launched new skin care products, which are (1) **NAMU LIFE SNAILWHITE SYN-AKE MIST** (2) **NAMU LIFE SNAILWHITE MASK SHOT** during the 1st quarter and (3) **NAMU LIFE SNAILWHITE BODY BOOSTER** during the 3rd quarter, to add to its existing product portfolio in facial skin care product line to further cover customer usage as well as tap into customers who want to take care of their body skin.
- The Company started making and selling gift sets that combine various products of the Company together for customers to purchase as gifts for special occasions and souvenirs for tourists.
- The Company expand its business overseas starting with Asian i.e. Hong Kong, China, Myanmar and Cambodia.



2015

Launched additional products, expanded production base at a new factory and set up subsidiaries

- The Company launched 3 new facial care products (1) **NAMU LIFE SNAILWHITE CONCENTRATE FACIAL CREAM** (2) **NAMU LIFE SNAILWHITE SUNSCREEN** and (3) **NAMU LIFE SNAILWHITE CLEANSING**. This products offering to meet customers' demand especially consumers who need concentrated nourishing cream as well as overseas customers in the countries with cold weather. Besides, this effort aimed to expand into sunscreen product and facial cleansing product markets which are high market value and new to the Company.
- The Company expanded its production base through its investment in buying a land with a factory at Rojana Industrial Park in Ayutthaya province and started renovating the new factory since December. The total investment was 58 Million Baht.
- The Company established a subsidiary names Namu Life Plus Company Limited ("Namu Life Plus") in March with registered capital of 5 Million Baht or 50,000 shares at a par value of 100 Baht per share. The paid-up capital at the establishment date was 1.25 Million Baht with the price of outstanding shares of 25 Baht per share. The new subsidiary engages in distributing the Company's skin care products. The Company held 69% of shares at the establishment date.
- The Company started producing small-sized products such as 5 milliliters ("ML") of **NAMU LIFE SNAILWHITE FACIAL CREAM**, 15ML of **NAMU LIFE SNAILWHITE SUN SCREEN**, 50ML of **NAMU LIFE SNAILWHITE CLEANSING** and 5ML of **NAMU LIFE SNAILWHITE CONCENTRATE FACIAL CREAM**. These new products were distributed through leading convenience stores as tester targeting consumers who never try the Company's products or for travel purposes as easy to carry.

2016

Restructured, increased registered capital, added new products and prepared for future transformation

- In March, the Company was restructured by issuing additional shares worth 50 Million Baht. As a result, the registered and paid-up capital rose to 60 Million Baht. This was done by issuing 500,000 shares for (1) Pornpatanarak family, the existing shareholders and (2) a share swap between existing shareholders of Namu Life Plus at a ratio of 4 Namu Life Plus shares to 1 new ordinary share of the Company. After the restructuring, the Company held 99.74% shares in Namu Life Plus.
- The Company purchased the remaining 126 shares at 100 Baht per share from existing shareholders of Namu Life Plus so that the Company had 100% ownership.
- After the restructuring, the Company increased its registered capital further from 60 Million Baht to 225 Million Baht to be used as working capital for business operations.
- The Company added 4 new products include (1) **NAMU LIFE SNAILWHITE MIRACLE INTENSIVE REPAIR** (2) **NAMU LIFE SNAILWHITE WHIPP SOAP** (3) **NAMU LIFE SNAILWHITE ROYAL JELLY FACIAL CREAM** and (4) **NAMU LIFE SNAILWHITE CREME BODY WASH** during the 2nd quarter, 3rd quarter and 4th quarter respectively. This products offering to meet customers' demand especially intensive care as well as cater to a new customer group who looks for innovative cleansing products in form of a bar soap in a netted sachet and body wash with lotion-like cream.
- The Company refurbished its factory to improve the production process in September and commenced the production in October.
- The Company broadened its sales channels by setting up and distributing products through 2 own standing shops under the name Namu Life starting at BTS Siam station in August and Show DC Mall in November.

2017

Converted to a public company, increased registered capital to proceed with IPO and continuously expanded the business

- The Company launched 8 more products (1) **NAMU LIFE SNAILWHITE DAY CREAM** (2) **NAMU LIFE SNAILWHITE ESSENTIAL TONER** and (3) **NAMU LIFE SNAILWHITE FACIAL JELLY WASH** (4) **NAMU LIFE SNAILWHITE OVERNIGHT FIRMING MASK** (5) **NAMU LIFE SNAILWHITE 7 DAYS MASK SHEETS** (6) **NAMU LIFE SNAILWHITE BODY BOOSTER SPF** (7) **NAMU LIFE SNAILWHITE GOLD FACIAL CREAM** (8) **NAMU LIFE SNAILWHITE SUNSCREEN CC** during the 1st half of the year to enhance the variety of nourishing and cleansing product lines to further expand the market and the customer base.
- The Company converted to be a public company and changed the name to Do Day Dream Public Company Limited on 22 March 2017.
- The Company adjusted the par value of its shares from 100 Baht per share to 1 Baht per share and increased its registered capital from 225 Million Baht to 318 Million Baht to support its listing in the Stock Exchange of Thailand. The Company allocated (1) not exceeding 76 Million new ordinary shares with a par value of 1 Baht for its initial public offering (IPO) (2) not exceeding 2 Million new ordinary shares with a par value of 1 Baht per share to offer to directors, executives and employees under an Employee Share Ownership Program (ESOP) and (3) not exceeding 15 Million new ordinary shares with a par value of 1 Baht per share as a private placement for institutional investors.
- According to the resolution of the Extraordinary Shareholders Meeting No. 2/2017 on 17 July 2017, the Company allocated its 15 Million new ordinary shares with a par value of 1 Baht per share at a price of 29.87 Baht per share to North Haven Thai Private Equity Clarity Company (HK) Limited (“NHTPEC”), a legal entity established to purchase shares of the Company while North Haven Thai Private Equity L.P. (“NHTPE”) is the sole indirect shareholders (NHTPE holds all shares in North Haven Thai Private Equity Holding (HK) Limited (“NHTPEH”) and NHTPEH fully owns NHTPEC) and eligible for a private placement under the definition according to the Notification of the Securities and Exchange Commission Kor Jor 17/2008 on Determination of Definitions in Notifications concerning Issuance and Offer for Sale of Securities on 15 December 2008 (including amendments).
- According to the resolution of the Board of Directors' Meeting No. 7/2017 on 25 September 2017, the Company approved a plan to set up 3 subsidiaries to enhance efficiency in doing business and support future growth as well as gain tax advantages. The 3 subsidiaries are (1) Do Infinite Dream Company Limited as an international headquarter or “IHQ” to hold shares in the Company's subsidiaries in foreign countries. (2) Do Day Dream Trading Private Limited, Singapore to distribute the Company's products to customers overseas. (3) Do Day Dream Holding Private Limited, Singapore as a holding company to invest in the Company's business in foreign countries. On 12 October 2017, Do Infinite Dream was incorporated and 1,000,000 new shares were issued with a par value of 100 Baht per share. 25% of the shares or 25 Million Baht was paid. The Company held 999,997 shares of the new company or 100% ownership.
- In December, the Company successfully conducted its initial public offering (IPO) by offering 76 Million ordinary shares with a par value of 1 Baht to the public. The first trading day at the Stock Exchange of Thailand was 26 December 2017.

2018

Buy cosmetic products brand Oxe'Cure open subsidiaries and expanded the business

- In March, the Company established Dream Dermatology Company Limited with initial registered capital of 50 million Baht at a per value of 100 Baht per share, totaling 500,000 shares, to engage in distributing Oxe'Cure cosmeceutical products. The Company held 95% of shares at the establishment date. In April, the subsidiary acquired trademark Oxe'Cure from WellGrow Med Company Limited.
- The Company founded a subsidiary, Skin Make Smile Company Limited in June with the registered capital of 5 Million Baht at a par value of 100 Baht per share totaling 50,000 shares. At the establishment date, the paid-up capital was 1,250,000 Baht with a value of 25 Baht per share. The new subsidiary operates in skin care product business targeting millennials. The Company held 69.996% of shares at the establishment date.
- The Company expanded its distribution of skin care products in the Philippines through the acquisition of 33,660,000 newly-issued shares of Do Day Dream KCA Philippines Corporation at a par value of 1 Philippine Peso per share. This is equivalent of 51% of all newly-issued shares worth 33,660,000 Philippine Peso or around 21.17 Million Baht. The Company already registered the capital increase according to the laws in the Philippines on 13 August 2018. Later, the name was changed to Do Day Dream Philippines Corporation.
- The Company launched additional 1 product i.e **NAMU LIFE SNAILWHITE GOLD SPF** together with add more product sizing and distributed 2 new sachets i.e. (1) **NAMU LIFE SNAILWHITE ICY MASK** and (2) **NAMU LIFE SNAILWHITE SERUM** to its facial care product line to further expand market and customer base during the 1st and the 4th quarter of 2018 respectively. Besides, the Company also added 2 new formulas for its body wash products.



NATURE OF BUSINESS

The Company manufactures and distributes skin care products under its own trademark as well as operating as an Original Equipment Manufacturer (OEM) of skin care products under other trademarks.

1) Manufacturer and distributor of skin care products under the Company's trademark

The Company manufactures and distributes skin care products under its own trademark **"NAMU LIFE"** with a product line **"SNAILWHITE"** for different usages including nourishing, facial and body cleansing and sunscreen products to meet the needs of diverse groups of consumers. The products are distributed through its stand-alone shops as well as sales representatives and distribution partners. One of the distributors is Namu Life Plus Company Limited, a subsidiary which the Company hold 100% ownership.

The products can be categorized into 6 groups as follows:

- (1) Facial Care Products
- (2) Body Care Products
- (3) Facial Cleansing Products
- (4) Body Cleansing Products
- (5) Sunscreen Products
- (6) Gift Set

2) Distributor of skin care products under the Subsidiaries' trademark

Dream Dermatology Company Limited, one of the Company's subsidiaries, engages in distributing "Oxe'Cure" cosmeceutical brand targeting consumers with acne-prone and sensitive skin. Ingredients are carefully selected and clinically proven of its delicacy and effectiveness. All products are specifically developed for people with acne problems either face or body suitable for all genders, ages and dry or oily skin types. The products are categorized into 4 groups as follows:

- (1) Facial Care Products
- (2) Body Care Products
- (3) Facial Cleansing Products
- (4) Body Cleansing Products

3) Original Equipment Manufacturer (OEM)

The Company operates as an Original Equipment Manufacturer (OEM) of skin care products under other trademarks for its clients.



Revenue Structure based on the Consolidated Financial Statements

Revenue structure based on 2016-2018 consolidated financial statements is summarized below:

	2016		2017		2018	
	MB	%	MB	%	MB	%
Sales revenue from products under the Company's trademarks						
1) Facial care products	1,074.67	86.65	1,327.47	78.81	894.79	68.62
2) Body care products	36.37	2.93	60.00	3.56	39.39	3.02
3) Facial cleansing products	48.67	3.92	71.88	4.27	136.19	10.44
4) Body cleansing products	9.77	0.79	134.42	7.98	98.43	7.55
5) Sunscreen products	58.89	4.75	65.14	3.87	32.12	2.46
6) Gift set	63.44	5.12	54.21	3.22	73.86	5.67
7) Food Supplement products ¹	0.71	0.06	-	-	-	-
Total sales revenue from products under the Company's trademarks	1,292.52	104.22	1,713.12	101.71	1,274.78	97.76
Deduct Sales discount	(55.67)	(4.49)	(38.68)	(2.30)	(25.15)	(1.93)
Sales revenue from products under the Company's trademarks - Net	1,236.85	99.73	1,674.44	99.41	1,249.63	95.83
Other revenue ²	3.33	0.27	9.94	0.59	54.35	4.17
Net Total Revenue	1,240.18	100.00	1,684.38	100.00	1,303.98	100.00

Remarks 1. The Company discontinued distribution of food supplement products since the beginning of 2016.
2. Other income comprises of interest income and services revenue



1 Products and Services

1.1 Manufacturer and distributor of skin care products under the Company's trademark "NAMU LIFE" with a product line "SNAILWHITE" which was categorized into 6 groups as follows:

1) Facial Care Products

The Company's facial care products contain snail secretion filtrate as the key ingredient including other concentrated natural extracts that effectively nourish skin for all types. This product group consists of 11 product lines as follows:

NAMU LIFE SNAILWHITE SNAIL SECRETION FILTRATE MOISTURE FACIAL CREAM



The first product launched of the company which is pioneer skin care product in Thailand that contains snail secretion filtrate since quarter 1/2013 with the idea of offering premium quality facial nourishing cream for Thai people, suitable for skin conditions and Thailand's hot and humid climate. The product has nourishing properties that help restore skin and reduce wrinkles, dark spots, and scars. Moreover, this miracle product helps lift facial skin, relax muscles, heal inflammations, rejuvenate skin to build new cells, reduce visible aging signs, prevent acne and acne scars and smooth and soften skin, perfect for both deep and shallow wrinkles. Active ingredients help control oil, reduce acne, increase skin elasticity, boost collagen production and enable elastin to function better as well as keep skin moisturized which makes skin look hydrated, white, bright, radiant and healthy. This product comes in an innovative container from Korea with a vacuum pump system (Airless Packaging) that is not only easy to use and able to manage the quantity sufficient for each usage but also allows consumers to completely use up the cream until its last drop. More importantly, the design prevents direct contact from users to the cream which helps reduce external contamination from germs and minimize the use of preservatives.

NAMU LIFE SNAILWHITE CONCENTRATE FACIAL CREAM



A highly-concentrated moisture treatment from Korea launched in quarter 1/2014 designed to strengthen facial skin from within. The product is geared toward consumers who need intensive skin nourishment especially consumers with dry skin or consumers who live in a cold climate. The product was inspired by the property of gold that helps strengthen skin cells to achieve firmness. The product also contains multiple extracts rich with active ingredients that smooth, rejuvenate and firm skin as well as tighten pores from the first use with its light texture. This product is in Airless Packaging.

NAMU LIFE SNAILWHITE ROYAL JELLY FACIAL CREAM



An innovative cream that helps revitalize skin formulated with special snail secretion filtrate and enriched with pure natural royal jelly. The product was introduced during quarter 3/2016 to target customers in China as well as tourist attractions in Thailand with high traffic of Chinese tourists. The idea was inspired by properties of royal jelly which is a white jelly that turns pale yellow later used in the nutrition of bee larvae for the first 3 days of their lives as well as adult queens for their whole lives. Queen bee has a longer life in general compared to other bees. Various studies show that royal jelly is high in nutrition and energy that help promote metabolism as well as strengthen skin to look lively and reduce fatigue and premature lines. About 50% of royal jelly is protein in form of 8 essential amino acids. In addition, the product is also blended with various natural extracts to enhance its effectiveness such as Hyalo-Oligo (hyaluronic acid) which are 150 times smaller molecular size than normal hyaluronic acid which can penetrate deep in the skin and keep the skin hydrated. Besides, ginger extract alleviates skin irritation and stimulates blood circulation while lavender extract helps reduce deep wrinkles and ginseng extract brightens the skin and protects the skin from UV rays. Moreover, bisabolol extract tones down sunburns while asiatica pennyworth extract kills bacteria which are the main cause of inflammatory acne. With these perfectly combined ingredients, the product offers an obvious choice for consumers in taking care of their skin and protecting the skin from harm caused by sun light, pollution and stress. Lost moistures are also restored, wrinkles are reduced as skin is pampered with nourishment perfect for all skin conditions. This product is in Airless Packaging.

NAMU LIFE SNAILWHITE DAY CREAM



The product with dual benefits in restoring and nourishing while protecting the skin. Not only the product makes the skin look smooth and radiant but also protects the skin from UV rays and blue light that can damage the skin directly. The product was launched during quarter 1/2017 with the belief that nourishment alone does not suffice as the skin needs protection from pollution. The product is formulated with a harmonized blend of beneficial natural extracts including snail secretion filtrate and soliberine extract that acts as an antioxidant for the skin and effectively protect the skin from sunlight UVA, UVB and infrared including blue light from TVs, computers and mobile phones which are the main factor causing premature wrinkles, dark spots and dull skin. Additionally, the cream helps stimulate detoxification of cells and maintain the balance of skin immune system so that the skin can restore its strength and become smooth and radiant all-day long. This product is in Airless Packaging.

During quarter 3/2017, the Company began manufacturing and distributing **NAMU LIFE SNAILWHITE DAY CREAM** in 7ML sachet package starting with 7-Eleven. The feedbacks were positive and the Company expanded its distribution of the new sachet size to other convenient stores which are growing fast in number of branches as well as traditional trade.



NAMU LIFE SNAILWHITE GOLD FACIAL CREAM

Officially introduced during quarter 2/2017 with its anti-aging properties that make the skin look young and healthy. The product is enriched with special snail secretion filtrate of Helix, a snail species from Spain and micro-alga, a red algae extract with its polymer matrix that helps firm the skin as well as reduces wrinkles. Plus, Ceramides Hp, a barley seed extract helps stimulate hydration and replenish skin so that the skin looks moisturized, plump, radiant and youthful.

NAMU LIFE SNAILWHITE SYN-AKE MIST

A water-based concentrated essence, first launched during quarter 1/2014 as inspired by an idea of creating an essence that is different from other essences in the market. The mist consists of 3 key ingredients which are alpha-arbutin that brightens skin complexion, syn-ake that helps firm skin and snail secretion filtrate that smooths skin and tightens pores. With its innovative nano sprayer from Switzerland particularly designed and developed for ease of use, nano particles of essence better absorb into skin. It is perfect for use during the day or after makeup for longer lasting effects. The mist promotes smooth, moisturized, healthy skin and is suitable for sensitive skin as it is 100% fragrance-free and preservative-free.



NAMU LIFE SNAILWHITE MASK SHOT

A skin nourishing mask launched during quarter 1/2014. The mask is carefully manufactured by weaving threads underwater making nurturing gel stay better on the threads and enriched throughout the mask which enables facial skin to absorb the gel instantly. Premium extracts and packaging are used for this product which is perfect for consumers with less time to take care of their facial skin as the product is proved to be a shortcut to restore your youthful skin to be firm and radiant thanks to snail secretion filtrate and concentrated ceramides from Korea. Alpha-arbutin extract also delivers deep nourishing and rejuvenating experience to the skin. This leaves users with desirable skin that are strong in structure, white and radiant. Wrinkles and dark spots are diminished and the skin quickly turns smooth and hydrated.



NAMU LIFE SNAILWHITE MIRACLE INTENSIVE REPAIR

A facial recovery serum initially distributed during quarter 2/2016. The light and non-sticky texture of the serum quickly penetrates skin to inner layers and gives the skin different sensations. Under the concept "Change Bad Skin into Beauty Skin", the Company's unique formula of useful natural extracts including alpha-albutin, gigawhite (extracts from 7 kinds of flowers from the Alps), gatuline express, lipobelle, soyaglycone, tighten pores and ultra-concentrated snail secretion filtrate restores and recharges aging skin during sleep so that the skin achieve its radiance, suppleness and smoothness since the first use. When apply regularly, it will firm sagging skin, tighten pores, moisturize skin as well as exfoliate skin cells to achieve natural smoothness and radiance. Users will enjoy healthy and youthful looking skin that they deserve to wake up to everyday.



NAMU LIFE SNAILWHITE SEVEN DAYS MASK SHEETS

A nurturing facial sheet launched during quarter 2/2017 to target Chinese customers. It is blended and processed with cactus extract from Mexico that delivers skin-revitalizing benefits. Advanced nano techonogy helps drive hydration deep into the skin, leaving the complexion plump, naturally youthful and wrinkle-free.



NAMU LIFE SNAILWHITE OVERNIGHT FIRMING MASK

A sleeping facial nourishing mask introduced during quarter 2/2017 to carter to Chinese customers. The mask is enriched with concentrated natural extracts directly tackling inelasticity and infirmity of the facial skin. It helps balance collagen production system and restore elasticity and firmness through actosome inoceramide extract that acts as a shield protecting skin and preserving moist in the skin layers, a good remedy for dry skin. Moreover, niacinamide helps tone skin complexion, diminish appearances of dark spots and fight against free radicals.

NAMU LIFE SNAILWHITE ICY MASK

The newest formula overnight facial mask with snowflake texture. The mark is enriched with unique concentrated snail secretion filtrate full of protein and different vitamins that are food for skin as well as silene colarata from France that helps moisturize the skin and gives instant cooling effect so that the skin become glowing, radiant and healthy overnight.



2) Body Care Products

The Company has 2 products lines under body care products which as follows:

NAMU LIFE SNAILWHITE BODY BOOSTER

A body treatment cream with unique formula of the Company first introduced during quarter 3/2014. This product is developed with the idea of offering body care products suitable for Thai people living in a hot and humid climate such as Thailand which help promote healthy skin and boost confidence of users. It features “astaxanthin” extract that is an effective antioxidant with 7 outstanding benefits i.e. (1) Smooth, soften and whiten skin to be radiant with aura (2) reduce wrinkles and firm body skin (3) maintain moisture and hydration of body skin for dry skin (4) restore darkened or dull skin from sunlight, smog and pollution in the skin layers (5) enhance collagen and elastin production (6) Replenish skin water reserve and delay signs of aging (7) Diminish premature fine lines and fight against free radicals.

NAMU LIFE
SNAILWHITE
BODY BOOSTER



NAMU LIFE SNAILWHITE BODY BOOSTER SPF30/PA+++

A body care product that provides sun protection initially distributed during quarter 2/2017. With snail secretion filtrate combined with astaxanthin that stimulates collagen production in the skin layers and ceramide that energizes and moisturizes skin, the body is left with silky smooth and irresistible skin texture. Additionally, SPF30/PA+++ helps protect the skin from UVA and UVB rays and restore dry and damaged skin from the sun back to healthy, hydrated and naturally radiant skin.

NAMU LIFE
SNAILWHITE
BODY BOOSTER
SPF30/PA+++



3) Facial Cleansing Products

There are 4 products lines in facial cleansing products as follows:

NAMU LIFE **SNAILWHITE** CLEANSING

A facial cleanser introduced during quarter 2/2015. The cleansing is inspired by combining advantages of water-based cleansing and oil-based cleansing together using Quick-Cleansing Technology (Oil-free). The product thoroughly cleanses cosmetics and dirt in one simple step without leaving any residue on the face which can cause comedones. It is also free of alcohol that can make skin dry and sensitive. With snail secretion filtrate blended with elastin, collagen, glycoaminoglycan, vitamins, alatonin and glycolic acid, the facial skin during will be revitalized during the washing. Besides, the product comes in special packaging imported from Korea with the waterproof dispenser perfect for placing in bathrooms and carrying.

NAMU LIFE **SNAILWHITE** WHIPP SOAP

A premium whip foam bar soap packaged in a netted sachet for facial cleansing first distributed during quarter 3/2016. The idea is for consumers to have a new experience of using facial soap. The product comes in form of an innovative bar soap with netted sachet that consumers can get whipped foam from the soap using only a drop of water and a light rough on the soap and the sachet with 2 hands - no need to squeeze foam out of the package and whip it like other products in the market. The soap contains snail secretion filtrate together with other natural ingredients such as bearberry extract, hyaluronic acid and 3 plant-based ingredients extracted from balloon vines, echium oil and sunflower seed oil which help restore the skin to be healthy, bright, radiant, smooth, soft, hydrated and youthful. It also helps kill bacteria which can cause skin problems. Moreover, the packaging is unique and of high quality with a zipper easy to open and close.



NAMU LIFE **SNAILWHITE** ESSENTIAL TONER

One of the facial cleansing products that can better remove dirt and pollution residue on the facial skin. There are 2 formulas introduced since quarter 1/2017 which are Hydrating and Oil Control. Both formulas contain Korea's bamboo water that not only has a deep but mild cleansing property but also helps boost collagen production, tone the skin to be suppler and reduce signs of aging. Hydrating formula also has thyme stem and flower extract that helps fight free radicals, kill bacteria, sooth irritations and moisturize the skin. This formula also has a long-lasting hydrating effect that revives the skin as well as protects the skin from pollution all day long. What's more, Oil Control formula in mixed with extracts from epilobium stems and flowers which help stop production of enzymes that cause sebaceous glands to malfunction and secrete more oil so that excess skin oil is removed and the face is properly moisturized after washing. This certainly meets the needs of consumers these days.

NAMU LIFE **SNAILWHITE** NAMU FACIAL JELLY WASH

A gentle clarifying jelly facial cleanser launched during quarter 1/2017. The product is formulated with cactus extract that helps replenish moisture, tame skin inflammation and redness and protect the skin from water loss. After washing, the facial skin will look luminous, smooth, soft and hydrated. This makes normal facial face washing routine not just a cleansing but also facial nourishment and rejuvenation in one step. Besides, the product is formulated with other powerful natural extracts such as unripe green apple extract that helps tighten pores and control excess oil and centella extract that washes away bacteria that cause ace, heals the skin and acne scars and reduces dark spots. NAMU LIFE SNAILWHITE Namu Facial Jelly Wash is considered the product of choice in removing excess oil and impurities without leaving any residue while restoring and treating the skin with multiple extracts rich in skin food and vitamins.

4) Body Cleansing Products

The Company foresees the opportunities in diversifying into new products to extend the reach to cover broader customer groups and satisfy needs of new customers through manufacturing and distributing body cleansing products. As a result, **NAMU LIFE SNAILWHITE CRÈME BODY WASH** a body cleansing solution with innovative lotion-like cream was premiered during quarter 4/2016. This anti-bacteria body wash helps hydrate, smooth and brighten the skin to look beautiful and healthy. The product comes in different formulas according to consumer preferences that offer unique aesthetic benefits. The available 5 formulas are listed below:

NAMU LIFE SNAILWHITE CRÈME BODY WASH NATURAL WHITE

A natural whitening formula with caviar lime extract that helps nourish and brighten dull skin to be brightening and shine.

NAMU LIFE SNAILWHITE CRÈME BODY WASH DEEP MOISTURE

A moisturizing formula with baobab oil that helps maintain long-lasting moisture, smooth and soft skin.

NAMU LIFE SNAILWHITE CRÈME BODY WASH ANTI-AGING

A wrinkle reduction formula with kakadu plum extract, which is rich in antioxidants, helps nourish and moisturized the skin.

NAMU LIFE SNAILWHITE CRÈME BODY WASH AROMA RASHALL ROSE

A special formula with rashall rose extract that helps to relax as well as clean and protect the body from bacteria. It is easy to rinse and the skin is left healthy, smooth and hydrated. This body cleanser was launched during quarter 2/2018.

NAMU LIFE SNAILWHITE CRÈME BODY WASH AROMA SWISS LAVENDER

A special formula with swiss lavenders extract that help relax the body from stress and protect the skin from bacteria, keep your skin looking luminous and naturally healthy. This body cleanser was launched during quarter 2/2018.





5) Sunscreen Products

The Company produces and distributes 2 product lines under sunscreen products as follows:

NAMU LIFE SNAILWHITE SUNSCREEN

A highly-effective sunscreen lotion with light and non-sticky texture that protects the skin intensively and nourishes the skin to appear bright and radiant throughout the day. The product was first introduced during quarter 3/2015 as inspired by the idea of providing Thai people a durable and all-day sun protection as the hot and humid climate makes the skin oily and cosmetics come off quickly. Thus, the Company came up with **NAMU LIFE SNAILWHITE SUNSCREEN** developed specifically to respond to the current needs of Thai people. With its SPF50+ and PAA+++ from active sun protecting ingredients, this sunscreen can block and prevent both UVB and UVA effectively. The sunscreen is also hypoallergenic and non-comedogenic. The cream can be easily applied over the face and it can reflect or scatter the light away well. Edelweiss extract blended in this sunscreen is also useful in protecting and restoring the skin at DNA level from sun damage.



NAMU LIFE SNAILWHITE SUNSCREEN CC

A facial sun protection solution with ultra-lightweight texture launched during quarter 2/2017. The product was uniquely designed for 50 times protection against UVA/UVB rays. Its CC cream formula helps even out facial the skin tone immediately after applying and conceal redness and dark spots as well as protect the skin from becoming dull and darkened during the day. Formulated with the Company's signature snail secretion filtrate and blended with edelweiss from the Alps, the cream rejuvenates and nourishes the skin to its natural youthfulness as well as diminishes appearance of dark spots.

6) Gift Set Products

The Company official launched gift sets consisting of different types of **NAMU LIFE SNAILWHITE** products since quarter 4/2014 through certain distribution outlets such as Watson and Boots.



NAMU LIFE SNAILWHITE DAILY BEAUTY SET

Brighten and healthy skin set including **NAMU LIFE SNAILWHITE FACIAL CREAM**, **NAMU LIFE SNAILWHITE DAY CREAM** and **NAMU LIFE SNAILWHITE MIRACLE**

NAMU LIFE SNAILWHITE EXTRA CHARGE SET

Skin rejuvenation set including **NAMU LIFE SNAILWHITE MIRACLE**, **NAMU LIFE SNAILWHITE CONCENTRATE FACIAL CREAM** and **NAMU LIFE SNAILWHITE MASK SHOT**

NAMU LIFE SNAILWHITE GOLDEN SET

An anti-aging set including **NAMU LIFE SNAILWHITE GOLD**, **NAMU LIFE SNAILWHITE MIRACLE**, **NAMU LIFE SNAILWHITE ESSENTIAL TONER** and **NAMU LIFE SNAILWHITE OVERNIGHT FIRMING MASK**

NAMU LIFE SNAILWHITE GIFT SET

Special gift set from **NAMU LIFE SNAILWHITE** including **NAMU LIFE SNAILWHITE FACIAL CREAM**, **NAMU LIFE SNAILWHITE MASK SHOT** and **NAMU LIFE SNAILWHITE SYN-AKE MIST**

NAMU LIFE SNAILWHITE NARAYA SET

A gift set of **NAMU LIFE SNAILWHITE** products, including **NAMU LIFE SNAILWHITE FACIAL CREAM**, **NAMU LIFE SNAILWHITE CONCENTRATE FACIAL CREAM** and **NAMU LIFE SNAILWHITE MIRACLE** which packed on a cosmetic bag of NARAYA, a famous bag and fashion product brand popular among Asian customers. This gift set product can attract a lot of consumers including tourists.

NAMU LIFE SNAILWHITE READY ON BOARD

Travelling set including **NAMU LIFE SNAILWHITE FACIAL CREAM 5 ML**, **NAMU LIFE SNAILWHITE CONCENTRATE FACIAL CREAM 5 ML**, **NAMU LIFE SNAILWHITE CLEANSING 50 ML**, **NAMU LIFE SNAILWHITE CRÈME BODY WASH 80 ML** and **NAMU LIFE SNAILWHITE SUNSCREEN 15 ML**





1.2 Distributor of skin care products under the Subsidiaries' trademark "Oxe'Cure" for consumers with acne-prone and sensitive skin, which was categorized into 4 groups as follows:

1) Facial Care Products

OXE'CURE FACIAL ACNE LOTION

An acne treatment lotion contains several ingredients including salicylic acid that prevents comedones that cause acne. This product also reduce acne inflammation and black spots. It is fast absorbed, non greasy, non sticky, fragrance free, and oil free so it can also be applied anytime during the day on top of the make up.

OXE'CURE ANTI-MELASMA CREAM

An advanced formula to reduce melasma, freckles, and hyperpigmentation which combines several highly concentrated whitening agents to protect many mechanisms of melanin formation. The product helps to solve the problem of melasma, freckles and dull skin as well as reduce the inflammation on the skin for softness and naturally looking result.

2) Body Care Product

OXE'CURE BODY ACNE SPRAY

Non-sticky spray eliminates and prevents acne on back, chest, neck and arms. The product contains several active ingredients i.e. salicylic acid that destroy pre-germ infection and prevent from comedones that cause acne, mangosteen peel extract that anti-bacteria that cause acne inflammation, and bearberry leaf extract that is an antioxidant to reduce black spots from acne. The product comes in a specially designed pump that sprays from any angle even in the most hard-to-reach places.



3) Facial Cleansing Product

OXE'CURE FACIAL LIQUID CLEANSER

Water-based gel wash that gently clean the facial skin perfect for dry skin as it contains extracts that keep the skin hydrated as well as treat and prevent acne. This cleanser has propolis extract which helps eliminate bacteria that cause acne, reduces excess facial oil, and reduce inflammatory acne, prickly heat and clogged pimples. It also helps exfoliate from dead skin cells so that the skin gradually and naturally becomes clearer.



4) Body Cleansing Products

OXE'CURE BODY WASH

Skin balancing formula with pH5.5 that helps to clean the skin while maintaining the natural balance, protection and reduce irritation, and not destroyed the natural fat layer on skin. This product is suitable for people with problem and sensitive skin. It has anti-bacterial agent that eliminate bacteria that cause acne and body odor as well as moisturize to soothe the skin softly.

OXE'CURE SULFUR SOAP

Cleaning products for reducing acne and oiliness on the skin. It contains sulfur that easy peeling off rough skin or damaged skin, exfoliate dead skin cells, faster heal scratch, eliminate bacteria that cause acne on body, and reduce body odor.



1.3 Original Equipment Manufacturer (OEM) that the Company operates as an original equipment manufacturer (OEM) services and provides business consultation for facial care cream products under other trademarks for its clients. The clients are mostly small entrepreneurs who intend to enter beauty industry with limited investment budget and without their own factories.

2 Marketing and Competition

2.1 Marketing Policy

1) Product and Brand Uniqueness Development and Brand Awareness Enhancement

A key factor that the Company stresses on in building its brands to be recognizable and memorable to consumers is creating uniqueness or identity. The Company put a lot of efforts in promoting its identity under the concept “Beauty is Healthy... The real beautiful skin is healthy skin as you are” that reflects natural beauty which is differentiated from other manufacturers and in line with current trends in consumer demand.

The Company designed its products and packaging to be consistent with its identity as well as conducted marketing to raise brand awareness. Famous celebrities with “superstar” status who are known for their beauty were chosen to be presenters of its products to gain brand awareness and credibility. Moreover, the Company conducted its marketing via out of home media including small-sized and large-sized billboards that can access target customers in the cities as well as tourists. TV media was also deployed to reach broader consumer groups of all genders and ages and to promote brand awareness effectively. In addition, the Company carried out its marketing efforts through online media and encouraged consumers to try its products as well as asked famous people to make product reviews and viral videos on Facebook, YouTube and Instagram including tie-ins. Besides, product launch events were organized that received word of mouth from consumers. From the above factors, the Company’s brands are well-known to broad consumer groups as brand awareness is growing. This is evident from rising number of followers in social media platforms such as LINE, Facebook and Instagram. As of 31 December 2018, the Company’s Facebook has 223,600 followers and the Company’s Instagram has 89,500 followers. Its product identity and recognizable brand resulted in (1) the Company’s products as No.1 best-selling product under products with snail secretion extract as an ingredient (according to The Nielsen Company) (2) NAMU LIFE SNAILWHITE Facial Cream and NAMU LIFE SNAILWHITE Gold Facial Cream as No. 1 and 8 best-selling product respectively under facial moisturizer products with the price over than 800 Baht per piece for modern

trade channels (hypermarket, supermarket and specialty shop) and (3) the 2nd highest growth rate compared to the peer group of top 10 large-sized companies.

2) Product Quality, Credibility and Safety to Consumers

The Company is committed to meeting the needs of consumers through offering quality and safe products with properties in nourishing skin. Quality comes first at the Company and it pays attention to all production processes from sourcing and selecting quality raw materials, careful production processes that meet international standards to exquisite packaging and innovations that enhance product quality and effectiveness in order to attain product quality according to standards and targets set by the Company.

The Company’s factory at Rojana Industrial Park is modern and equipped with highly-effective machines and appliances that can be customized to needs and different systems with low maintenance costs. Through this technology and production capabilities, the Company can manufacture products using raw materials with higher time efficiency and cost effectiveness while product quality is not compromised. Additionally, the production process is also environmental-friendly as the Company strictly controls its production. Quality management is ensured along the production process from before raw material inspection, during production to before and after packaging by quality control unit or QC who are certified by the Thai Food and Drug Administration (FDA). Moreover, the Company also received the ASEAN GMP (Good Manufacturing Practice), HALAL in 2017, certifications of the quality management standard (ISO 9001:2015), the environment management standard (ISO14001:2015) and the Occupational Health and Safety Assessment Series standard (OHSAS 18001:2007).

Apart from product quality, the Company never ignores credibility and safety of its products and uses anti-counterfeit stickers so that consumers can accurately and quickly verify if the products are genuine. The Company also put in place product return policy for unsafe products that can harm consumers. Consumers can rest assured that all products are of high quality, safe as well as suitable for their needs.

3) Ability to reach consumers through extended and diverse sales channels

The Company places high importance on gaining access to end consumers with its key goal to introduce the Company's products to increasing number of consumers with needs via successful marketing that enables easy access and extended coverage for consumers. Currently, the Company leverages on its multi-channel platform of traditional trade, modern trade, free standing shops (NAMU LIFE Shop) and export to foreign markets through local sales agents with expertise in each market as well as various online channels. This channel strategy contributed greatly to our success to date.

For the year 2018, the Company has expanded distribution channels to achieve broader coverage, details as follow.

- The Company run marketing campaigns with over 800 wholesale and retail shops in 4 major provinces in the Northeast of Thailand which are Nakhon Ratchasima, Khon Kaen, Udon Thani, and Ubon Ratchathani. These campaigns helped extend its sales footprints as well as boost demand of target customers through encouraging product trials and promoting products at retail outlets. For 2019, the Company has a plan to further expand these marketing activities to other regions and other major provinces that are centers for trade in Thailand.
- The Company conducted various brand awareness building activities such as product introduction booths and **"SNAILWHITE TOUR Beauty Slap Challenge"**, an activity that challenged university students to try **NAMU LIFE SNAILWHITE** by patting or lightly "slapping" on the skin while judges decided on who did best. In addition, the Company selected the winners from university star pageant project of 4 university in Northeastern Thailand namely Mahasarakham University, Udon Thani Rajabhat University, Ubon Ratchathani Rajabhat University and Rajamangala University of Technology Isan. Over 10,000 students participated in these product launch activities and over 900 students attended **"SNAILWHITE TOUR , Beauty Slap Challenge"** As these activities were well-received by target customers, the Company planned to continue these initiatives to cover other provinces in the Northeast as well as other regions in 2019.

- The Company has expanded into foreign markets by searching for trade partners or business alliances with high potential such as in the Philippines, Indonesia or other countries in the AEC.
- Online channels have been further developed to be more effective.

2.2 Target Customers

Target end consumers for the Company are defined as consumers of all genders and ages with middle income or higher who look for skin cleansing and nourishing products for both face and body especially those who take a good care of themselves.

2.3 Distribution Channels

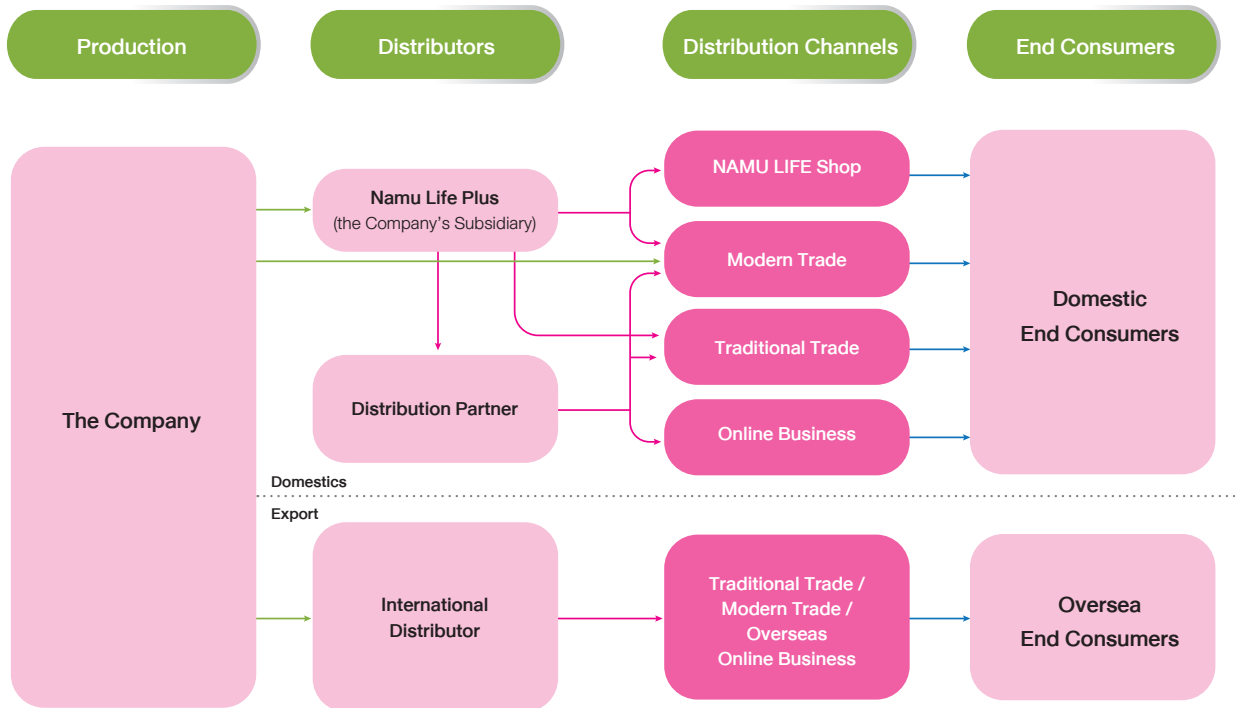
Group companies distributes products through various channels both directly and indirectly via distribution partners, domestic and international. The Company has 5 main distribution channels as follow:

- 1) Modern Trade
- 2) NAMU LIFE Shop
- 3) Traditional Trade
- 4) Online Business
- 5) Export

Group companies entered into contracts and trade agreements with sales representatives, domestic distribution partners and domestic modern trade to determine trade terms and conditions on annually basis e.g. prices, discounts, marketing fees, distribution fees, sales promotion fees and target sales.



