



รายงานประจำปี 2555 **Annual Report 2012**

AWARDS and CSR ACTIVITIES in 2012



CSR-DIW AWARD 2012

(Corporate Social Responsibility, Department of Industrial Works)

Thai Optical Group Public Company Limited or TOG
received "CSR-DIW AWARD 2012"

on December 19, 2012 from Department of Industrial Works.

SET AWARDS 2012

Thai Optical Group Public Company Limited or TOG,
had been awarded "The Best Investor Relations Awards"
and "Outstanding Investor Relations Awards"
among the companies of the 3rd group with market capitalization
less than 10,000 mill. Baht, on December 22, 2012 which was
organized by The Stock Exchange of Thailand together with
Money and Banking Magazine.



CSR Recognition 2012

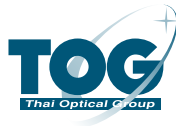
Thai Optical Group Public Company Limited or TOG,
among the ten companies was received CSRI Recognition
Award from CSRI Institute organized by The Stock Exchange
of Thailand, and received "The Rising Star Award"
for outstanding small to medium sized companies in
regarding to Corporate Social Responsibility.

CONTENT



PAGES

2	Vision Mission
3	Financial Highlights
4	Message from the Chairman
5	TOG Information
6	Nature of Business
11	Revenue Structure
12	Industrial Conditions and Competitions
16	Business Objectives and Future Plans
18	The Company Policy and Report on Corporate Social Responsibility (CSR)
27	Risk Factors
30	Dividend Payment Policy
31	Shareholder Structure and Management
33	Board of Directors and Top Executives
46	The Nomination of Directors and Management
54	The Remunerations of Directors and Executives
57	Report of Good Corporate Governance
72	Control of the Use of Internal Information
73	Internal Control and Internal Audit Systems
75	Connected Transactions
81	Explanation and Analysis of the 2012 Financial Status and Operating Performance
85	Report of the Board of Directors on the Responsibility for the Financial Statements
86	Report of the Audit Committee
87	Audit Fees
88	Independent Auditor's Report
89	Financial Statements
101	Notes to Consolidated Financial Statements



Vision

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

Mission

We dedicate to:

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



Financial Highlights

1. Operating Results of the Company and its Subsidiary (Million Baht)

	Consolidated financial statements			Separated financial statements		
	2012	2011	2010	2012	2011	2010
			(Revised)			(Revised)
Total Revenue	1,579.11	1,167.20	1,475.87	1,127.51	878.14	1,166.35
EBITDA	218.86	71.98	292.27	25.70	(38.50)	126.28
Net Profit (Loss)	166.39	(65.87)	139.15	121.98	(19.21)	115.10

2. Statement of Financial Position of the Company and its Subsidiary (Million Baht)

	Consolidated financial statements			Separated financial statements		
	2012	2011	2010	2012	2011	2010
			(Revised)			(Revised)
Total Assets	2,060.21	1,839.38	2,000.76	1,579.92	1,428.77	1,516.80
Total Liability	467.26	364.85	369.34	303.30	229.90	207.71
Shareholders' Equity	1,592.96	1,474.53	1,631.42	1,276.61	1,198.86	1,309.09
Paid-up Shares at the end of the year (Million shares)	472.28	471.10	469.57	472.28	471.10	469.57

3. Financial Ratios and Operation Efficiency (%)

	Consolidated financial statements			Separated financial statements		
	2012	2011	2010	2012	2011	2010
			(Revised)			(Revised)
EBITDA	13.86	6.17	19.80	2.28	(4.38)	10.83
Net Profit (Loss) Margin	11.62	(5.81)	9.63	13.22	(2.53)	10.58
Return on Shareholders' Equity	10.85	(4.24)	8.54	9.86	(1.53)	8.74
Return on Total Assets	8.53	(3.43)	7.20	8.11	(1.30)	7.75
Ratio of Liability to Capital (Times)	0.29	0.25	0.23	0.24	0.19	0.16

4. Share Information

	Consolidated financial statements			Separated financial statements		
	2012	2011	2010	2012	2011	2010
			(Revised)			(Revised)
Earnings (Loss) per Share (Baht)	0.35	(0.14)	0.30	0.26	(0.04)	0.25
Book Value per Share (Baht)	3.38	3.13	3.48	2.71	2.55	2.79
Weighted Average Number of Shares Issued (million shares)	471.68	470.47	469.09	471.68	470.47	469.09

Message from the Chairman

Economy condition

In 2012, the economic and investment climate around the world, including Thai capital markets were also under pressure from the impact of the negative economic factors in Europe, United States and China, including the interest rate cuts by the Bank of Thailand which signaled worries concerned the risk of the global economy. Moreover, a major political change both in domestic and foreign countries which can affect some performance of the TOG because TOG produced optical lenses for export to its main markets in Europe and the United States. Anyway, TOG Management had reduced risks by focusing on acquiring new customers in Asia and Australia. For the year 2013, TOG has set its goal in increasing market shares in Asia, Australia and New Zealand up to 50% of the total sales.