Overview of Product Distribution from the Company to End Consumers



Main Distribution Channels of the Company are as follows:

1. 1. Modern Trade

The Company places significance on distributing products to modern trade given that it is a fast-growing sales channel that broader consumers can reach through the outlets across the country. The Company prioritizes shops that can deliver acceptable return to the group of companies and retailers that have access to consumer groups that its products appeal to. Those outlets include:

- 1.1 Specialty Store: These are retail businesses that focus on specific product categories such as medical supplies, cosmetics, skin care products and hair care products. They offer a wide variety of products and have staff around to give advices and assist customers. These modern trade retailers have branches mostly in big communities or department stores i.e. Boots, Watsons, LAB Pharmarcy, Tsuruha and Matsumoto Kiyoshi.
- 1.2 Convenience Store: These are small retail shops with its outlets distributed in many communities throughout the country. Convenience stores are well-managed with modern technologies and products available in these stores are mostly for everyday use. They usually open 24 hours i.e. 7-Eleven and Family Mart.

- 1.3 Large Retail Store: These are sizable retail outlets such as supermarkets, hypermarkets and discount stores. These retailers normally provide a wide range of consumer products in high volume and are found in big communities or major provinces. i.e. Tesco Lotus, Big C, Robinson, Gourmet Market, Tops Supermarket, MaxValu, Makro, Home Fresh Mart, Central, and King Power.

As of 31 December 2019, Group Company distributed its products through modern trade with a nationwide footprint of all provinces.



2. NAMU LIFE Shop

The Company opened its first **NAMU LIFE** shop at Siam BTS station in 2016 aiming to expand its sales channels for its products to directly cater to target customers. These own free standing shops also allow the Company to study and test the market as well as better understand consumers. Additionally, NAMU LIFE shops help promote its brands which is aligned with the Company's key strategy to build brand awareness. The Company prudently considers and selects locations for the shops emphasizing areas suitable for public relations for its products such as places with a lot of tourists or high traffic.

As of 31 December 2018, the Company and its subsidiaries had 1 **NAMU LIFE SHOP** located at BTS Siam station.

3. Traditional Trade

Traditional trade comprises traditional businesses that are spread across Thailand where consumers can access almost anywhere instantly as they are often situated in residential areas or famous tourist attractions. The Company sells its products via Namu Life Plus Company Limited and its sales representatives or distribution partners. Traditional trade can be either wholesalers or retailers; for example, local cosmetics shops, local supermarkets, local convenient stores, local pharmacies and local wholesalers of consumer products. Traditional trade also includes local department stores located

in major cities such as Super Cheap, Yongsanguan, Amporn and Big Kim.

As of 31 December 2018, the Company distributed its products through traditional trade of over 1,300 stores by Namu Life Plus Company Limited and sales representatives or distribution partners covering Bangkok and vicinities as well as major provinces such as Chonburi, Rayong, Loei, Ayutthaya, Khon Kaen, Ubon Ratchathani, Buriram, Phuket, Songkhla, Chiang Mai, and Nakhon Ratchasima.

4. Online Business

Online is another channel the Company sells its products. The Company operates its online business through trade partners who are retail distributors and **NAMU LIFE** website (<https://shop.namulife.com>) which is under collaboration with trade partners. Online channel also includes social media such as Line, Facebook and Instagram where consumers can order products conveniently.

5. Export

The Company began exporting its products since 2014 as opportunities and growth potential were present in foreign markets. The Company established a subsidiary in Singapore in 2018 to be responsible for coordinating with sales representatives or distribution partners on distribution and export of the Company's products to traditional trade and modern trade in foreign countries as well as developing and managing online channels abroad.

As of 31 December 2018, the Company exported its products to various countries e.g. China, Hong Kong, Philippines, Myanmar, Singapore and Cambodia. The majority of revenue from export came from China, Hong Kong, and Philippines with combined value of approximately 97%, 99% and 96% of total export revenue in 2016, 2017 and 2018 respectively.

The Company has a plan to expand its sales channels in the future by focusing on export and modern trade. Modern trade shows a positive outlook as this channel not only provides appealing product shelf designs but it is also modern and well-managed using new technology which can properly attract and reach consumers. Traditional trade cannot be ignored neither as this channel will help the Company cater to more diversified customer base.



Price Determination and Adjustment

1) All products were designed and developed to address market needs. The Company assigned R&D department, strategy & insight department and sales & marketing department to work together to determine pricing that are suitable for image and characteristics of each product. Each department gathers relevant information to conduct analyses to set and adjust prices of products. A key factor to be considered for pricing is the cost structure of each product such as raw material cost, labor cost and other production costs which are calculated by related departments. Note that cost of each product is only one of various factors that the Company takes into account when standard pricing is conducted.

2) Market competitive is another key factor in product price determination. Strategy & insight department takes charge in conducting information analyses with cooperation from sales & marketing department who handles surveys of market pricing of similar competitors' products in the market. Both departments work together to consider and determine product pricing so that the Company has a competitive advantage over its competitors and is able to achieve market shares as targeted.

3) Price adjustment from competitors in the market either a price increase or decrease directly affects how the Company determine prices of its products. Responsible departments routinely check changes in product pricing in different sales channels in order that the Company reacts promptly and properly on pricing and the Company maintains its competitiveness. The Company has no policy on adjusting shelf prices down but will offer promotions to boost sales as well as consider upward price adjustments when appropriate.

4) Economic conditions are another considered factor that influences product pricing. Related economic indicators include inflation rate and purchasing power of consumers.

5) Brand Positioning must be in line with image of the products and the Company's trademarks. The Company consistently invents and develops new products that suit the market needs and target customers. Before products are launched, the Company sets product images according to the objectives as well as images of existing brands and products.

Marketing and Sales Promotion Strategy

The Company has formulated marketing policies and strategies with the objective of building brand awareness of its products among broad consumer groups and generating consumer demand for its products. The Company is committed to creating its unique identity and differentiating its products from those of other players in the market through deploying various marketing communication channels. The Company carefully selected presenters who are most suitable for its product positioning in order to communicate effectively with consumers regarding product benefits, value propositions and clear differentiation of its positioning. These efforts resulted in a success that its brand image fully reflects the Company's concept "Beauty is Healthy... The real beautiful skin is healthy skin as you are". The slogan promotes natural beauty which is in line with current consumer trends that favor naturalness. Marketing strategies are crucial for attracting customers to purchase its products and influential to brand popularity. The Company's key marketing strategies are detailed below.

1) Brand Building Strategy Through Unique Brand Identity and Differentiation

To differentiate itself and build unique brand identity, the Company focuses on creating products that serve the needs of target consumers. Initially, the Company put an emphasis on market study to develop products according to customer needs as well as market conditions. Consequently, all products under trademark "NAMU LIFE" including "SNAILWHITE" product line established strong and unique images thanks to its product quality, reasonable pricing and extensive distribution. Strong brand awareness is evident from the increase in number of followers on its social media channels.

2) Product Quality Maintenance and Development Strategy

The Company never compromises quality control and development as the Company believes product quality is imperative for sustainable growth. The Company implemented marketing strategies that stress on promoting quality and benefits of each product through multiple channels so that

the combination can optimally reach both domestic and foreign customers. This is likely to lead to continuous and regular purchases of products by customers.

3) Customer Relationship Management : CRM Strategy

Apart from product development, quality assurance, differentiation, innovation and image, the Company put efforts in maintaining existing customer base, enhancing customer satisfaction and building brand loyalty. These strategies are essential to business solvency and stability of revenue. Therefore, the Company has following plans to maintain its customer base as outlined below.

- 3.1 Add more channels to offer better access to products. Besides its existing channels at present, the Company intends to further expand its sales network to areas outside Bangkok or outside Thailand depending on market directions and demand of customers with similar needs to the Thais.
- 3.2 Maintain product quality and continuously develop and introduce new products to address changing needs of consumers.
- 3.3 Enhance its customer relationship management to satisfy need of customers. The Company set up communication channels both through online and offline media that allow customers to make Q&A, report issues or inquire information any time. Communication via online media includes sending emails regarding product information and sales promotions to customers, directly corresponding with target customers and organizing activities using Line official account of the Company, conducting online advertising and using offline media such as sales promotion campaigns and product exhibitions.

4) Customer Base Expansion Strategy

Beyond maintaining current customer base, the Company dedicates to expanding new customer base to continuously grow its business by adopting the following strategies.

- 4.1 Advertise its products using various media that cover different areas in Thailand so that consumers get accustomed to the media and are attracted to the Company's brands. Sales & marketing department deploys 3 different media platforms that influence consumers which are 1) Owned media to educate consumers on products and brands in depth 2) General offline and online media to tap into broader target customer groups and 3) Earned media from product reviews by users or famous people. These media strategies promote products' benefits and credibility and help consumers decide to try the products or repeat their purchases.
- 4.2 Launch new products as well as new packaging such as sachets to expand its customer base and create new trade opportunities through different properties and benefits that address different needs of customers.
- 4.3 Support various youth projects including university star pageant project and other projects that encourage the use of the Company's products. Attendance of the Company's executives as guest speakers in various seminars also helps enhance the Company's participation with younger generations and raise awareness of its products.

5) Customer Experience Management: CEM Strategy

Making good impressions and creating positive consumer experience in using its products are necessary in implementing the Company's marketing strategies with the purpose for consumers to have positive feelings toward the Company's products and brands. Therefore, the Company organizes events and activities for its customers on a regular basis to offer target customers good experience from its products.

Sales Promotion Strategy

The Company executed various sales promotion strategies including occasionally granting discounts or promotional prices at sales promotion campaigns, offering gifts like NARAYA bags that came with **SNAILWHITE NARAYA GIFT SET** and giving away trial sets through social media such as Line and Facebook. Moreover, the Company also sent sales team to directly hand out products in certain spots to motivate people to purchase products and boost sales. Plus, various activities were regularly organized for consumers to participate and receive prizes to promote its products and encourage consumers to try the products before buying them later on.

Marketing Communications Channels

Marketing communications channels are important for the Company's business in building and raising brand awareness among target customers. The key to the success comes from a proper selection of channels for marketing communications to maximize effectiveness. The Company focuses on media that can be distributed to broader consumer base so that consumers can receive contents anywhere. The Company chose a set of public relations communications to cover all target customers with the key message "Beauty is Healthy". Marketing communications channels can be classed as 2 major channels as follow:

1) Offline Channel

- 1.1 TV Commercial: The Company opted for TV commercial as this channel can distribute messages with broad coverage in short time to reach diverse groups of consumers across the country. Tie-ins through TV series and other famous programs is considered an innovative advertising format that has high influence on audiences.
- 1.2 Newspaper and Magazine: The Company uses print media for placing advertisements and promoting its PR activities as well as its product recommendations in various articles.

- 1.3 Outdoor Media: are deployed to boost brand and product awareness among consumers as these out-of-home media are easily noticeable, accessible and aligned with changing consumer behaviors. The outdoor media the Company uses are billboards and MUPIs along the streets.

2) Online Channel

Through technological advances, online communication is gaining popularity in every society. The Company regarded this channel as an effective one to reach target customers and as a two-way communication for the Company and consumers. The channel is perfect for promoting products and generating market opportunities in reaching target customers thanks to its convenience and speed. This online channel enables the Company to understand the needs of individual customers as well as to be informed of problems and issues of its products and services. The Company created a variety of online media such as static media advertising, product review clips, viral video, Activities, and campaigns.

2.4 Industry Overview and Competition

Thai Market

Skin care industry is considered an industry with high potential in Thailand as it was ranked 4th in top 10 rising star businesses in Thailand by the Center of Economic and Business Forecasting, University of Thai Chamber of Commerce as well as among top10 for the past 4 consecutive years (2015-2018). Skin care products are consumer products that recently became famous thanks to modern lifestyles as both male and female consumers are more concerned of their images and personalities. With this trend, consumers believe that outer appearances represent good health and financial status so that they have to take care of their skin to improve their personalities. Besides, consumers tend to perceive and imitate consumption behaviors of beauty and skin care products from online social media more and more. Therefore, a number of untapped consumers who never used beauty products before started to try the products; for instance, early teens and male consumers who become attentive to personal care. In addition, consumers who are already using beauty products are likely to take better

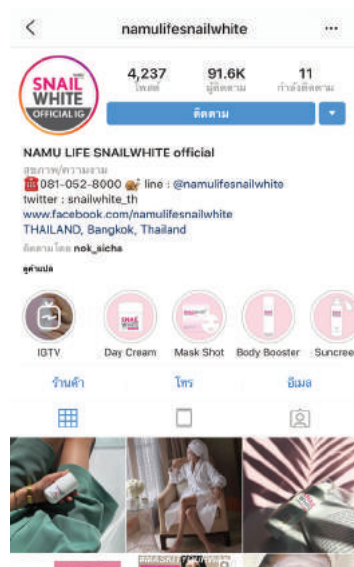
care of themselves and look for more premium products. The skin care industry also experiences positive influences from product development of various entrepreneurs to meet the demand of consumers, extensive sales and distribution channel expansion and business expansion opportunities in ASEAN region. Consequently, these factors significantly drive growth in skin care industry

Considering skin care market data from the Nielsen Company's survey, the market can be segmented by type of products that the Company has a presence in which are (1) Facial Moisturizer and (2) Facial Mask. The table below shows market value by product group from year 2015 - 2018.

Facial Moisturizer Market		Market Value					
Rank	Product Groups	2016		2017		2018	
		MB	%	MB	%	MB	%
1	UV / Whitening	5,097	54.6	4,799	51	4,752	48.6
2	Anti-aging	3,211	34.4	3,433	36.5	3,471	35.5
3	Basic Care	624	6.7	748	7.9	896	9.2
4	Oil Control	406	4.3	436	4.6	655	6.7
5	Others	0	0	1	0	4	0
Total		9,338	100	9,417	100	9,778	100

Facial Mask Market		Market Value					
Rank	Product Groups	2016		2017		2018	
		MB	%	MB	%	MB	%
1	Tissued/Pad	659	52.3	758	38.9	1,097	41.1
2	Rinse Off	381	30.3	659	33.8	894	33.5
3	Leave On	115	9.1	405	20.8	571	21.4
4	Peel Off	105	8.3	126	6.5	105	3.9
Total		1,260	100	1,948	100	2,666	100

Source: The Nielsen Company



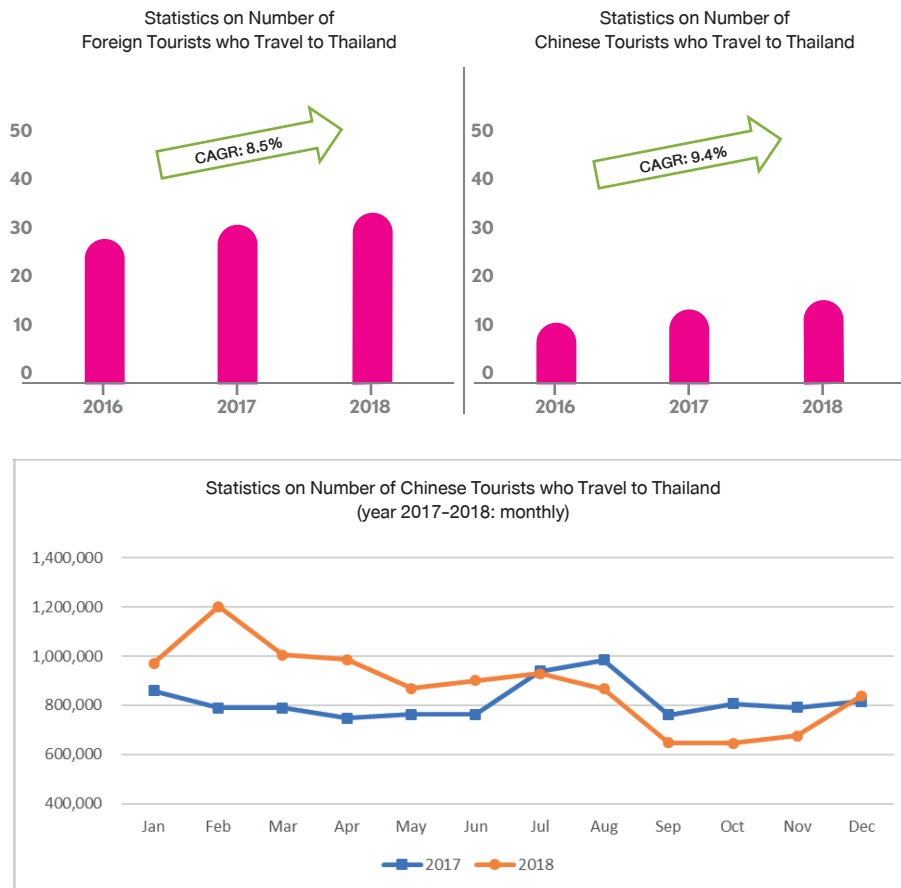
From the above information, the facial moisturizer market has the highest market value of 9,778 Million Baht in 2018 as consumers prioritize facial skin over other parts of the body. In 2018, the market value recorded a solid growth of 3.8% compared to 2017. Considering product groups under facial moisturizer, UV/whitening product group has the highest market value in the facial moisturizer market and contributes to 48.6% of the facial moisturizer market in 2018. SNAILWHITE Facial Cream, the Company's key product, is proved to serve the needs of consumers in facial moisturizer market well.

With regard to anti-aging products, this group ranked 2nd among facial moisturizer products which represents an opportunity for the Company to expand into this market segment. The Company has been active in conducting R&D to find right products with suitable ingredients to expand its business in the future. For example, during quarter 2/2017, the Company launched NAMU LIFE SNAILWHITE Gold Facial Cream as

the first step into anti-aging product market. Additionally, the Company also launched NAMU LIFE SNAILWHITE Gold Facial Cream SPF in sachet packaging during quarter 1/2018 for customers who prefer the trial size or customers of convenient stores and traditional trade who look for anti-aging and anti-wrinkle products for day care. This new packaging helps the Company cover broader customer groups.

Regarding facial mask market, despite its rather small size compared to other segments, this segment registered the highest growth by rising from 1,260 Million Baht in 2016 to 1,948 Million Baht in 2017 and 2,666 Million Baht in 2018, or equivalent to a staggering 37% growth from 2017 to 2018. When group of products is considered, leave on facial mask group has grown 13 folds from 2015 to 2018. The Company introduced its SNAILWHITE Overnight Firming Mask and SNAILWHITE Icy Mask to capitalize this trend and respond to escalating needs for leave on facial masks.





Source: Ministry of Tourism and Sports

Apart from Thai consumers, foreign tourists add to the demand of the skin care products in Thailand. Regarding tourism in Thailand, the number of foreign tourists who entered Thailand grew consistently while accumulatively the number of tourists jumped from 32.5 million tourists in 2016 to 37.99 million tourists in 2018, or equivalent to a compound average growth rate (CAGR) of 8.1% per annum.

If considering the number of Chinese tourists, which are the main nationalities for tourism economy in Thailand, the number of Chinese tourists traveling to Thailand still grew significantly at a CAGR of 9.4% from 8.8 million tourists in 2016 to 10.5 million tourists in 2018.

However, the higher number of Chinese tourists was only observed mainly during the first 6 months of 2018. Accumulative number of Chinese tourists from January to June rose from 4.7 million tourists in 2017 to 5.9 million tourists in 2018 or 26% growth rate. If looking at statistics after the boat accident in Phuket happened to Chinese tourists in July 2018 and taking into account the depreciated yuan as an economic factor in China that impacted purchasing power of certain tourists, the accumulative number of Chinese tourists from July to December 2018 dropped significantly from 5.1 million tourists in 2017 to 4.6 million tourists in 2018 or around 10%. Because of this situation, Tourism Authority of Thailand redevise the marketing to focus mainly on premium Chinese group or middle-high income group. Nevertheless, the number of Chinese tourists are expected to resume to normal level during the beginning of 2019.

SNAILWHITE Products were ranked No 3 on “Bangkok Top 10 Item Must Buy”
by a travel website Skyscanner

3. Snail white Snail Repair Recycled Cream

Thai people also like whitening, but also Asian skin, so it is also very suitable for us to use. SNAIL WHITE this brand in the past two years rushed. Snail repair regeneration cream contains snail natural mucus, can effectively prevent skin aging, but also can eliminate spots on the skin, scars and wrinkles and so on. After the skin with the color will be more bright, but it is like a lot of whitening products as dry, dry skin friends need to increase moisture at the same time, to avoid the dark particles.



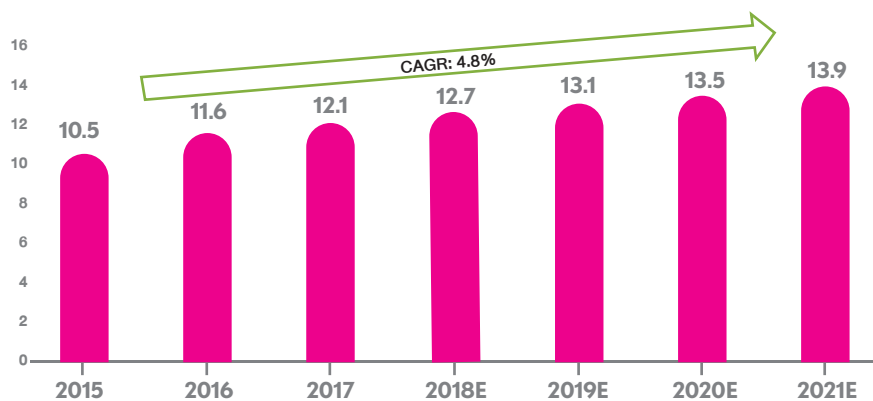
3. Snail white 蝸牛修復再生面霜

泰國人也喜歡美白，而且又是亞洲膚質，所以也很適合我們用。SNAIL WHITE這個品牌在過去兩年火速竄起。蝸牛修復再生面霜含有蝸牛天然黏液，可以有效防止皮膚老化，還可以消除皮膚上的斑點、疤痕和皺紋等。用後皮膚的顏色會更明亮，但它跟很多美白產品一樣偏乾，乾性肌膚的朋友需要同時加強保養，避免出現暗粒。



Sources : www.skyscanner.tw

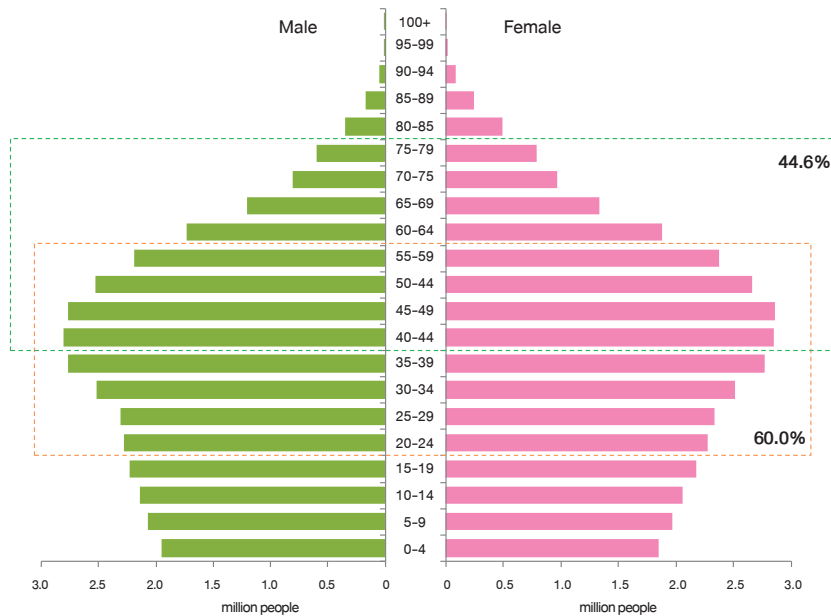
statistics on number e-commerce market users in thailand (2016-2021)



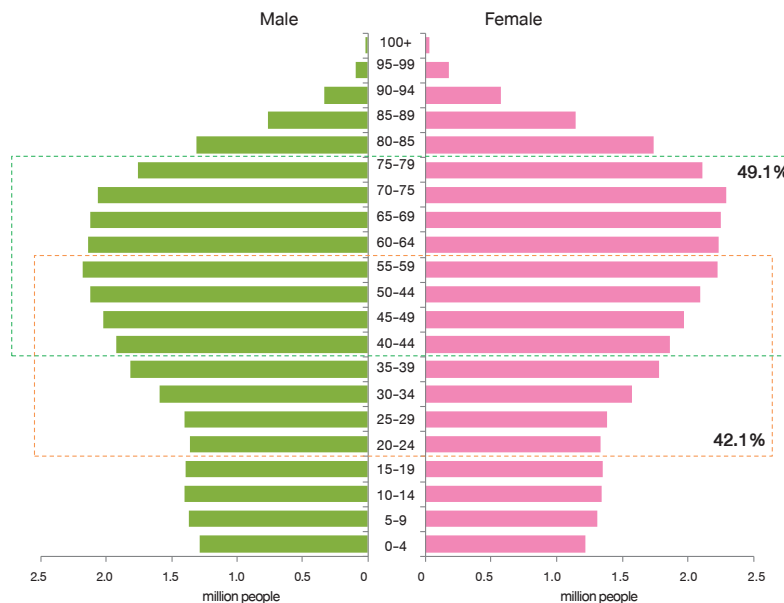
Sources: eshopworld.com

Furthermore, the popularity of e-commerce is regarded as the key driver that propels skin care product market in Thailand. Referring to the information above, the number of users in e-commerce market in Thailand has been increasing constantly from 12.1 million people in 2017 to be expected 13.9 million in 2021 or equivalent to a CAGR of 4.8% thanks to higher internet penetration rate as well as more convenient and safer online payment systems. Online shopping via e-commerce is also convenient and time-saving of consumers.

Number of population according to age and gender in Thailand in 2015



Number of population according to age and gender in Thailand in 2050E



Source: United Nations, World Population Prospects, Amended in 2015

Moreover, considering Thailand's population structure based on United Nations, World Population Prospects, it shows that the proportion of population aged between 40 to 79 years old is expected to grow from 44.6% of total population in 2015 to 49.1% in 2050. The proportion of working population aged between 20 to 59 years old is expected to drop from 60% of total population in 2015 to 42.1% in 2050. This signifies that the proportion of senior people is expected to grow while the proportion of working population falls. This demographic change of higher number of senior population is likely to shift demand for skin care products upward especially those anti-aging and anti-wrinkle products. Consumers would prefer looking younger and maintaining their beauty as their age. This represents business opportunities for the Company in the future.

Sample of Products by Market Positioning



Compared to other competitors in the market, the Company currently positions itself to offer premium products that can reach consumers in premium mass market which is a positioning between “Mass” market and “Premium” market with higher prices. Owing to this market positioning, the Company gains advantages from smaller number of competitors who position themselves similarly and from the consumer behavior trend of trading up for higher quality and more expensive products.

With regard to Thailand's skin care product market according to the Nielsen Company as shown by product groups that the Company focuses on which are (1) Facial Moisturizer and (2) Facial Mask, market shares of the Company benchmarked with key players in the market are presented below.

Facial Moisturizer Market

Facial Moisturizer Market		Market Share by Year (%)		
Rank ¹	Trademark	2016	2017	2018
1	Olay	15.2	15.2	14.6
2	Garnier	14	13.3	11.1
3	Dermo Expertise	9.5	9.7	9.8
4	Pond's	9.1	8.5	8.5
5	Eucerin	6.4	6.8	7.8
⋮	⋮	⋮	⋮	⋮
8	NAMU LIFE SNAILWHITE (Rank)	3.7 (9)	3.8 (8)	4.3 (8)

Facial Mask Market

Facial Mask Market		Market Share by Year (%)		
Rank ^{/1}	Trademark	2016	2017	2018
1	All Other	24.9	29.6	29.9
2	Garnier	1.6	9.4	13.2
3	Dermo Expertise	0.8	3.0	4.7
4	Ele	3.6	5.5	3.8
5	Leaders Clinic	9.0	4.4	3.1
⋮	⋮	⋮	⋮	⋮
6	NAMU LIFE SNAILWHITE (Rank)	4.4 (5)	2.3 (11)	3.1 (6)

Source: The Nielsen Company

Remark: ^{/1} Ranked by using 2018 data

The data above show that the Company's products managed to maintain its sales growth and gain higher market shares continuously. Market share of the Company's products in facial moisturizer market stayed at No. 8 at 4.3%, which is in better ranking from 3.8% in 2017. One of the reasons behind the improved market share comes from the Company's strategy of introducing sachet products to expand customer base in convenient stores and traditional trade that enabled the Company to tap into new customer groups. Sales revenue and market share of the Company's brand in facial moisturizer market are among top 10 every year consecutively until now.

Regarding facial mask market, the Company's market share stood at 3.1% in 2018. Currently, there are a number of new and innovative products launched in facial mask market to enhance convenience for consumers especially leave on masks. Responding to this trend, the Company introduced a revolutionary SNAILWHITE Icy Mask in September 2018 to appeal to consumers and to offer them more benefits.

Facial Moisturizer Market only in Convenience Store

Facial Moisturizer Market		Market Share by Year (%)		
Rank ^{/1}	Trademark	2016	2017	2018
1	Garnier	24.9	23	19.1
2	Olay	13.5	15.5	15.1
3	Pond's	9.9	10.4	11.5
4	Dermo Expertise	8	8.5	7.2
5	Nivea Men	6.9	6.3	7.0
6	NAMU LIFE SNAILWHITE (Rank)	2.2 (11)	3.0 (10)	6.6 (6)

Source: The Nielsen Company

Remark: ^{/1} Ranked by using 2018 data^{/2} The Company began distributing its sachet products in Q3/2017 and add more sachet products lines in Q1/2018 and Q2/2018

Facial Mask Market only in Convenience Store by Products

Facial Mask Market			Market Share (%)		
Rank ¹	Trademark	Product Name	2017	2018	Q4/2018
1	Snail White	Icy Mask		7.1	20.5
2	Garnier	Light Com.Whi.Sp.Night Yoghurt Sleeping Mask		21.6	15.0
3	Garnier	Ageless White Sleeping Mask	25.5	8.7	12.6
4	Dermo Expertise	Pure Clay Mask Detoxify		9.5	9.1
5	Cathy Doll	Black Heads Cleansing White Clay	10.6	7.5	5.2

Source: The Nielsen Company

Remark: ¹ Ranked by using Q4/2561 data (October - December 2018)

² The Company began distributing its sachet facial mask in September 2018

From the above data regarding facial moisturizer market for only convenience stores which is the fastest-growing channel in retail market, the Company's market share edged up significantly to the level close to the 5th place in the market.

The Company added more products with sachet packaging in facial moisturizer market from only one product in the quarter 3/2017 to 3 products at present (end of December 2018). All products are under UV/whitening and anti-aging groups which are the largest segments in facial moisturizer market with a combined market share of over 84.1% of total facial moisturizer market.

The Company succeeded in strengthening its facial mask market presence especially in convenience stores as evident from the fact that its SNAILWHITE Icy Mask topped the chart as number 1 for best-selling facial mask in convenience stores in the quarter 4/2018 when considered by product. This signifies strong favorable feedbacks from consumers for the Company's products.

Oversea Market

In 2018, export of skin care products from Thailand enjoyed continuous growth and shows signs of positive outlook in the future thanks to the benefits from the ASEAN Economic Community (AEC) that promotes free trade in the region. The AEC cut tariffs on import and export of beauty and skin care products and helps promote images of Thai products for foreign consumers. This provides a good opportunity to export beauty and skin care products to neighboring countries like Myanmar,

Cambodia, Laos and other countries with high purchasing power such as China and Hong Kong. In addition, beauty industry in Thailand is worth more than 1.8 Billion Baht with a CAGR of 7.8% per year and facial moisturizer market accounted for 45% or almost half of the total market value. Thailand is considered a modern country in Southeast Asia that has a connection with other cultures and actively follows global trends when it comes to makeup and clothing. Thai fashion and makeup is a mixture of those in Europe and Asia applied to its own way of life and Thailand is a leader in beauty trends and products for women in the region. The Company continuously offers beauty products and new brands that appeal to Chinese customers. For the past 5 years, despite a number of beauty products and cosmetics that could not attract Thai customers as expected, the Company managed to communicate with and raise awareness among Chinese tourists successfully. These products topped the list of souvenirs and generated a satisfactory revenue stream to the country.

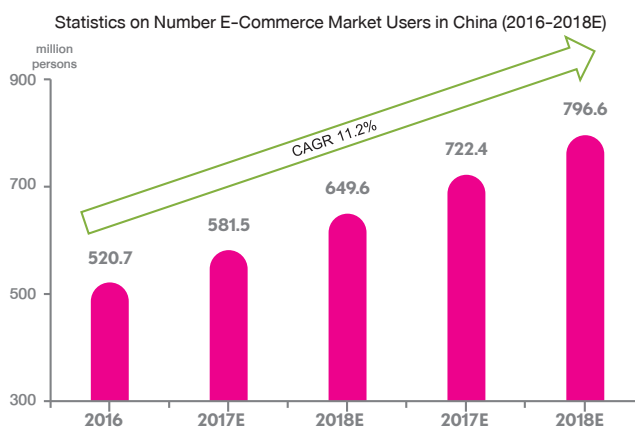
(Source: <https://thumbsup.in.th/2018/07/china-cosmetic-baidu/>)

From past performance, most of the Company's revenue from export came from China, Hong Kong, Philippines, and Indonesia as the combined contribution stood at 96% of total revenue from export in 2018. With the reason that the product popularity among Chinese consumers starting with Chinese tourists who traveled to Thailand as they had a chance to try the products and they were pleased by the quality. Then, Chinese tourists bought the products as souvenirs back to China and that generated word of mouth for the Company's

products. Seeing that as an opportunity, the Company sought local sales representatives with expertise to export its products to China. Chinese consumers have a positive perception of the Company's skin care products for its credible quality, reasonable prices and skin nourishing properties. The Company prioritized Chinese's market as one of the markets with highest export potential for skin care products on the grounds that Chinese people have higher income and are becoming more health-conscious.

Moreover, from a research report on facial mask products in 2018 of a business and industry research institute in China found that the facial mask market has been growing rapidly in China. Facial mask is one of facial care products that further nourish skin additional to facial cream with the benefits of brightening, evening out and hydrating the skin as well as tightening pores. Facial mask market expanded from 16,000 Million Yuan in 2015 to 20,000 Million Yuan in 2017 and expected to reach 22,600 Million Yuan in 2018. (Source: infoquest)

The beauty product retail market in China has high market value and average growth rate as Chinese economy continues to experience strong growth. Quality of living and income of Chinese people are constantly improving and Chinese consumers tend to take care of themselves better and purchase more beauty products. Also, it is a trend that urban working Chinese both men and women care for their images and personalities. Moreover, Chinese consumers are likely to trade up for more premium and higher priced skin care products as their purchasing power goes up. All sales channels in China have been growing fast either modern trade like department stores, supermarkets, brand stores and traditional trade like pharmacies, retail shops or wholesale importers as well as online channels. Chinese consumers have a tendency to purchase more beauty products through online channels given its convenience, variety of offering, fast delivery service and easy payment. Retailers also started moving to online business as they can better communicate with consumers and offer more convenience for their purchases. This is evident from that China has a number of popular and successful e-commerce platforms such as Tmall.com, Vip.com, Jumei.com, JD.com and Vmei.com



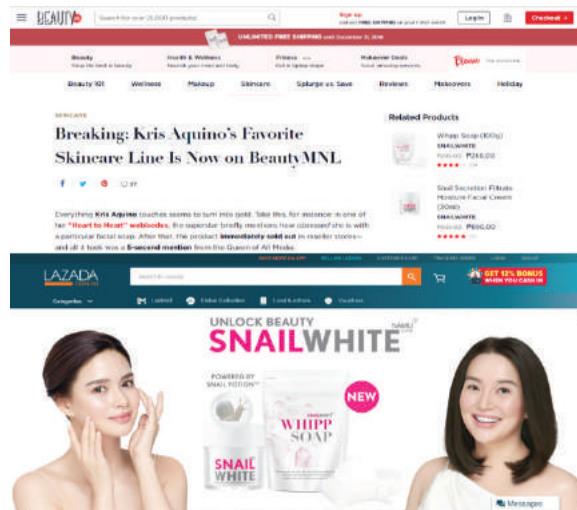
Source: Statista

Similar to Thailand, e-commerce popularity is a key factor that drives skin care product market in China. According to the above data, it is predicted that the number of e-commerce users in China will grow strongly from 722.4 million users in 2017 to 796.6 million users in 2018 or equivalent to a CAGR of 11.2%.

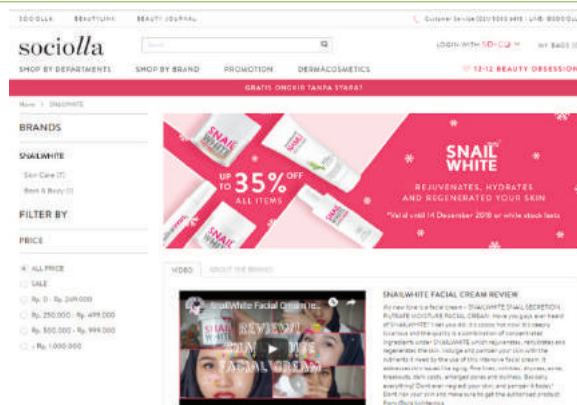
In 2015, **NAMULIFE SNAILWHITE FACIAL CREAM** was the best-selling product Singles' Day (Day for the singles in China on 11 November). This is a proof that the Company's products were popular and well-received by Chinese consumers. Furthermore, on other festivals such as 12/12 (12 December) or international New Year or Chinese New Year, the Company also introduced exclusive products and sales campaigns to boost its sales through various websites in China (source: Tmall)

In addition, the Company started exporting its **NAMULIFE SNAILWHITE** to Philippines and Indonesia in quarter 3/2018 to further expand customer base and satisfy need of consumers. Even though beauty industry in Philippines and Indonesia are rather small in value compared to that of Thailand (market value of beauty industry in Philippines and Indonesia was at 1.1 Billion Baht and 1.5 Billion Baht respectively) but growth rates are high at 6% and 9.5% per year with the number of population of 105 million people and 265 million people respectively

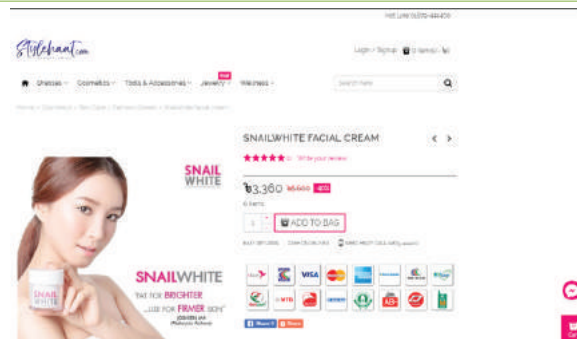
SNAILWHITE in Philippines



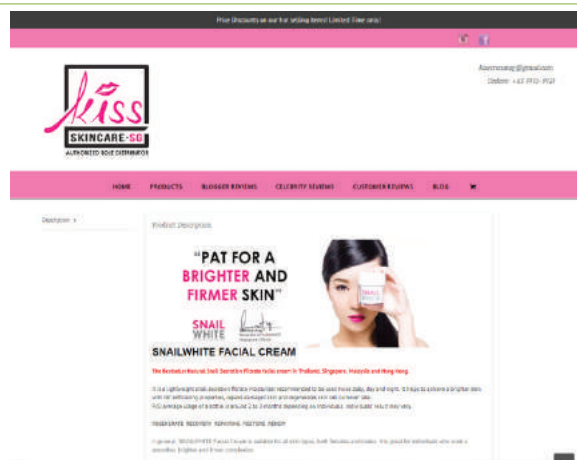
SNAILWHITE in Indonesia



SNAILWHITE in Malaysia



SNAILWHITE in Singapore



3 Products and Services Sourcing

3.1 Raw Material Procurement

Raw materials used for production include chemical supplies, packaging, chemicals that are key ingredients such as snail secretion filtrate, alpha-arbutin and hyaluronic acid. The Company planned its raw material procurement based on sales projections to match the demand of raw materials. Then, information is sent to procurement department to make purchase orders to manufacturers and distributors of raw materials. The Company specified its safety stock level at around 60 days in order to prevent itself from raw material shortage. Vendor selection criteria and process are in place to screen manufacturers and distributors. In general, the Company will select vendors from comparing qualifications of at least 2-3 vendors. Selection criteria include properties and quality of raw materials, pricing, qualifications of vendors and quality of services that must be in alignment with the production plan and conditions the Company specified. For raw materials with regular purchases, the Company will review pricing and quality at least once a year.

For raw materials that the Company procures routinely or in high volume, the Company will forecast the purchase in advance on an annual basis with respective vendors to minimize chances of raw material shortage and manage production cost effectively. With regard to certain raw material with potential price fluctuations, the Company may mitigate the risk by purchasing in high volume before upward price adjustments and store those raw materials in proper places that cleanliness and quality of raw materials are ensured. Moreover, the Company negotiates with raw material manufacturers and distributors for satisfactory terms from high-volume purchases.

3.2 Factory and Production Capacity

Currently, the Company has one manufacturing plant located at Rojana Industrial Park, Ayutthaya. The factory has a total area of 19 rais (about 10 rais for current usage) and a maximum production capacity of 1,600,000-2,000,000 pieces per month (for one shift). Production capacity for 2016-2018 can be summarized below.

Production Capacity (Cream)	Unit	2016 ¹⁾	2017 ²⁾	2018
Maximum production capacity	Million ML per year	316.8	1,903.2	1,903.2

Remark: 1) Maximum production capacity at the new factory located at Rojana Industrial Park, Ayutthaya as calculated from total maximum production capacity of the machines for 1 shift (10 hours per day for 244days per year) deducted by estimated loss from production.
2) Maximum production capacity at the old factory located at Keharomklao Road, Bangkok which was discontinued since September 2016 as calculated from total maximum production capacity of the machines for 1 shift (8 hours per day and 4 hours overtime per day for 312 days per year) deducted by estimated loss from production.

For 2018, the Company's factory has production capacity by type of cream based on viscosity as follows:

Production Capacity	Unit	High Viscosity Cream	Low Viscosity	Cream
Maximum production capacity	Million ML per year	610.0	1,293.2	1,903.2

Remark: Maximum production capacity calculated from maximum capacity of the machines for 1 shift of 10 hours per day for 244 days a year deducted by estimated loss from production.



3.3 Production Process

Production process can be classified into 4 main steps as below:

1. Raw Material Warehouse The Company's production process starts when raw material distributors deliver raw materials to the Company's warehouse. The Company will inspect lists of raw materials to ensure accuracy and completeness as ordered and conduct random check of all batches of delivered raw materials on their manufacturing and expiration dates, conditions, packaging, sizes and weights as specified then record the quantity of raw materials in the inventory accounting system. Next, raw materials will be kept in product storage rooms according to temperatures suitable for each type of raw materials to preserve the quality under the First-In, First-Out (FIFO) method. This method allows raw materials to have a stable turnover and reduce loss from expired products. Regarding warehouse, the Company has both a warehouse inside the factory to store important raw materials that are often used and another rented warehouse outside to keep durable raw materials such as packaging.

2. Preparation and Production Production department will use sales forecast from sales department to plan its production, estimate raw material demand and request raw materials from the warehouse. In production planning, the production department determined a safety stock level of 60 days to prevent any shortage.

With regard to production process, production department divided production lines depending on type of products. Production process starts with mixing raw materials based on formulas according to work instructions provided for employees to follow to ensure that products meet quality standards. Each raw material will be mixed in blenders of different sizes. Cream with low viscosity or water-based cream will be mixed in big blenders of 3,000 kilograms in size while cream with high viscosity will be mixed using small blenders with 200-300 kilograms in size. After production is complete, quality control

department will conduct a random sampling of products to test for quality. When the quality is assured according to specified standards, the mixed substances will go through the packaging process as semi-products.

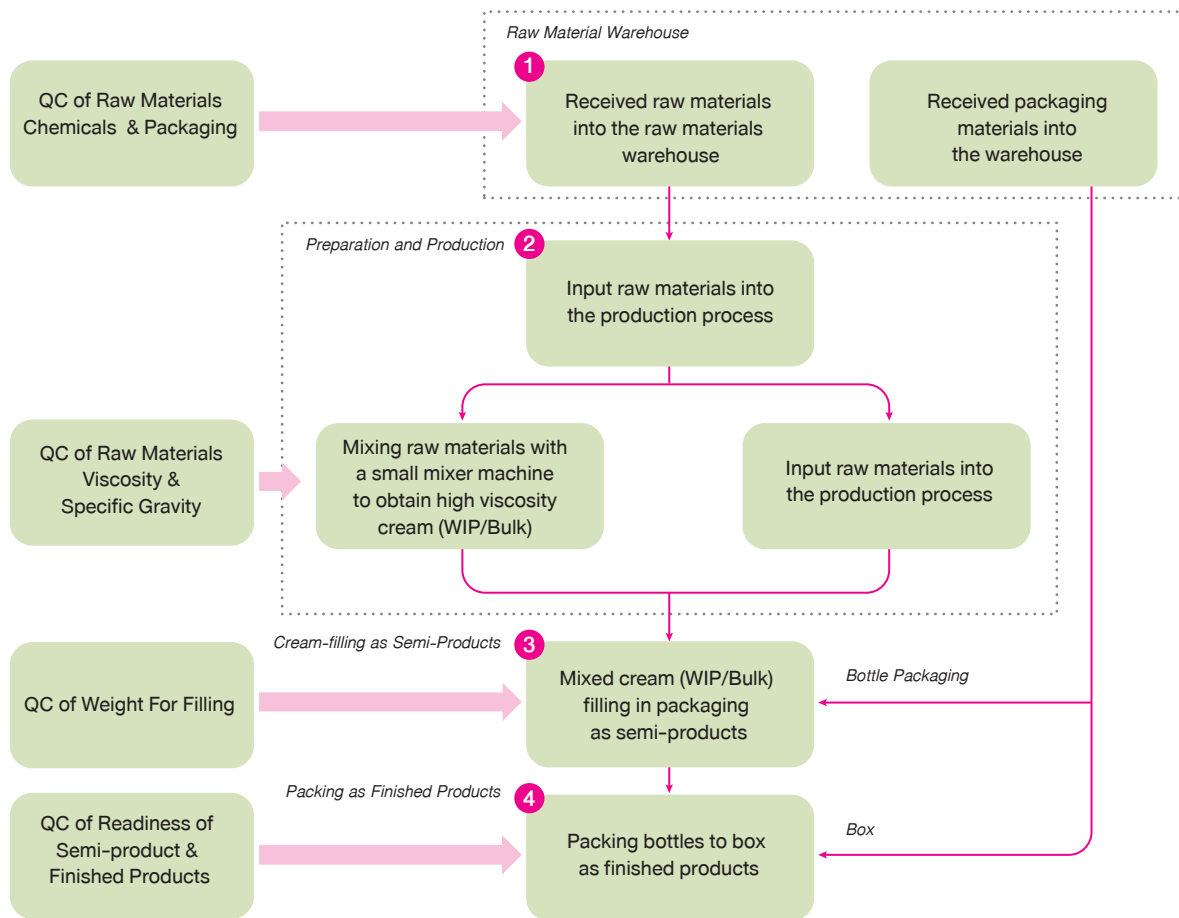
3. Cream-filling as semi-products Production department will fill the cream that passed quality inspection in containers as semi-products except certain special made-to-order products that will be processed directly to packaging as final products. For normal products, semi-products will be stored at the warehouse waiting for adjustments according to types of products as stipulated by the production plan to be later assembled or packaged in boxes as finished products.

4. Packing as finished products After filling the cream in containers as semi-products, the Company will assemble and put those semi-products in boxes as finished products and pack them ready for delivery to distributors by logistics department. Currently, the Company hires staff to mainly handle assembly and packing as this process requires special attention. However, in the future, the Company has plan to automate this process using machines that can accurately perform task and partly replace staff to reduce costs as well as human errors.

5. Quality Control The Company also places importance on quality control of products. Every step or work process is prudently monitored. Quality control department was founded to be in charge of quality inspection and control of products to ensure that they meet standards before delivering to consumers throughout the process from raw material sourcing and examination and to filling process. 6 steps of quality control conducted by quality control department are outlined below.

1. Quality control of raw materials - chemicals
2. Quality control of raw materials - packaging
3. Quality control of semi-product before filling
4. Quality control of viscosity
5. Quality control of specific gravity
6. Quality control of weight for filling
7. Quality control of readiness of semi-product and finished products

Flowchart of the Company's Skin Care Product Manufacturing Process



3.3 Rules and Regulations Related to Conducting Business

The Company's cosmetics manufacturing is in compliance with Section 4 of the Cosmetics Act B.E. 2558. There are 2 acts relevant to manufacturing and distribution of cosmetics which are the Cosmetics Act B.E. 2558 that supervises production, import and distribution of cosmetics and the Factory Act B.E. 2535 that oversees and monitors factory business from establishment to work processes. Details are as follow:

1) Cosmetics Manufacturing: The Company set up one factory to manufacture cosmetics located at Rojana Industrial Park, Ayutthaya. The establishment and engagement in factory business are in accordance with Section 30 and Section 12 of the Factory Act B.E. 2535 that stipulate that factory business undertaken within an industrial zone is exempted from obtaining a factory license. However, engagement in factory business must comply with ministerial rules and other provisions that

were enacted to supervise factory business pursuant to the Factory Act B.E. 2535. The Company conducts its business in accordance with mentioned ministerial rules and provisions and already received a permit to operate a factory business in an industrial zone for manufacturing cosmetics from the Ministry of Industry.

2) Cosmetics Manufacturing for Sales: With regard to cosmetics production for sales, the Company strictly follows Section 14 of Cosmetics Act B.E. 2558 which specifies ones intend to manufacture cosmetic products for sales must register details of those cosmetic products with the Food and Drug Administration (FDA). For this matter, the Company already completed the registration for its cosmetic products. The registration requirement was a measure that FDA introduced to supervise production and import of cosmetics for sales in the market to protect consumers from dangers caused by cosmetics with harmful ingredients. Since the registration for details of cosmetic products requires ones to identify ingredients or formulas of that particular cosmetic product

so that FDA can examine properly, those registered cosmetic products must not contain prohibited substances or have prohibited substances as ingredients but not more than the quantity specified by the FDA.

3) Cosmetics Manufacturing Services regarding contract manufacturing of cosmetics, the Company was contracted by hiring firms to manufacture cosmetic products. Similar to manufacturing of cosmetics for sales, the Company, as an OEM also has a duty to register details of cosmetic products with the FDA pursuant to Section 14 of the Cosmetics Act B.E. 2558 since contract manufacturing is considered a form of production of cosmetics. Contract manufacturers must undertake its business in compliance with measures issued to control manufacturing of cosmetics. For this matter, the Company registered details of its cosmetic products they are hired to produce with the FDA already.

3.4 Environmental Impacts

The Company committed to quality in undertaking business in order to ensure best products for consumers alongside with environmental preservation. The Company cares for the environment and put in place measures to prevent and control impacts from its operations to the environment. There was no material impact to the environment resulted from the Company's business conduct in the past except that oil is a waste from the production process. The Company makes sure that waste is treated according to industrial park's standards before releasing from the factory to waste water treatment tanks of the industrial park later on.



RISK FACTORS

The Company realizes and places importance on various aspects of undertaking its business including risk management of the organization to analyze internal and external factors impacting its business. These factors may have a material impact on return on investment of investors. Therefore, the Company must be prepared to encounter those risks and find optimal risk management and mitigation plans for all kinds of risks to ensure that risks in conducting its business are at controllable levels within its risk appetite. Risk factors that may impact the Company's business operations can be categorized into business operation risk, marketing risk and financial risk.

1 Business Operation Risk

- **Risk of Dependence on Key Executives and Business Specialist Employees**

The Company's successful is depends on capabilities of key executives and employees. These individuals include executives and employees who have knowledge, expertise and experience in skin care product business from production, marketing and distribution both domestic and overseas. That is the reason why the Company provides regular trainings for its employees to equip them with knowledge and abilities. Nevertheless, any failure to keep capable executives and employees with the Company or inability to find substitute personnel in a timely manner, may adversely affect the Company's operating results.

However, the Company aware of this risk and has paid attention to the development and professional advancement of its staff and executives. The Company also had a clear career path planned for each level of employees. In addition, the Company has provided appropriate compensation to our employees based on their knowledge and performance. The

Company also continuously recruited new qualified employees to replace former employees in order to have sufficient personnel to support the Company's business plan.

- **Risk from all of Our Products have Snail Secretion Filtrate as a Major Ingredient**

All of our products have snail secretion filtrate as a major ingredient and the Company uses this ingredient for its marketing purpose. As snail secretion filtrate is extracted from nature, it is not possible to control the supply in the nature. Thus, if there is any negative impression to snail secretion filtrate, material shortage or changing in consumer trend, the overall performance of the Company may be adversely affected.

However, the Company has never experienced a shortage or confronted any difficulty in obtaining the snail secretion filtrate. In addition, the Company procured snail secretion filtrate from several qualified suppliers which, in case that some suppliers have any difficulty to supply the snail secretion filtrate, could be used interchangeably. The Company also explored several alternative ingredients to replace snail secretion filtrate in the future and implemented marketing campaign to influence consumer towards brand recognition and product quality instead of snail secretion filtrate itself.

- **Risk of Reliance on a Packaging Supplier**

The Company pays attention to every stage of the production process especially the selection process of packaging to ensure quality and suitable properties that facilitate the use of its products. The Company considers and select vendors based on quality, credibility, sources of materials and innovation as well as consumer needs. At present, the Company relies on a container supplier from South Korea. This

manufacturer is a large supplier known for container production who owns a patent of container that the Company prefers to use for its products as they have distinctive quality and features compared to other vendors.

In 2016, 2017 and 2018, the Company procured almost all containers from that particular manufacturer which contributed to 43.4%, 35.3% and 37.0% of total raw material and packaging purchase of the Company respectively. Therefore, if there is any factor that causes this supplier to be unable to deliver the containers to the Company, or cause the prices to rise significantly, the Company may have to source containers with similar quality from another supplier instead. In case that the Company fails to promptly find another supplier in due time, the production plan may be affected which may cause the Company to be unable to manufacture products to meet market demand. The business opportunities will be lost. Besides, as the packaging from this manufacturer has certain innovations and distinct properties under their patent, the Company may not be able to find a similar replacement from other vendors. Using different packaging possibly affects customer satisfaction or effectiveness of product usage.

Nevertheless, the Company believes it is unlikely that this supplier will face any problems or limitations and will not manage to supply packaging to the Company in the long run as they are one of the largest packaging manufacturers for skin care and cosmetic products in South Korea and is a listed company in the South Korea Stock Exchange. The supplier also has production plants in several countries and is prominent for on-time delivery and product quality. The Company also effectively managed its cost by purchasing containers from this manufacturer in high volume so that the Company could negotiate for good commercial terms. Realizing this risk, the Company has explored options with other packaging manufacturers who can produce similar quality containers to prevent this risk in the future.

- **Risk Relating with the Operation of Our Manufacturing Plant**

The Company's business depends on the proficiency of our manufacturing plant to produce high quality skincare

products. Thus, the Company is exposed to risk that products produced by our manufacturing plant may not meet relevant requirements, or there may be an interruption of production plant causing by an unplanned shutdown including natural disaster such as flood, storm which may cause a material adverse effect to the Company's operations, results of operations and financial position.

However, the Company is aware of this risk and has paid attention on improving efficiency of our production process. As a result, we received several Thai and international certification such as Food and Drug Administrative (FDA). In addition, the Company set strict quality control process to ensure that our products meet relating standard and criteria. Moreover, the Company regularly conducted the scheduled maintenance which allows our machinery to run uninterruptedly in many years. Moreover, our production plant also received ASEAN GMP (Good Manufacturing Practice), certifications of the quality management standard (ISO 9001:2015), the environment management standard (ISO14001:2015) and the Occupational Health and Safety Assessment Series standard (OHSAS 18001:2007).

2 Marketing Risk

- **Risk of Intense Competition in Beauty and Skincare Market**

Beauty and skincare product market is defined with intense competition as it receives much attention from many operators both domestic and international as it is a lucrative market with high demand thanks to the current trend of people being more health-conscious and self-conscious. Not only multinational companies with renowned brands such as manufacturers from South Korea and Japan which have strong influence to Thai customers but also small operators are interested in the market as it requires small amount of initial investment. This intense competition is the reason why there are wide ranges of substitute products with similar attributes in the beauty and personal care market from multiple brands. Thus, customers are offered a variety of options for them to choose from. In addition, customer behavior may not be stable given changes in their attitudes toward beauty and personal care products, social

trends and information received about properties of products. Therefore, players in the market must differentiate themselves by being creative and introducing products with new properties to meet changing preferences of customers as well as offering high quality products at reasonable prices in order to compete and consistently communicate with its customers of unique value propositions. Severe competition in the market may have significant negative impacts on business, performance and financial position of the Company.

In order to cope with the increasing competitive environment in the industry, the Company has defined strategies and has paid attention on key factors that would lead to our success which include (1) strong product identity which would lead to top-of mind brand awareness (2) quality, reliability and safety of our products (3) extensive distribution network coverage (4) commitment to research and development for better products and new products innovation and (5) a team of young, highly capable, and creative management team. The company believes that these factors would help the company to cope with the intense competition in the skincare and cosmetics market. Even with the entering of a large number of small operators, but it is expected to be difficult for them, who mainly rely on OEM to manufacture their products, to maintain production quality standard, create a customer base and promote their products successfully in the long run with limited capital and lack of knowledge and expertise in this business.

- **Risk of Counterfeit Products or Use of the Company's Trademark as the Name of a Company**

With its quality product, successful marketing and efficient management, the Company's products have gained popularity in the market and this led to prevalence of copied products with similar external appearances as well as products that imitate its concepts. To certain extent, this confuses consumers and counterfeit products with low quality can cause negative side effects to them. In the light of such cases where the Company cannot duly control the damage, the impact on the Company image can post significant threats to its performance and financial position.

Realizing potential impacts to its image and consumer safety from counterfeit products, the Company officially registered its trademarks and regularly send a team to survey the market for counterfeit products and gather sufficient evidence to take legal actions against distributors and manufacturers of counterfeit products. In addition, the Company communicates more with consumers on how to detect counterfeit products as well as conduct R&D to introduce new products that are different and unique. For example, the Company attached innovative anti-counterfeit stickers on its products in order that consumers can quickly and accurately test products for fake. The Company also demonstrates and shares knowledge on how to separate fake products from genuine ones via various channels e.g. the Company's website and sales representatives and distribution partners. Finally, packaging of the products is continuously developed to differentiate itself from the counterfeits to ensure consumers of genuine products and prevent them from any risk from danger associated with products that do not meet standards.

Moreover, the Company incurs reputational risk when external parties use its brand or product names at present or in the future as the names of their companies. In case that those parties engage in any action that could cause bad publicity, people can mistakenly relate that to the Company. In the light of such cases where the Company cannot duly control the damage, the impact on the Company image can post significant threats to its performance and financial position.

Even though the Company may not be able to prevent external parties from using our brand as company names as it is their rights to do so, the Company places more importance on its trademarks and has no concern of adverse impacts from external parties using its products/trademarks as their company names compared to trademark imitation. Currently, the Company already registered its trademark in Thailand and other countries with distribution partners or high market potential including China. Besides, the Company allowed its distribution partner in China, Riya Home to use its trademark which is Namu Life to be a part of the name of its subsidiary, Namu Life (Beijing) Trading Co., Ltd. to conduct marketing activities in China.

The permission to use of the Company's trademark as a subsidiary's name is considered a marketing strategy to promote credibility of its distribution partners so that customers are ensured that they purchase products from authorized dealers. The Company also believes that Riya Home will not engage in any activity that would adversely affect the Company's reputation since Riya Home's majority of revenue is derived from being the Company's distribution partner in China. The Company entered into another contract attached to the distribution partnership contract between the Company and Riya Home on 1 October 2017. The contract's key provisions are summarized as follow (1) When distribution partnership contract between the Company and Riya Home is expired or terminated, Riya Home and related parties must change its company's name to exclude the words "Namu Life", "SnailWhite" or any other name related to the Company (2) For the next 3 years after the expiration or termination of distribution partnership contract between the Company and Riya Home, Riya Home and related parties must not engage in business related to manufacturing and distribution of products using trademarks with affiliation to the word "NAMU LIFE" "SNAILWHITE" or any other products with snail secretion filtrate as an ingredient.

- **Risk of Reliance on Chinese Customers**

Our products have been popular among customers with Chinese nationality as they have positive perceptions of our skin care products on quality, affordability and nourishing properties suitable for all skins. The Company made significant sales, directly and indirectly from Chinese customers through its export to China and Hong Kong as well as Chinese customers in Thailand. Riya Home is the sole distribution partner in China who significantly distributed products for a distributor in Thailand, the Fourteen Co., Ltd. and Riya Home's customers are mostly Chinese. The combined proportion of revenue from Chinese customers in 2017 stood at 48.1% of total sales revenue before trade discounts and fell modestly to 13.1% in 2018 after the Chinese tourist boat accident in Phuket. That incident resulted in a significant decrease in Chinese tourists which adversely affected the Company. Evidently, the Company risks losing revenue from Chinese customers from various factors such as

sluggish global economy, changes in government policies or any factor affecting Chinese tourists coming to Thailand or trust among Chinese customers. This risk of reliance on Chinese customers can significantly affect performance and financial position of the Company.

However, the Company is planning to expand its customer base by exporting to other countries and the Company is also planning to expand its domestic distribution channels, especially in modern trade and NAMU LIFE Shop to reduce its dependency on Chinese customers.

In addition, in case that one of our above distributors stop selling our products while Chinese customers still have demand for our products, the Company can assign other distributors to replace such distributor to response to such demand. However, the Company could not guarantee that the new distributor would be as good as the former distributor. Nevertheless, the Company still maintains good relationship with these two distributors and expects this good relationship to be maintained in the future. Furthermore, the Company has established a new department to focus on overseas customer research in order to gain more understanding in Chinese and overseas customers and other overseas customer as well as introducing several marketing campaigns to create extensive brand awareness, to expand market in other countries e.g. Philippine, Indonesia, Hongkong and CLM group which reduce the reliance in Chinese customer together with to reduce the reliance in the current customers.

- **Risk of Reliance on Certain Key Customers or Distributors**

In 2016, 2017 and 2018, the Company gained sales revenue before discounts from top 5 customers who are distribution partners or modern trade made up for 986.0 Million Baht 1,167 Million Baht and 696.0 Million Baht, equivalent to 76.3%, 68.7% and 54.6% of total sales revenue before discounts respectively. The Company relies mostly on 2 top distribution partners namely Riya Home, a distributor in China and the Fourteen Co., Ltd., a local distributor. In 2016, 2017 and 2018, sales revenue before discounts from Riya Home was 142.0

Million Baht 509 Million Baht and 137.7 Million Baht, or 11.0%, 29.7% and 13.2% respectively.

However, the Company managed such risk by dealing with several other distributors which could be used interchangeably. In the events that there are any problems with certain key distributors such as communication, logistic, or any other problems which resulted in such distributor ceasing its operation with the Company, the Company will still have several other modern trade, traditional trade and online channels for end consumers to access to the Company's products. In addition, the Company is planning to open more NAMU LIFE Shops which would help reducing the reliance on primary distributors.

- **Risk from Damages to Consumers or Product Recalls**

Our products are usually applied directly to facial and body skin which are a sensitive and important part of the body. Thus, if there are any damages to the consumers which are caused by the proven defected from our products or raw material used in our production, of which the Company is not able to control raw material production process of its suppliers both in Thailand and international, the consumers could make claim or take legal action on the Company in exchange for a compensation which may be in significant amount and the Company may be required to recall all potential unsafe or harmful products. This may affect our corporate and brand reputation and may result in our product manufacturing and/or distribution certification or license and may have a material adverse effect to the Company's results of operations and financial position.

However, the Company gave utmost priority to its product quality and implement quality control in every production process from product developing to product delivery. The Company also has a quality control department to control and check product quality in every production process to ensure that all products meet our standard. The Company also selected raw material suppliers mainly based on their quality and reliability. Moreover, in product developing process, the Company requested third party for quality inspection before distributing to customers.

3 Financial Risk

- **Risk from Foreign Exchange Rate Fluctuations**

The Company imports raw materials from foreign countries and also exports its products overseas. Therefore, the Company is subject to risk from fluctuations of foreign exchange rates both from paying for raw materials and receiving payments from international customers in foreign currencies.

During 2016-2018, the Company ordered raw materials for production equivalent to 46.2%, 37.1% and 37.0% of total raw material and packaging purchase from suppliers in foreign countries mainly packaging from a South Korean manufacturer. All payments were settled in US Dollar while the Company's sales revenue is all in local currency (Thai Baht). This results in risk from exchange rate loss in case of depreciated Thai Baht that will impact cost of finished products. Nevertheless, the Company entered into forward contracts to partially and optimally hedge the risk from fluctuations in foreign exchange rates.

CORPORATE GOVERNANCE



SECURITIES AND SHAREHOLDERS

As of 31 December 2018, the Company's registered capital is 318,000,000 Baht and paid-up capital of 317,887,700 Baht, consisting of 317,887,700 ordinary shares at a par value of 1.00 Baht per share. The Company listed in the Stock Exchange of Thailand.

List of 10 Major Shareholders of the Company as of 28 December 2018 as follow:

No.	Shareholder Lists	Number of Shares	Percentage of Shares
1.	Pornpatanarak Family ¹	215,945,700.00	67.94
2.	North Haven Thai Private Equity Clarity Company (HK) Limited ("NHTPEC") ²	15,700,000	4.94
3.	Mr. Mongkol Prakitchaiwattana	9,800,000.00	3.08
4.	Mr. Sophon Mitpanpanich	4,093,800.00	1.29
5.	Bualuang Long-Term Equity Fund	3,747,200.00	1.18
6.	Mr. Pracha Damrongsuthipong	3,140,000.00	0.99
7.	Ms. Chantana Jirattipatra	2,550,000.00	0.80
8.	Thai NVDR Co., Ltd.	2,025,920.00	0.64
9.	Bualung Basic Dividend Long-Term Equity Fund	1,640,700.00	0.52
10.	Mr. Suthiluck Chirathivat	1,640,700.00	0.52
11.	Other Shareholders	57,715,980.00	18.1
		318,000,000.00	100.00

Remark: ¹ Pornpatanarak Family has list of shareholders as of 28 December 2018 consists of:

1. Dr. Sarawut Pornpatanarak	Number of shareholding	179,595,700 shares	56.50%
2. Mr. Saranon Pornpatanarak	Number of shareholding	22,275,000 shares	7.01%
3. Mrs. Sarunya Ngarmpaiboonsombat	Number of shareholding	12,275,000 shares	3.86%
4. Mr. Manat Pornpatanarak	Number of shareholding	1,800,000 shares	0.57%
	Total	215,945,700 shares	67.94%

² NHTPEC is a legal entity established for the purpose of acquiring the Company's shares with North Haven Thai Private Equity L.P. ("NHTPE") as an indirect sole shareholder. (NHTPE holds 100% of North Haven Thai Private Equity Holding (HK) Limited ("NHTPEH") and NHTPEH wholly owns NHTPEC).

Major Shareholders Having Significant Influence to Company's Determination of Management Policy or Operation

Representative Directors from Pornpatanarak Family

- Dr. Sarawut Pornpatanarak Position in the Company: Vice Chairman of the Board of Director, Chairman of the Executive Committee, Chief Executive Officer and Authorized Director

Representative Directors from NHTPEC

- Mr. Yuttapong Ma Position in the Company: Director

DIVIDEND PAYMENT POLICY

The Company's Dividend Payment Policy

The Company has a policy to pay dividends at the rate of not less than 50% of the Company's separate net profits after deducting corporate income tax and other reserve funds as required by law and as determined by the Company. The Board of Directors may also, for the interest of the shareholders, take into consideration other factors in paying dividends, such as the financial condition and results of operations of the Company, the Company's reserve funds for future investments and repayment of loans or working capital requirements and whether a dividend payment will have a material impact on the normal business operations of the Company, as deemed suitable and appropriate by the Board of Directors.

The Board of Directors may consider to pay annual dividends subject to the approval of the Company's shareholders meetings. The Board of Directors can occasionally approve interim dividend payments in case that the Company earned enough profit in doing so and must report to the next shareholders' meeting.

Since the Company was listed in the Stock Exchange of Thailand on 26th December 2017, dividend payment information for the year 2017 as below:

Net Profit (Loss)	382,905,112	Baht	
Profit (Loss) (per share)	1.63	Baht	
Legal Reserved	31,800,000	Baht	
The 1 st Interim Dividend (per share)	0.93	Baht	The Board of Directors' Meeting No. 6/2017 on 9 th August 2017 reached a resolution to approve the 1 st interim dividend payment for 225 Million shares.
The 1 st Interim Dividend Payment	210,000,000 *	Baht	
The 2 nd Interim Dividend (per share)	0.40	Baht	The Board of Directors' Meeting No. 8/2017 on 13 th November 2017 reached a resolution to approve the 2 nd interim dividend payment for 240 Million shares.
The 2 nd Interim Dividend Payment	96,000,000	Baht	
Annual Dividend (per share)	0.21	Baht	
Annual Dividend	66,360,000	Baht	
Total Dividend Payment (per share)	1.54	Baht	
Total Dividend Payment	372,360,000	Baht	
Dividend Payout Ratio	97.24	%	
Number of Shares	316,000,000	shares	

The Subsidiaries' Dividend Payment Policy

The Company's subsidiaries have policy to pay dividends at the rate of not less than 50% of the subsidiaries' separate net profits after deducting corporate income tax and other reserve funds as required by law and as determined by the subsidiaries. The Board of Directors of the subsidiaries may also, for the interest of the shareholders, take into consideration other factors in paying dividends, such as the financial condition and results of operations of the subsidiaries, reserve funds for future investments and repayment of loans or working capital requirements and whether a dividend payment will have a

material impact on the normal business operations of the subsidiaries, as deemed suitable and appropriate by the Board of Directors of the subsidiaries.

The Board of Directors of subsidiaries may approve dividend payment with an approval from the shareholders' meeting of the subsidiary except the case of interim dividends. The Board of Directors of the subsidiary can occasionally approve interim dividend payments in case that the subsidiary earned enough profit in doing so and must report to the shareholders' meeting of the subsidiary at the next meeting.



MANAGEMENT STRUCTURE

The Board of Directors

Structure of the Board of Directors

The Board of Directors consists of 12 qualified directors with knowledge, capabilities and experience in diverse fields sufficient to oversee the Company's business undertaking. There are 4 independent directors (1/3 of total number of the Board of Directors) and 6 non-executive directors (half of the Board) to promote the balance between executive and non-executive directors with at least 1 director with experience in cosmetics industry and at least 1 director with experience in finance and accounting.

As of 31 December 2018, list of the Board of Directors according to the company affidavit is shown below:

Directors' Name	Position
1. Pol. Gen. Chatchawal Suksomjit	Chairman of the Board of Directors and Independent Director
2. Dr. Sarawut Pornpatanarak	Vice Chairman, Chairman of the Executive Committee, and Chief Executive Officer
3. Mr. Krish Follet	Independent Director, Chairman of the Audit Committee, and Chairman of the Risk Management Committee
4. Mr. Nattawut Kruapradub	Independent Director, Member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee
5. Mr. Songpol Chevapanyaroj	Independent Director, Member of the Audit Committee, and Member of the Nomination and Remuneration Committee
6. Mrs. Nualphan Lamsam ¹⁾	Director
7. Mr. Yutthapong Ma	Director
8. Mr. Nitiroj Manolamai	Director, Member of the Risk Management Committee, and Member of the Executive Committee
9. Mr. Suphawatt Vanichprapha	Director, Member of the Nomination and Remuneration Committee, and Member of the Executive Committee
10. Mr. Rittikrai Thammaraksa	Director and Member of the Executive Committee
11. Ms. Saowakon Yamcharoen	Director and Member of the Executive Committee
12. Mr. Piyawat Ratchapolsitte	Director and Chief Financial Officer
13. Mrs. Peerawan Matngammuang	Company Secretary

Remark 1) Mrs. Nualphan Lamsam resigned from the position of the Company's director, effective on 31 January 2019.

Authorized Director of the Company

The Board of Directors has the authority to approve the Company's matters as stipulated by laws, the Article of Association and the Board of Directors' Charter as well as resolutions from

the shareholders' meeting. The Board's responsibilities include setting vision, mission, work plans, risk management policy annual budgets and annual business plan as well as monitoring and assessing the business to be in line with specified plans.

However, the number and the list of authorized directors are specified according to the Company's affidavit pursuant to the Company's Article of Association.

Authorized Director

1. Dr. Sarawut Pornpatanarak, Mr. Nitiroj Manolamai, Mr. Suphawatt Vanichprapha two out of the three mentioned directors jointly sign and affixed with the Company's seal **or**

2. Dr. Sarawut Pornpatanarak or Mr. Nitiroj Manolamai or Mr. Suphawatt Vanichprapha to jointly sign with Mr. Piyawat Ratchapolsitte or Ms. Saowakon Yeamjalern or Mr. Rittikrai Thammaraksa, total two directors and affixed with the Company's seal.

Scope of Duty and Responsibility of the Board of Directors

1. Perform the duties in undertaking the Company's business in accordance with laws, objectives, the Article of Association, resolutions of the Board of Directors and the shareholders' meeting with responsibility, prudence and integrity for the best interest of the Company and shareholders. The Board of Directors must ensure that the Company fully comply with applicable laws related to its business as well as anti-bribery and anti-corruption laws.

2. Consider, specify and approve vision, mission, business strategies, business directions, business policies, goals, guidelines, work plans and budgets of the Company and its subsidiaries as prepared by the Executive Committee and the management team.

3. Supervise management and performance of the Executive Committee, chairman of the Board, chief executive officer, the management team and any person assigned to perform such duties to ensure the alignment with vision, mission, business strategies, business directions, business policies, goals, guidelines, work plans and budgets that the Board stipulated.

4. Continuously monitor performance of the Company and its subsidiaries to be in line with work plans and budgets of the Company.

5. Ensure that the Company and its subsidiaries implement suitable and effective accounting systems and put in place adequate and effective internal control systems and internal audit systems and regularly evaluate the Company's internal control systems.

6. Ensure the accuracy and completeness of financial reporting of the Company and its subsidiaries according to the generally-accepted accounting standards at the end of each accounting period to present its financial position and performance of the last accounting period. Independent auditors shall examine, attest and sign those financial statements before presenting to the Annual General Meeting of the shareholders for approval.

7. Deliberate and approve the selection and nomination of independent auditors as well as determine proper remuneration as proposed by the Audit Committee before presenting to the Annual General Meeting for approval.

8. Ensure that corporate governance policies under good governance principles are put in place in writing and applied efficiently throughout the Company to affirm accountability and fairness to all stakeholders.

9. Review and approve qualified individuals without prohibited characteristics according to the Public Company Act B.E. 2535 (and its amendments) and the Securities and Exchange Act B.E. 2535 (and its amendments) including notifications, rules and regulations or procedures related to the appointment in case that a director position is vacant due to other causes apart from an official end of term. Review and approve directors to replace ones who completed their terms including their remuneration and propose to the shareholders' meeting for approval.

10. Appoint sub-committees including the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Executive Committee, define roles and responsibilities of those sub-committees to assist and support the Board of Directors' duties and determine proper remuneration for sub-committees (not more than total amount approved by shareholders)

11. Review and appoint executives according to the definition specified by the Securities and Exchange Committee and the Capital Market Supervisory Board including the Company Secretary and determine proper remuneration for those executives.

12. Consider and approve expenses related to investment, business operations, loan and credit application to financial institutions and being a guarantor in order to undertake normal business of the Company and its subsidiaries including its affiliates without limit pursuant to related rules and regulations of the Company as well as applicable rules of the Stock Exchange of Thailand and the Capital Market Supervisory Board.

13. Review and approve related party transactions between the Company, subsidiaries, affiliates and related parties pursuant to the Securities and Exchange Act 1995 (and its amendments) including related rules and regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board. Consider and approve principles on commercial agreements with general trade conditions in case of entering a transaction between the group of companies and directors, executives or connected persons in order to set a framework for and authorize the management to undertake the transaction according to the framework and scopes of laws and related criteria.

14. Provide suitable communication channels for each group of shareholders and supervise information disclosure to ensure accuracy, clarity, transparency, credibility and highest standards.

15. Approve interim dividend payments.

16. Determine and change the list of authorized directors who can sign to legally bind the Company.

17. Seek professional opinions from external organizations to make proper decisions (if necessary)

18. Monitor the Company's operations to ensure efficiency and protect interest of all stakeholders.

19. Organize the Annual General Meeting of shareholders within 4 months after the Company's accounting period ends.

20. Arrange at least four (4) meetings of the Board of Directors per year.

21. Prepare annual reports of the Board of Directors and be responsible for preparation and disclosure of financial statements of the Company and its subsidiaries to present financial position and performance of the Company and its subsidiaries during the past year and propose to the shareholders' meeting for approval.

22. Review performance evaluation results of the Chief Executive Officer and sub-committees as recommended by the Nomination and Remuneration Committee to consider performances, problems and difficulties of each year in order to apply evaluation results to promote work development and improvement.

23. Evaluate performance of the committees as a whole as well as of individual directors and consider performances, problems and difficulties of each year in order to apply evaluation results to promote work development and improvement.

24. Supervise and monitor management and business undertaking of the Company and its subsidiaries to be in accordance with the Company's policies and securities laws as well as related notifications, rules and regulations of the Capital Market Supervisory Board, the Office of Securities and Exchange Commission and the Stock Exchange of Thailand e.g. related party transactions and acquisition and disposition of important assets that are not conflicting with other laws. Ensure adequate and appropriate internal control systems and internal audit systems.

The Board of Directors can delegate and/or assign other persons to perform certain duties on their behalf. Delegation and sub-delegations must comply with the scope of delegation specified in the power of attorney document and/or rules, regulations and notifications that the Board of Directors and/or the Company stipulated. Delegation of authority and responsibilities of the Board of Directors is not considered a delegation or sub-delegation in case that the Board of Directors or its delegates are able to approve any transaction that they or persons with potential conflict of interest (according to the definition in the notification of the Securities and Exchange Commission and/or the notification of the Capital Market Advisory Board and/or the notification of the Stock Exchange of Thailand and/or related agencies) may have an interest in or benefit from in any way or have any conflict of interest with the Company and its subsidiaries. An exception can be made in case that the transaction is approved according to policies and criteria set but the shareholders' meeting or the Board of Directors and is considered under normal business conduct and general commercial terms pursuant to the notifications of the Securities and Exchange Commission and/or the notifications of the Capital Market Advisory Board and/or the notifications of the Stock Exchange of Thailand and/or related government.

25. Review the Board of Directors Charter at least once (1) a year.

Tenure of the Directors

- Directors shall have tenure for 3 years. At the Annual General Shareholders' Meeting each year, one third (1/3) of the Board of Directors must retire by rotation; in case that the total number is not a multiple of 3, the nearest to one third (1/3) of the total number of directors must retire. Directors who are retired by rotation may be re-elected to the new position without any limit.

- In case that a director position is vacant due to other causes apart from retire by rotation, the Board of Directors must select and appoint an individual for replacement at the next Board of Directors' meeting except when the term of that respective director is less than 2 months. The new director shall only serve the remaining term of the director he replaces.
- The Board of Directors stipulated that independent directors who have tenure for 9 years or 3 terms of service consecutively may not be independent, the Board of Directors shall review their true independence on an annual basis.

Meeting Attendance of the Board of Directors in 2018

The Company specified that each meeting of the Board of Directors, not less than a half of total number of directors must attend the meeting to constitute a quorum. During the vote for each agenda item, two thirds (2/3) of total number of directors must be present to ensure transparency in voting.

The Board of Directors expects that directors put reasonable efforts in attending meetings of the Board of Directors and sub-committees that they serve despite certain circumstances that directors cannot attend the meeting. However, to observe good governance principles, directors must attend at least 75% of all the meetings of the Board of Directors and sub-committees that occur throughout the year. In 2018, detail attendance of directors can as shown below:

Directors' Name	Attendance / Total Meetings (Times)				
	The Board of Directors	The Audit Committee	The Nomination and Remuneration Committee	The Risk Management Committee	The Executive Committee
1. Pol. Gen. Chatchawal Suksomjit	7 / 8	-	-	-	-
2. Dr. Sarawut Pornpatanarak	8 / 8	-	-	3 / 3	11 / 11
3. Mr. Krish Follet	8 / 8	8 / 8	-	3 / 3	-
4. Mr. Nattawut Kruapradub	7 / 8	7 / 8	5 / 5	-	-
5. Mr. Songpol Chevapanyaroj	6 / 8	4 / 8	4 / 5	-	-
6. Mrs. Nualphan Lamsam	6 / 8	-	-	-	-
7. Mr. Yutthapong Ma ¹⁾	2 / 4	-	-	-	-
8. Mr. Nitiroj Manolamai	8 / 8	-	-	2 / 3	10 / 11
9. Mr. Rittikrai Thammaraksa	7 / 8	-	-	-	10 / 11
10. Mr. Suphawut Vanichprapha ²⁾	8 / 8	-	5 / 5	-	8 / 9
11. Ms. Saowakon Yamcharoen ²⁾	6 / 8	-	-	-	5 / 9
12. Mr. Piyawat Ratchapolsitte ³⁾	8 / 8	-	-	-	2 / 2

Remarks ¹⁾ Mr. Yutthapong Ma was appointed as a director during the year according to the resolution of the Annual General Shareholders' Meeting Year 2018, on 24 April 2018.

²⁾ Mr. Suphawut Vanichprapha and Ms. Saowakon Yamcharoen were appointed as member of executive committee during the year according to the resolution of the Board of Directors' Meeting No.4/2018, on 24 April 2018.

³⁾ Mr. Piyawat Ratchapolsitte being member of executive committee until April 2018 due to the Board of Directors' Meeting No.4/2018, on 24 April 2018, reached a resolution to change the list of executive committee's members. However, Mr. Piyawat Ratchapolsitte still be the Company's executive.

In 2018, independent directors and non-executive directors joined one meeting together on 26 February 2018 without executive directors or other executives to discuss about the views and opinions of the Board of Directors on the Company's management during the past year and gave independent opinions to the Company's executives to later consider and apply to the Company's business.

Executives

As of 31 December 2018, there are 8 executive directors and executives, with management knowledge and experience, consist of:

Executives' Name	Position
1. Dr. Sarawut Pornpatanarak	Chairman of the Executive Committee, Chief Executive Officer (CEO)
2. Mr. Nitiroj Manolamai	Executive Director
3. Mr. Suphawut Vanichprapha	Executive Director
4. Mr. Rittikrai Thammaraksa	Executive Director
5. Ms. Saowakon Yamcharoen	Executive Director
6. Mr. Piyawat Ratchapolsitte	Chief Financial Officer (CFO)
7. Mr. Thiti Rattamany	Chief Strategy and Insight Officer (CSO)
8. Ms. Supaporn Tangthienthong	Accounting Director

Remarks: * According to the definition of the executive defined by the Capital Market Supervisory Board No. TorChor. 23/2551, Re: Determining the Definition of Executives for the Implementation of Section 3/1 of the Securities and Exchange Act B.E. 2535, as amended by the Securities and Exchange Act Stock Exchange (No. 4) B.E. 2551.

** The executives were composed of managing director and the next four executives succeeding the managing director (there should be including entire executives in the same level at the forth executives) and persons holding the position in line of executive level or equivalent in account or finance department. The information of directors and managements are as specify in Attachment 1.

Company Secretary

The Board of Directors' Meeting No. 7/2018, on 7 November 2018, has resolution to appoint Mrs. Peerawan Matngammuang to be in the position of Company Secretary pursuant to the Securities and Exchange Act B.E. 2551 in section 89/15 and 89/16. Scope of duties and responsibilities of the Company Secretary are specified below.

1. Advising the Board of Directors and management regarding to related rules, regulation, and law; follow up to be consistent; and inform them regarding any significant change.
2. Ensure that related information and reports are disclosed to regulatory agencies in accordance with notifications, rules, and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission and the Capital Market Advisory Board.
3. Manage and keep the Company's documents:
 - (a) Director Registration Record,
 - (b) Invitation Letter and Minutes of the Board of Directors' Meeting,
 - (c) Invitation Letter and Minutes of the Shareholders' Meeting,
 - (d) The Company's Annual Report
4. Keep reports of interests on directors' and executives, then submit copies of the reports to Chairman of the Board of Directors and Chairman of the Audit Committee within 7 days after receiving the reports.
5. Supervise activities of the Board of Directors and other related matters in accordance with the laws, the notifications of the Capital Market Supervisory Board and/or as assigned by the Board of Directors.
6. Arrange and monitor shareholders' meetings and the Board of Directors' meetings in accordance with the laws, the Article of Association and related practices as well as ensure compliance with resolutions of those meetings.
7. Ensure effective self assessment evaluations for the Board of Directors and sub-committees to review performances, problems and difficulties of each year in order to apply evaluation results to promote work development and improvement as well as prepare evaluation summaries and present to the Board of Directors and sub-committees for acknowledgement of the results

8. Set up and maintain an effective filing system to store following documents and evidences related to information disclosure. The system must be able to track back at least 5 years since the dates of completion of those documents or evidences.
 - (1) Supporting information for an approval matters to the shareholders' meeting.
 - (2) Financial statements and reports on financial position and performance of the Company or related reports that must be disclosed pursuant to Section 56, Section 57 and Section 58 or Section 199 of the Securities and Exchange Act.
 - (3) The Company's opinion on a general offer to purchase the Company's shares from shareholders.
 - (4) Any information and report dissemination related to the Company's business as prepared to disclose to shareholders or the general public according to the Capital Market Advisory Board.
9. Perform other duties as later announced by the Capital Market Advisory Board.
10. Perform duties with accountability, prudence and integrity in accordance to laws, objectives, the Article of Association, resolutions of the Board of Directors and the shareholders' meetings. Do not engage in any activity that has a significant conflict of interest with the Company.
11. Perform duties with accountability and prudence as a reasonable person in the same business would act under similar circumstances whereas:
 - 1) Decisions made with honesty and reasonableness for the best interest of the Company
 - 2) Decisions made based on trustful and adequate information and

- 3) Decisions made without personal interest, even direct or indirect regarding the respective decisions.

In case the Company Secretary retired or terminated from the position or unable to fulfill the duties, the Board of Directors shall appoint a new Company Secretary within 90 days after the date of retirement, termination or inability to fulfill the duties.

Remuneration for Directors and Executives

Considerations regarding remuneration for directors are consistent with the Company's performance including roles, responsibilities and individual performance of each director. The remuneration shall be at a suitable level when benchmarked with other companies with similar size in the same industry as well as adequate to incentivize and retain quality directors to stay with the Company. Note that remuneration for directors must be considered and approved by the annual shareholders' meeting.

Considerations regarding remuneration for the Chief Executive Officer and senior executives shall be in accordance with principles and policies stipulated by the Board of Directors. In addition, the remuneration shall be in line with compensation rates in the market or industry in order to attract and retain quality personnel to work with the Company in the long term.

The Board of Directors will evaluate performances of directors and executives annually to determine their remuneration using well-defined criteria previously agreed with directors and executives. Those criteria include financial performance, performance in achieving long-term strategic objectives and executive development etc. Evaluation results shall be proposed to the Board of Directors for approval and the Chairman of the Board of Directors or a senior director should be the person who informs the the evaluation results to Chief Executive Officer.

Monetary Remuneration

Remuneration for Directors

The Annual General Shareholders' Meeting 2018, on 24 April 2018, reached a resolution to determine remuneration for the Board of Directors as follows:

Position	Monthly Remuneration (Baht)	Meeting Allowance	Bonus	Other Compensation
Chairman	15,000	22,500	Not exceeding 1,000,000 Baht	Health insurance
Director	15,000	17,500		
Chairman of Audit Committee	-	22,500		
Member of Audit Committee	-	17,500		
Chairman of Nomination and Remuneration Committee	-	17,500		
Member of Nomination and Remuneration Committee	-	14,000		
Chairman of Risk Management Committee	-	17,500		
Member of Risk Management Committee	-	14,000		

Remarks: * Meeting allowance for each members of the Board of Directors and sub-committees will be paid on actual attendance basis.

** Members of the Executive Committee or Executive Directors will not receive such compensation but will be offered monthly remuneration and benefit package according to the Company's compensation structure.

***The Board of Directors will consider annual bonus for directors under approved conditions according to the resolutions of shareholders' meetings. In case of an interim appointment of director, remuneration shall be paid based on actual period of directorship in that particular year.

In 2018, the Company paid remuneration for the Board of Directors, details as below:

Directors' Name	Monthly Remuneration (Baht)	Meeting Allowance	Bonus (Baht)	Total (Baht)
1. Pol. Gen. Chatchawal Suksomjit	180,000.00	157,500.00	70,182.77	407,682.77
2. Dr. Sarawut Pornpatanarak	-	-	-	-
3. Mr. Krish Follet	180,000.00	372,500.00	70,182.77	622,682.77
4. Mr. Nattawut Kruapradub	180,000.00	346,500.00	70,182.77	596,682.77
5. Mr. Songpol Chevapanyaroj	180,000.00	231,000.00	70,182.77	481,182.77
6. Mrs. Nualphan Lamsam	180,000.00	105,000.00	70,182.77	355,182.77
7. Mr. Yutthapong Ma	-	-	-	-
8. Mr. Nitiroj Manolamai	-	-	-	-
9. Mr. Suphawut Vanichprapha	-	-	-	-
10. Mr. Rittikrai Thammaraksa	-	-	-	-
11. Ms. Saowakon Yamcharoen	-	-	-	-
12. Mr. Piyawat Ratchapolsitte	-	-	-	-
Total	900,000.00	1,212,500.00	350,913.85	2,463,413.85

Remuneration for Executive Directors and Executives

In 2018, the Company paid remuneration for 11 Executive Directors and Executives (inclusive of retired executives during the year 2018) at the amount of 49,429,531.64 Baht. The remuneration consists of salary, bonuses, allowances, contributions to social security, provident fund and other benefits as specified by the Company.

Non-monetary Remuneration

Apart from monetary remuneration, the Company also provided non-monetary remuneration for directors and executives. The Extraordinary General Shareholders' Meeting No.2/2017, on 17 July 2017, reached a resolution to allocate newly-issued ordinary shares to directors, executives and employees of the Company and its subsidiaries (Employee Stock Ownership Plan: ESOP) not exceeding 2,000,000 Baht at a par value of 1 Baht. The offering price of these newly-issued ordinary shares under this program was at a fair price of 28.42 Baht per share on the date the Company finalized the list of employees entitled to subscribe for the allotment. This price was below the IPO price which was 53 Baht or equivalent to 46.38% of offering price. The duration of the program is 1 year and the program ended on 17 July 2018.

Human Resources

As of 31 December 2018, the Company and its subsidiaries had a total amount of 259 employees, which are 185 permanent employees and 74 contract employees, which can be divided as follow:

Department / Division	Amount (Persons)	Department / Division	Amount (Persons)
CEO Office	16	Sales	14
Document Control Center	3	Legal and Compliance	1
Production	86	Business Development	3
Warehouse	15	Internal Audit	2
Quality Control	11	Corporate Finance	6
Human Resources	8	Investor Relations	1
Engineer	6	Strategic	1
Management Information System	5	Finance	2
Accounting	18	Purchasing (Factory)	5
General Administrative	25	Company Secretary Office	2
Marketing	8	Maintenance	3
Purchasing (Office)	3	Logistics	3
Research & Development	9	Environment and Safety Management Representative	1
Business Process Improvement	1		
Demand Planning	1		

Remuneration for Employees

The Company dedicated to promoting good quality of life, career advancement and stability for its employees. Fair compensation is provided based on employees' roles and responsibilities i.e. salary, overtime, cost of living allowance, bonus, social security and provident fund including other employee benefits such as discounted prices of products for employees, medical fee (OPD), life insurance and health insurance, annual health check-up, financial aid in case of death of employees or their relatives and onsite health check-up for employees working in a risky environment. The Company carefully monitors to ensure that all employees receive health check-up. In case of health issues, the Company will offer another test and change jobs for the affected employees immediately.

In 2018, the Company and its subsidiaries paid remuneration to employees at total amount of 128.85 Million Baht. Besides, the Company appointed CIMB-Principle Securities Co., Ltd. as fund manager for the provident fund of the Company and its subsidiaries under the fund name CIMB-Principle Age Balance since 1 July 2016.

Human Resources Development Policy

The Company has a strong intention to conduct its business under good corporate governance principles with transparency, fairness and social and environmental responsibility in parallel with enhancing capabilities of its employees and promoting its core values and organization culture toward excellence at all aspects. The Company realizes that human resources is a valuable asset and a key driver in moving the organization forward. The Company places a significance on developing its employees to have good quality, moral values and ethics, honesty, and responsibility to the organization and the society. Additionally, the Company encourages its employees to participate in social activities under a strong belief that good and capable employees are key factors for the organization to grow in a sustainable manner.

The Company emphasize on human resources, then formulated policies that focus on development of capabilities, skills, knowledge and work ability for all employees, properly and equally.

1) Training Road Map: to create training plan for employees both for jobs under responsibility and other related jobs to prepare each employee to work accurately, safely and properly through enhancing their knowledge, understanding and work capabilities.

2) External Training: to develop their competence, knowledge and abilities appropriately based on their jobs. The Company sends employees to various trainings or seminars organized by outside training institutes. The Company also arranges domestic and international field trips regularly and enrolls employees at skill development centers to prepare for their roles as lecturers and inspectors for skill level classification at the factory.

3) In-house Training: to develop ideas, potential, knowledge and ability to work. The Company encourages executives and knowledgeable employees to educate others on the Company's business apart from their job knowledge as well as provides regular internal trainings to be consistent with organizational goals and current competitive conditions.

4) On the Job Training (OJT): to enable employees to deliver their jobs more effectively. The Company continuously offers a number of trainings for both technical skills and soft skills to promote self-development, work quality and effectiveness. For new joiners and employees who got promoted, the Company offers training curriculum to promote better understanding of their new roles suitable for different jobs for all departments.

Summary of Trainings Expenses of Seminars and Other Activities for Executive and Employee Development

ค่าใช้จ่ายอบรมต่อคนต่อปี	ปี 2561	ปี 2560
สำหรับผู้บริหารและพนักงาน	755,523.22	718,807.52

CORPORATE GOVERNANCE

Corporate Governance Policy

The Board of Directors focus on compliance with good corporate governance policy in 5 significant principle as outlined below.

Section 1: Right of Shareholders

The Company emphasized on the rights of shareholders, not only the rights stipulated by laws or action that violates or deprives the right of shareholders, but also encourage shareholders to exercise their rights. Basic rights of shareholders include to rights to buy or sell or transfer shares, receive profit sharing, acknowledge adequate the Company's information, attend shareholders' meetings to vote or appoint or remove directors, appoint auditors, approve important transactions that affect the Company's business directions as well as other matters that significantly impact the Company such as dividend allocation, setting or changes the Company's regulations and affidavit, capital decrease or increase, and special transaction approval.

Apart from the basic rights of shareholders mentioned above, the Company also set certain guidelines to support and facilitate shareholders to exercise their rights as follow:

1) Shareholders' Meeting

The Company arranges the Annual General Shareholders' Meeting to be accordance to laws, rules and regulations of the Stock Exchange of Thailand and follows the guideline of the Office of Securities and Exchange Commission.

- 1.1) The Company shall give opportunity to shareholders to propose agenda items and nominate directors in advance from October to December in every year

under clear criteria. These criteria shall be publicized through the Company's website and shareholders shall be notified through online system of the Stock Exchange of Thailand.

- 1.2) The Company shall disclose its policy on supporting and encouraging all shareholders to attend the shareholders' meeting.
- 1.3) The Company shall send out the invitation letters to shareholders at least 21 days before the meeting day which specify date, time, venue and agenda together with explanations and supporting reasons for each agenda or resolution as specified in the invitation letter or its attachment. The Company shall refrain from any action that limits access of shareholders to study the Company's information.
- 1.4) The Company shall accommodate shareholders to exercise their rights in attending the meeting, casting their votes, and refrain from any action that limits their chances of attendance. For example, attendance to the meeting should not be difficult or costly, providing stamp duty to proxy, and meeting venue should be convenient for transportation.
- 1.5) The Company shall allow shareholders to send inquiries in advance before the meeting day. Criteria on inquiry submission shall be clearly set and notified together with the meeting invitation letters. The Company shall publicize these criteria on its website.
- 1.6) The Company encourages shareholders to use proxy forms with the format that shareholders can easily cast their votes and nominate at least 1 independent director as an option for delegating a proxy.

2) On the Shareholders' Meeting Day

- 2.1) The Company shall provide technology to support the shareholders' meeting including registration, vote counting and result displaying so that the meeting is conducted speed, accurate and precise.
- 2.2) The Company encourages all directors to attend the meeting. Shareholders shall be able to make inquiries for the Chairman of the Board of Directors, Chairmen of Sub-committees and/or Chief Executive Officer on relevant matters.
- 2.3) At the shareholders' meeting, voting shall be exercised by each agenda. In case that there are multiple issues for an agenda, voting shall be exercised by each issue such as director appointment agenda.
- 2.4) The Board of Directors encourages independent individuals to count and check the voting result at the shareholders' meeting in order to disclose to the meeting as well as record in the minutes of meeting.
- 2.5) The Board of Directors promotes the use of ballots for important agenda e.g. related party transactions, acquisition and disposition of assets; for transparency and accountability in case of later disputes.
- 2.6) The chairman of the meeting shall properly allocate meeting time and encourage shareholders to express their opinions and make inquiries on matters related to the Company.

3) Minutes of the Shareholders' Meeting Preparation and Resolutions Disclosure

- 3.1) Minutes of the shareholders' meeting shall contain steps in casting votes and method of displaying voting results before the meeting and allow shareholders to raise concerns or make inquiries. Moreover, Q&A, and voting results of each agenda must be recorded showing number of votes (approve, disapprove, abstain and voided). List of attended and absent directors at the meeting shall also be included.

- 3.2) The Company shall disclose voting results of each agenda of the shareholders' meeting to the public through news feed of the Stock Exchange of Thailand and the Company's website on the next working day.
- 3.3) The Company shall completed the minutes of the shareholders meeting within 14 days after the meeting day and submits to the Stock Exchange of Thailand and the Ministry of Commerce within a specified period. The minutes shall be made available on the Stock Exchange of Thailand online system and the Company's website.

Section 2: Equivalent Treatment to Shareholders

The Company set a policy to act impartially and fairly to all shareholders including majority shareholders, minority shareholders, institutional investors and foreign shareholders. The following guidelines shall be applied:

1) Dissemination of Information before the Shareholders' Meeting

- 1.1) The Company sends out the invitation letters to the shareholders' meeting that include agenda and opinions of the Board of Directors to the Stock Exchange of Thailand and publicizes through the Company's website at least 21 days before the shareholders' meeting day. The invitation letters are prepared in English and distributed together with the Thai version.
- 1.2) The Company notifies shareholders of the meeting's rules, steps in casting votes procedures as well as voting rights for each type of shares

2) Protection of Minority Shareholders' Rights

- 2.1) The Company give opportunity for minority shareholders to participate in proposing agenda for the shareholders' meeting as well as nominating individuals for directorship in advance during October-December of

every year through its website and the Stock Exchange of Thailand's online system. Criteria to include agenda for the meeting and nomination of directors are clearly specified. Therefore, the Company will consider and scrutinize related agenda items properly as well as select qualified persons as its directors to perform their duties effectively for the best interest of the Company and all stakeholders.

Moreover, Executive shareholders shall not add any agenda without an advance notice if not necessary especially for important agenda as shareholders need to spend time reviewing the information before making any decision.

- 2.2) The Company specified that voting rights at the meeting are according to the number of shares the shareholders hold while one share-one vote rule applies. Additionally, the Company grants shareholders who attend the meeting after the meeting commences the voting rights for the agenda under consideration while no resolution is reached. A quorum is constituted from the agenda they attend and vote. The Company also allows shareholders to cast their votes on individual director appointment.

3) Protection of Inside Information

- 3.1) The Company has a policy that restricts the use of inside information to only mid-level to high-level executives in relevant departments of the Company. Reviewed financial statements will be kept with the Chief Financial Officer and the accountant. Other confidential information will be exclusively shared with personnel of manager level or higher for discussion purposes. The Company set penal codes for relevant parties in case of misuse of inside information that causes damage to the Company.
- 3.2) The Company formulated a policy on inside information as a guideline to prevent directors, executives, employees and others who are informed of inside information related to the Company's performance from buying or selling the Company's securities since

the day they have the information until that information is disclosed to the public. The Company prohibits any disclosure of inside information to speculate or manipulate the price of the Company's securities especially during 30 days period before financial statements are released to the general public. Only 24 hours after the public disclosure shall buying and selling of securities be permitted. Note that the company secretary is responsible for informing directors, executives and related employees of the blackout period (no trading) along with the schedule of the annual shareholders' meeting as well as warning them before those dates on a quarterly basis. This is to ensure that directors, executives and employees are informed of the blackout period of the Company's securities.

In addition, in case that directors and executives engage in trading of the Company's securities while they are holding office in the Company, they must report changes in their security holding to the Office of Securities and Exchange pursuant to Section 59 of the Securities and Exchange Act B.E. 2535 within 3 working days including changes in securities holding of their spouses or de facto partners and minor children by submitting copies of the report to the company secretary within that day. The company secretary will prepare a summary report on securities holding of directors and executives for acknowledgement every 6 months and disclose it in the annual report.

The Company included a policy on the use of inside information in the delegation of authority, the Code of Business Ethics and the employee regulations in writing with clear penal codes in case that executives or employees disclose inside information or use it for their personal benefits

4) Interest of Directors

- 4.1) A policy is imposed that requires directors and executives to report their interest, including connected persons, that are related to the business of the Company

and its subsidiaries to the Company Secretary who will submit copies of this report on interest of directors to the Board of Directors and the Audit Committee for acknowledgement.

- 4.2) Directors are required to report their interest at least before the consideration of that particular agenda item and record in the minutes of the Board of Directors' meeting and ensure that the director with significant interest that may influence the director from expressing his independent opinion refrain from participating in that particular agenda item so that the decisions made by the Board of Directors and executives are fair and for the best interest of shareholders.

5) Conflict of Interest Prevention

The Board of Directors put in place a policy related to the prevention of conflict of interest based on decision-making principles in engaging in transactions or other undertakings within the Company for the best interest of the Company and shareholders. The Company shall avoid any action that causes a conflict of interest by requiring related persons or stakeholders of the transaction under consideration to notify the Company of the relationship or their interest on that particular transaction.

Any transaction made between the Company and related parties that may incur a conflict of interest must be approved by the Audit Committee before presenting at the Board of Directors' meeting for approval and/or the shareholders' meeting depending on the nature and size of that transaction according to the rules imposed by the Capital Market Advisory Board. Related directors or executives with a conflict of interest will not participate in the decision-making for that particular transaction.

Moreover, the Company designed a clear and transparent shareholding structure with no cross shareholding with major shareholders so that a conflict of interest will not arise for any party and disclosed the structure in the annual report.

Section 3: Role of Stakeholders

The Company concern for all stakeholders and treats them properly according to their rights under applicable laws. The Company shall not engage in any action that violates rights

of stakeholders according to existing laws and agreements. Participation of stakeholders based on their roles and duties in strengthening performance of the Company is encouraged in order for the business to run properly. Besides, relevant information for those stakeholders must be disclosed in an adequate, credible and timely manner. Policies and guidelines are summarized below

1) Employee Treatment Policy and Guideline

The Company realizes that employees are valuable as a key factor in attaining its goals. As a result, the Company formulated a policy that promotes fair treatment to employees in various aspects such as opportunity, compensation, appointment, relocation and capability development. To ensure compliance with the policy, the Company set forth the following guideline.

- 1.1) Treat employees with politeness and respect their individualism. Be open to their opinions and recommendations that are based on their professional knowledge.
- 1.2) Treat employees equally and impartially with fair compensation suitable for their individual knowledge and ability. Set up a provident fund for employees and place importance on employee welfares and benefits.
- 1.3) Ensure that working environment is safe for employees' lives, properties as well as occupational health to promote good quality of life of the employees.
- 1.4) Prioritize the continuous development of capabilities, knowledge and ability by consistently giving employees throughout the Company opportunities to enhance their skills to support organizational growth.
- 1.5) Appoint, relocate, reward and punish employees rightfully with sincerity based on knowledge, ability and suitability of each individual employee.
- 1.6) Strictly comply with laws and regulations related to employees
- 1.7) Respect employees' privacy and do not disclose personal information to outsiders or non-related parties

unless required by laws or permitted with the consents from related employees.

2) Shareholders Treatment Policy and Guideline

The Company places significance on treating shareholders fairly and realizes the importance of basic rights of shareholders. Thus, the Company set the following policy and guideline on treatment of shareholders.

- 2.1) Perform duties with honesty and make decisions in conducting business according to professional principles carefully, prudently and fairly to major shareholders, minority shareholders and institutional investors aiming to deliver good performance and stable growth for the best interest of shareholders as a whole.
- 2.2) Present reports on the Company's status, performance, financial and accounting information including other reports regularly and in complete based on facts. Inform all stakeholders equally on the Company's future outlook both positive and negatives sides according to underlying probability with supporting information and adequate reasons.
- 2.3) Refrain from seeking personal benefits and benefits of others using any inside information not disclosed to the public or engaging in any action that can cause a conflict of interest with the Company.

3) Customers Treatment Policy and Guideline

To maintain its existing customer base and grow more customers in the future, the Company pays attention to its customers and stipulated the following policy and guideline to treat its customers.

- 3.1) Equipped a control system of production process for customers and place value on development and improvement of production technology, customer service and regular product and service quality check.
- 3.2) Implement a control system to ensure strict compliance with agreements made with customers with honesty

and attention to customer needs. Maintain consistency with services and be willing to accept suggestions and complaints to further improve its products and services.

- 3.3) Put in place a control system to treat customers' confidential information as the Company's confidential information and never wrongfully use the information for personal interest or interest of others.

4) Suppliers and/or Creditors Treatment Policy and Guideline

The Company has a policy that requires employees to treat suppliers and/or all creditors fairly and honestly without taking advantage of them. The best interest of the Company shall be kept at heart while fair rewards to both sides must be encouraged. The employees shall avoid any situation that can lead to a conflict of interest and negotiate and resolve any issue based on business relations. The following guideline shall apply.

- 4.1) Ensure a transparent vendor selection process by always screening more than 1 supplier for comparison before making a decision. Provide equal information and choose suppliers with fairness under proper assessment and selection criteria. Contracts must be in proper formats fair to both parties.
- 4.2) Strictly conform to commercial terms and agreed contracts. In case of a breach of one of the conditions, the Company shall notify suppliers and/or creditors immediately and in advance in order to find mutual solutions and maintain good relationships that will benefit both sides in the long run.
- 4.3) Do not solicit, accept or grant any benefit wrongfully when dealing with suppliers and/or creditors.
- 4.4) In cases there is information on a misconduct related to solicitation, acceptance or granting of benefits, employees shall disclose such information to the suppliers and/or creditors in order to fairly and quickly find mutual solutions to the problem.
- 4.5) The Company treats creditors as valuable trade partners and is committed to complying with all obligations according to the contracts with those

creditors as well as making payments in a timely manner. The Company shall not hide any information or fact that can cause any damage to creditors. In case that the Company cannot fulfill its obligations, creditors must be informed in advance to find mutual solutions to the problem.

5) Competitors Treatment Policy and Guideline

The Company set a policy on treating its competitors fairly without wrongfully obtaining confidential information or trade secrets of the competitors. The Company shall conform to rules of the competition and avoid dishonest approaches to destroy its trade rivals as well as intentionally sabotage reputation of competitors by false accusation.

6) Society and/or Community Treatment Policy and Guideline

The Company put in place a policy on conducting its business that benefits economy, society and surrounding communities and fully abides by laws and related rules and regulations. The Company is also committed to good citizenship and the development and enhancement of quality of life of the society and communities where the Company is located so that the Company can grow sustainably alongside the communities. Social and environment responsibility is stressed and the Company supports social activities that help develop the environment in the communities or the society.

7) Environmental Policy

The Company has a policy to support activities that promote quality of life, occupational health and environment as well as consistently maintain working environment that are safe for employees' lives and properties. The Company undertakes its business in parallel with responsibility for the environment and living conditions of the local communities to promote and preserve the environment of neighboring areas to attain sustainability and growth of the Company.

8) Communication with Stakeholders

The Company provides communication channels for stakeholders in expressing their opinions and reporting any witnessed illegal or unethical action or unfair treatment related to the Company. Stakeholders can contact the company secretary through following channels.

Mail to: Do Day Dream Public Company Limited
"Company Secretary"

Address: No. 32 Keharomklao Road, Ratpatana,
Saphansung, Bangkok 10240

Email: whistle@dodaydream.com / comsec@dodaydream.com

Tel: (+66) 2917 3055 # 307 Fax: (+66) 2917 3054

Information of contact person will be kept confidential and inquiries, complaints or suggestions will be shared with related department to take actions, resolve the issues and summarize the results to further report to the Board of Directors.

Section 4: Information Disclosure and Transparency

The Board of Directors places importance on disclosure of information related to the Company both financial information and non-financial information with accuracy, completeness, timeliness and transparency in accordance with rules set by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. The information includes other information that may have an impact on the price of the Company's securities which affects the decision-making process of investors and stakeholders.

The Company established investor relations department to represent the Company in communicating and conducting PR on relevant information and news useful for shareholders, investors, institutional investors, securities analysts and other related parties both locally and internationally through various channels such as news feed of the Stock Exchange of Thailand and the Company's website.

Additionally, the Company organizes activities and events to meet investors and shareholders as well as share the Company's information per following.

Activities	Amount of Activities	Objectives	Participants	Attending Executives
Opportunity Day: OppDay	QUARTERLY (4 TIMES) <ul style="list-style-type: none"> FOR YEAR 2017, 19 MARCH 2018 Q1/2018, 4 JUNE 2018 Q2/2018, 3 SEPTEMBER 2018 Q3/2018, 11 DECEMBER 2018 	To press release for quarterly performance and answer investors' questions	Minor Investors, Investment Advisor, and Analysts	Chief Financial Officer
Company / Factory Visit and Conference Call	<ul style="list-style-type: none"> COMPANY VISIT: 18 VISITS FACTORY VISIT: 9 VISITS CONFERENCE CALL 18 TIMES 	Open opportunity to investors to schedule visits the Company's office and/or factory. Also, meeting with the executives in order to inquire about business operations, directions and strategies.	Investors, Analysts, and Interested Persons	Chief Financial Officer
Roadshow in Overseas	3 TIMES (HONG KONG, USA AND ENGLAND)	To public the Company's information and present its products to be widespread.	Investors, Analysts, and Interested Persons	Chief Financial Officer
Analyst Meeting	5 TIMES <ul style="list-style-type: none"> 8 MARCH 2018 18 APRIL 2018 23 MAY 2018 28 AUGUST 2018 20 NOVEMBER 2018 	To communicate with analysts on the Company's business overview and directions.	Analysts	Chief Executive Officer / Chief Financial Officer / Chief Strategy and Insight Officer
Meeting with Investors	56 TIMES (20 Conference Call)	To communicate with analysts on the Company's business overview and directions.	Investors	Chief Financial Officer
Thai Corporate Day	14 TIMES <ul style="list-style-type: none"> Domestic 10 TIMES Singapore 2 TIMES Malaysia 2 TIMES 	Joining with Security Companies to have meeting with investors and interested persons in order to To communicate the Company's business performance and directions.	Investors and Interested Persons both in Thailand and Overseas	Chief Financial Officer / Chief Strategy and Insight Officer

In 2018, there was no incident that the Company was prosecuted by regulators regarding misconducts in information disclosure either no release or no disclosure of important information within specified times.

Section 5: Responsibility of the Board of Directors

The Board of Directors consists of qualified individuals with knowledge, capabilities and experiences in various fields with the number adequate to supervise the Company's business of at least 5 directors but not more than 12 directors. At least 1 director must have experience in cosmetics industry and at least 1 director must have experience in accounting and finance. Independent directors must make up of at least 1 out of 3 of the total number of directors with 4 independent directors minimum in the Board of Directors. At least half of the Board of Directors must be non-executive directors to maintain a balance between non-executive and executive directors.

Directors must meet required qualifications and have no prohibited characteristics according to laws related to public company and other applicable laws. In addition, at least half of the number of the Board of Directors must be residents of the Kingdom of Thailand.

Tenure of Directors

Directors shall have tenure for 3 years. At the Annual General Shareholders' Meeting each year, one third (1/3) of the Board of Directors must retire by rotation; in case that the total number is not a multiple of 3, the nearest to one third (1/3) of the total number of directors must retire. Directors who are retired by rotation may be re-elected to the new position without any limit.

In case that a director position is vacant due to other causes apart from retire by rotation, the Board of Directors must select and appoint an individual for replacement at the next Board of Directors' meeting except when the term of that respective director is less than 2 months. The new director shall only serve the remaining term of the director he replaces.

The Board of Directors stipulated that independent directors who have tenure for 9 years or 3 terms of service consecutively may not be independent, the Board of Directors shall review their true independence on an annual basis.

Code of Business Ethics

The Company prepared the Code of Business Ethics for directors, executives and employees which was approved by the Board of Directors that requires its directors, executive and employees to strictly observe. The Code of Business Ethics was communicated throughout the organization for mutual understanding via e-mail system and notifications on PR board at the Company's office to encourage ethical conduct in undertaking its business.

The Code of Business Ethics was drafted under principles of integrity, transparency, good corporate governance and acceptable social ethics.

Business Management Policy

• Internal Control

The Company emphasized on efficient and effective internal control systems and the Board of Directors assigned the Audit Committee to be responsible for reviewing the Company's internal control systems to ensure the adequacy and effectiveness according to 5 components (control environment, risk assessment, control activities, information and communication and monitoring activities) of the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on a yearly basis.

The internal control covers financial control, business operations, compliance with related laws and regulations, risk management, internal audit and internal control systems of the Company that implemented to ensure that the Company attain its objectives and goals related to information systems and credible financial reporting.

• Internal Audit

The Company set up internal audit department which is an independent function. The head of internal audit oversees internal control processes and reports directly to the Audit Committee. Internal audit department examines and evaluates adequacy and efficiency of the Company's internal control using the annual audit form approved by the Audit Committee. The results of the audit will be presented to the Audit Committee

on a quarterly basis to improve and enhance efficiency and effectiveness of the Company's business undertaking.

- **Risk Management**

The Board of Directors formulated an organization-wide policy on risk management either internal risks or external risks that may impact the Company. The Risk Management Committee drafts policies, review systems, assesses risk levels and audits assessment results submitted by various departments in order to evaluate effectiveness of the Company's risk management. Policies related to risk management shall be reviewed at least once a year.

Regular reporting on audit results to the Audit Committee and the Board of Directors is mandatory and the reports shall be released in the Company's annual report. Attention shall be given to changes in risk levels, early warning signals and irregular transactions.

Communication with Executives

Directors can access or communicate with executives and Company Secretary directly as appropriate. Nevertheless, the communication must not be considered an interference or an intervention of normal business doing of the Company.

Communication with the Board of Directors

Shareholders and stakeholders can contact the Board of Directors and the Audit Committee in order to make inquiries or complaints through following channels.

1. Mail to: Do Day Dream Public Company Limited "The Board of Directors / The Audit Committee" Address: No. 32 Keharomklao Road, Ratpatana, Saphansung, Bangkok 10240
2. EMAIL: WHISTLE@DODAYDREAM.COM
3. TEL: (+66) 2917 3055 # 307 FAX: (+66) 2917 3054

Sub-committees

The Board of Directors appointed 4 sub-committees consisting of the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Executive Committee to assist the Board of Directors in performing its duties. The sub-committees study and consider matters under their scopes of authority stipulated by the charter of each sub-committee to enhance work efficiency of the Board of Directors.

Audit Committee

As of 31 December 2018, the Audit Committee comprised 3 independent directors as below:

Directors' Name	Position
1. Mr. Krish Follet	Chairman of the Audit Committee
2. Mr. Songpol Chevapanyaroj	Member of the Audit Committee
3. Mr. Nattawut Kruapradub	Member of the Audit Committee
4. Ms. Napat Rattapong	Secretary of the Audit Committee

Remarks: There are 2 members of the Audit Committee with financial and accounting background which are:

1. Mr. Krish Follet, Master of Business Administration (Finance), Thammasat University
2. Mr. Songpol Chevapanyaroj, Master of Finance, Case Western Reserve University, USA

Scope of Authority and Responsibilities of the Audit Committee

- 1) Review the accuracy and adequacy of the Company's financial reporting by working with external auditors and executives who are responsible for preparing quarterly and annual financial reports. The Audit Committee may advise the auditors to review or examine any transaction that is considered material and necessary during the accounting audit period of the Group Company.

- 2) Review the suitability, adequacy and efficiency of the Company's internal control and internal audit systems, consider independence of the internal audit department as well as approve appointments, relocations, terminations and performance evaluations of the head of internal audit department or any other department who responsible for internal audit matter.
- 3) Review the Group Company compliance with laws on securities and exchanges, regulations of the Stock Exchange of Thailand and other laws related to its business. Monitor the Company's subsidiaries to undertake business in accordance with stipulated rules and regulations related to control policies and corporate governance mechanism of businesses the Company invested in.
- 4) Consider, select and nominate independent individuals to perform duties as the Company's auditors and propose their remuneration based on credibility, available resources, quantity of audit work of the audit firms and experience of the persons assigned to conduct the audit for the Company and its subsidiaries. Attend meetings with the auditors without the management team's presence at least once a year and consider to change auditors every 3 years.
- 5) Review connected transactions, related party transactions, or transactions with potential conflicts of interest to be correct and complete in accordance with laws and regulations of the Stock Exchange of Thailand in order to ensure that those transactions are reasonable for the best interest of the Group Company.
- 6) Prepare a report regarding corporate governance results of the Audit Committee and disclose the report in the Company's annual report. The report must be signed by Chairman of the Audit Committee and should be specified at least this following information:
 - (1) An opinion on accuracy, completeness, credibility of financial statements of the Company.
 - (2) An opinion on adequacy of internal control system of the Company.
 - (3) An opinion on compliance with laws on securities and exchange, regulations of the Stock Exchange of Thailand and other applicable laws related to the Company's business.
 - (4) An opinion on suitability of auditors.
 - (5) An opinion on transactions with potential conflicts of interest.
 - (6) Number of meetings of the Audit Committee and attendance of each member of the Audit Committee.
 - (7) An opinion or an overall observation of the Audit Committee from performing the duties according to the charter.
 - (8) Other items that shareholders and general investors should be informed under the scope of authority and responsibilities assigned by the Board of Directors.
- 7) Perform other duties as assigned by the Board of Directors and approved by the Audit Committee.
- 8) In performing duties as the Audit Committee, in case of doubts that any transaction or action may significantly impact financial position or performance of the Company, the Audit Committee shall report to the Board of Directors to take actions in resolving the issues within the period the Audit Committee deems appropriate. The Audit Committee has the authority to seek independent advices from any professional consultant as seen necessary on the Company's expenses in order to successfully perform duties under their responsibilities.
 - (1) Transactions with potential conflicts of interest
 - (2) Corruption or material irregularities or mistakes in the internal control systems
 - (3) Violations to laws on securities and exchange, regulations of the Stock Exchange of Thailand and other applicable laws related to the Company's business.

In case that the Board of Directors or executives do not resolve the issues within the period as seen appropriate by the Audit Committee, one members of the Audit Committee may report the transaction or the action in the first paragraph to the

Securities and Exchange Commission or the Stock Exchange of Thailand.

- 9) Review and propose revisions to the scope of authority and responsibilities of the Audit Committee as deemed appropriate.
- 10) Audit and monitor risk management as well as evaluate risk management performance of the Risk Management Committee.
- 11) Review rules and regulations and past performance at least once a year.

In carrying out their duties mentioned, the Audit Committee holds direct responsibilities toward the Board of Directors while the Board of Directors holds responsibilities for the Company's business undertaking toward external parties.

The Audit Committee has duties in supervising the management and preparing financial statements of the Company and external auditors are responsible for auditing those financial statements. The Audit Committee and the Board of Directors mutually acknowledge that the management, internal auditors and external auditors have more resources, time, information and knowledge on accounting, audit, internal control and financial reporting processes of the Company than the Audit Committee. Therefore, the supervising roles of the Audit Committee are not a particular guarantee to financial reports and information the Company releases to shareholders and other parties.

Nomination and Remuneration Committee

As of 31 December 2018, the Nomination and Remuneration Committee consisted of 3 following directors:

รายชื่อกรรมการ	ตำแหน่ง
1. Mr. Nattawut Kruapradub	Chairman of the Nomination and Remuneration Committee
2. Mr. Songpol Chevapanyaroj	Member of the Nomination and Remuneration Committee
3. Mr. Suphawatt Vanichprapha	Member of the Nomination and Remuneration Committee
4. Mrs. Peerawan Matngammuang	Secretary of the Nomination and Remuneration Committee

Scope of Authority and Responsibilities of the Nomination and Remuneration Committee

- 1) Consider structure, composition and qualifications of the Board of Directors and sub-committees.
- 2) Determine criteria and procedures on nominations of qualified individuals for director and executive positions from chief executive officer level and higher when the term is complete or the position is vacant including other executive positions as assigned by the Board of Directors and present to the Board of Directors' meeting and/or the shareholders' meeting (as the case may be).
- 3) Recommend a list of candidates to serve as directors in sub-committees of the Company.
- 4) Approve the succession plan of high-level executives of the Company.
- 5) Define criteria in evaluating performance of the Executive Committee and propose to the Board of Directors for approval.
- 6) Evaluate performance of executives from Chief Executive Officer and higher as well as sub-committees to review performance, problems and difficulties of each year in order to apply evaluation results to promote development and operational improvement and propose to the Board of Directors for consideration.
- 7) Consider and recommend financial and non-financial remuneration for the Board of Directors, executives from chief executive officer level and higher and sub-committees including other benefits and propose to the Board of Directors for approval before presenting to the shareholders' meeting for consideration and approval.

Risk Management Committee

As of 31 December 2018, the Risk Management Committee comprised 3 directors as follows:

Directors' Name	Position
1. Mr. Krish Follet	Chairman of the Risk Management Committee
2. Dr. Sarawut Pornpatanarak	Member of the Risk Management Committee
3. Nitiroj Manolamai	Member of the Risk Management Committee
4. Ms. Napat Rattapong	Secretary of the Risk Management Committee

Scope of Authority and Responsibilities of the Risk Management Committee

- Review policies and guidelines on overall risk management of the Company covering all risks related to the Company's business undertaking as well as evaluate, monitor and review adequacy of policies and risk management systems including effectiveness of the systems and compliance with stipulated policies and propose to the Board of Directors for approval.
- Supervise and support related risk management efforts to ensure consistency with strategies and performance goals including changing situations.
- Ensure the compliance with risk management policies and risk management frameworks so that the Company adopts effective risk management systems throughout the organization and monitors the risk management continuously. The Risk Management Committee is entitled to appoint a person and/or a working team to perform assigned tasks the Risk Management Committee sees appropriate in order for that person and/or working team to monitor compliance with the risk management policies and report the Risk Management Committee. The Risk Management Committee has the authority to invite related employees to clarify, comment, attend a meeting or submit documents as seen necessary.
- Review risk management reports from related working teams to follow up on key risks at organizational level as well as comment on potential risks, risk control measure guidelines or risk management plans to ensure that the Company has adequate and suitable risk management.
- Report the Board of Directors on risks and plans for managing and mitigating key risks as well as report findings on risk evaluation, risk monitoring, compliance with risk control measures and/or risk management to the Board of Directors periodically. In case there is a key factor or an important incident that may significantly impact the Company's financial position and performance, the Risk Management Committee must notify the Board of Directors to consider control measures and/or risk management measures urgently.
- Collaborate with the Audit Committee on the matters related to important risk information and internal control in order for the Audit Committee to consider and approve the internal audit plan to ensure that the Company has effective internal control systems to manage risks as well as implements risk management systems properly and thoroughly across the organization.
- Foster a proper risk management culture in the Company.
- Hold a meeting of the Risk Management Committee at least once a quarter.
- Revise and edit the Risk Management Committee charter annually and propose to the Board of Directors for approval.
- Perform any task related to risk management as assigned by the Board of Directors.

Executive Committee

As of 31 December 2018, the Executive Committee of the Company consisted of 5 executive directors as below:

Executives' Name	Position
1. Dr. Sarawut Pornpatanarak	Chairman of the Executive Committee
2. Mr. Rittikrai Thammaraksa	Member of the Executive Committee
3. Mr. Suphawut Vanichprapha	Member of the Executive Committee
4. Mr. Nitiroj Manolamai	Member of the Executive Committee
5. Ms. Saowakon Yamcharoen	Member of the Executive Committee
Mrs. Peerawan Matngammuang	Secretary of the Executive Committee

Scope of Authority and Responsibilities of the Executive Committee

- Conduct and manage the Company's business in accordance with objectives, rules and regulations, policies, practices, notifications and resolutions of the Board of Directors' meetings.
- Consider and set forth policies, directions, business strategies, goals and work plans, financial targets and budgets, human resources management, investment in business expansion and public relations of the Company and its subsidiaries in accordance with frameworks that the Board of Directors approved. Supervise and monitor assigned working teams to achieve goals by properly taking into account business factors to propose to the Board of Directors for approval. In case of any change in situations, the Executive Committee will deliberate on the use of approved budgets to be suitable for the new situations.
- Oversee, examine and monitor the Company's business undertaking to be in alignment with policies, business strategies, financial targets and budgets that were approved by the Board of Directors and to be adopted and executed efficiently and effectively to support business as well as give advices and suggestions to high-level executives.
- Conduct feasibility studies of new investment projects and use its authority to approve investments or joint investments of the Company with a person, a legal entity or any business organization in the format that the Executive Committee agrees to undertake according to the Company's objectives. Consider and approve expenses related to those investments, legal transactions and contracts and/or any activity related to those matters according to approved limits and/or related laws and regulations and/or the Company's Articles of Association.
- Follow up on performance and progress of investment projects of each business and report consolidated results of emerging issues and difficulties as well as solutions to the Board of Directors.
- Review and advice on dividend payment policy of the Company and report to the Board of Directors.
- Consider and offer suggestions or opinions to the Board of Directors on projects, proposals and transactions related to the Company's business undertaking including funding options when it is necessary and over specified limit and/or required by related laws and regulations or the Company's rules that an approval from the shareholders' meeting and/or the Board of Directors is needed.
- Consider and approve any financial transaction the Company enters into with financial institutions including account opening, lending, credit application, pledging, mortgage, guarantee as well as buying, selling and registration of land ownership according to the objectives to benefit the Company's business. These transactions also include engaging in any legal contract, request, proposal, contact and any other legal transaction with government agencies to obtain any right for the Company and/or any activity related to those matters according to approved limits and/or

related laws and regulations and/or the Company's rules.

- 9) Approve rules and regulations, management and business policies or any activity that is legally binding the Company.
- 10) Determine organizational structures and authority as well as appoint, hire, relocate, compensate (salary, bonus and other remuneration) and terminate employees of executive level.
- 11) Appoint and/or assign executive directors, any director or multiple directors or any person or multiple persons to perform a task under the scope of authority of the Executive Committee or delegate authority to the person and within the timeline the Executive Committee sees appropriate. The Executive Committee may cancel, remove, or change the authorized persons and the authority as seen appropriate. No delegation of authority to persons with potential conflicts of interest is permitted.
- 12) Encourage executives, the management team or employees to attend the Executive Committee meeting as well as prepare and distribute related information for discussion at the Executive Committee meeting.
- 13) Responsible for any duty as assigned or according to policies as occasionally assigned by the Board of Directors.
- 14) Seek advisors or persons with independent opinions to give opinions or suggestions as necessary.
- 15) Report the Board of Directors of activities the Executive Committee handles under the scope of authority and responsibilities on a regular basis including any other matter necessary and appropriate for the Board of Directors to acknowledge.
- 16) Approve the operations manual and the scope of responsibilities of the management team to make sure all activities are systematically undertaken.
- 17) Approve activities that are normal business transactions of the Company according to the investment budgets or budgets approved by the Board of Directors. Limits of each transaction are according to the table of authority approved by the Board of Directors but not over the annual budget approved by the Board of Directors including any contract making/entering related to the matters.



Nomination and Appointment of Directors and High-level Executives

Nomination and Appointment of Directors

- The Nomination and Remuneration Committee is in charge of recruiting, selecting, and considering qualification and suitability of candidates to be nominated as directors and propose their names and information to the Board of Directors and/or the shareholders' meeting to appoint the directors according to the Company's Articles of Association.
- The Nomination and Remuneration Committee reviews skills and qualifications of candidates including overall composition of the Board of Directors to be in alignment with the Company's business and regularly specifies and reviews selection criteria. In reviewing selection criteria, diversity in terms of skills, experience, knowledge, expertise, independence, age and gender shall be considered
- In re-appointing an existing director for another term, the Nomination and Remuneration Committee considers various factors including performance, meeting attendance records, meeting participation and support of the Board of Directors' activities.
- To recruit for a director, the Nomination and Remuneration Committee will consider people from various sources e.g. directors' recommendations, external consulting firms, director pool and nominations from shareholders with combined voting rights of more than 5% of total shares with voting rights of the Company.
- Appointment of directors shall be in compliance with the Company's Articles of Association and related legal requirements which must be transparent and unambiguous.

Nomination and Appointment of Chief Executive Officer

The Nomination and Remuneration Committee is responsible for considering nomination criteria and nominating candidates with suitable qualifications to hold office as the chief executive officer when the position is vacant before proposing to the Board of Directors for appointment.

Qualification of Independent Director

Independent Director is qualified individual and possesses an independency according to the Company's Corporate Governance Policy established by the Board, and the criteria established by the Stock Exchange of Thailand, which have been defined equally restrictively to the criteria established by the Stock Exchange of Thailand. An Independent Director must:

1. Holding shares not exceeding 1% of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, or controlling person; including the shares held by related persons of the independent director.
2. Neither be nor having been an director (having management role), employee, officer, advisor (obtaining a regular salary), or controlling person of the Company, its parent company, subsidiaries, affiliates, major shareholder, or controlling person; unless the relationship as mentioned have ended not less than 2 years prior to the date of appointment.
3. Not be a person related by blood or registration under laws of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary.
4. Neither be nor having been business relationship with the Company, its parent company, subsidiaries, affiliates, major shareholder, or controlling person in any manner that may interfere with his/her independent judgment; and not be nor have been a substantial shareholder or controlling person in its parent company, subsidiaries, affiliates, major shareholder, or controlling persons; unless the relationship as mentioned have ended not less than 2 years prior to the date of appointment.
5. Neither be nor having been an auditor of the Company, its parent company, subsidiaries, affiliates, major shareholder, or controlling persons which may have any conflict of interest; and not having been a substantial shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiaries, affiliates, major shareholder,

or controlling person of the Company; unless the relationship as mentioned have ended not less than 2 years prior to the date of appointment.

6. Neither be nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding 2 million Baht from the Company, its parent company, subsidiaries, affiliates, major shareholder, or controlling persons; and not having been a substantial shareholder, controlling person, or partner of the professional advisor; unless the relationship as mentioned have ended not less than 2 years prior to the date of appointment.
7. Not be nor have been an appointed director as representative of the Company's director, major shareholder, or any shareholder who are related to the Company's major shareholder.
8. Not conduct any business as same nature nor be significant competition to the Company's or its subsidiaries; nor being substantial partner, director (having management role), employee, officer, advisor (obtaining a regular salary), or shareholder with more than 1 percent shareholding of the voting shares in any company conducting same business or be significant competition to the Company's or its subsidiaries.
9. Not have any other manners, which may render him/her incapable of expressing independent opinions with regard to the Company's business.

The Company may appoint a person who has a business relation or provides a professional service described in item No. 4 or 6 above if the Board of Directors carefully considers the business relationship of service provided and concludes that the appointment will not interfere with the exercise of independent judgment in the independent director's responsibilities. The following information shall be disclosed in the invitation letter to the shareholders' meeting in the agenda on the appointment of independent directors.

- (a) Business relationship or professional service that disqualifies the person according to the stipulated criteria,
- (b) Rationale and necessity in retaining or appointing the person as independent director,

(c) Opinion of the Board of Directors in appointing the person as independent director.

Chairman of the Board of Directors and Chief Executive Officer

Chairman of the Board of Directors and the Chief Executive Officer must be individuals with knowledge, ability, experience and suitable qualifications and should not be the same person for checks and balances in order to clearly separate governance and management.

- Chairman of the Board of Directors should be an independent director or at least non-executive director of the Company. The chairman acts as the head of the Board of Directors and presides over the Board of Directors' meetings and the shareholders' meetings. Chairman must allocate sufficient time for all directors and encourage them to discuss and exchange ideas and opinions fully and freely using their prudent discretion with concern for all stakeholders.
- Chairman of the Board of Directors cannot be the chairman or a member of any sub-committee so that the sub-committee can operate independently.
- The Chief Executive Director is the head and the leader of executive team responsible for the Company's management to ensure business execution according to directions, strategies, policies and budgets as approved by the Board of Directors to achieve goals with the scope of authority pursuant to laws, objectives and the Articles of Association as well as resolutions of the Board of Directors and the shareholders' meetings.

Segregation of Roles of the Board of Directors and the Executives

The Company clearly segregated roles and responsibilities between the Board of Directors and the executives. While directors take charge in formulating policies and overseeing the management at policy level, the executives accounts to overall day-to-day management according to stipulated policies.

Directorship in Other Companies

Directors can hold directorship in other companies but each director cannot take directorship in more than 5 companies listed in the stock exchange except that it is approved by Board of Directors and the directorship does not affect the performance as the Company's director.

The Company has no policy that allows executive directors and the Chief Executive Officer to hold directorship in other listed companies (except its subsidiaries or affiliates) unless an approval is granted by the Board of Directors on case by case basis.

Self-Assessment of Directors and High-Level Executives

Self-Assessment of the Board of Directors and Sub-committees

The Board of Directors requires board self-assessment and evaluate the sub-committees' performance on an annual basis in order to measure whether the Board of Directors and sub-committees perform their duties according to good corporate governance policies as well as review problems and difficulties happened in the past year for future performance improvement of the Board of Directors and sub-committees.

The Board of Directors requires that self-assessment be conducted.

The board self-assessment forms were adapted from the format of the Stock Exchange of Thailand provided by adjusting some information to be consistent with the Company's data for better understanding and ease of doing. There are 3 sets as follow:

Document No.1 "Board Self-Assessment Form for the Board of Directors" To assess overall performance of the Board of Directors;

Document No.2 "Board Self-Assessment Form for the Board of Director by Individual" To assess appropriate responsibilities of the Board of Directors as individual;

Document No.3 "Board Self-Assessment Form for Director of Sub-Committees" To assess overall performance of the Sub-committees which were assigned by the Board of Directors.

Each board self-assessment form comprises 2 parts including closed questions and open questions. The directors shall complete both parts. Topics in each form included the structure and characteristics of the board, roles and responsibilities of the board, board meeting, the board's performance of duties, relationship with executives and self-development of directors and executive development.

Company Secretary will collect board self-assessment forms, after that, scores will be averaged and report will be prepared and submitted to the Board of Directors for acknowledgment.

Self-Assessment of the Chief Executive Officer and High-level Executives

The Nomination and Remuneration Committee is in charge of considering performance evaluation criteria of the Chief Executive Officer and high-level executives as well as set annual performance targets, conduct evaluations and determining remuneration of the Chief Executive Officer and high-level executives based on the evaluations.

The Company conducts the performance evaluation of the Chief Executive Officer and high-level executives on an annual basis using the adapted format of the Stock Exchange of Thailand after adjusting some information to be consistent with the Company's data for better understanding and ease of doing. The evaluation form contains 3 sections as follows:

Section 1 "Progress of Operation Plan" to evaluate performance against targets and business progress

Section 2 "Performance Measurement" to determine evaluation in specified topics i.e. leadership, strategy formulation, strategy execution, financial planning and performance, relationship with the Board, external relations, human resources management/relations, succession, product and service knowledge and personal qualities

Section 3 "CEO Development" to evaluate key strengths of the Chief Executive Officer and high-level executives and improvement issues for next year.

Results of the evaluations from the Nomination and Remuneration Committee will be presented to the Board of Directors for approval and further determination of remuneration.

Training and Development for Directors and High-Level Executives

Newly-appointed directors and executives will learn about important background information about the Company including organization structure, nature of business, rules and regulations and laws relevant to the Company in order to perform their duties properly. They will also be informed of their roles and responsibilities as directors or independent directors before starting their duties.

The Company encourages and facilitates directors, executives and company secretary to take training courses and continuously develop their knowledge so that they can perform their supervising duties effectively. Director development programs include both internal training and external training through outside institutions such as training courses with Thai Institute of Directors, field trips in foreign countries and visits to various business of related companies.

In 2018, the Company's directors attended training courses related to their duties organized by Thai Institute of Directors as follow.

- Mr. Nattawut Kruapradub
 - 1) Financial Statement for Directors (FSD) 36/2018 on 9-10 July 2018
 - 2) Risk Management Program for Corporate Leaders (RCL) 14/2018 on 25-26 October 2018
- Mr. Songpol Chevapanyaroj
 - 1) Boards That Make a Difference (BMD) 7/2018 on 24-25 July 2018
 - 2) Board Nomination and Compensation Program (BNCP) on 11-12 September 2018
- Mr. Krish Follet

Role of Chairman Program (RCP) 43/2018 on 6-7 September 2018
- Police General Chatchawal Suksomjit

Board Matters and Trends (BMT) 6/2018 on 30-31 October 2018

Succession Plan

The Board of Directors put in place a succession planning of the chief executive officer, high-level executives and key heads of units at all level to ensure that the Company has an effective recruitment system that can acquire talents who can take key positions in the Company in a timely manner in case of resignation, emergency or retirement of key executives. The succession planning promotes trust among shareholders, employees and all stakeholders.

To ensure an appropriate recruitment and selection process, the Board of Directors assigned the Nomination and Remuneration Committee to set forth criteria and succession plan for the chief executive officer, high-level executives and key heads of units at all levels while eligible candidates can be from both inside and outside the Company. The succession plan shall be reviewed and submitted to the Board of Directors on a regular basis.

Supervision of Subsidiaries and Affiliates

- 1) The Company will appoint representatives to be directors in its subsidiaries and/or affiliates according to shareholding structure of each company to oversee its subsidiaries and/or affiliates to run businesses in compliance with laws, good corporate governance policies and other policies the Company imposed. Note that appointment of representatives as directors in its subsidiaries and/or affiliates must be approved by the meeting of the Board of Directors based on suitability for each company.
- 2) In case that entering into any transaction or engaging in any activity is considered an acquisition or disposition of asset according to the notification on acquisition and disposition of assets or a related party transaction according to the notification on related party transactions which requires the Company to obtain an approval from the Board of Directors' meeting and/or the shareholders' meeting or related agencies according to laws. Subsidiaries can enter into the transaction or engage in the activity only with an approval from the Board of Directors' meeting and/or the shareholders' meeting or related agencies (as the case may be).

Moreover, in case that subsidiaries enter into a transaction or any other situation that requires the Company to disclose information to the Stock Exchange of Thailand according to related notifications of the Stock Exchange of Thailand, directors in those subsidiaries must inform the Company's management immediately after knowing that the subsidiaries' plan to enter into the transaction or the situation.

- 3) Directors and executives of subsidiaries and/or affiliate have the scope of authority and responsibilities according to related laws such as disclosure of financial position and performance to the Company. Related notifications of the Capital Market Advisory Board and notifications of the Stock Exchange of Thailand shall be applicable mutatis mutandis. Subsidiaries and/or affiliates shall release and submit information on their interest and interest of related parties to the Board of Directors to acknowledge nature relationships and intercompany transactions of the Company, subsidiaries and/or affiliates that have potential conflicts of interest and to avoid those transactions with potential conflicts of interest.
- 4) To ensure that its subsidiaries and/or affiliates disclose information on their performance and financial positions and the Company will take necessary actions to oversee that its subsidiaries and/or affiliates to have adequate and appropriate information disclosure systems and internal control systems, the Company shall prescribe necessary operational plans and procedures on the matter.

Additionally, the Company shall closely monitor performance and business undertaking of its subsidiaries and/or affiliates and present the findings of analyses and opinions or suggestions to the Board of Directors and directors of those subsidiaries or affiliates in order to formulate and impose policies to improve or support businesses of subsidiaries and/or affiliates to attain continuous development and growth.

Supervision of the Use of Inside Information

Prohibition of Insider Trading

The Company imposed a policy on securities trading of the Company that requires all directors, executives and employees to

comply with insider trading prohibition as stipulated in Clause 241 of the Securities and Exchange Act B.E. 2535 "In the purchase or sale of securities which are listed in the Securities Exchange or traded in an over-the-counter center, no person, whether directly or indirectly, shall purchase or sell, offer to purchase or sell or invite any other person to purchase, sell or offer to purchase or sell securities which are listed in the Securities Exchange or traded in an over-the-counter center in such a way as to take advantage of other persons by using information material to changes in the prices of securities which has not yet been disclosed to the public and to which information he has access by virtue of his office or position, and whether or not such act is done for his own or another person's benefit, or to disclose such information so that he will receive consideration from the person who engages in the aforesaid acts"

Blackout Period

Purchase or sale of securities of the Company is prohibited during a period of 30 days before the release of quarterly and annual financial statements or any other period as specified occasionally by the Company. Trading of securities can resume at least 24 hours after the information disclosure.

Company secretary will announce the blackout period in advance with the schedule of annual meeting and send notifications before the blackout period of each quarter to ensure that relevant parties are informed of the blackout period and will act accordingly.

Securities Holding Report

- First Reporting: Directors and top 4 levels of executives must file the securities holding report (including spouses, minor children and de facto partners) with the company secretary within 7 working days since their appointments using the directors' and executives' interest and personal information form (Form 89/14).
- Reporting of Changes in Securities Holding: the Company requires certain persons to have duties to report changes in the holding of the Company's securities by preparing and disclosing their securities holding reports (including holdings of spouses and minor children) and changes in securities holding to the Office of Securities and Exchange (SEC) pursuant to Clause 59 of the Securities and Exchange Act B.E. 2535 through the SEC's e-filing system within 7 days since the day

of purchase or sale of the securities for the first reporting and within 3 working days since the day since the day of purchase or sale of the securities for next tradings. Copies of reports shall be submitted to the company secretary.

- In case of violation to the Company's policies on securities trading by directors, executives and employees, reasonable disciplinary actions may be taken and the violation may be considered criminal and civil offence according to the Securities and Exchange Act.

The audit fee for 2018 of the Company and its subsidiaries is 3,700,000 baht with the following details:

Audit Fees	Year 2018 by KPMG (Baht)	Year 2017 by EY (Baht)
Audit fee of the Company	2,600,000	1,800,000
Audit fee of the Domestic Subsidiaries	1,100,000	1,100,000
Other Service Fees	-	-
Total	3,700,000	2,900,000

Application of the Principles of Good Corporate Governance for Listed Companies 2017

The Company reviewed its corporate governance policy according to the principles of good corporate governance for listed companies 2012 of the Stock Exchange of Thailand and the corporate governance code 2017 of the Office of Securities and Exchange Commission. The meeting of the Board of Directors No.8/2018 on 17 December 2018 deemed that the Company adopted most of the practices and reviewed its corporate governance policy to be in accordance with corporate governance code for listed companies 2017. The Company will review and revise its corporate governance policy to be up-to-date and cover key developments in good corporate governance principles that are subject to regular changes.

Compliance with Other Related Principles of Good Corporate Governance

The Company emphasized on applying the principles of good corporate governance for listed companies 2012 of the

Audit Fee

In 2018, the auditor from KPMG Phoomchai Audit Limited performed the audit of balance sheets and income statements for the Company and its subsidiaries, also the performance was satisfactory. Mr. Charoen Phosamritlert, the auditor with CPA No. 4068 was qualified without any prohibited quality according to criteria of the Stock Exchange of Thailand and has no relation and/or interest with the Company, subsidiaries, executives, major shareholders or any person related to those parties.

Stock Exchange of Thailand continuously and reviews its corporate governance policy annually. In 2018, the Company stipulated measures to make up for certain principles of good corporate governance for listed companies that the Company could not conform to as follows:

1. Members of the Nomination and Remuneration Committee are all independent directors.

Currently, the Nomination and Remuneration Committee consists of 3 members and 2 are independent directors which is more than half of the committee. The chairman of the Nomination and Remuneration Committee is an independent director with experience and be able to give independent opinions.

2. Voting in Director Election Using Cumulative Voting Method

The Company still adopts one share-one vote method for director election voting. Under this method, each shareholder has a number of votes according to number of shareholding. However, the Company recognizes on the rights of minor shareholders that are eligible of in electing directors and encourages minor shareholders to exercise their rights in nominating candidates for the Company's directorship in advance through channels the Company arranged.

CORPORATE SOCIAL RESPONSIBILITY

Group Company conducts its business under a good corporate governance framework with transparency and accountability. The Company is committed to developing its business together with creating an economic, social and environmental balance. Good corporate citizenship and business sustainability are fostered with an intention to be a good example for the society and to undertake its business to achieve stable growth in accordance with business ethics and good corporate governance principles. Furthermore, the Company shall effectively generate return to shareholders keeping in mind any impact from doing business to all stakeholders for the best interest of shareholders, stakeholders and other related parties.

The Company has believed that resources and environment are the key catalysts that move the country toward strong growth as well as enable the Company to grow sustainably in the future. The Company's name "Do Day Dream" is derived from "We Do to make everyDAY your DREAM" and operating under brand "Snail White".

Undertaking and Reporting on Corporate Social Responsibility

The Company prepared information related to its corporate social responsibility (CSR) according to the sustainability reporting guideline of the Stock Exchange of Thailand and included the information in the annual registration statement (Form 56-1) and the annual report (Form 56-2). The Company is under a process of studying guidelines of the global reporting initiatives (GRI) to gain better understanding on the matter and formulate pertinent corporate social responsibility policy that leads to execution of activities that promote sustainability of the Company and all stakeholders. The Company will also use the information to prepare its corporate social responsibility report.

Business Undertaking that Impacts Corporate Social Responsibility

The Company has responsible for society, environment and stakeholders as below:

1. Fairness in Doing Business

The Company set a guideline in treating stakeholders in the Code of Conduct and Business Ethics that concerns responsibilities to all stakeholders i.e. shareholders, employees, customers, suppliers/creditors, contractual parties, communities, society and environment. Moreover, the Company encourages free trade and fair competition and refrain from any action with a potential conflict of interest and intellectual property right infringement including corruption of all kinds. Details are as follow:

1.1) Corporate Governance

The Company has a commitment to righteous, honest, fair, transparent and accountable business conduct as well as disclosure of important information. The Company takes into consideration interests of and impacts to shareholders, customers, suppliers, employees and all stakeholders as well as shares the interests properly and fairly.

1.2) Corporate Social Responsibility

The Company imposed a policy on corporate social responsibility (CSR) under ethical principles to promote justness for all stakeholders. Moreover, the Company adopted good corporate governance principles as a guideline to maintain a good balance in conducting its business for all aspects including economy, community, society and environment in order to achieve a sustainable success in business development.

1.3) Compliance with Laws, Rules and Regulations

The Company gives high priority to its compliance with laws and regulations related to environment, occupational health and safety at local, national and regional levels. The Company complies with international business ethics by requiring directors, executives, employees to conform to laws, rules and regulations and avoid any involvement, assistance or action that violates related laws, rules and regulations.

1.4) Compliance with Intellectual Property Law

The Company prohibits any action that can be considered as an infringement of intellectual property law. Directors, executives and employees are required to comply with laws, rules and regulations and avoid any involvement, assistance or action that violates laws, rules and regulations related to intellectual property.

1.5) Effective Resource Management

The Company encourages directors, executives and employees at all levels in the organization to utilize resources efficiently, properly and adequately to maximum benefits. Moreover, the Company shall communicate, educate, support and raise awareness among employees including all stakeholders on resource management for the best interest of the organization.

2. Anti-Corruption

The Company conducts its business with transparency and aware on anti-corruption of all forms through abiding by laws and promoting social interest as well as encouraging employees to have moral values in performing their duties and adhere to good citizenship. Besides, given its commitment to anti-corruption, the Company signed a joint declaration with the Thai Private Sector's Collective Action Coalition for Anti-Corruptions as approved by the Board of Directors on 25 February 2019. This project is operated under collaboration of 8 leading organizations which are Thai Institute of Directors, Thai Chamber of Commerce, International Chamber of Commerce, The Thai Bankers Association, Thai Listed Company Association, The Federation of Thai Capital Market Organizations, The Federation of Thai Industries and The Thailand Tourism Council.

To serve this purpose, the Company has stipulated an anti-corruption policy as a clear guideline to prevent and tackle corruption problems in the Company through making an organization culture that is fully aware of dangers from corruption and creating right values and building trust among all stakeholders to enhance effectiveness of anti-corruption actions. In case of incompliance, disciplinary actions and legal actions will be taken on a case-by-case basis. Details are summarized below:

2.1) Directors, executives, employees at all levels are prohibited from acting, omitting to perform their duties or wrongfully using authority to violate laws or ethical codes including any activity or participation in all forms of corruption, directly and indirectly. They are forbidden to seek unlawful benefits in any form such as a provision, a promise, a solicitation of benefits or assets, an offer of benefits or assets including any other interest to government officials or other persons doing business with the Company, a persuasion to an illegal action or trust destruction or any corruption activity including a solicitation, an acceptance or an offering assets or any other interest to government officials or other persons doing business with the Company.

2.2) Procedures on offering and acceptance of gifts or entertainment are stipulated as a part of the Code of Conduct and Business Ethics of the Company. Employees must refrain from offering, soliciting, accepting or agreeing to money, items, treats, entertainment or any other interest that are subject to doubts regarding bribery or fraud. Gift acceptance should be reasonable, not lead to any business obligation and not be in a form of cash or cash equivalents. Employees must be fully aware that all actions or inactions are transparent and accountable.

2.3) The Company stipulated procurement practices, objectives of transactions, reimbursement, and any contract making/entering. In every step in the procurement process, supporting documents or evidences must be enclosed while approval authority at each step is properly set with transparency in compliance with laws, practices, and processes that the Company imposed. Procurement shall also be audited on a regular basis.

2.4) The Company ensures communications on the anti-corruption policy to all units at all levels in the Company through various channels such as employee trainings and internal communication with the purpose to educate related persons and enforce implementation and compliance. Employees can report misconducts, file complaints and make suggestions to the Company so that investigation will be carried out to find facts according to the procedures and the results can be used to solve or improve related matters.

2.5) The Company set up a human resources management system to promote right values and build anti-corruption culture. Employees are informed and communicated of the anti-corruption policy as well as the Code of Conduct and Business Ethics.

2.6) The Company notifies its subsidiaries, affiliates, other companies that the Company has the controlling power as well as business representatives to adopt anti-corruption measures and disclose the anti-corruption policy and measures to both employees and the general public.

2.7) The Company provides multiple communication channels for employees and related persons to file complaints and report dubious activities. Whistleblower protection measures are in place and identities of whistleblowers and people who deny to involve in corrupted activities shall be kept strictly confidential in order that they are protected from any impact from their actions as well as unfair punishment or transfer. Responsible persons shall be appointed to examine and follow up on all whistleblowing or reported information.

2.8) Anti-corruption measures are developed in accordance with related laws and moral codes. The Company conducts risk assessment for related activities that are prone to corruption, prepares proper protective measures and communicates internally in the organization on a regular basis.

2.9) The Company ensures adequate and appropriate internal control systems to prevent corruption and any action that are not in compliance with good corporate governance principles.

2.10) The Company set forth a policy on related party transactions to prudently consider suitability before engaging in every related party transaction as well as determine prices and

conditions on those related party transactions which are comparable with doing with external parties as arm's length basis.

2.11) In case that directors, executives and employees involve in any action that violates the anti-corruption policy, directly or indirectly, disciplinary or legal actions will be taken to those persons according to the Company's practices or related laws.

In addition, the Company recognized on the prevention of corruption or acquisition of illicit benefits for personal interest or interest of others using power or position. A practical guideline is established as follows:

1. Charitable Donation and Financial Support

The guideline on charitable donation or financial aid of the Company is based on the table of authority approved by the Board of Directors. Donation can be in forms of money or other non-monetary items such as scholarships, educational aids, books, and computers offered to students, schools or donation of goods e.g. supplies for victims of natural disasters, medical expenses or supplies for destitute patients. The donation must not be used as an excuse for any kind of corruption.

The Company ensures a supervision on charitable donation and financial aid by requiring a letter or a request record specifying an authorized person according to the table of authority to approve and a receipt and/or a thank you letter and/or an acknowledgment letter and/or a photo as a supporting evidence for every time a donation or a financial aid is made.

2. Political Support

The Company is politically independent and is able to conduct its business without engaging in politics in any case. Therefore, the Company has no policy in supporting politics either using money or any asset of the Company directly or indirectly. However, the Company does not forbid directors, executives and employees from participating in political activities undertaken under the constitution, laws and related rules and regulations but the participation must be on personal behalf without any negative association with the Company.

3. Acceptance and Offering of Gifts, Hospitality and Entertainment

The Company allows directors, executives and employees to accept and pay money for gifts, services and entertainment

that are unambiguous and are considered as a service to customers, trade partners or relevant parties according to ordinary business undertaking or traditions or international festivals without impacting the business conduct or being a potential channel for corruption. The act must be in accordance with the Company's practices without any violation of related laws and notifications or with the purpose to gain any advantage through a misconduct or to be an outright on hidden exchange to seek benefits in any form. Moreover, type and value of gifts, hospitality and entertainment must be reasonable and appropriate.

4. The Company and Parties with Business Relations

The Company encourages its subsidiaries and/or any other party that represents the Company participate in anti-corruption efforts and prohibits directors, executives and employees to hire any business representative or intermediary with the purpose of corruption. The Company will inform its subsidiaries and the parties representing the Company of the anti-corruption policy similar to the Company.

5. Risk Assessment

The Company's directors must understand on potential risks from bribery and corruption together with communicate with employees at all levels for their understanding and compliance to ensure the effective risk management. The Company conducts risk assessment for all operational systems especially processes that are prone to bribery and corruption. Overall risk management policy and proper risk management measures to prevent and mitigate risks under acceptable levels must be reviewed regularly on an annual basis

6. Internal Control

The Company specified internal control systems that handle corruption covering finance, accounting and data recording including other processes related to anti-corruption measures. Internal control systems are processes that ensure efficiency and credibility of the Company's operations. The Company shall evaluate the adequacy of its internal control systems that include assessment of control environment, risk management, control activities, information and communication and monitoring activities aimed to report results of the evaluation of internal control system to the Audit Committee.

7. Accounting Audit and Data Storage

The Company has an audit process for accounting entries and these entries are approved according to the delegation of authority before being recorded in the accounting system. The transactions will be reviewed by considering the Company's policies, rules and regulations of government agencies and related agencies, relevant laws, contracts and agreements according to accounting standards and policies.

8. Human Resources Management

The Company will adopt the anti-corruption policy as a part of its human resources management and processes such as recruitment, hiring, training, reward and promotion.

9. Whistleblowing and Complaint in for Corruption Issues

In case that directors, executives and employees are suspicious of or uncertain of any action that can be considered corruption, they shall seek advice from their direct supervisors or persons that the Company assigned to handle complaints. When there is an evidence that directors, executives, employees and/or any person acting on the Company's behalf engage in corruption, ones must expose the information or file complaints through the following channels.

- Tel: 02 917 3055 Ext. 307 and 669
- E-mail: whistle@dodaydream.com
- Suggestion and Complaints Box
- Mail: Do Day Dream Public Company Limited
"Complaint Handler"

No. 32 Keharomklao Road, Rat Patana, Saphansung,
Bangkok 10240

Complaint Handler means Human Resources Director or Company Secretary or the Risk Management Committee or the Audit Committee or the Board of Directors

10 Whistleblower Protection

Whistleblowers or complainers can rest assured that their whistleblowing or complaints will be taken seriously and they are protected from any adverse consequence from an honest whistleblowing or complaint. The employees who are whistleblowers must gather information carefully and be mindful of the accuracy of disclosed information.

Whistleblowers are entitled to anonymity and the Company shall treat the information and their identities with confidentiality throughout the investigation. The Company shall not allow any action that can cause damage to the whistleblowers and will take disciplinary actions with the persons who attempt any retaliation to the whistleblowers under a proper process to prevent any impact on the work and/or work relationship of the whistleblowers.

In case that employees release any information with dishonesty such as information disclosure of personal complaints or with an intention to create internal disharmony within the group of companies or the information is not truly factual whether it is a rumor or for personal benefits, the action will be considered a serious offense and the Company will investigate and consider a punishment according to the Company's practices.

3. Respect for Human Rights

The Company stresses on respect for human rights with the objective to create equity and equality internally and externally. The Company consistently supervises its business undertaking not to be involved in any violation of rights and liberty both directly and indirectly. For instance, the Company is against forced labor and child labor as well as respects and treats all stakeholders with fairness according to the basis of human dignity. Non-discrimination policies are enforced that require the Company to treat people impartially regardless of origin, race, gender, age, color, religion, physical conditions, status, family or any other status not directly related to work performance. In addition, the Company supports an internal monitoring in compliance with human rights principles and encourages employees to conform to human rights principles under international standards. This responsibility related to human rights also covers its subsidiaries, affiliates, joint ventures and suppliers.

4. Fair Labor Treatment

The Company set up a policy to ensure that employees work together under a happy and accepting work environment. Employees at all levels are treated like a family without taking advantage of each other. The Company respects

employees' rights according to human rights principles as well as abide by labor laws. With regard to employee treatment, the Company established an integrated human resources management system to maximize work efficiency from talent acquisition to talent development with regular trainings to fair compensation and benefits. Furthermore, the Company encourages all employees to have career growth opportunities. And emphasizes on learning at all levels of the organization including skill development to enhance working standards and professionalism under proper work environment. The policy on fair labor treatment is detailed as follow.

4.1 Compensation and Benefits Package

The Company's set up employees' compensation policies include not only paying compensation in form of monthly salary and fair performance bonus but also promoting career stability and fair career growth opportunity as well as providing proper benefits and welfare for employees such as social security, provident fund and medical treatment.

4.2 Capability Development and Training

The Company focuses on human capital development by imposing a policy that encourages employees to develop their skills and potentials as well as fosters positive attitude, morals, ethics and teamwork. Trainings and work seminars are routinely organized for employee development purposes.

In addition, the Company promotes organization and human resources development underlining efficient work processes, clear roles and responsibilities, determination of proper compensation as well as appraisal system development and capability enhancement.

4.3 Safety and Occupational Health Policy

The Company set out a policy that promotes safety and hygiene in workplace for employees through prevention of possible accidents, awareness of safety as well as knowledge sharing through employees' trainings on important safety measures such as fire protection trainings, proper use of machine training and the white factory activity. Additionally, the Company fosters good health and hygiene of employees and does not engage in any activity that can be harmful to the health of employees and customers. The Company also makes sure that the workplace is safe and hygienic at all time.

Number of Accidents in the Factory

In 2018, there were 7 work-related accidents which can be classified according to the severity level as follow:

	Severity Level	Number of Accident
Level 3	Occupational injury or sickness that causes an employee to <u>be unable to return to work the next day for more than 1 day</u> or in case that <u>over 30,000 Baht worth of assets is damaged.</u>	2
Level 2	Occupational injury or sickness that causes an employee to <u>be unable to return to work between 2 hours to 1 day</u> or in case that <u>7,000-30,000 Baht worth of assets is damaged.</u>	2
Level 1	Occupational injury or sickness that <u>can be treated with a first aid or a rest to alleviate symptoms or for a diagnosis at the Company's medical room for less than 2 hours before returning to work</u> or in case that <u>less than 7,000 Baht worth of assets is damaged.</u>	3
	รวม	7

5. Responsibilities for Customers and Consumers

The Company has a strong determination in offering highest quality products to customers to maximize their satisfaction as below:

5.1) The Company highly regards quality and standards of products and focuses on using high grade raw materials and high-standard production in order that its customers are offered premium products and gain highest satisfaction at reasonable prices.

5.2) The Company continuously researches and develops new products to meet the demands of customers by offering a variety of quality and high-standard products that satisfy customer needs.

5.3) The Company exercises its marketing fairly and imposes a policy to ensure that customers receive accurate, non-distort and unambiguous information without exaggeration or overstatement concerning the Company products in order that they have adequate and correct information for making decisions.

5.4) The Company set up a research and development department to design, create and adapt products to suit the needs of each customer group.

5.5) The Company regards to customer safety first and intends to offer its customers quality and safe products in accordance with standards, international safety rules and regulations and stipulated laws.

5.6) The Company sought production permissions in

accordance with applicable laws as following:

5.6.1) The Company's manufacture was approved from The Food and Drug Administration (FDA)

5.6.2) Products show usage instructions in details for the best interest of the consumers.

5.6.3) Product return and recall policies are in place as a practical guideline in case of defective or damaged products.

5.6.4) The Company is always open for feedbacks from its sales staff and customers through online and other channels such as website, call center and social media for the purpose of product improvement.

5.6.5) The Company discloses and disseminates product information to consumers via multiple channels such as website, web board, call center and social media.

5.6.6) The Company has a vendor selection criteria assessment to procure highest quality raw materials for consumers' safety and benefits.

5.7) The Company implemented a customer relationship management system to communicate with customers as well as receive complaints on product quality in order to respond to customers' needs promptly.

5.8) The Company treats customer information as confidential and refrains from using the information wrongfully.

5.9) The Company organizes various activities to build and enhance relationship with customers in a sustainable manner.

6. Environmental Preservation

The Company pays attention to corporate social responsibility on environmental preservation including natural resources without engaging in any action that can harm the environment but only to protect the environment. In addition, the Company initiates activities to support environmental preservation for people in the community and fosters an environmentally-conscious mindset in all employees. The Company strictly complies with standards, laws and regulations related to the environment stipulated by related governments.

7. Community and Society Development

The Company set forth a policy to carry out its business that benefits economy and society and holds firmly to good corporate citizenship and strict compliance with laws and related regulations. The Company shall dedicate itself to developing and enhancing quality of living of people in the society and community where the Company is located in parallel with the Company's growth.

Furthermore, the Company has a policy to take care of and tighten relationship with communities nearby as well as regularly support activities of the community. Various projects are undertaken considering suitability and benefits to the community and the society for sustainable development. Employees also support and participate in community activities regularly.

8. Innovation and Dissemination of Innovations derived from Operations that are Responsible for Society, Environment and Stakeholders

The Company ensures innovations at internal working process level in the organization as well as between organizations under collaboration. Innovation means a creation of things using new approaches including changes in thinking or production to add value to the business. The objective of innovation is to foster positive changes to influence improvements and generate more outputs for the best interest of the society. The Company has put in place the following guideline on innovation.

8.1) Examine all business processes the Company is currently undertaking whether there are risks or negative impacts to society or environment and find solutions to mitigate those impacts. Besides, the Company will study, consider and analyze work processes carefully and thoroughly covering all aspects to create development opportunities in discovering business innovations.

8.2) Disclose and disseminate discovered innovations that are beneficial to society and environment in order to encourage other businesses and entrepreneurs to follow

8.3) Analyze and find solutions as well as consistently and continuously develop innovations to create opportunities in inventing new products to generate growth for the Company and meet demands of consumers.

9. Intellectual Property

The Company realizes that intellectual property which includes copyrights, trademarks and trade secrets are essential in maintaining a competitive advantage of business either it is the intellectual property of the Company or other parties. Therefore, all directors, executives and employees have the duty to protect and defend all rights to the Company's intellectual property and use those rights responsibly as well as respect intellectual property rights of others.

Activities for Social and Environmental Benefits

The Company recognizes and continue supports any activities that benefit to social and environment. In 2018, the Company joined the activities as follows:

- Chief Financial Officer participated in "Journey to IPO" to present information for entrepreneurs who will be listed in the Stock Exchange of Thailand regarding taking business into the Stock Exchange of Thailand and procedures of preparing to be listed, at AVANI Khon Kaen Hotel, on 23 March 2018.
- Donated money to Chulabhorn Hospital in order to help disadvantaged cancer patients, on 2 October 2018.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

Internal Control

The Company realized the importance of internal control, the Audit Committee assigned the internal audit department to evaluate the adequacy and appropriateness of internal control systems on an annual basis. Furthermore, the Board of Directors assigned the Audit Committee to review the assessment of the internal control to ensure that the Company conducts its business efficiently and effectively and financial reporting is accurate, credible and in accordance with related laws, rules and regulations.

The Company properly complies with internal control systems as designed and imposed including related laws, rules and regulations to minimize key risks that may have an impact on the Company's performance and business. When a mistake is detected in the systems, the Company takes corrective actions to improve the systems continuously to suit risk and business environment of the Company both at present and in the future as well as to be in compliance with applicable laws, rules and regulations.

The roles and responsibilities related to internal control of the Company can be divided as below:

1. The Board of Directors is responsible for the governance of the Company to ensure that the Company has effective internal control and risk management systems to protect shareholders' capital and the Company's assets. The Board of Directors shall deliberate the following items.

- 1.1 Determine type and size of significant risks that is risk appetite of the the Company which will pursue to achieve its strategic objectives
- 1.2 Assign the executives to manage procedure of identifying, measuring and mitigating risks effectively.

2. The Audit Committee is assigned to responsible for reviewing the effectiveness of internal control systems and compliance with law and regulations stipulated by the Company. For the review, the Audit Committee shall consider information from multiple sources including the following:

- 2.1 Trust in internal auditors through an annual audit plan approved by the Audit Committee. The audit plan will focus on consideration and assessment of risk and important internal control that are executed to reduce or prevent particular risks.
- 2.2 Receive reports on the results of the audit of internal control and compliance with applicable rules and regulations especially items with significance on a quarterly basis.
- 2.3 Develop processes and systems to handle whistleblowing policy related to corruption, or illegal, or unethical activities as an alternative channel for employees, shareholders and external parties to directly contact the Audit Committee.
- 2.4 Trust in the external auditors on audit matters.

3. Internal Audit Department is an independent which direct report to the Audit Committee and the Chief Executive Officer regarding business operations. The internal audit department is responsible for supporting the Audit Committee and the Board of Directors on the assessment of appropriateness of major internal control systems.

The internal audit department has prepared an annual audit plan considering risk based approach which focusing on key risks that may have an impact on the Company's objectives and the accuracy of financial reports. The Audit Committee shall consider and approve the annual audit plan, follow up on internal audit results, and review the internal audit performance

on a quarterly basis.

Any detected issue will be deliberated whether it has a broad impact to the Company or not. Key audit issues will be reported to the Audit Committee and the Board of Directors. The Audit Committee shall monitor corrective actions taken by executives until the results are satisfactory. Important reports from executives, internal audit department and compliance department will be regularly presented to the Audit Committee and the Board of Directors. The reports shall cover matters related to business, finance, internal control, operations and compliance with related laws, rules and regulations.

The Company's internal control conforms to the internal control structure framework that is based on the international standards from the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Details of the internal control systems of the Company for each component can be summarized below:

1. Control Environment

Control environment is a key foundation of effective internal control systems and articulates principles and structures for other components of internal control systems. The Company's main elements of control environment are as follow:

- The Company provide good working environment under clear and appropriate policy, planning, operation, control and supervision.
- The Company adheres to business philosophy and ethics through its actions and behaviors that enable the internal control systems to function properly. Moreover, the Company published the Code of Business Conduct as a practical guideline for all directors, executives and employees.
- The Board of Directors and executives highly regard integrity and ethical values as well as treat all stakeholders equally and fairly under good corporate governance principles.
- The Company set up organization structures that are suitable for business transaction size and operation with clear chain of command and roles and responsibilities.

- The Board of Directors and executives have delegated levels of authority and approval financial limits for each transactions in writing.
- The Company adopted a whistleblowing policy to provide a channel for stakeholders to report fraud, mistakes and distortions of facts by the executives. The Audit Committee shall review the reports on whistleblowing every quarter.

2. Risk Assessment

The executives imposed policies, standards and practices on risk management emphasizing that all directors, executives and employees have responsibilities in managing risks in order to attain business objectives of the Company.

The Board of Directors has appointed the Risk Management Committee to perform the duties in reviewing risk management framework and risk management structure as well as proposing risk management guidelines that are consistent with strategic directions and business plans. The Risk Management Committee shall monitor and review key risk management reporting to be in accordance with standards and changing environment.

3. Control Activities

The Company treats effective internal control with high priority under the specified risk appetite suitable for business and employees' performance in each department. The internal control is observed through requirements, policies and practices of the Company and is audited and developed regularly. Undertaking related party transactions between the Company and connected persons including commercial agreements are carefully and prudently monitored to be in accordance with regulatory requirements of the Securities and Exchange Commission, the Stock Exchange of Thailand and other related regulatory agencies. In addition, the Company encourages its employees to realize the importance of the compliance with implemented internal control systems including applicable laws, rules and regulations. This is to mitigate possible risks associated with corruption and violations of laws.

4. Information & Communication

The Company's Information systems are continuously developed to enhance efficiency in doing business. In addition, the Company never compromises on accuracy, credibility and timeliness of information and fosters effective information communication for timely decision-making. Moreover, systems protecting information safety and effective contingency plans are in place to promote information system safety under severe incidents that can disrupt the systems. The Company also implemented a data storage system that can verify past data for accuracy and an information system that can analyze and identify potential risks. The system also helps assess and manage risks as well as record and report those risks in complete. The Company strictly follows the Computer-related Crime Act on the storage of computer's traffic data according to the notification of the Ministry of Information and Communication Technology. The Company invested in effective communication systems internally and externally and provided multiple channels for internal communication purposes. Regarding the disclosure of information, the Company prepares and submits documents comprising sufficient information to shareholders and the Board of Directors for decision-making with sufficient time prior to the shareholders' meeting.

5. Monitoring

With current information systems that generate credible and timely information, the management and the Board of Directors can effectively monitor performance through various financial reports and attain business objectives and goals previously set. Besides, the Board of Directors is able to review, assess and make recommendations to improve business plans through the effective governance procedures while the internal audit department consistently performs the duties.

Internal audit department carries out duties according to the audit plan as approved and continuously monitored by the Audit Committee. The internal audit plan is prepared based on the results of risk assessment and analysis as well as priorities of subsidiaries in group companies, core business and related procedures. The findings of the audit results and monitoring of improvements will be proposed to the Audit Committee and

the Board of Directors. Up until the present, the results from the audit show no significant mistake or flaw related to the internal control. Nevertheless, recommendations were made on the internal control systems for certain areas with room for improvements.

The Board of Directors shall conduct an audit on the efficiency of internal control systems at least once a year taking to account significant risks, potential impacts as well as management and mitigation measures for those particular risks. The guideline on the evaluation of internal control systems adequacy prepared by the Office of Securities and Exchange Commission will be used for this audit.

The Audit Committee charter specified duties of the Audit Committee in evaluating the performance of high-level executives in the internal audit department in cooperation with the Chief Executive Officer which is line with the guideline from the notification of the Stock Exchange of Thailand on "Qualifications and Scope of Work of the Audit Committee B.E. 2558"

The Board of Directors' meeting No. 1/2019 on 25 February 2019, with the attendance of the Audit Committee, evaluated the adequacy of the Company's internal control systems in 5 components mentioned earlier. After the evaluation, the Board of Directors reached a conclusion that the Company has adequate and appropriate internal control systems for conducting business with sufficient manpower to perform duties effectively as required by the systems. In addition, there is no significant mistake or flaw related to its internal control.

KPMG Phoomchai Audit Limited, the Company's external auditor, provided an opinion on the audit of financial reports for the year 2018, ended 31 December 2018, that there is no material deficiency found in the internal control systems related to finance and accounting.

Risk Management

The Company has focused on risk management, set up risk management policy, appointed Risk Management Committee. Also, the Company assigned risk management department to responsible for policy setting, identify risk in each

activity, risk evaluation to be accordance to risk criteria, and monitoring risk resolution effectively as well as coordinate and support each related department to in managing risks appetite before proposing to the Risk Management Committee, the Audit Committee and/or the Board of Director for consideration and further actions.

The Company's risk can be identified into 3 main topics as follows:

1) Business Operation Risk

1.1) Risk of Dependence on Key Executives and Business Specialist Employees

1.2) Risk from all of Our Products have Snail Secretion Filtrate as a Major Ingredient

1.3) Risk of Reliance on a Packaging Supplier

1.4) Risk Relating with the Operation of Our Manufacturing Plant

2) Marketing Risk

2.1) Risk of Intense Competition in Beauty and Skincare Market

2.2) Risk of Counterfeit Products or Use of the Company's Trademark as the Name of a Company

2.3) Risk of Reliance on Chinese Customers

2.4) Risk of Reliance on Certain Key Customers or Distributors

2.5) Risk from Damages to Consumers or Product Recalls

3) Financial Risk

3.1) Risk from Foreign Exchange Rate Fluctuations

Additional information regarding to risk factors and risk management in each topic is described in topic "Risk Factor".

Head of Internal Audit

The Company has set up the internal audit department to perform duties in controlling and examining internal operations and ensuring its governance to be independent, efficient and effective. The internal audit department reports directly to the Audit Committee. The Audit Committee's Meeting No. 2/2018 on 27 February 2017 had resolution to appoint Ms. Napat Rattapong, Internal Audit Director, as a head of Internal Audit Department of the Company given her qualities, educational degrees, experience and proper trainings suitable for supervising the internal audit.

RELATED PARTY TRANSACTIONS

Details on Related Party Transactions with persons in a potential conflict of interest for the year the year 2017 and 2018, ended 31 December 2017 and 2018, as follow:

Person or Juristic Person in a Potential Conflict of Interest / Nature of Business / Relationship	Transaction	Value (Million Baht)		Necessity / Rationale / The Audit Committee's Opinion
		2018	2017	
Dr. Sarawut Pornpatanarak <u>Relationship</u> Major shareholder, Vice Chairman of the Board, Chairman of the Executive Committee and Chief Executive Officer of the Company	Guarantee for loans and car rental fees without compensation Dr. Sarawut Pornpatanarak is the Company's guarantor for loans from 2 commercial banks and car rental fees throughout the rental period to support its business expansion, working capital and improve the Company's liquidity. Dr. Sarawut Pornpatanarak has no compensation. - Loan Limit - Car Rental Fee	120.0 3.8	401.00 3.6	<p>The Company has long-term loan facilities from 2 commercial banks to expand its business and improve its liquidity. These loan facilities are guaranteed by the Company's land mortgage and Dr. Sarawut Pornpatanarak according to specified conditions by lending commercial banks. However, after the Company listed in the Stock Exchange of Thailand, the guarantee of Dr. Sarawut Pornpatanarak was terminated since 26 January 2018.</p> <p>The guarantee on car rental fees throughout the rental contracts was according to specified conditions by the car lessor.</p> <p><u>The Audit Committee's Opinion:</u> The transaction is considered a financial support through guarantees of loan facilities for business expanding and improving its liquidity without any charge incurred to the Company. The transaction is deemed necessary, reasonable and beneficial to the Company's business.</p> <p>The Audit Committee recommends that the Company should rely less these financial supports through guarantees from directors or major shareholders of the Company.</p>

Person or Juristic Person in a Potential Conflict of Interest / Nature of Business / Relationship	Transaction	Value (Million Baht)		Necessity / Rationale / The Audit Committee's Opinion
		2018	2017	
PM Chemical Company Limited <u>Nature of Business</u> An importer and distributor of chemicals and a manufacturer and a distributor of spray paint for cars and paint for buildings. <u>Relationship</u> Mutual director: Mr. Sarawut Pornpatanarak Mutual shareholder: 1) Mr. Sarawut Pornpatanarak 2) Ms. Saranya Pornpatanarak and 3) Mr. Saranon Pornpatanarak	1) Warehouse Rental The Company rented warehouse from PM Chemical Company Limited with a total area of around 800 square meters. The location is No. 15, Soi Seri Thai 87, Seri Thai Road, Min Buri, Bangkok to store inventories such as packaging of products. The monthly rental is 40,000 Baht (or 50 Baht per square meter) and paid on a monthly basis. The rental started since September 2018 with six-month contract. - Rental Fee - Service Fee - Deposits to be returned			Warehouse rental from PM Chemical was for a storage of packaging for products. The monthly rental fee of 50 Baht per square meter is comparable to other rental rates in the same area which are around 100-110 baht per square meter per month. Payment conditions were according to normal commercial agreements similar to general rentals. The Company chose PM Chemical's warehouse as it met the Company's requirements given that the size is not too large, the rental is on par with neighboring areas and the location is not far from the Company's office. <u>The Audit Committee's Opinion:</u> The transaction is deemed reasonable and beneficial to the Company's business. The location is near the Company's office which is convenient in conducting business. The rental charged was the market rate and lower than those of peer and payment conditions are according to general commercial building rental business.
	2) Purchase of Raw Materials and Paints The Company purchased certain raw materials mainly special mineral water and anti-counterfeit stickers including paints for the Company's factory and office from PM Chemical. Sales prices and payment conditions are prices per unit with separate charges of transportation fees as actually incurred. - Purchase of raw materials and paint - Transportation fees - Account Payable	1.1 0.1 0.0	15.9 0.1 0.0	The purchases of raw materials and paints were for the benefits of the Company. Buying prices were lower than those of other suppliers and payment conditions were according to normal commercial conditions. This transaction is deemed necessary and reasonable. However, on 1 June 2017, the Company and PM Chemical prepared a memorandum of understanding on the determination of compensation for PM Chemical in purchasing of special mineral water and anti-counterfeit stickers protection using the cost plus method with not over than 5% rate. This was to cover operating expenses of PM Chemical and aligned with other suppliers. In case that there is any expense in product delivery, PM Chemical will charge the Company separately on an actual basis.

Person or Juristic Person in a Potential Conflict of Interest / Nature of Business / Relationship	Transaction	Value (Million Baht)		Necessity / Rationale / The Audit Committee's Opinion
		2018	2017	
				<p><u>The Audit Committee's Opinion:</u> The transaction is necessary for supporting business-as-usual of the Company. Prices and general conditions were similar to those the Company engaged in with other external parties.</p> <p>The Audit Committee reviewed, acknowledged and agreed with the memorandum of understanding between the Company and PM Chemical on pricing determination using the cost plus method that further made the transaction more reasonable.</p>
Muang Thai Insurance Public Company Limited <u>Nature of Business</u> A non-life and life insurance provider <u>Relationship</u> Mutual director and shareholder: Mrs. Nualphan Lamsam	Insurance Premium The Company has 3 auto insurance contracts effective since 30 June 2017 with terms according to the contracts. - Insurance premium - Insurance premium for building	0.1 0.41	0.1 0.0	<p>The insurance premium transaction is in accordance with the Company's policy on vendor selection. To consider insurance providers, the Company conducted a vendor selection according to the Company's policy and selection criteria. Muang Thai Insurance PCL. is a leading and well-accepted insurance company with credibility. Insurance premium rate was lower than peers and payment conditions were according to normal business practices. This transaction is deemed necessary and reasonable.</p> <p><u>The Audit Committee's Opinion:</u> The transaction is reasonable and necessary for undertaking business. This transaction is also important to control potential risks while the Company did not lose any benefit as the insurance premium was appropriate according to general pricing.</p>
Phatra Leasing Public Company Limited <u>Nature of Business</u> An operator in car leasing business <u>Relationship</u> Mutual director: Mrs. Nualphan Lamsam	Operation Namu Life Plus Company Limited (a subsidiary) entered into a monthly contract to rent cars as a welfare for its sales staff. There are 9 cars were rented with rental fees of 12,500-13,300 Baht per month. The first contract started since September 2016 with 4 years term of contract			<p>Company's policy on sales staff benefits. To consider this car rental, the Company conducted a vendor selection based on policies and selection criteria for the Company's vendors. Phatra Leasing is a well-accepted car leasing company with credibility and lease fees quoted by Phatra were at lower rates compared to peers. Payment conditions were according to normal business terms. Therefore, the transaction is necessary and reasonable.</p>

Person or Juristic Person in a Potential Conflict of Interest / Nature of Business / Relationship	Transaction	Value (Million Baht)		Necessity / Rationale / The Audit Committee's Opinion
		2018	2017	
	<p>.There were 4 car rental contracts have been canceled because of inactive use of car.</p> <ul style="list-style-type: none"> - Rental Fee - Other Fee - Account Payable 	<p>1.2</p> <p>0.4</p> <p>0.1</p>	<p>1.3</p> <p>0.0</p> <p>0.1</p>	<p><u>The Audit Committee's Opinion:</u> The transaction is deemed necessary, reasonable and beneficial for undertaking the Company's business. The cars were leased to offer sales staff as benefits that would accommodate them in contacting their customers. Rental rates charged were market rates and payment conditions were according to ordinary business terms.</p>
<p>The Fourteen Company Limited</p> <p><u>Nature of Business</u></p> <p>A distributor of the Company's products in Bangkok and vicinities through various channels that the Company does not operate directly.</p> <p><u>Relationship</u></p> <p>Major shareholder with 98% ownership by Mrs. Pornpen Soungkasem who is the spouse of Mr. Nitiroj Manolamai, director and executive of the Company and director and shareholder of the Fourteen Company Limited.</p>	<p>Sales Revenue</p> <p>The Fourteen Co., Ltd. is one of the distributors of the Company's products through various channels that the Company does not operate directly. Namu Life Plus (a subsidiary) sells products to the Fourteen in form of outright sales at net prices after a deduction of distribution fees. Namu Life Plus determines sales prices and marketing strategies for the Fourteen Co., Ltd. to distribute the products to customers while Namu Life Plus is responsible for all sales promotion expenses as actually paid. Sales prices and distribution fees for The Fourteen Co., Ltd. are according to the contracts with the rates and commercial conditions compare to those Namu Life Plus offers to other distributors.</p> <ul style="list-style-type: none"> - Net sales revenue - Sales promotion expenses - Trade receivables - Accrued expenses for distribution fees 	<p>138.8</p> <p>23.9</p> <p>5.3</p> <p>1.0</p>	<p>317.8</p> <p>21.9</p> <p>50.1</p> <p>4.8</p>	<p>The Fourteen Co., Ltd. is a major distributor of the Company with 18.5% and 10.8% contribution to total revenue before distribution discounts for 2017 and 2018 respectively. Prices are according to standard pricing clearly set by the Company for all distributors. The Fourteen Co., Ltd. must sell its products at the prices the Company determined. Moreover, distribution fees for The Fourteen Co., Ltd. are based on the contracts with rates and commercial conditions comparable to those Namu Life Plus offered to other distributors.</p> <p>Nevertheless, advanced discounts provided to The Fourteen Co., Ltd. were to cover sales promotion expenses as actually incurred. This included sales discounts for distributors, approved marketing campaigns and incentives rewarded to distributors according to KPIs. The Company also paid for actual sales promotion expenses to other distributors as well. The Fourteen Co., Ltd. must submit sales reports and total sales promotion expenses to the Company on a monthly basis. These advanced discounts will be deducted from actual sales promotion expenses. Therefore, this transaction is deemed necessary and reasonable.</p> <p>Nevertheless, for the Company to ensure the accuracy of sales and inventory of The Fourteen Co., Ltd., Namu Life Plus Co., Ltd. and The Fourteen Co., Ltd. signed a memorandum of understanding on inventory and sales review on 9 April 2017. Furthermore, the Company has a plan to appoint other sales representatives to distribute its products in certain areas that The Fourteen Co., Ltd.</p>

Person or Juristic Person in a Potential Conflict of Interest / Nature of Business / Relationship	Transaction	Value (Million Baht)		Necessity / Rationale / The Audit Committee's Opinion
		2018	2017	
	-			<p>is currently operating and/or sell directly to customers in the areas The Fourteen Co., Ltd. is currently responsible.</p> <p><u>The Audit Committee's Opinion:</u> The transaction is reasonable and beneficial to the Company's business. The Fourteen Co., Ltd. is capable in distributing the Company's products through multiple channels. Prices were according to standard pricing that Namu Life Plus Co., Ltd. clearly set. In addition, fees paid to The Fourteen Co., Ltd. to distribute the Company's products are according to rates and commercial conditions comparable to those the Company offered to other distributors. Sales promotion expenses were paid on actual basis.</p> <p>The Audit Committee reviewed, acknowledged and agreed with the memorandum of understanding between Namu Life Plus Co., Ltd. and The Fourteen Co., Ltd. to ensure better accuracy of transactions between the Company and The Fourteen Co., Ltd.</p>
Directors, Executives, and Employees of the Company	<p><u>Purchase of Products as Employee Benefits</u></p> <p>The Company and its subsidiaries allow executives and employees to buy the Company's products at prices lower than market prices according to a policy on discounts for the Company's products as benefits for executives and employees. Criteria and monthly purchase quotas are clearly applied based on positions.</p> <ul style="list-style-type: none"> - Revenue - Trade receivables 	<p>0.5</p> <p>0.0</p>	<p>1.2</p> <p>0.0</p>	<p>discount rates apply for all employees. Note that the purpose of offering discounts to directors and executives is that the products can be given as samples for business partners and consumers. Additionally, purchasing products at discounted prices not only helps motivate and engage employees but also enhances familiarity and knowledge of the employees on the products.</p> <p><u>The Audit Committee's Opinion:</u> The transaction is deemed reasonable, beneficial to the Company's business and important since some of directors and executives have to give away products as samples for trade partners or consumers. This is also considered as a reward to employees while the Company does not make any loss as sales prices are still lower than production costs and the monthly quantity allotted per person for this program was properly determined.</p>

Policy and Trends on Related Party Transactions in the Future

Approval Measures or Processes for Related Party Transactions

The resolution of the Board of Directors stipulated approval measures and processes for related party transactions or connected transactions of the Company and its subsidiaries enter into with an external party who are a stakeholder that may have a conflict of interest or a potential conflict of interest in the future such as major shareholders, directors, executives and controlling persons or connected persons.

With regard to related party transactions or connected transactions of the Company and its subsidiaries, the Company will conform to rules and criteria pursuant to the Securities and Exchange Act 1992 (including the amendments) and pertinent rules of the Capital Market Supervisory Board and/or the Securities and Exchange Commission and the Stock Exchange of Thailand including requirements on the disclosure of related party transactions or connected transactions in the footnotes to the financial statements reviewed by the Company's auditor as well as the annual registration statement (Form 56-1). In undertaking those transactions, the Company will review and monitor all transactions to ensure that there is no stakeholder with interest involving in the decision making for the related party transactions or connected transactions.

The Board of Directors put in place an approval process for related party transactions under an ethical framework where transactions must be deliberated by the Audit Committee for the best interest of the Company and shareholders. The Board of Directors ensures strict compliance with rules imposed by the Capital Market Supervisory Board and/or the Securities and Exchange Commission and the Stock Exchange of Thailand as well as accuracy and completeness of disclosure of related party transaction to the general public.

In case of ordinary business transactions or transactions that support normal business operations of the Company and transactions that may occur continuously in the future, the Company has a policy that articulates scopes of those

transactions where commercial agreements are similar to those offered to general counterparties in the same situation without an influence as a director, an executive or a related party on commercial bargaining power or a transfer of interest/benefit and/or it can be proven that the transactions have reasonable and fair pricing or conditions. If the Board of Directors has approved a resolution of the transaction as a general principle, the management of the Company can undertake transactions under the guideline without seeking an approval from the Board again. Then, the Company prepares a summary report on related party transactions or connected transactions to present to the Audit Committee's meeting and the Board of Directors' meeting every quarter in accordance with the laws on securities and exchange, rules and regulations, notifications, orders or other requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board and the Stock Exchange of Thailand.

In case that undertaking related party, transactions or connected transactions is not within the defined scope, the Company will propose to the Audit Committee for comments on the appropriateness of the pricing or reasonableness of the transactions. Subject to the expertise of the Audit Committee to consider the related party transactions, the Company may request knowledgeable persons with specific expertise such as auditors or independent valuers to comment on the transactions to supplement the consideration of the Board of Directors or shareholders on a case-by-case basis. Persons with a potential conflict of interest or has interest in the transactions have no right to vote in the consideration for the particular related party transactions. This is to ensure that the transactions are not regarded as a removal or a transfer of benefits of the Company but transactions that take into account the best interest of the Company and all shareholders.

The Company will disclose its related party transactions in the notes to the financial statements reviewed by the Company's auditors in the annual report or the annual registration statement (Form 56-1).

Policy on Related Party Transactions in the Future

To undertake related party transactions or connected transactions, the Company will strictly comply with the Securities and Exchange Act B.E.2535 (including the amendments), rules and regulations, announcement, orders or other requirements of the Capital Market Supervisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand. These transactions are not regarded as a removal or a transfer of benefits of the Company but transactions that take into account the best interest of the Company and all shareholders.

In case of normal business transactions or transactions that support normal business operations of the Company and transactions that may occur continuously in the future, the Company will stipulate rules and guidelines according to general commercial conditions with reference to prices and conditions that are appropriate, fair, reasonable and accountable. Then, the Company will propose the policy to the Audit Committee for comments as well as the Board of Directors for approval of the policy and framework.

Furthermore, if there is any change in agreements and conditions related to a transaction between major shareholders, directors, executives or persons with a potential conflict of interest or connected persons, directors with benefits will not attend the meeting of the Committee during the agenda related to the consideration of that particular transaction.

Investor Protection Measures

To protect investors, in case there is the Company's related party transaction with a person in a conflict of interest or a potential conflict of interest in the future, the Company requires that the transaction must be proposed to the Board of Directors' meeting with the attendance of members of the Audit Committee to audit and provide opinions regarding the related party transaction is in accordance with the laws on securities and exchange, rules and regulations, notifications, orders or other requirements of the Stock Exchange of Thailand including requirements on the disclosure of connected transactions and the acquisition and disposition of assets.



FINANCE

AUDIT COMMITTEE'S REPORT

To The Shareholders,

Do Day Dream Public Company Limited

The Audit Committee of Do Day Dream Public Company Limited consists of 3 qualified independent directors as listed below:

1. Mr. Krish Follett
Chairman of the Audit Committee
2. Mr. Songpol Chevapanyaroj
Member of the Audit Committee
3. Mr. Nattawut Kruapradub
Member of the Audit Committee

Ms. Napat Rattapong, the Internal Audit Director, is the secretary of Audit Committee's.

All member of the Audit Committee are qualified and performed their duties under the scope or duties and responsibilities according to the Audit Committee's charter and the guideline of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand. Mr. Songpol Chevapanyaroj is the director who has knowledge and experience in the field of finance.

For the year 2018, the Audit Committee has held 8 meetings, the detail of each member's meeting attendance has shown in "Management Structure", which discuss with the management, internal auditor, and external auditor in related matters. The Audit Committee's significant activities are summarized as below:

1. Financial Statement Review

The Audit Committee reviewed and audited the quarterly and annual financial statements of the Company both separate financial statements and consolidated financial statements

together with the management and the auditors before proposing to the Board of Directors.

In 2018, the auditors did not have any significant observation or discover any suspicious circumstance and confirmed that the opinion is unqualified. The Audit Committee is of the opinion that the financial statements report is recorded in accordance with generally accepted accounting principle of Thailand with accuracy, completeness, and sufficient disclosure of information.

2. Internal Control Systems and Internal Audit Review

The Audit Committee reviewed the adequacy of the Company's internal control systems by considering plans and reports from internal audit department regularly. The internal audit department reported in summary that internal control systems of the Company and its subsidiaries are adequately effective while the auditors reported that internal control systems related to accounting and finance is sufficient and proper. The Audit Committee considered and reviewed the Audit Committee's charter and internal audit department's charter on a yearly basis. The Company also developed its internal audit emphasizing on development of both personnel and audit tools according to the internal audit standard principles.

3. Risk Management Evaluation System Review

The Company has set management systems at organizational level where executives in each department will be directly responsible as well as collaborating with other parties. The Board of Directors considered the risk management structure, framework and plans as well as reviewed and monitored risk management. The Board also deliberated both

internal and external risk factors including the probability of impact. Risks management was conducted to maintain the risks appetite levels and early warning indicators according to defined principles.

4. Related Party Transactions or Potential Conflicts of Interests Review

The Audit Committee considered related party transactions or transactions with a potential conflict of interest under principles of reasonableness, transparency, adequate information disclosure and the best interest of the Company as a guideline. The Audit Committee had a confirmation from executives that the Company complied with laws and rules to disclosed related party transactions as required by the notifications of the Securities and Exchange Commission. According to reports and confirmations from responsible executives, the Audit Committee deemed that transactions are reasonable and as normal business transaction with adequate, accurate and complete information disclosure in accordance with laws on securities and exchange, requirements of the stock exchange and applicable laws related to the Company's business.

5. Compliance with Rules and Regulation of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and Applicable Laws Related to The Company's Business

The Company put efforts in monitoring, analyzing and reporting changes in laws, rules and regulations relevant to the Company and ensures compliance with the laws, rules and regulations. The Audit Committee conducted audits of various functions to be certain that the Company conforms to related laws including the Securities and Exchange Act, the notifications of the Capital Market Advisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand as well as other government related to the Company's business. The Audit Committee is of the opinion that the Company conducted its business in compliance with laws, rules and regulations relevant to the Company.

6. Suitability of the External Auditor for the Year 2018

The Audit Committee evaluated the performance of the Company's auditor and the applicable audit fee based on the auditors' knowledge, expertise, and independence of the auditors; deemed that they are in accordance with requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. Consequently, the Audit Committee recommended the Board of Director to consider and propose the shareholders' meeting to appoint Mr. Charoen Phosamritlert, CPA No. 4068 and/or Mr. Veerachai Ratanajaratkul, CPA No. 4323 and/or Mrs. Munchupa Singsuksawat, CPA No. 6112 of KPMG Phoomchai Audit Limited to be the Company's auditors for the year 2018.

7. Self-assessment of the Audit Committee

The Audit Committee assessed the performance according to the Audit Committee's charter and concluded that the Audit Committee performed the duties in accordance with the charter. The Audit Committee reported the performance as well as presented recommendations to the Board of Directors in every meeting.

In summary, the Audit Committee has an opinion that the Board of Directors and the Company's executives are ethical and committed to performing their duties to achieve the Company's goals with quality. The Company places value on undertaking its business under effective, transparent and credible corporate governance systems with proper and adequate internal control systems. The Company also ensures that its financial report is in accordance with the generally accepted accounting standards and the Company strictly conforms to applicable laws and regulations.

- Signature -

(Mr. Krish Follett)

Chairman of the Audit Committee

THE BOARD OF DIRECTORS' REPORT CONCERNING RESPONSIBILITY TOWARD THE COMPANY'S FINANCIAL STATEMENTS AND PERFORMANCE RESULT YEAR 2018

The Board of Directors takes full responsibilities of the financial statements of Do Day Dream Public Company Limited and the consolidated financial statements of the Company and its subsidiaries as appeared in the annual report. The financial reports were prepared in accordance with generally accepted accounting principles and standards. Proper accounting policies were applied and adhered to and prudent discretion and best estimates were adopted. Important information was disclosed adequately in the notes to the financial statements. The financial statements were prepared with transparency for the best interest of shareholders and general investors.

The Board of Directors ensures proper and effective risk management and internal control systems to be reasonably confident that accounting records are accurate, credible and sufficient to protect assets and prevent corruption or any significant misconduct or irregularity.

On this matter, the Board of Directors appointed the Audit Committee consisting of 3 independent directors to be in charge of reviewing quality of financial statement, internal control systems and internal audit as well as the information disclosure of related party transactions. The Audit Committee's opinion regarding the matter is provided in the "the Audit Committee's Report" as appeared in the annual report.

Moreover, the Board of Directors delegated the Risk Management Committee consisting of 3 directors to be responsible for risk management of the Company to ensure

that incurred risks are within specified risk appetite and risk issues are handled properly.

The separate financial statements and consolidated financial statements of the Company and its subsidiaries were audited by the Company's independent auditor, KPMG Phoomchai Audit Limited. During the audit, the Board of Directors provided information and document support for the auditors to be able to examine and freely give opinions according to audit standards. The auditor's opinion was presented in "the Independent Auditor's Report" in the annual report.

The Board of Directors reached a conclusion that the Company's overall internal control system is good and satisfactory enough to be reasonably confident that the separated financial statement and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018 are credible and in accordance with the generally accepted accounting principles as well as applicable laws, rules and regulations

Pol. Gen. - Signature -
 (Chatchawal Suksomjit)
 Chairman of the Board of Directors
 Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Do Day Dream Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Do Day Dream Public Company Limited and its subsidiaries (the “Group”) and of Do Day Dream Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to notes 3(e) and 9 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>Inventories are material to the financial statements which are measured at the lower of cost and net realisable value. The major outstanding balance of inventories are packaging and finished goods of skincare product which has limited lifetime. In addition, the Group's inventories are considered high competition product and there were wide ranges of substitute products with similar attributes in the market. Therefore, the Group is exposed to risk of stock deteriorate, obsolete, slow moving and cost of inventory could be higher than net realizable value. Consequently, I consider this is an area of focus.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • Inquired the management and obtain an understanding of the Group's policy in relation to inventory management, assessment applied to estimate net realizable value of inventories and reviewing the Group's compliance with the policy; • Attended inventory counts and observing the condition of inventories; • Performed test on sample basis of net realisable value by investigate after period end sales document less costs necessary to make the sale with the related supporting documents including check mathematical accuracy of net realizable value calculation; • Performed test on sample basis of items in inventory aging report with related supporting document whether items were classified in the appropriate aging bracket and recalculate allowance for decline in value of inventories according to the Company's policy; • Compared the actual results for the year with the historical estimation and future operating plan to evaluate the appropriateness of the evaluation of inventory's value; • Considered the disclosures in accordance with Thai Financial Reporting Standards.

Acquisition of business	
Refer to note 3(a), 3(h), 4 and 12 to the consolidated financial statements	
The key audit matter	How the matter was addressed in the audit
<p>On 5 April 2018, Dream Dermatology Company Limited (a subsidiary) has entered into the Assets Purchase Agreement to acquire the trademark namely “Oxe’ Cure”, manufacturing formulas, inventories and customer database of local company with the total amount of Baht 94.89 million. During 2018, the Group has considered the fair values of net assets acquired and engaged an independent appraiser to appraise the fair value of identifiable assets acquired.</p> <p>I considered this as the key audit matter because the accounting for the business combination is complex and the identification and fair value measurement of assets acquired assumed requires significant judgment.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • Inquired the management and read the sale and purchase agreement to understand conditions and purpose of this acquisition; • Evaluated the qualifications and independence of the independent valuer of the Group; • Considered key assumptions in evaluating the fair value of assets acquired assumed with reference to external and internal sources and involve KPMG specialist in assessing the valuation methodology and financial parameters applied to the discount rate of the intangible assets; • Tested calculation; and • Considered the disclosures in accordance with Thai Financial Reporting Standards.

Revenue recognition and recognition of accrued sales promotion expenses	
Refer to note 3(k), 3(n), 3(o), 16 and 21 to the consolidated financial statements	
The key audit matter	How the matter was addressed in the audit
Revenue from sales of goods is 96% of the Group's revenues. The Group entered into agreements and commercial agreements with customers, under which conditions pertaining to discounts, sale promotions, and special discounts given to boost sales during specific period vary greatly. As a result, the recognition of sales transaction, discount and sales promotions of the Group are different. Consequently, I consider this is an area of focus.	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • Inquired the management to obtain an understanding of the Group's policy in relation to revenue recognition, the presentation of discounts and sales promotion expenses; • Evaluated the design and tested the operating effectiveness of internal controls, on a sample basis, related to the revenue recognition; • Tested of details on sales transactions for a sample of items with related supporting documents whether they are compliant with the conditions in agreements and the Group's policy during the year and near the end of period; • Tested calculation of sales discounts, sales promotion expenses and accrued sales promotion expenses for a sample of items with related supporting documents whether they are compliant with the conditions in agreements and commercial agreements during the year and near the end of period; • Tested the appropriateness of accrued sales promotion expenses for a sample of items by performing subsequent cash payments, credit note and related supporting documents post year-end; • Considered the disclosures in accordance with Thai Financial Reporting Standards.

Other Matter

The consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 26 February 2018.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company'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 and the Company'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 consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate 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.

(Veerachai Ratanajaratkul)
 Certified Public Accountant
 Registration No. 4323

KPMG Phoomchai Audit Ltd.
 Bangkok
 25 February 2019

Do Day Dream Public Company Limited and its Subsidiaries

Statement of Financial Position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2018	2017	2018	2017
(in Baht)					
Current assets					
Cash and cash equivalents	6	1,774,482,026	4,388,519,461	1,484,274,111	4,338,834,068
Current investments	7	2,399,564,269	-	2,399,564,269	-
Trade accounts receivable and other receivables	5, 8	265,889,558	429,176,054	209,572,444	400,931,922
Short-term loan to a subsidiary	5	-	-	100,000,000	-
Inventories	9	391,583,315	291,680,362	359,180,129	271,035,316
Other current assets		5,103,996	13,159,966	2,704,780	11,620,332
Total current assets		4,836,623,164	5,122,535,843	4,555,295,733	5,022,421,638
Non-current assets					
Investments in subsidiaries	10	-	-	201,029,510	77,654,885
Property, plant and equipment	11	274,221,221	278,562,462	273,248,147	277,707,952
Intangible assets	4, 12	108,828,528	16,499,032	16,598,160	16,424,902
Restricted deposits at financial institutions	13	20,273,000	35,273,000	20,273,000	35,273,000
Deferred tax assets	14	6,533,947	7,342,583	2,182,610	1,880,805
Other non-current assets		1,723,364	274,239	26,130	246,201
Total non-current assets		411,580,060	337,951,316	513,357,557	409,187,745
Total assets		5,248,203,224	5,460,487,159	5,068,653,290	5,431,609,383

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

Do Day Dream Public Company Limited and its Subsidiaries

Statement of Financial Position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Current liabilities					
Short-term loans from financial institutions	15	-	267,144,776	-	267,144,776
Trade accounts payable and other payables	16	156,899,580	309,280,373	52,880,088	301,906,968
Current portion of long-term loans					
from financial institutions	15	29,492,352	18,774,741	29,492,352	18,774,741
Current portion of liabilities under					
hire purchase and finance lease liabilities	15	993,117	1,448,784	993,117	1,448,784
Current tax payable		4,229,115	20,050,404	1,663,375	19,848,434
Other current liabilities		2,854,193	501,949	1,080,818	1,169,336
Total current liabilities		194,468,357	617,201,027	86,109,750	610,293,039
Non-current liabilities					
Long-term loans from financial institutions	15	61,704,732	49,418,759	61,704,732	49,418,759
Liabilities under hire purchase and					
finance lease liabilities	15	2,214,017	3,206,358	2,214,017	3,206,358
Non-current provisions for employee benefit	17	7,096,130	4,172,466	5,984,612	3,513,789
Total non-current liabilities		71,014,879	56,797,583	69,903,361	56,138,906
Total liabilities		265,483,236	673,998,610	156,013,111	666,431,945

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

Do Day Dream Public Company Limited and its Subsidiaries

Statement of Financial Position

Liabilities and equity <i>(Continued)</i>	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2018	2017	2018	2017
(in Baht)					
Equity					
Share capital					
Authorised share capital	18	318,000,000	318,000,000	318,000,000	318,000,000
Issued and paid-up share capital		317,887,700	316,000,000	317,887,700	316,000,000
Share premium					
Share premium on ordinary shares	20	4,399,859,862	4,347,915,078	4,399,859,862	4,347,915,078
Capital reserve for share-based payment transactions	19	-	117,000	-	117,000
Deficit on change in the ownership interests in subsidiary		(31,835,833)	(31,835,833)	-	-
Retained earnings					
Appropriated					
Legal reserve	20	31,800,000	31,800,000	31,800,000	31,800,000
Unappropriated		237,540,942	122,492,304	163,092,617	69,345,360
Other components of equity		1,996,789	-	-	-
Equity attributable to owners of the parent		4,957,249,460	4,786,488,549	4,912,640,179	4,765,177,438
Non-controlling interests		25,470,528	-	-	-
Total equity		4,982,719,988	4,786,488,549	4,912,640,179	4,765,177,438
Total liabilities and equity		5,248,203,224	5,460,487,159	5,068,653,290	5,431,609,383

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

Do Day Dream Public Company Limited and its Subsidiaries

Statement of Comprehensive Income

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Revenue					
Revenue from sale of goods	5, 21	1,249,634,784	1,674,439,049	594,966,121	1,498,777,267
Dividend income from subsidiary	5, 10	-	-	79,996,800	39,998,400
Other income		54,349,146	9,938,140	65,946,506	29,190,475
Total revenue		1,303,983,930	1,684,377,189	740,909,427	1,567,966,142
Expenses					
Cost of sales of goods	5, 9	412,354,849	543,317,855	402,054,044	545,565,713
Distribution costs		510,495,738	580,906,409	16,576,581	434,904,118
Administrative expenses		158,727,003	135,000,165	134,921,404	131,716,113
Finance costs		9,496,811	11,971,453	9,496,811	11,971,300
Total expenses		1,091,074,401	1,271,195,882	563,048,840	1,124,157,244
Profit before income tax expense		212,909,529	413,181,307	177,860,587	443,808,898
Tax expense	24	28,417,975	62,117,900	17,753,330	60,903,786
Profit for the year	21	184,491,554	351,063,407	160,107,257	382,905,112

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

Do Day Dream Public Company Limited and its Subsidiaries

Statement of Comprehensive Income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		1,668,811	-	-	-
Total items that will be reclassified subsequently to profit or loss		1,668,811	-	-	-
<i>Items that will not be reclassified to profit or loss</i>					
Losses on remeasurements of defined benefit plans	17, 24	-	(186,977)	-	(278,889)
Income tax relating to items that will not be reclassified	14, 24	-	37,395	-	55,778
Total items that will not be reclassified to profit or loss		1,668,811	(149,582)	-	(223,111)
Other comprehensive income (expense) for the year, net of tax		1,668,811	(149,582)	-	(223,111)
Total comprehensive income for the year		186,160,365	350,913,825	160,107,257	382,682,001
Profit attributable to:					
Owners of the parent		181,408,638	351,063,407	160,107,257	382,905,112
Non-controlling interests		3,082,916	-	-	-
Profit for the year		184,491,554	351,063,407	160,107,257	382,905,112
Total comprehensive income attributable to:					
Owners of the parent		183,405,427	350,913,825	160,107,257	382,682,001
Non-controlling interests		2,754,938	-	-	-
Total comprehensive income for the year		186,160,365	350,913,825	160,107,257	382,682,001
Basic earnings per share (in Baht)	25	0.57	1.50	0.50	1.63
Diluted earnings per share (in Baht)	25	0.57	1.49	0.50	1.63

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

Do Day Dream Public Company Limited and its Subsidiaries

Statement of Changes in Equity

Consolidated financial statements												
					Retained earnings		Other components shareholders' equity					
					Capital reserve for share-based payment transactions	Deficit on changes in the ownership interests in subsidiary	Legal reserve	Unappropriated	Translating foreign operations	Equity attributable to owners of the parent	Non-controlling interests	Total equity
(in Baht)												
Year ended 31 December 2017												
Balance at 1 January 2017												
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the parent												
	18		Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Deficit on changes in the ownership interests in subsidiary	Legal reserve	Unappropriated	Translating foreign operations	Equity attributable to owners of the parent	Non-controlling interests	Total equity
			91,000,000	4,300,259,918	-	-	-	-	-	4,391,259,918	-	4,391,259,918
	19		-	-	117,000	-	-	-	-	117,000	-	117,000
	26		-	-	-	-	-	(330,750,000)	-	(330,750,000)	-	(330,750,000)
Total transactions with owners, recorded directly in equity					117,000	-	-	(330,750,000)	-	4,060,626,918	-	4,060,626,918
Comprehensive income for the year												
			-	-	-	-	-	351,063,407	-	351,063,407	-	351,063,407
			-	-	-	-	-	(149,582)	-	(149,582)	-	(149,582)
Total comprehensive income for the year					-	-	-	350,913,825	-	350,913,825	-	350,913,825
	20		-	-	-	-	9,300,000	(9,300,000)	-	-	-	-
Transfer to legal reserve					-	-	-	-	-	-	-	-
Balance at 31 December 2017												
			316,000,000	4,347,915,078	117,000	(31,835,833)	31,800,000	122,492,304	-	4,786,488,549	-	4,786,488,549

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

Do Day Dream Public Company Limited and its Subsidiaries

Statement of Changes in Equity

	Note	Consolidated financial statements									
		Retained earnings				Other components shareholders' equity					
		Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Deficit on changes in the ownership interests in subsidiary	Legal reserve	Unappropriated	Translating foreign operations	Total other components of equity	Non-controlling interests	Total equity
(in Baht)											
Year ended 31 December 2018											
Balance as at 1 January 2018											
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners of the parent											
	18, 19	1,887,700	51,944,784	(184,050)	-	-	-	-	53,648,434	-	53,648,434
	19	-	-	67,050	-	-	-	-	67,050	-	67,050
	26	-	-	-	-	-	(66,360,000)	-	(66,360,000)	-	(66,360,000)
Total contributions by and distributions to owners of the parent											
		1,887,700	51,944,784	(117,000)	-	-	(66,360,000)	-	(12,644,516)	-	(12,644,516)
Changes in ownership interests in subsidiaries											
Increase in non-controlling interests from set up new subsidiaries											
		-	-	-	-	-	-	-	-	22,715,590	22,715,590
Total changes in ownership interests in subsidiaries											
		-	-	-	-	-	-	-	-	22,715,590	22,715,590
Total transactions with owners, recorded directly in equity											
		1,887,700	51,944,784	(117,000)	-	-	(66,360,000)	-	(12,644,516)	22,715,590	10,071,074
Comprehensive income for the year											
Profit											
		-	-	-	-	-	181,408,638	-	181,408,638	3,082,916	184,491,554
Other comprehensive income											
		-	-	-	-	-	-	1,996,789	1,996,789	(327,978)	1,668,811
Total comprehensive income for the year											
		-	-	-	-	-	181,408,638	1,996,789	183,405,427	2,754,938	186,160,365
Balance at 31 December 2018											
		317,887,700	4,399,859,862	-	(31,835,833)	31,800,000	237,540,942	1,996,789	4,957,249,460	25,470,528	4,982,719,988

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

Statement of Changes in Equity

Separate financial statements						
Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		
				Legal reserve	Unappropriated equity	Total equity
(in Baht)						
Year ended 31 December 2017						
Balance as at 1 January 2017						
	225,000,000	47,655,160	-	22,500,000	26,713,359	321,868,519
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
18	91,000,000	4,300,259,918	-	-	-	4,391,259,918
19	-	-	117,000	-	-	117,000
26	-	-	-	-	(330,750,000)	(330,750,000)
Total contributions by and distributions to owners						
	91,000,000	4,300,259,918	117,000	-	(330,750,000)	4,060,626,918
Comprehensive income for the year						
	-	-	-	-	382,905,112	382,905,112
	-	-	-	-	(223,111)	(223,111)
Total comprehensive income for the year						
	-	-	-	-	382,682,001	382,682,001
20	-	-	-	9,300,000	(9,300,000)	-
Balance at 31 December 2017						
	316,000,000	4,347,915,078	117,000	31,800,000	69,345,360	4,765,177,438

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

Do Day Dream Public Company Limited and its Subsidiaries

Statement of Changes in Equity

Separate financial statements						
		Retained earnings				
		Capital reserve for share-based payment transactions	Legal reserve	Unappropriated	Total equity	
Note		Issued and paid-up share capital	Share premium			
(in Baht)						
Year ended 31 December 2018						
Balance as at 1 January 2018		316,000,000	4,347,915,078	117,000	31,800,000	4,765,177,438
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
18	Issue of ordinary shares	1,887,700	51,944,784	(184,050)	-	53,648,434
19	Share-based payment transactions	-	-	67,050	-	67,050
26	Dividends	-	-	-	(66,360,000)	(66,360,000)
Total contributions by and distributions to owners		1,887,700	51,944,784	(117,000)	-	(12,644,516)
Comprehensive income for the year						
	Profit	-	-	-	160,107,257	160,107,257
	Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year		-	-	-	160,107,257	160,107,257
Balance at 31 December 2018		317,887,700	4,399,859,862	-	31,800,000	4,912,640,179

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

Do Day Dream Public Company Limited and its Subsidiaries

Statement of Cash Flows

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Cash flows from operating activities					
Profit for the year		184,491,554	351,063,407	160,107,257	382,905,112
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Tax expense	24	28,417,975	62,117,900	17,753,330	60,903,786
Finance costs		9,496,811	11,971,453	9,496,811	11,971,300
Depreciation and amortisation	23	32,124,285	26,330,648	31,766,527	26,052,320
Provisions for employee benefits	17	2,923,664	2,339,246	2,470,823	1,876,188
Unrealised (gain) loss on exchange		(1,439,540)	(920,485)	(237,586)	(920,485)
Share-based payment	19	67,050	117,000	67,050	117,000
Gains on fair value adjustment	7	(1,760,342)	-	(1,760,342)	-
Gain on disposal of current investments		(4,665,862)	-	(4,665,862)	-
Gain on bargain purchase	4	(2,165,690)	-	-	-
Bad and doubtful debts expenses	8	952,935	212,942	354,938	1,440
Losses on inventories devaluation	9	4,663,375	5,693,176	4,298,501	5,335,296
Gains on disposal of property, plant and equipment		(907)	(1,655,138)	(907)	(1,656,482)
Written-off property, plant and equipment		48,678	1,916,134	48,678	1,916,134
Dividend income	10	-	-	(79,996,800)	(39,998,400)
Interest income		(48,136,402)	(1,307,499)	(50,631,952)	(1,111,642)
		205,017,584	457,878,784	89,070,466	447,391,567
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable and other receivables		167,886,164	(232,471,235)	197,899,232	(297,147,149)
Inventories		(99,352,787)	(33,725,216)	(92,443,315)	(27,014,783)
Other current assets		8,055,970	(2,410,769)	8,915,552	(2,165,920)
Other non-current assets		(1,449,125)	3,933,307	220,071	3,961,345
Trade accounts payable and other payables		(148,869,656)	129,454,949	(245,997,872)	141,758,674
Other current liabilities		2,352,243	8,610,806	(88,518)	4,175,852
Net cash generated from (used in) operating		133,640,393	331,270,626	(42,424,384)	270,959,586
Taxes paid		(45,088,566)	(74,352,263)	(36,240,195)	(56,571,850)
Net cash from (used in) operating activities		88,551,827	256,918,363	(78,664,579)	214,387,736

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

Do Day Dream Public Company Limited and its Subsidiaries

Statement of Cash Flows

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
(in Baht)					
Cash flows from investing activities					
Changes in restricted deposits at financial institutions		15,000,000	(32,022,292)	15,000,000	(32,022,292)
Acquisition of investment in subsidiaries	10	-	-	(123,374,625)	(24,999,925)
Acquisition of group assets	4	(94,887,850)	-	-	-
Proceeds from disposal of non-controlling interest		22,715,590	-	-	-
Acquisition of current investments		(5,057,803,927)	-	(5,057,803,927)	-
Proceeds from sale of current investments		2,664,665,862	-	2,664,665,862	-
Acquisition of property, plant and equipment		(28,799,909)	(58,822,386)	(28,352,108)	(58,048,128)
Proceeds from sale of property, plant and equipment		18,869	3,319,924	18,869	3,300,000
Acquisition of intangible assets		(2,876,109)	(10,093,153)	(2,531,350)	(10,022,553)
Short-term loan to a subsidiary	5	-	-	(100,000,000)	-
Dividends received		-	-	79,996,800	39,998,400
Interest received		44,547,700	1,307,499	43,876,127	1,111,641
Net cash used in investing activities		(2,437,419,774)	(96,310,408)	(2,508,504,352)	(80,682,857)
Cash flows from financing activities					
Proceeds from issue of shares		-	4,391,259,918	-	4,391,259,918
Proceeds from exercise of share options		53,648,434	-	53,648,434	-
Proceeds from short-term loans		-	194,891,239	-	194,891,239
Repayment of short-term loans		(267,144,775)	-	(267,144,775)	-
Proceeds from long-term loans		49,900,000	76,150,922	49,900,000	76,150,922
Repayment of long-term loans		(26,896,416)	(130,880,298)	(26,896,416)	(130,880,298)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(1,669,082)	(2,054,458)	(1,669,082)	(2,054,458)
Dividends paid to owners of the Company		(65,933,066)	(330,750,000)	(65,933,066)	(330,750,000)
Interest paid		(9,296,121)	(12,251,473)	(9,296,121)	(12,251,321)
Net cash from (used in) financing activities		(267,391,026)	4,186,365,850	(267,391,026)	4,186,366,002
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		(2,616,258,973)	4,346,973,805	(2,854,559,957)	4,320,070,881
Effect of exchange rate changes on cash and cash equivalents		2,221,538	-	-	-
Net increase (decrease) in cash and cash equivalents		(2,614,037,435)	4,346,973,805	(2,854,559,957)	4,320,070,881
Cash and cash equivalents at 1 January		4,388,519,461	41,545,656	4,338,834,068	18,763,187
Cash and cash equivalents at 31 December		1,774,482,026	4,388,519,461	1,484,274,111	4,338,834,068
Supplemental disclosures of cash flows information:					
Property, plant and equipment acquired during the year ended 31 December 2018 and 2017 are detailed as follows:					
Increase in property, plant and equipment during the year	11	25,465,160	62,033,542	25,017,311	61,259,284
Change in payables on acquisition of plant and equipment		3,334,749	(3,211,156)	3,334,797	(3,211,156)
Net acquisition of property, plant and equipment paid by cash		28,799,909	58,822,386	28,352,108	58,048,128

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

Do Day Dream Public Company Limited and its Subsidiaries

Notes to the Financial Statements

For the year ended 31 December 2018

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These notes form an integral part of the interim financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 25 February 2019.

1 General information

Do Day Dream Public Company Limited (“the Company”), is incorporated in Thailand and has its registered office at 32 Keharomklao road, Kwang Ratphatthana, Khet Saphansung, Bangkok 10240, Thailand.

The Company was listed on the Stock Exchange of Thailand on 26 December 2017.

The Company’s major shareholder during the financial year was Mr. Sarawut Pornpatanarak (56.50% shareholding).

The principal businesses of the Company and its subsidiaries (together referred to the “Group”) are manufacturing and distributing cosmetic.

Details of the Company’s subsidiaries as 31 December 2018 and 2017 are given in note 10.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 30.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Current investment - Trading securities	Fair value
Contingent consideration assumed in a business combinations	Fair value
Share-based payment	Fair value
Defined benefit liability	Present value of the defined benefit obligations as explained in Note 3(l)

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 4	Business combination by acquisition of shares: fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;
Note 12	Impairment test: key assumptions underlying recoverable amounts;
Note 3(r) and 14	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
Note 17	Measurement of defined benefit obligations: key actuarial assumptions
Note 19	Measurement of share-based payments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer (CFO).

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 Acquisition of business
- Note 19 Employee Stock Option Plan (ESOP); and
- Note 27 Financial instruments.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognized in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

(c) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(d) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition less all attributable discount. In the case of manufactured inventories and work-in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost are calculated using the following principles:

Finished goods from Original Equipment Manufacturer. (OEM)	- at cost (first in first out) and at cost (weighted average cost)
Finished goods and work in progress	- at standard cost which approximates actual (first in first out)
Raw materials packaging and factory supplies	- at cost (first in first out) and considered as cost of production when used

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

An allowance for decline in value of inventories are made for all deteriorated, damaged, obsolete and slow-moving inventories.

(f) Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

(g) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and building improvements	5 - 20 years
Machinery and equipment	5 - 10 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) Intangible assets*Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group and have indefinite useful lives i.e. trademark, etc. are measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licences	3 - 10 years
Trademarks	7 years and indefinite useful lives

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Impairment

The carrying amounts of the Group assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income (OCI). The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement immediately occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(m) Share-based payments

The employee share option programme allows certain of the Group's directors and employees to acquire shares of the Company under certain conditions. The proceeds received on exercise of the options, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(o) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognized as services are provided.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Dividend income

Dividend income is recognised in profit or loss on the date the Group right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(p) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale.

(q) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group incremental borrowing rate.

(r) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance costs, income tax expenses and other assets.

4 Acquisition of business

On 5 April 2018, Dream Dermatology Company Limited (a subsidiary) has entered into the Assets Purchase Agreement to acquire the trademark namely "Oxe' Cure", manufacturing formulas, inventories and customer database of a local company with the total amount of Baht 94.89 million.

During the period from acquisition of business date to 31 December 2018, the business contributed revenue of Baht 30.70 million and net profit of Baht 1.71 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have increased Baht 9.78 million and consolidated profit for the period would have increased Baht 2.19 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

The Group has applied Thai Financing Reporting Standards (“TFRS”) No. 3 (revised 2017) *Business Combinations* to recognise the business combination transactions. The following summarises the major classes of consideration transferred, and the recognised amounts of identifiable assets acquired and liabilities assumed.

Consideration transferred

	<i>(in thousand Baht)</i>
Cash	94,888
Total	94,888

Identifiable assets acquired

	Fair value <i>(in thousand Baht)</i>
Inventories	5,214
Intangible assets	91,840
Total net assets identified	97,054
Gain on bargain purchase	(2,166)
Consideration transferred	94,888

The following fair values have been determined on a provisional basis

- The fair value of intangible assets (Trademark) has been determined provisionally completion of an independent valuation.

During the year 2018 the Group engaged an independent appraiser to appraise the fair value of identifiable assets acquired. The independent appraiser completed the process of appraising the fair value.

For the preparation of the consolidated financial statements for the year ended 31 December 2018, the Group has considered the fair values of the identifiable assets acquired from the business acquisitions and recorded the difference between the purchasing price and values of the assets in the account “Gain on bargain purchase” amounting to Baht 2.2 million.

The Group is continuing its review of these matters during the measurement period. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above provisional fair values, or any additional assets or liabilities that existed at the acquisition date, then the acquisition accounting will be revised.

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries are described in notes 10. Relationship with key management and other related parties were as follows:

Name of parties	Country of incorporation / nationality	Nature of relationships
Mr.Sarawut Pornpatanarak	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including major shareholder and director of the Group
PM Chemical Company Limited	Thailand	Shared directors and share holders
Muang Thai Insurance Public Company Limited	Thailand	Shared directors and share holders
Phatra Leasing Public Company Limited	Thailand	Shared directors and share holders
The Fourteen Company Limited	Thailand	Related by director
Nama Nama Group Company Limited	Thailand	Shared directors and share holders
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sales of goods, net of discount	Market price net discount
Rental income	Agreed rate as stipulated in the agreement
Transportation fee income	Agreed rate at a percentage of total purchase
Management fee income	Agreed rate as stipulated in the agreement at a percentage of total sales
Interest income	MLR-2%
Dividend income	Right to receive dividends
Purchase of merchandise goods	Market price net discount
Sales promotion expense	Agreed rate as stipulated in the agreement

5.1 Significant transactions for each year ended 31 December with related parties were as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
Sales of goods, net of discount	-	-	533,872	795,033
Rental income	-	-	484	90
Transportation fee income	-	-	-	10,138
Management fee income	-	-	8,593	10,004
Interest income	-	-	3,167	-
Dividend income	-	-	79,997	39,998
Sales promotion expense	-	-	-	33,848
<i>Other related parties</i>				
Sales of goods, net of discount	138,184	317,752	-	-
Purchases of goods	1,219	15,784	1,219	15,784
Purchases of equipment	-	155	-	155
Sales promotion expense	23,886	21,918	-	-
Rental fee expense	1,353	1,272	180	-
Service fee expense	-	145	-	145
Insurance expense	536	93	536	93
Entertainment expense	6	-	6	-
<i>Key management personnel</i>				
Key management benefit expenses				
Short-term employee benefits	54,936	33,199	50,108	29,735
Post-employment benefits	1,121	602	817	484
Total key management benefit expenses	56,057	33,801	50,925	30,219

5.2 Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable and other receivables- related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	185,971	258,195
Related companies	5,310	50,068	-	3,236
Total	5,310	50,068	185,971	261,431
<i>Short-term loan to a subsidiary</i>				
Dream Dermatology Company Limited	-	-	100,000	-
Total	-	-	100,000	-

Movements during the years ended 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	-	-	-	-
Increase	-	-	100,000	-
At 31 December	-	-	100,000	-

As at 31 December 2018, short-term loan to a subsidiary was unsecured and at call, and bore interest at the rate 4.25% per annum.

<i>Trade accounts payable and other payables - related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	-	36,158
Related companies	1,167	4,923	64	-
Total	1,167	4,923	64	36,158

5.3 Significant agreements with related parties

As at 31 December 2018, the Group had the following significant agreements with related parties.

- a.) The Company has service agreement with Namu Life Plus Company Limited (a subsidiary). Under the terms of the agreement, the Company agreed to provide the service of consulting and management. In this regard, the subsidiary agreed to pay monthly fee to the Company at the rate as stipulated in the agreement.
- b.) The Company has service agreement with Do Infinite Dream Company Limited (a subsidiary). Under the terms of the agreement, the Company agreed to provide the service of consulting and management. In this regard, the subsidiary agreed to pay monthly fee to the Company at the rate as stipulated in the agreement.
- c.) The Company has service agreement with Dream Dermatology Company Limited (a subsidiary). Under the terms of the agreement, the Company agreed to provide the service of consulting and management. In this regard, the subsidiary agreed to pay monthly fee to the Company at the rate as stipulated in the agreement.
- d.) The Company has office rental agreement with Namu Life Plus Company Limited (a subsidiary). Under the term of the agreement, the Company agreed the subsidiary to use the building space for their office. In this regards, the subsidiary agreed to pay rental fee to the Company at the rate stipulated in the agreement.

- e.) The Company has office rental agreement with Do Infinite Dream Company Limited (a subsidiary). Under the term of the agreement, the Company agreed the subsidiary to use the building space for their office. In this regards, the subsidiary agreed to pay rental fee to the Company at the rate stipulated in the agreement.
- f.) The Company has office rental agreement with Dream Dermatology Company Limited (a subsidiary). Under the term of the agreement, the Company agreed the subsidiary to use the building space for their office. In this regards, the subsidiary agreed to pay rental fee to the Company at the rate stipulated in the agreement.
- g.) The Company has office rental agreement with Skin Make Smiles Company Limited (a subsidiary). Under the term of the agreement, the Company agreed the subsidiary to use the building space for their office. In this regards, the subsidiary agreed to pay rental fee to the Company at the rate stipulated in the agreement.
- h.) The Company has service agreement with Do Day Dream Trading Pte. Ltd. (a foreign indirect subsidiary). Under the terms of the agreement, the Company agreed to provide the accounting receivable management service and capital management service. In this regard, the foreign indirect subsidiaries agreed to pay monthly fee to the Company at the rate of 0.1 percent of the total net sales. This agreement is terminated by mutually agreed by both parties in writing or either party upon receipt of 30 days prior written notice in the event the other party materially fails to comply with the terms of agreement through no fault of the other.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Cash on hand	87	57	26	46
Cash at financial institutions				
- current accounts	115,250	8,830	11,526	8,690
Cash at financial institutions				
- savings accounts	856,162	4,376,652	669,739	4,327,118
Highly liquid short-term investments	802,983	2,980	802,983	2,980
Total	1,774,482	4,388,519	1,484,274	4,338,834

As at 31 December 2018, deposits in savings accounts and fixed deposit carried interests of 0.1% - 1.9% per annum (2017: 0.1% - 1.5% per annum).

7 Current investments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Current investments				
Short-term deposits at financial institutions	900,001	-	900,001	-
Equity securities held for trading	1,101,760	-	1,101,760	-
Other debt securities held to maturity	397,803	-	397,803	-
Total	2,399,564	-	2,399,564	-

Short-term deposits at financial institutions, with a carrying amount of Baht 900 million at 31 December 2018 have annual interest rates of from 1.45% to 1.90% and mature within 1 year. Held-to-maturity investments have interest rates of 1.82% to 1.83% and mature within 1 year.

Movements during the years ended 31 December of marketable equity and debt securities were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Current investments				
Trading securities				
At 1 January	-	-	-	-
Purchases during the year	3,760,000	-	3,760,000	-
Sales during the year	(2,660,000)	-	(2,660,000)	-
Valuation adjustment	1,760	-	1,760	-
At 31 December	1,101,760	-	1,101,760	-

8 Trade accounts receivable and other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Trade accounts receivable					
Related parties	5	5,310	50,068	179,112	258,195
Other parties		219,817	373,018	10,332	134,724
Total		225,127	423,086	189,444	392,919
Less allowance for doubtful accounts		(1,173)	(220)	(364)	(9)
Net		223,954	422,866	189,080	392,910
Other receivables					
Other receivables - related parties					
Accrued income		-	-	3,582	3,236
Other receivables		-	-	3,277	-
Other receivables					
- related parties, net	5	-	-	6,859	3,236
Other receivables - other parties					
Prepaid expenses		23,977	4,449	3,078	3,027
Accrued income		4,402	813	4,402	813
Other receivables		13,557	1,048	6,153	946
Other receivables					
- related parties, net		41,936	6,310	13,633	4,786
Total other receivables , net		41,936	6,310	20,492	8,022
Total trade accounts receivable and other receivables - net		265,890	429,176	209,572	400,932
Bad and doubtful debts expense for the year		953	213	355	1

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Trade accounts receivable				
- related parties				
Within credit terms	5,310	50,068	25,961	78,907
Overdue:				
Less than 3 months	-	-	90,887	179,262
3-6 months	-	-	62,264	26
Total	5,310	50,068	179,112	258,195
Less allowance for doubtful accounts	-	-	-	-
Trade accounts receivable				
- related parties, net	5,310	50,068	179,112	258,195
Trade accounts receivable				
- other parties				
Within credit terms	167,468	271,204	3,007	112,045
Overdue:				
Less than 3 months	49,776	71,748	5,619	22,670
3-6 months	1,703	28,561	1,699	-
6-12 months	75	1,353	-	-
Over 12 months	795	152	7	9
Total	219,817	373,018	10,332	134,724
Less allowance for doubtful accounts	(1,173)	(220)	(364)	(9)
Trade accounts receivable				
- other parties, net	218,644	372,798	9,968	134,715
Total trade accounts receivable - net	223,954	422,866	189,080	392,910

The normal credit term granted by the Group ranges from 15 days to 180 days.

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Finished goods	142,574	89,808	110,239	68,927
Work in progress	7,322	9,193	7,322	9,193
Raw materials	62,253	60,366	62,253	60,366
Packaging	179,796	133,116	179,053	132,995
Supplies	5,938	4,987	5,890	4,987
Total	397,883	297,470	364,757	276,468
<i>Less Allowance for obsolete</i>	<i>(6,300)</i>	<i>(5,790)</i>	<i>(5,577)</i>	<i>(5,433)</i>
Net	391,583	291,680	359,180	271,035
Inventories recognised as an expense in ‘cost of sales of goods’				
- Cost	407,692	537,625	397,755	540,231
- Write-down	4,663	5,693	4,299	5,335
Net	412,355	543,318	402,054	545,566

10 Investments in subsidiaries

	Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	77,655	52,655
Acquisitions	123,375	25,000
At 31 December	201,030	77,655

The detail of acquisitions of investments in subsidiaries during the years ended 31 December 2018 and 2017 was as follows:

	Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Dream Dermatology Company Limited	47,500	-
Do Infinite Dream Company Limited	75,000	25,000
Skin Make Smiles Company Limited	875	-
Total	123,375	25,000

Acquisition of investments - direct subsidiary

- (1) The Company set up a local subsidiary, Dream Dermatology Company Limited, with an initial authorised share capital of Baht 50 million and to call for paid-up at 100% of Baht 50 million. In this regard, the Company has 95% shareholding of the subsidiary of Baht 47.50 million. The registration of initial share capital of the subsidiary with the Ministry of Commerce has been completed on 23 March 2018.
- (2) During Quarter 1, the Company increased its investment in Do Infinite Dream Company Limited, a subsidiary, amounting to Baht 75 million as a result of the calling for the remaining of 75% of the subsidiary's authorised share capital Baht 100 million, amounting to Baht 75 million.
- (3) The Company set up a local subsidiary, Skin Make Smiles Company Limited, with an initial authorised share capital of Baht 5 million and to call for paid-up at 25% of Baht 1.25 million. In this regard, the Company has 70% shareholding of the subsidiary of Baht 0.88 million. The registration of initial share capital of the subsidiary with the Ministry of Commerce has been completed on 1 June 2018.
- (4) The Company set up a local subsidiary, Do Infinite Dream Company Limited, with an initial authorised share capital of Baht 100 million and to call for paid-up at 25% of Baht 25 million. In this regard, the Company has 100% shareholding of the subsidiary of Baht 25 million. The registration of initial share capital of the subsidiary with the Ministry of Commerce has been completed on 12 October 2017.

Acquisition of investment - indirect subsidiary

- (1) On 25 January 2018, Do Day Dream Holding Pte. Ltd. was incorporated in Singapore and issued 2,000,000 new shares with a par value of USD 1, 1 share called-up. Do Infinite Dream Company Limited (a direct subsidiary) hold 1 share of such company, or 100% interest, and treats it as investment in subsidiary.
- (2) On 31 January 2018, Do Day Dream Trading Pte. Ltd. was incorporated in Singapore and issued 300,000 new shares with a par value of USD 1, 1 share called-up. Do Infinite Dream Company Limited (a direct subsidiary) hold 1 share of such company, or 100% interest, and treats it as investment in subsidiary.
- (3) During Quarter 2, Do Infinite Dream Company Limited (a direct subsidiary) increased its investment in Do Day Dream Holding Pte. Ltd. amounting to Baht 63.07 million as a result of the calling for the remaining of 100% of the subsidiary's authorised share capital USD 2 million, amounting to Baht 63.07 million.
- (4) During Quarter 2, Do Infinite Dream Company Limited has increased its investment in Do Day Dream Trading Pte. Ltd. amounting to Baht 9.46 million as a result of the calling for the remaining of 100% of the subsidiary's authorised share capital USD 300,000, amounting to Baht 9.46 million.
- (5) On 13 August 2018, Do Day Dream Holding Pte. Ltd. (a foreign indirect subsidiary) has received a share certificate and appeared on the Book of shareholders' registration of Do Day Dream Philippines Corporation (Formerly: Do Day Dream KCA Philippines Corporation), a subsidiary in the Philippines, following the payment for the newly issued common shares to Do Day Dream Philippines Corporation. Do Day Dream Holding Pte. Ltd. has 51% shareholding of the subsidiary in the amount of Philippines Peso 33.66 million (or equivalent approximately of Baht 21.27 million).

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income from those investments for the years then ended, were as follows:

Name of subsidiaries	Type of business	Country of incorporation	Separate financial statements							
			Ownership interest		Paid-up capital		Cost		Dividend income	
			2018	2017	2018	2017	2018	2017	2018	2017
(in thousand Baht)										
<i>Local direct subsidiaries</i>										
Namu Life Plus Company Limited	Distribution of cosmetic and supplement	Thailand	100	100	5,000	5,000	52,655	52,655	79,997	39,998
Do Infinite Dream Company Limited	Management, technical, financing and enterprise service	Thailand	100	100	100,000	25,000	100,000	25,000	-	-
Dream Dermatology Company Limited	Distribution of cosmetic and supplement	Thailand	95	-	50,000	-	47,500	-	-	-
Skin Make Smiles Company Limited	Distribution of cosmetic	Thailand	70	-	1,250	-	875	-	-	-
Total							201,030	77,655	79,997	39,998

Foreign Indirect subsidiaries

Do Day Dream Holding Pte.Ltd.	Holding company	Singapore	100	-	USD 2,000,000	-				
Do Day Dream Trading Pte.Ltd.	General wholesale trade (include general importer and exporter)	Singapore	100	-	USD 300,000	-				
Do Day Dream Philippines Corporation	General wholesale trade (include general importer and exporter)	Philippines	51	-	PHP 66,000,000	-				

11 Property, plant and equipment

Consolidated financial statements						
	Land	Buildings and building improvements	Machinery and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
Cost						
At 1 January 2017	59,596	123,111	68,032	11,199	5,214	267,152
Additions	-	5,878	23,432	6,700	26,023	62,033
Transfers	-	11,618	8,604	-	(20,222)	-
Disposals	-	(2,132)	(28)	-	(1,643)	(3,803)
At 31 December 2017 and 1 January 2018	59,596	138,475	100,040	17,899	9,372	325,382
Additions	-	3,523	4,560	-	17,382	25,465
Transfers	-	2,268	13,179	-	(15,447)	-
Disposals	-	-	(185)	-	-	(185)
At 31 December 2018	59,596	144,266	117,594	17,899	11,307	350,662
Depreciation						
At 1 January 2017	-	7,223	11,114	3,677	-	22,014
Depreciation charge for the year	-	6,637	14,903	3,489	-	25,029
Disposals	-	(216)	(7)	-	-	(223)
At 31 December 2017 and 1 January 2018	-	13,644	26,010	7,166	-	46,820
Depreciation charge for the year	-	7,097	19,060	3,558	-	29,715
Disposals	-	-	(94)	-	-	(94)
At 31 December 2018	-	20,741	44,976	10,724	-	76,441
Net book value						
At 1 January 2017						
Owned assets	59,596	115,888	56,918	1,624	5,214	239,240
Assets under finance leases	-	-	-	5,898	-	5,898
	59,596	115,888	56,918	7,522	5,214	245,138
At 31 December 2017 and 1 January 2018						
Owned assets	59,596	124,831	74,030	2,210	9,372	270,039
Assets under finance leases	-	-	-	8,523	-	8,523
	59,596	124,831	74,030	10,733	9,372	278,562
At 31 December 2018						
Owned assets	59,596	123,525	72,618	867	11,307	267,913
Assets under finance leases	-	-	-	6,308	-	6,308
	59,596	123,525	72,618	7,175	11,307	274,221

	Separate financial statements					Total
	Land	Buildings and building improvements	Machinery and equipment (in thousand Baht)	Vehicles	Assets under construction and installation	
Cost						
At 1 January 2017	59,596	123,111	67,544	11,199	5,214	266,664
Additions	-	5,878	22,658	6,700	26,023	61,259
Transfers	-	11,618	8,604	-	(20,222)	-
Disposals	-	(2,132)	-	-	(1,643)	(3,775)
At 31 December 2017 and 1 January 2018	59,596	138,475	98,806	17,899	9,372	324,148
Additions	-	3,523	4,131	-	17,363	25,017
Transfers	-	2,268	13,179	-	(15,447)	-
Disposals	-	-	(185)	-	-	(185)
At 31 December 2018	59,596	144,266	115,931	17,899	11,288	348,980
Depreciation						
At 1 January 2017	-	7,223	10,999	3,677	-	21,899
Depreciation charge for the year	-	6,637	14,631	3,489	-	24,757
Disposals	-	(216)	-	-	-	(216)
At 31 December 2017 and 1 January 2018	-	13,644	25,630	7,166	-	46,440
Depreciation charge for the year	-	7,097	18,731	3,558	-	29,386
Disposals	-	-	(94)	-	-	(94)
At 31 December 2018	-	20,741	44,267	10,724	-	75,732
Net book value						
At 1 January 2017						
Owned assets	59,596	115,888	56,545	1,624	5,214	238,867
Assets under finance leases	-	-	-	5,898	-	5,898
	59,596	115,888	56,545	7,522	5,214	244,765
At 31 December 2017 and 1 January 2018						
Owned assets	59,596	124,831	73,176	2,210	9,372	269,185
Assets under finance leases	-	-	-	8,523	-	8,523
	59,596	124,831	73,176	10,733	9,372	277,708
At 31 December 2018						
Owned assets	59,596	123,525	71,664	867	11,288	266,940
Assets under finance leases	-	-	-	6,308	-	6,308
	59,596	123,525	71,664	7,175	11,288	273,248

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2018 and 2017 were as follow:

	2018 (in thousand Baht)	2017
Consolidated Financial Statements	5,436	286
Separate Financial Statements	5,430	286

Security

At 31 December 2018 the Company's property, plant and equipment with total net book value of Baht 52.17 million (2017: Baht 52.92 million) were pledged under long-term loans and credit facilities from financial institutions (Note 15).

12 Intangible assets

		Consolidated financial statements		
	Note	Trademarks	Software licences	Total
		(in thousand Baht)		
Cost				
At 1 January 2017		-	8,675	8,675
Additions		5,456	4,637	10,093
At 31 December 2017 and 1 January 2018		5,456	13,312	18,768
Additions		-	2,876	2,876
Acquisitions through business combinations	4	91,840	-	91,840
At 31 December 2018		97,296	16,188	113,484
Amortisation				
At 1 January 2017		-	967	967
Amortisation for the year		187	1,115	1,302
At 31 December 2017 and 1 January 2018		187	2,082	2,269
Amortisation for the year		761	1,625	2,386
At 31 December 2018		948	3,707	4,655
Net book value				
At 1 January 2017		-	7,708	7,708
At 31 December 2017 and 1 January 2018		5,269	11,230	16,499
At 31 December 2018		96,348	12,481	108,829

	Separate financial statements		
	Trademarks	Software licences	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2017	-	8,665	8,665
Additions	5,456	4,566	10,022
At 31 December 2017 and 1 January 2018	5,456	13,231	18,687
Additions	-	2,531	2,531
At 31 December 2018	5,456	15,762	21,218
Amortisation			
At 1 January 2017	-	967	967
Amortisation for the year	187	1,108	1,295
At 31 December 2017 and 1 January 2018	187	2,075	2,262
Amortisation for the year	761	1,597	2,358
At 31 December 2018	948	3,672	4,620
Net book value			
At 1 January 2017	-	7,698	7,698
At 31 December 2017 and 1 January 2018	5,269	11,156	16,425
At 31 December 2018	4,508	12,090	16,598

13 Restricted deposit as financial institution

As at 31 December 2018, the Group and the Company had restricted deposits at financial institutions totaling Baht 20.27 million in the consolidated statement of financial position and the separate statement of financial position respectively (2017: Baht 35.27 million) in order to comply with conditions for using credit facilities of foreign financial institutions and as collateral for letters of guarantee issued by the depositary financial institutions in favour of state enterprises.

14 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidated Financial Statements		Separate Financial Statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Deferred tax assets	7,030	7,343	2,535	1,881
Deferred tax liabilities	(496)	-	(352)	-
Net	6,534	7,343	2,183	1,881

Movements in total deferred tax assets and liabilities during the year were as follows:

	At 1 January 2018	Consolidated financial statements (Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
Deferred tax assets				
Inter-profit on inventories	5,154	(2,349)	-	2,805
Accounts receivable	44	190	-	234
Inventories	1,159	101	-	1,260
Property, plant and equipment and intangible assets	90	60	-	150
Non-current provisions for employee benefits	820	598	-	1,418
Loss carry forward	76	1,087	-	1,163
Total	7,343	(313)	-	7,030
Deferred tax liabilities				
Debt securities held for trading	-	(352)	-	(352)
Others	-	(144)	-	(144)
Total	-	(496)	-	(496)
Net	7,343	(809)	-	6,534

	At 1 January 2017	Consolidated financial statements (Charged) / Credited to:		At 31 December 2017
		Profit or loss	Other comprehensive income	
		<i>(in thousand Baht)</i>		
Deferred tax assets				
Inter-profit on inventories	-	5,154	-	5,154
Accounts receivable	446	(402)	-	44
Inventories	825	334	-	1,159
Property, plant and equipment and intangible assets	692	(602)	-	90
Non-current provisions for employee benefits	329	454	37	820
Loss carry forward	-	76	-	76
Net	2,292	5,014	37	7,343

	At 1 January 2018	Separate financial statements (Charged) / Credited to:		At 31 December 2018
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Accounts receivable	2	71	-	73
Inventories	1,086	29	-	1,115
Property, plant and equipment and intangible assets	90	60	-	150
Non-current provisions for employee benefits	703	494	-	1,197
Total	1,881	654	-	2,535
Deferred tax liabilities				
Debt securities held for trading	-	(352)	-	(352)
Total	-	(352)	-	(352)
Net	1,881	302	-	2,183

	At 1 January 2017	Separate financial statements (Charged) / Credited to:		At 31 December 2017
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Accounts receivable	446	(444)	-	2
Inventories	825	261	-	1,086
Property, plant and equipment and intangible assets	692	(602)	-	90
Non-current provisions for employee benefits	272	375	56	703
Net	2,235	(410)	56	1,881

15 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Current				
Short-term loans from financial institutions				
Promissory notes - secured	-	120,000	-	120,000
Liabilities under trust receipt - secured	-	147,145	-	147,145
	<u>-</u>	<u>267,145</u>	<u>-</u>	<u>267,145</u>
Current portion of long-term loans from financial institutions - secured	<u>29,492</u>	<u>18,775</u>	<u>29,492</u>	<u>18,775</u>
	<u>29,492</u>	<u>18,775</u>	<u>29,492</u>	<u>18,775</u>
Current portion of finance lease liabilities	<u>993</u>	<u>1,449</u>	<u>993</u>	<u>1,449</u>
Total current interest-bearing liabilities	<u>30,485</u>	<u>287,369</u>	<u>30,485</u>	<u>287,369</u>
Non-current				
Long-term loans from financial institutions - secured	61,705	49,419	61,705	49,419
Finance lease liabilities	<u>2,214</u>	<u>3,206</u>	<u>2,214</u>	<u>3,206</u>
Total non-current interest-bearing liabilities	<u>63,919</u>	<u>52,625</u>	<u>63,919</u>	<u>52,625</u>
Total	<u>94,404</u>	<u>339,994</u>	<u>94,404</u>	<u>339,994</u>

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	29,492	285,920	29,492	285,920
After one year but within five years	<u>61,705</u>	<u>49,419</u>	<u>61,705</u>	<u>49,419</u>
Total	<u>91,197</u>	<u>335,339</u>	<u>91,197</u>	<u>335,339</u>

Long-term loans from financial institutions

As at 31 December 2018 and 2017 the Company had secured long-term borrowing agreements with financial institution. Detail were as follow:

Borrowing agreements	Interest rate (% per annum)	Balance as at 31 December		Term of payment
		2018 (in million Baht)	2017	
The first	1 st - 2 nd year : MLR-2.00 From 3 rd year : MLR-1.75	51	68	Principle with interest for 48 months Baht 1.45 million per month
The second	1 st - 2 nd year : MLR-2.00 From 3 rd year : MLR-1.75	40	-	Principle with interest for 72 months Baht 0.89 million per month

On 31 December 2018, fixed deposit, of Baht 20 million (2017: Baht 35 million) and parcels of land and other current and future construction there on with a net book value of Baht 52.17 million (2017: Baht 52.92 million) were used as collateral for the Company's long-term loans and credit line from financial institutions.

Under the terms of the contracts, the Group must comply with certain conditions as stipulated in the agreements such as maintaining financial ratios etc.

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	Consolidated financial statements					
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,174	(181)	993	1,751	(302)	1,449
After one year but within five years	2,394	(180)	2,214	3,568	(362)	3,206
Total	3,568	(361)	3,207	5,319	(664)	4,655

	Separate financial statements					
	2018			2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,174	(181)	993	1,751	(302)	1,449
After one year but within five years	2,394	(180)	2,214	3,568	(362)	3,206
Total	3,568	(361)	3,207	5,319	(664)	4,655

Interest rates

Interest rates as at 31 December 2018 and 2017 were as follow:

	Consolidated financial statements			Separate financial statements	
	2018	2017		2018	2017
			(%)		
Promissory notes	-	3.00		-	3.00
Liabilities under trust receipt	2.91	2.91		2.91	2.91
Long-term loans from financial institutions	MLR-1.75, MLR-2	MLR-1.75, MLR-2		MLR-1.75, MLR-2	MLR-1.75, MLR-2
Finance leases liabilities	4.80 - 6.96	4.80 - 6.96		4.80 - 6.96	4.80 - 6.96

Credit facilities

As at 31 December 2018, the Company had unutilised credit facilities totaling Baht 840 million (2017: Baht 262.85 million).

16 Trade accounts payable and other payables

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
			(in thousand Baht)		
Trade accounts payable					
- related parties	5	45	123	45	35,304
Trade accounts payable					
- other parties		59,291	113,614	33,368	102,488
Other payables - related parties	5	1,122	4,800	19	854
Other payables - other parties		96,442	190,743	19,448	163,261
Total		156,900	309,280	52,880	301,907

17 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Statement of financial position				
Non-current provisions for:				
Post-employment benefits				
Defined benefit plan	7,096	4,172	5,985	3,514
Total	7,096	4,172	5,985	3,514
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits				
Defined benefit plan	2,924	2,339	2,471	1,876
	2,924	2,339	2,471	1,876
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	-	187	-	279
Cumulative actuarial losses recognised	187	187	279	279

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, future salary growth risk and turnover rate risk.

Movement in the present value of the defined benefit obligations.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
At 1 January	4,172	1,646	3,514	1,359
Include in profit or loss:				
Current service cost	2,803	1,430	2,369	1,138
Past service cost	-	856	-	694
Interest on obligation	121	53	102	44
	2,924	2,339	2,471	1,876
Included in other comprehensive income				
Actuarial loss	-	187	-	279
	-	187	-	279
At 31 December	7,096	4,172	5,985	3,514

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Demographic assumptions	-	117	-	88
Financial assumptions	-	253	-	210
Experience adjustment	-	(183)	-	(19)
Total	-	187	-	279

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(%)</i>			
Discount rate	2.89 - 2.95	2.89 - 2.95	2.89	2.89
Future salary growth	5.00	5.00	5.00	5.00
Employee turnover	0 - 39	0 - 39	0 - 39	0 - 39

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 26 years (2017: 27 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
At 31 December 2018				
Discount rate (1% movement)	(1,101)	1,339	(921)	1,121
Future salary growth (1% movement)	1,361	(1,135)	1,140	(950)
Employee turnover (1% movement)	(1,196)	609	(1,006)	599
At 31 December 2017				
Discount rate (1% movement)	(676)	827	(563)	690
Future salary growth (1% movement)	794	(664)	663	(553)
Employee turnover (1% movement)	(734)	389	(616)	384

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

18 Share capital

		2018		2017	
	Par value per share (in Baht)	Number of shares	Amount (thousand shares/thousand Baht)	Number of shares	Amount
Authorised					
At 1 January					
- ordinary shares	100	-	-	2,250	225,000
- ordinary shares	1	318,000	318,000	-	-
At 22 March					
Change in the par value of ordinary share from Baht 100 each to Baht 1 each	1	-	-	222,750	-
- Increase of new shares	1	-	-	93,000	93,000
At 31 December					
- ordinary shares	1	318,000	318,000	318,000	318,000
Issued and paid-up					
At 1 January					
- ordinary shares	100	-	-	2,250	225,000
- ordinary shares	1	316,000	316,000	-	-
At 22 March 2017					
Change in the par value of ordinary share from Baht 100 each to Baht 1 each	1	-	-	222,750	-
At 2 April 2018					
Warrants exercised	1	1,888	1,888	-	-
At 20 July 2017					
Issue shares through the private placement	1	-	-	15,000	15,000
At 21 December 2017					
Issue shares through an initial public offering	1	-	-	76,000	76,000
At 31 December					
- ordinary shares	1	317,888	317,888	316,000	316,000

On 15 March 2017, the Annual General Meeting of the Company's shareholders approved the following resolutions:

- 1) A change in the par value of the shares from Baht 100 to Baht 1 per share, resulting in an increase in number of the ordinary shares from 2,250,000 ordinary shares to 225,000,000 ordinary shares. The Company was registered with the Ministry of Commerce on 22 March 2017.
- 2) An increase the registered shares capital from Baht 225 million to Baht 303 million by issuing newly 78 million ordinary shares. The Company was registered with the Ministry of Commerce on 22 March 2017.

3) An allocation of 78,000,000 additional ordinary shares as follows:

- 3.1) 76,000,000 additional ordinary shares to be issued through an initial public offering.
- 3.2) 2,000,000 additional ordinary shares to be allotted to the directors, executives, and/or employees of the Company and/or its subsidiary under the Employee Stock Option Plan (ESOP).

On 17 July 2017, the Extraordinary General Meeting of the Company's shareholders No.2/2560 approved the following resolutions:

- 1) A decrease the registered shares capital from Baht 303 million to Baht 225 million by reducing the 78 million shares which have not been distributed. The Company was registered the decreased in share capital with the Ministry of Commerce on 20 July 2017.
- 2) An increase the registered shares capital from Baht 225 million to Baht 318 million by issuing newly 93 million ordinary shares at par value of Baht 1 each, totaling Baht 93 million. The Company was registered with the Ministry of Commerce on 20 July 2017.

3) An allocation of 93,000,000 additional ordinary shares as follows:

- 3.1) 15,000,000 additional ordinary shares to be issued through the private placement. On 20 July 2017, the Company sold these additional shares to a new shareholder at Baht 29.87, totaling Baht 448.05 million with share premium of Baht 433.05 million. The Company was registered with the Ministry of Commerce on 20 July 2017.
- 3.2) 76,000,000 additional ordinary shares to be issued through an initial public offering. In December 2017, the Company sold these additional shares to initial public at Baht 53, totaling Baht 4,028 million with share premium (net with listing fees) of Baht 3,867.21 million. The Company was registered with the Ministry of Commerce on 21 December 2017.
- 3.3) 2,000,000 additional ordinary shares to be allotted to the directors, executives, and/or employees of the Company and/or its subsidiary under the Employee Stock Option Plan (ESOP).

Exercised of Employee Stock Option Plan (ESOP)

During the years ended 31 December 2018, ESOP were exercised and registered as issued and paid-up share capital of 1,887,700 shares (equivalent to Baht 1,887,700) with the proceeded of Baht 53.6 million.

Movements of stock options during the year ended 31 December 2018 were as follows:

	<i>(in thousand unit)</i>
Stock options at 1 January 2018	2,000
Less: Exercised during the year	(1,888)
Unutilised stock options (expired)	(112)
Stock options at 31 December 2018	-

19 Employee Stock Option Plan (ESOP)

On 17 July 2017, the Extraordinary General Meeting of the Company's shareholders No. 2/2560 approved to allot 2,000,000 rights to purchase the Company's share capital under the Employee Stock Option Plan (ESOP) as follows:

Name of securities:	Do Day Dream Public Company Limited
Category:	Additional ordinary share capital
Type:	Named share capital
Offering method:	The Company will allot the additional ordinary share capital to the directors, executives, and/or employees of the Company and/or its subsidiaries under the Employee Stock Option Plan.
Term:	1 year after approved by the Company's shareholders
No. of offered shares:	2,000,000 shares
Exercise price:	Fair value as at the allotment date (Baht 28.42 per share)
Exercise period:	The Company will sell the additional ordinary share capital within 1 year after approved by the Company's shareholders under the Employee Stock Option Plan, and 1 month after the share capital of the Company has been registered on the Stock Exchange of Thailand. The offering process will be completed within 17 July 2018.

The estimated fair value of each share option granted is Baht 0.0975, calculated using the Black-Scholes model.

During the year ended 31 December 2018, the Company recognised expenses from this plan amounting to Baht 0.08 million (2017: Baht 0.12 million) as personnel expenses as at 31 December 2018, the Company had reversed the balance of capital reserves for these share-based payment amounting to Baht 0.01 million, net presented in personnel expenses. (As at 31 December 2017, the Company had the balance of capital reserves for share-based payment to Baht 0.12 million and presented in equity.)

20 Additional paid-up capital and reserves

Premium on ordinary shares

Section 51 of the Public Limited Company Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("Premium on ordinary shares"). Premium on ordinary shares is not available for dividend distribution.

Other components of equity

Currency translation difference

The currency translation differences recognized in equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

*Appropriate of profit and/or retained earnings**Legal reserve*

Section 116 of the Public Limited Company Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. Legal reserve is not available for dividend distribution.

In August 2017, the Company allocated the retained earnings amounting to Baht 9.3 million to legal reserve. As at 31 December 2018 and 2017, the legal reserve has fully been set aside.

21 Segment information

Management considers that the Group operates in a single line of business, namely the manufacture and distribution of cosmetic, therefore, only one reportable segment.

Geographic information

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

<i>For the year ended 31 December</i>	2018 (in thousand Baht)	2017 (in thousand Baht)
Revenue from local sales	982,179	1,178,912
Revenue from export sales	267,456	495,527
Total	1,249,635	1,674,439
Profit from operation after intra-group elimination and internal expense allocation	222,407	425,153
Finance costs	(9,497)	(11,972)
Income tax expense	(28,418)	(62,118)
Profit for the year	184,492	351,063

22 Employee benefit expenses

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)			
Wages and salaries		138,341	123,868	108,692	111,718
Bonus welfare and others		19,738	36,962	18,135	33,919
Defined contribution plans		7,994	6,857	6,691	6,234
Defined benefit plans	17	2,924	2,339	2,471	1,876
Share-based payment expenses	19	67	117	67	117
Total		169,064	170,143	136,056	153,864

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Group at rates ranging from 3% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

23 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Raw materials and consumables used	339,050	468,155	329,390	471,492
Sales promotion and marketing expenses	455,661	511,290	13,282	416,011
Employee benefit expenses	160,306	170,143	126,955	153,864
Service fees	11,063	13,086	6,621	11,194
Depreciation and amortization	32,124	26,331	31,767	26,052
Office expenses	19,387	18,272	16,546	18,059
Others	63,986	51,947	28,991	15,514
Total	<u>1,081,577</u>	<u>1,259,224</u>	<u>553,552</u>	<u>1,112,186</u>

24 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		27,346	67,877	17,792	61,239
Adjustment for prior years		263	(745)	263	(745)
		<u>27,609</u>	<u>67,132</u>	<u>18,055</u>	<u>60,494</u>
Deferred tax expense					
Movements in temporary differences	14	809	(5,014)	(302)	410
		<u>809</u>	<u>(5,014)</u>	<u>(302)</u>	<u>410</u>
Total Income tax expense		<u>28,418</u>	<u>62,118</u>	<u>17,753</u>	<u>60,904</u>

Income tax recognised in other comprehensive income

Consolidated financial statements						
	Before tax	2018 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2017 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gains (losses)	-	-	-	(187)	37	(150)
Total	-	-	-	(187)	37	(150)

Separate financial statements						
	Before tax	2018 Tax (expense) benefit	Net of tax	Before tax	2017 Tax (expense) benefit	Net of tax
	(in thousand Baht)					
Defined benefit plan actuarial gains (losses)	-	-	-	(279)	56	(223)
Total	-	-	-	(279)	56	(223)

Reconciliation of effective tax rate

Consolidated financial statements				
	Rate (%)	2018 (in million Baht)	Rate (%)	2017 (in million Baht)
Profit before income tax expense		212,910		413,181
Income tax at the applicable tax rates	20	42,582	20	82,636
Effect of different tax rates in foreign jurisdictions		1,073		-
Income tax reduction - current		(3,216)		-
Income not subject to tax		(16,007)		(184)
Expenses not deductible for tax purposes		2,461		3,084
Additional expenses deductible		(1,074)		(21,325)
Under (over) provided in prior years		263		(745)
Others		2,336		(1,348)
Total	13	28,418	15	62,118

Separate financial statements				
	Rate (%)	2018 (in million Baht)	Rate (%)	2017 (in million Baht)
Profit before income tax expense		177,861		443,809
Income tax at the applicable tax rates	20	35,572	20	88,762
Income tax reduction - current		(3,216)		-
Income not subject to tax		(15,999)		(8,184)
Expenses not deductible for tax purposes		2,207		2,396
Additional expenses deductible		(1,074)		(21,325)
Under (over) provided in prior years		263		(745)
Total	10	17,753	14	60,904

25 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to equity holders of the Company	181,409	351,063	160,107	382,905
Weighted average number of ordinary shares outstanding during the year	317,412	234,279	317,412	234,279
Earnings per share (<i>in Baht</i>)	0.57	1.50	0.50	1.63

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to equity holders of the Company (basic)	181,409	351,063	160,107	382,905
Profit for the period attributable to equity holders of the Company (diluted)	181,409	351,063	160,107	382,905
Weighted average number of ordinary shares outstanding (basic)	317,412	234,279	317,412	234,279
Effect of dilutive potential ordinary shares	-	622	-	622
Weighted average number of ordinary shares outstanding (diluted)	317,412	234,901	317,412	234,901
Earnings per share (diluted) (<i>in Baht</i>)	0.57	1.49	0.50	1.63

26 Dividends

At the annual general meeting of the shareholders of the Company held on 24 April 2018, the shareholders approved the appropriation of dividends from the 2017 operations of Baht 0.21 per share, amounting to Baht 66.36 million. The dividend was paid to the shareholders in May 2018.

At the board of directors' meeting of the Company held on 13 November 2017, the boards approved the appropriation of interim dividend from the operations for the period 30 September 2017 of Baht 0.40 per share, amounting to Baht 96 million. The dividend was paid to shareholders in November 2017.

At the board of directors' meeting of the Company held on 9 August 2017, the boards approved the appropriation of interim dividend from the operations for the period 30 June 2017 of Baht 0.93 per share, amounting to Baht 210 million. The dividend was paid to shareholders in August 2017.

At the annual general meeting of the shareholders of the Company held on 15 March 2017, the shareholders approved the appropriation of dividend from the 2016 operations of Baht 11 per share, amounting to Baht 24.75 million. The dividend was paid to shareholders during 2017.

27 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Capital management

The objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns to the Company's shareholders and benefits to other stakeholders. The management sets strategies to support the Company's operations for more efficiency, and better performances and stronger financial status, including dividend and capital management policies to maintain the optimal capital structure and cost of capital. As at 31 December 2018, the Group and the company had a debt-to-equity of 0.05:1 (2017: 0.14:1) and 0.03:1 (2017: 0.14:1), respectively.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group's exposure to change in interest rate relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group manages the interest rate risk of financial assets and financial liabilities by considering fixed and floating rates depend on the market situation.

The effective interest rates of financial assets as at 31 December and the periods in which the financial assets mature or reprice were as follows:

		Consolidated financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2018					
Current					
Fixed deposit	0.1 - 1.9	1,702,984	-	-	1,702,984
Debt securities held to maturity	1.82 - 1.83	397,803	-	-	397,803
Total		2,100,787	-	-	2,100,787
Non-current					
Restricted deposit as financial institution	0.9	-	20,273	-	20,273
Total		-	20,273	-	20,273

		Consolidated financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2017					
Current					
Cash and cash equivalent	0.1 - 1.5	2,980	-	-	2,980
Total		2,980	-	-	2,980
Non-current					
Restricted deposit as financial institution	0.9	-	35,273	-	35,273
Total		-	35,273	-	35,273

		Separate financial statements			
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2018					
Current					
Fixed deposit	0.1 - 1.9	1,702,984	-	-	1,702,984
Debt securities held to maturity	1.82 - 1.83	397,803	-	-	397,803
Short-term loan to a subsidiary	4.25	100,000	-	-	100,000
Total		2,200,787	-	-	2,200,787
Non-current					
Restricted deposit as financial institution	0.9	-	20,273	-	20,273
Total		-	20,273	-	20,273

	Effective interest rate (% per annum)	Within 1 year	Separate financial statements		
			After 1 year but within 5 years	After 5 years	Total
(in thousand Baht)					
2017					
Current					
Cash and cash equivalent	0.1 - 1.5	2,980	-	-	2,980
Total		2,980	-	-	2,980
Non-current					
Restricted deposit as financial institution	0.9	-	35,273	-	35,273
Total		-	35,273	-	35,273

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in thousand Baht)			
2018					
Current					
Current portion of long-term loans from financial institutions	4.03, 4.25	29,492	-	-	29,492
Current portion of finance lease liabilities	4.10 - 6.96	993	-	-	993
		<u>30,485</u>	<u>-</u>	<u>-</u>	<u>30,485</u>
Non-current					
Long-term loans from financial institutions	4.03, 4.25	-	61,705	-	61,705
Finance lease liabilities	4.10 - 6.96	-	2,214	-	2,214
Total		<u>-</u>	<u>63,919</u>	<u>-</u>	<u>63,919</u>
2017					
Current					
Promissory notes	2.91 - 4.00	120,000	-	-	120,000
Liabilities under trust receipt	2.91 - 4.00	147,145	-	-	147,145
Current portion of long-term loans from financial institutions	4.03	18,775	-	-	18,775
Current portion of finance lease liabilities	4.10 - 6.96	1,449	-	-	1,449
Total		<u>287,369</u>	<u>-</u>	<u>-</u>	<u>287,369</u>

	Effective interest rate	Consolidated financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
Non-current					
Long-term loans from financial institutions	4.03	-	49,419	-	49,419
Finance lease liabilities	4.10 - 6.96	-	3,206	-	3,206
Total		-	52,625	-	52,625

	Effective interest rate (% per annum)	Separate financial statements			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
(in thousand Baht)					

2018**Current**

Current portion of long-term loans from financial institutions	4.03, 4.25	29,492	-	-	29,492
Current portion of finance lease liabilities	4.10 - 6.96	993	-	-	993
Total		<u>30,485</u>	<u>-</u>	<u>-</u>	<u>30,485</u>

Non-current

Long-term loans from financial institutions	4.03, 4.25	-	61,705	-	61,705
Finance lease liabilities	4.10 - 6.96	-	2,214	-	2,214
Total		<u>-</u>	<u>63,919</u>	<u>-</u>	<u>63,919</u>

2017**Current**

Promissory notes	2.91 - 4.00	120,000	-	-	120,000
Liabilities under trust receipt	2.91 - 4.00	147,145	-	-	147,145
Current portion of long-term loans from financial institutions	4.03	18,775	-	-	18,775
Current portion of finance lease liabilities	4.10 - 6.96	1,449	-	-	1,449
Total		<u>287,369</u>	<u>-</u>	<u>-</u>	<u>287,369</u>

Non-current

Long-term loans from financial institutions	4.03	-	49,419	-	49,419
Finance lease liabilities	4.10 - 6.96	-	3,206	-	3,206
Total		<u>-</u>	<u>52,625</u>	<u>-</u>	<u>52,625</u>

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

At 31 December, the Group were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Singapore dollar				
Cash and cash equivalents	57	-	-	-
Trade accounts payable and other payables	31	-	-	-
Net exposure	88	-	-	-
Hong Kong dollar				
Cash and cash equivalents	14,638	-	-	-
Net exposure	14,638	-	-	-
United States dollar				
Trade accounts receivable and other receivables	7,302	-	14,623	-
Trade accounts payable and other payables	7,656	25,382	7,656	25,382
Net exposure	14,958	25,382	22,279	25,382

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated financial statements					
	Carrying amount	Level 1	Fair value Level 2	Level 3	Total
(in million Baht)					
31 December 2018					
Financial assets and financial liabilities measured at fair value					
Debt securities held for trading	1,102	-	1,102	-	1,102
Separate financial statements					
	Carrying amount	Level 1	Fair value Level 2	Level 3	Total
(in million Baht)					
31 December 2018					
Financial assets and financial liabilities measured at fair value					
Debt securities held for trading	1,102	-	1,102	-	1,102

Fair value of financial assets and liabilities

Most of financial assets and liabilities of the Group were short-term. The fair value of financial assets and liabilities are taken to approximate the carrying value as determined in the statement of financial position.

The fair value of long-term loans and financial lease liabilities are taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

The Group has considered the level 2 fair value of debt securities held for trading based on net asset value as at the measurement date according to the fund's information released to the public as at 31 December 2018.

28 Commitments with non-related parties

Capital commitments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Capital commitments				
Machinery and equipment	307	1,270	307	1,270
Total	307	1,270	307	1,270

Future minimum lease payments under non-cancellable operating leases

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Future minimum lease payments under non-cancellable operating leases				
Within one year	7,741	12,162	2,272	6,941
After one year but within five years	8,908	3,494	532	427
Total	16,649	15,656	2,804	7,368

Guarantee

As at 31 December 2018, there was outstanding bank guarantee of approximately Baht 0.27 million (2017: Baht 0.27 million) issued by bank on behalf of the Company in respect of guarantee electricity use.

29 Events after the reporting period

At the board of directors' meeting held on February 25, 2019, the board passed a resolution to approve the appropriation of dividend payment in respect of the Company's profit for the year of Baht 0.5 per share, amounting to Baht 158.94 million. The dividend will be paid within May 2019. However, this resolution must be approved at the annual general shareholders' meeting to be held in April 2019.

30 Thai Financial Reporting Standards not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

The Group has not early adopted those standards in preparing these financial statements.

(a) TFRS 15 Revenue from Contracts with Customers

Sales of goods and services rendered

TFRS 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

Management assessed that there was no material impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the consolidated and separate financial statements.

31 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2017 and statement of comprehensive income for the year ended 31 December 2017 have been reclassified to conform to the presentation in the financial statements for the year ended 31 December 2018. The reclassifications are as follows:

	2017					
	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After reclassi- fication (in thousand Baht)	Before reclassi- fication	Reclassi- fication	After reclassi- fication
Statement of financial position as at 31 December						
Trade accounts payable and other payables	(299,196)	(10,084)	(309,280)	(297,633)	(4,274)	(301,907)
Other current liabilities	(10,586)	10,084	(502)	(5,443)	4,274	(1,169)
		<u>-</u>			<u>-</u>	
Statement of comprehensive income Year ended 31 December						
Revenue from rendering of services	(111)	111	-	(20,252)	20,252	-
Other income	(9,827)	(111)	(9,938)	(8,938)	(20,252)	(29,190)
		<u>-</u>			<u>-</u>	
Cost of sales of goods	534,898	8,420	543,318	538,234	7,332	545,566
Administrative expenses	143,420	(8,420)	135,000	139,048	(7,332)	131,716
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2018

Summary of Performance

Sales Revenue

For the year ended 31 December 2017 and 2018, the Company registered total sales revenue of THB 1,674.44 million and THB 1,249.63 million respectively, slipping significantly at a rate of 25.37%. The slump in international sales revenue is still accountable for the decrease in sales revenue as international sales declined dramatically at 46.03% compared to the same period of the previous year. One of the issues was the delayed product delivery after the license was issued from China Food and Drug Administration (CFDA) at the beginning of 2018 as the Company had to redesign its packaging to comply with the requirements of the license. Furthermore, the Company also found it necessary to adjust its sales structures for overseas business expansion in the future. The incident adversely affected international sales especially revenue from China that did not meet the expectations. Nevertheless, during September 2018, the Company successfully expanded its business to the Philippines to broaden customer base and diversify risk from overseas sales as well as mitigate risk of overreliance on sales in China.

In addition, the Company continued to be negatively impacted by news related to manufacturers of substandard products and the closure of the biggest wholesale skincare market in the country since last April. This was considered an obstacle for distribution channels of the Company's customers as they had to postpone their purchase orders of the Company's products. Moreover, During the year, Thailand tourism disturbed by sharp decline in Chinese tourists, turned off by series of unfortunate events. The Chinese tourists are one of a key customer of the company. Consequently, domestic

sales experienced a 16.69% decrease compared to 2017. The Company is fully aware of the situations and impacts and already formulated new strategies and marketing plans since August 2018 to tackle the problems with affected existing customers as well as tap into new customer base. Domestic sales revenue for the three months period ended 31 December 2017 and 2018 stood at THB 380.39 million and THB 216.71 million respectively or plummeted 43.03%. Nevertheless, considering domestic sales revenue for the three months period ended 30 September 2018 and the three months period ended 31 December 2018, sales revenue was recorded at THB 207.86 million and THB 216.71 million respectively, growing at a rate of 4.26%. This signaled an improvement in domestic sales revenue in the fourth quarter of 2018 compared to the past third quarter.

With regard to sales by product line, sales revenue of a number of product lines dropped compared to the same period of the previous year resulted from the decline in overall sales revenue of the Company except facial cleansers and gift sets which managed to grow significantly at a rate of 89.47% and 36.25% respectively thanks to sales promotion campaigns that attracted customers and popularity of gift sets targeting tourists and focusing on duty free shop distribution. Besides, during the end of September 2018, the Company started promoting products in the Philippines while facial cleansing products are the best sellers there. Sales revenue from facial cleanser product line for the three months period ended 31 December 2018 reached THB 71.84 million or equivalent to a massive 520.38% growth compared to the same period last year.

Table 1: Sales Revenue by Product Line for the Three Months Period Ended 31 December (YoY)

Product Line/ Business Group	Consolidated financial statements				Change Increase/(Decrease)	
	For Three Months Period Ended 31 December					
	2017		2018			
	THB mm	%	THB mm	%	THB mm	%
Sale Revenue						
Revenue from selling product under Company’s trademark						
1) Facial skincare	330.93	78.66	156.89	56.58	(174.04)	(52.59)
2) Body care	18.38	4.37	5.18	1.87	(13.20)	(71.82)
3) Facial cleansing	11.58	2.75	71.84	25.91	60.26	520.38
4) Body cleansing	40.03	9.51	18.29	6.60	(21.74)	(54.31)
5) Sunscreen	15.12	3.59	7.93	2.86	(7.19)	(47.55)
6) Giftset	14.48	3.44	13.99	5.04	(0.49)	(3.38)
Total revenue from products under Company’s trademark						
	430.52	102.32	274.12	98.86	(156.40)	(36.33)
Deduct Sales discount	(12.52)	(2.97)	(7.86)	(2.84)	4.66	(37.22)
Total sales	418.00	99.35	266.26	96.02	(151.74)	(36.30)
Other income ^{/1}	2.73	0.65	11.05	3.98	8.32	304.76
Total revenue	420.73	100.00	277.31	100.00	(143.42)	(34.09)

Note: ¹Other income comprises mainly of interest income and services revenue

Table 2: Sales Revenue by Product Line for the Year Ended 31 December (YoY)

Product Line/ Business Group	Consolidated financial statements				Change Increase/(Decrease)	
	For The Year Ended 31 December					
	2017		2018			
	THB mm	%	THB mm	%	THB mm	%
Sale Revenue						
Revenue from selling product under Company's trademark						
1) Facial skincare	1,327.47	78.81	894.78	68.62	(432.69)	(32.60)
2) Body care	60.00	3.56	39.40	3.02	(20.60)	(34.33)
3) Facial cleansing	71.88	4.27	136.19	10.44	64.31	89.47
4) Body cleansing	134.42	7.98	98.43	7.55	(35.99)	(26.77)
5) Sunscreen	65.14	3.87	32.12	2.46	(33.02)	(50.69)
6) Giftset	54.21	3.22	73.86	5.67	19.65	36.25
Total revenue from products under Company's trademark						
	1,713.12	101.71	1,274.78	97.76	(438.34)	(25.59)
Deduct Sales discount	(38.68)	(2.30)	(25.15)	(1.93)	13.53	(34.98)
Total sales	1,674.44	99.41	1,249.63	95.83	(424.81)	(25.37)
Other income ^{/1}	9.94	0.59	54.35	4.17	44.41	446.78
Total revenue	1,684.38	100.00	1,303.98	100.00	(380.40)	(22.58)

Notes: : ¹Other income comprises mainly of interest income and services revenue**Table 3:** Sales Revenue by Geography for the Three Months Period Ended 30 September and 31 December (QoQ)

Sales by geography	Consolidated financial statements				Change Increase/(Decrease)	
	For Three Months Period Ended					
	30 September 2018		31 December 2018			
	THB mm	%	THB mm	%	THB mm	%
Sale revenue						
1. Sale revenue from domestic customers	207.86	79.64	216.71	78.15	8.85	4.26
2. Sale revenue from overseas customers	41.94	16.07	49.55	17.87	7.61	18.15
Total sales	249.80	95.71	266.26	96.02	16.47	6.59
Other income ^{/1}	11.21	4.29	11.05	3.98	(0.16)	(1.43)
Total revenue	261.01	100.00	277.31	100.00	16.31	6.25

Notes: ¹Other income comprises mainly of interest income and services revenue

Table 4: Sales Revenue by Geography for the Three Months Period Ended 31 December (YoY)

Sales by geography	Consolidated financial statements				Change Increase/(Decrease)	
	For Three Months Period Ended 31 December					
	2017		2018			
	THB mm	%	THB mm	%	THB mm	%
Sale revenue						
1. Sale revenue from domestic customers	380.39	90.41	216.71	78.15	(163.68)	(43.03)
2. Sale revenue from overseas customers	37.61	8.94	49.55	17.87	11.94	31.75
Total sales	418.00	99.35	266.26	96.02	(151.74)	(36.30)
Other income ^{/1}	2.73	0.65	11.05	3.98	8.32	304.76
Total revenue	420.73	100.00	277.31	100.00	(143.42)	(34.09)

Notes: ¹Other income comprises mainly of interest income and services revenue**Table 5:** Sales Revenue by Geography for the Year Ended 31 December (YoY)

Sales by geography	Consolidated financial statements				Change Increase/(Decrease)	
	For Year Ended 31 December					
	2017		2018			
	THB mm	%	THB mm	%	THB mm	%
Sale revenue						
1. Sale revenue from domestic customers	1,178.91	69.99	982.18	75.32	(196.73)	(16.69)
2. Sale revenue from overseas customers	495.53	29.42	267.45	20.51	(228.08)	(46.03)
Total sales	1,674.44	99.41	1,249.63	95.83	(424.81)	(25.37)
Other income ^{/1}	9.94	0.59	54.35	4.17	44.41	446.78
Total revenue	1,684.38	100.00	1,303.98	100.00	(380.40)	(22.58)

Notes : ¹Other income comprises mainly of interest income and services revenue

Cost of Goods Sold

Cost of goods sold for the year ended 31 December 2017 and 2018 stood at THB 543.32 million and THB 412.35 million respectively, equivalent to a 24.11% fall from the same period of the previous year. Cost of goods sold to sales revenue ratio mildly adjusted upward from 32.45% to 33.00% as a result of the reduction in production capacity to be in line with a slowdown in inventory turnover from sales revenue setbacks. This reduction in production capacity is expected to affect fixed cost allocation and marginally increase production costs. Additionally, the increase in cost of goods sold to sales revenue ratio was derived from changes in sales mix of different product lines.

Table 6: Cost of Goods Sold by Type of Expenses for the Year Ended 31 December (YoY)

Cost of sales	Consolidated financial statements				Change Increase/(Decrease)	
	For Year Ended 31 December					
	2017		2018			
	THB mm	%	THB mm	%	THB mm	%
Raw material and packaging	450.98	83.00	328.65	79.70	(122.33)	(27.13)
Labor costs	51.34	9.45	37.24	9.03	(14.10)	(27.46)
Depreciation costs	15.40	2.83	17.53	4.25	2.13	13.83
Freight expenses	1.54	0.28	1.94	0.47	0.40	25.97
Others ^{/1}	24.06	4.43	26.99	6.55	2.93	12.18
Total cost of sales	543.32	100.00	412.35	100.00	(130.97)	(24.11)
Proportion of cost of sales to sales revenue (%)		32.45		33.00		
Gross Profit Margin (%)		67.55		67.00		

Note : ^{/1} Other costs of goods sold mainly comprise warehouse rentals, utility charges and other expenses related to production.

Gross Profit

Considering gross profit, for the year ended 31 December 2017 and 2018, the Company posted gross profit of THB 1,131.12 million and THB 837.28 million respectively or equivalent to gross profit margin of 67.55 % and 67.00% respectively. The small drop in gross profit margin of the Company was caused by cost of goods sold that adjusted upward slightly from the change in production plan and changes in sales mix of different product lines.

Sales Expenses

Sales expenses for the year ended 31 December 2017 and 2018 was THB 580.91 million and THB 510.49 million respectively. This is equivalent to a modest decline of 12.12% compared to the same period last year. This figure shows that the Company significantly reduced sales expenses from the previous year to suit the decrease in sales revenue. However, sales expenses to sales revenue ratio edged up a little from 34.69% to 40.85% as the Company incurred marketing expenses from new products premiered in October.

Table 7: Sales Expenses by Type of Expenses for the Year Ended 31 December (YoY)

Selling expenses	Consolidated financial statements				Change Increase/(Decrease)	
	For The Year Ended 31 December					
	2017		2018			
	THB mm	%	THB mm	%	THB mm	%
Advertising and promotional expenses	511.29	88.02	455.66	89.26	(55.63)	(10.88)
Sales employee cost	35.01	6.03	22.99	4.50	(12.02)	(34.33)
Freight expenses	14.02	2.41	6.46	1.27	(7.56)	(53.92)
Others ^{/1}	20.59	3.54	25.38	4.97	4.79	23.26
Total selling expenses	580.91	100.00	510.49	100.00	(70.42)	(12.12)
% to sales revenue		34.69		40.85		

Notes : ^{/1} Other selling expenses mainly comprise market survey expenses and rental expenses for Namu Life Shop

Administrative Expenses

The Company recorded administrative expenses for the year ended 31 December 2017 and 2018 of THB 135.00 million and THB 158.73 million respectively. This equals to an increase of 17.58% in administrative expenses compared to the same period of 2017 as driven mainly by rising expenses on office employees, office and miscellaneous expenses and depreciation and amortization expenses to support more workloads and more units from business expansion.

Table 8: Administrative Expenses by Type of Expenses for the Year Ended 31 December (YoY)

Administrative expenses	Consolidated financial statements				Change Increase/(Decrease)	
	For The Year Ended 31 December					
	2017		2018			
	THB mm	%	THB mm	%	THB mm	%
Administrative employee cost	83.73	62.02	100.08	63.05	16.35	19.53
Miscellaneous expenses	21.42	15.87	23.13	14.57	1.71	7.98
Depreciation and amortization	10.93	8.10	14.60	9.20	3.67	33.58
Tax and other fee	15.88	11.76	13.02	8.20	(2.86)	(18.01)
Others ^{/1}	3.04	2.25	7.90	4.98	4.86	159.78
Total administrative expenses	135.00	100.00	158.73	100.00	23.73	17.58
% to sales revenue		8.01		12.17		

Notes : ^{/1} Other administrative expenses mainly comprises of impairment of deteriorate products and allowance for doubtful account

Net Profit

The Company posted net profit for the year ended 31 December 2017 and 2018 of THB 351.06 million and THB 184.49 million respectively, equivalent to a significant 47.45% decline. Net profit margin also tumbled from 20.84% to 14.15%. The drop in net profit margin was derived from the decline in sales revenue especially from overseas, Proportion of cost of goods sold that shot up a little from the adjustment in production plan, selling expense and administrative expenses rising that went up compared to the same period of the previous year.

Financial Position

Total Assets

As of 31 December 2018, the Company's total assets stood at THB 5,248.20 million, dropping 3.89% from the end of last year. The majority of total assets consists of cash and equivalents, trade receivables and other receivables, inventories and property, plant and equipment. Cash spent as working capital to acquire other assets such as higher inventories or loan payments to financial institutions mainly contributed to the decline in total assets.

Total Liabilities

As of 31 December 2018, the Company held total liabilities of THB 265.48 million, decreasing 60.61% from the end of last year. Total liabilities fell as short-term loans from financial institutions and trade payables and other payables dropped.

Shareholders' Equity

As of 31 December 2018, the Company held shareholders' equity of THB 4,982.72 million, increasing 4.10%. The minor increase in shareholders' equity was mainly caused by the Company's retained earnings from the Company's performance.

Financial Ratio

Financial Ratio	As of 31 December 2018 ,31
Liquidity Ratio (times)	24.87
Cash Conversion Cycle (days)	315.91
Debt to Equity Ratio (times)	0.05
Return on Equity - ROE (%)	3.70
Return on Assets - ROA (%)	3.52
Net Profit Margin (%)	14.15

Please be informed accordingly.

Yours Sincerely,
Mr. Piyawat Ratchapolsitte
Chief Financial Officer

CORPORATE'S SIGNIFICANT INFORMATION

The Company's General Information

Company Name:	Do Day Dream Public Company Limited
Security's Symbol:	DDD
Nature of Business:	Manufacturer and Distributor of Skin Care Products
Head Office's Address:	No. 32, Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240, Thailand Tel: (+66) 2917 3055 Fax: (+66) 2917 3054 Corporate Website: http://www.dodaydream.com Commercial Website: http://www.namulife.com http://www.oxecurethailand.com
Factory's Address:	No. 53 Moo 9, Rojana Road, Thanu Sub-district, U-thai District, Ayutthaya Province 13210, Thailand Tel: (+66) 35 246 885 Fax: (+66) 35 246 886
Company Registration	
Number:	0107560000109
Registered Capital:	318,000,000 THB (Total of 318,000,000 ordinary shares with par value of 1.00 Baht per share)
Paid-up Capital:	317,887,700 THB
Securities Registrar:	Thailand Securities Depository Company Limited No. 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel: (+66) 2009 9000 Fax: (+66) 2009 9991 TSD Call Center: (+66) 2009 9999
Auditor:	KPMG Phoomchai Audit Limited No. 195 Floor 48 Empire Tower, South Sathorn Road, Bangkok 10120 Tel: (+66) 2677 2000 Fax: (+66) 2677 2222
Legal Advisor:	Weerapong, Chinnavat and Partners Limited No. 540 Floor 22 Mercury Tower, Ploen Chit, Lumpini, Pathum Wan, Bangkok 10330 Tel: (+66) 2264 8000 Fax: (+66) 2657 2222

INFORMATION OF SUBSIDIARIES AND AFFILIATES

Company	Nature of Business	Shareholding Ratio	Share Registered / Paid-up Capital
• Domestic Subsidiaries			
1. Namu Life Plus Company Limited Address: No. 32, Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240 Tel: (+66) 2917 1888 Fax: (+66) 2917 3054 http://www.namulife.com	Domestic distribution business for the Company's skin care products	100%	5 Million Baht (a par value of 1 Baht per share) Fully Paid-up Capital
2. Do Infinite Dream Company Limited Address: No. 32, Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240 Tel: (+66) 2917 3055 Fax: (+66) 2917 3054	("IHQ" / "International Headquarter") which holding shares in foreign subsidiaries of the Company	100%	100 Million Baht (a par value of 100 Baht per share) Paid-up capital of 25 Million Baht (25%)
3. Dream Dermatology Company Limited Address: No. 32, Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240 Tel: (+66) 2917 3055 Fax: (+66) 2917 3054	Cosmeceutical product distribution business	95%	50 Million Baht (a par value of 100 Baht per share) Fully Paid-up Capital
4. Skin Make Smiles Company Limited Address: No. 32, Keharomklao Road, Ratpattana, Saphansung, Bangkok 10240 Tel: (+66) 2917 3055 Fax: (+66) 2917 3054	Skin care manufacturing business targeting millennial customers	70%	5 Million Baht (a par value of 100 Baht per share) Paid-up capital of 1.25 Million Baht (25%)

Company	Nature of Business	Shareholding Ratio	Share Registered / Paid-up Capital
• Foreign Subsidiaries			
5. Do Day Dream Trading PTE Limited Shareholding by Do Infinite Dream Company Limited / Incorporated in the Singapore Address: 1 Raffles Place #28-02, One Raffles Place, Singapore (048616)	Oversea distribution business for the Company's products	100% holding by a subsidiary	USD 300,000 (a par value of USD 1) Fully Paid-up Capital
6. Do Day Dream Holding PTE Limited Shareholding by Do Infinite Dream Company Limited / Incorporated in the Singapore Address: 1 Raffles Place #28-02, One Raffles Place, Singapore (048616)	Holding company, business investment of the Company in oversea	100% holding by a subsidiary	USD 2 Million (a par value of USD1) Fully Paid-up Capital
7. Do Day Dream Philippines Corporation Shareholding by Do Day Dream Holding PTE Limited / Incorporated in the Philippines Address: 2nd Floor, F'7 Rallos Building, #49 Scout Rallos St, Brgy Laging Handa, Quezon City, 1103 Philippines	Oversea distribution business for the Company's products	51% holding by a subsidiary	PHP 66 Million (a par value of PHP 1) Fully Paid-up Capital

Note to Information

The investors can lead additional significant information of Do Day Dream Public Company Limited (“DDD”) from the Company’s Annual Registration Information Statement (Form 56-1) which present on www.set.or.th or the Company’s website www.dodaydream.com in the topic of “Investor Relation”.

INVESTOR RELATIONS

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