Performance

After floods during the end of the year 2011, TOG accelerated rehabilitation within the plant until was capable by working some production line in December and run full production in January, 2012. Moreover, TOG has set plans to deal with flooding that may occur in the future with the hypothesis that the plant can operate as usually, in case of the flood level not higher than 1.50 meters, which was done completely before June, 2012, including with setting up the emergency work plan guideline for the employees at all level to practice. TOG had received compensation of flood damage from the insurance companies in total amount of 108 million Baht, resulting in consolidated operating performance of TOG and the Subsidiary company has earned 1,579.11 million Baht, increased by 35% and the Net Profit of 166.39 million Baht, increased by 352% as compared to the year 2011.

For the investment, TOG plans for expanding Rx lens laboratory in ASEAN countries by joint venture with partners in each country and strive to product development with quality at a reasonable cost.

Corporate Governance and Corporate Social responsibility

The Board of Directors recognizes the importance of Corporate governance, Environmental, Social responsibility reflected to all stakeholders. In the year 2012, TOG had been awarded by various institutes such as the listed company award for "The Best Investor Relations Award" from the SET Awards 2012, "CSR - DIW 2012", the Rising Star award "from the announcement CSRI Recognition award and was evaluated as "Excellent" grade from the assessment project of the Annual General Meeting of Shareholders for the year 2012 onwards.

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

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

(Mr. Sawang Prachartam)
The Chairman

TOG Information: The Company, Subsidiary Company and Associated Company

Information of the Company		Associated Company	
Company's name	: Thai Optical Group Public Company Limited (TOG)	Company's name	: M VISION OPTICAL PTE. LTD. (M-Vision)
Type of business	: Manufacturer and Distributor of Organic lenses	Type of business	: Manufacturer and Distributor of Prescription Lenses (Rx Lenses)
Head Office	: 15/5 Moo 6, Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi (11110) - Thailand	Head Office	: 60 Robinson Road #12-01 Bea Building, Singapore 068892
Telephone	: (662) 194-1145, (662) 925-5518 to 9	Telephone	: +65 6222 1079
Facsimile	: (662) 925-5710	Facsimile	: +65 6827 5198
	Sales and Customer Services	Registration No	: 201004338 W
Branches	: 77/141-142, 33 rd Floor, Sinn Sathorn Tower, Krungthonburi Road, Klongtonsai, Klongsan, Bangkok (10600) - Thailand	Paid-up capital	: 4,000,000 SGD
Telephone	: (662) 440-0506 to 7	The proportion of the investment	: 1,320,000 SGD (33%)
Facsimile	: (662) 862-0701 to 2, (662) 862-0705		
Registration No.	: 0107547000044		
Registered capital	: 475,000,000 Baht		
Paid-up capital	: 472, 283,100 Baht (as at August 1, 2012)		
Website	: www.thaiopticalgroup.com		
Subsidiary Company		References	
Company's name	: Thai Optical Company Limited (TOC)	Audit Office	: Ernst & Young Office Limited
Type of business	: Manufacturer and Distributor of mineral optical lenses, plastic optical lenses and glass molds		: 33 rd Floor, Lake Rachada Office Complex 193/136-137 Rachadapisek Road, Bangkok (10110) - Thailand
Head Office	: 83 Moo 2, Ngarmwongwarn Road, Muang District, Bangkhen, Nonthaburi (11000) - Thailand	Telephone	: (662) 264-0777
Telephone	: (662) 952-6429 to 31	Facsimile	: (662) 264-0789 to 90
Facsimile	: (662) 952-5488		
	Sales and Customer services	Registrar	: Thailand Securities Depository Co., Ltd.
Branches	: 77/141-142, 33 rd Floor, Sinn Sathorn Tower, Krungthonburi Road, Klongtonsai, Klongsan, Bangkok (10600) - Thailand		: 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok (10110) - Thailand
Telephone	: (662) 440-0506 to 7	Telephone	: (662) 229-2800, (662) 654-5599
Facsimile	: (662) 862-0705	Facsimile	: (662) 359-1259
	Production		
Telephone	: 61/2 Moo 5, Bangbuathong-Suphanburi Road, Laharn, Bangbuathong, Nonthaburi (11110) - Thailand		
Facsimile	: (662) 194-1126 to 30		
Telephone	: (662) 925-5290		
Registration No.	: 0105505002039		
Paid-up capital	: 130,000,000 Baht		
Website	: www.thaiopticalgroup.com		

Nature of Business

Thai Optical Group Public Company Limited (the Company) or TOG was first established under the name “Thai Polymer Lens Company Limited” on March 8, 1991 by the Prachartam family to produce organic lens, to complement the existing production line of Thai Optical Company Limited (the Subsidiary Company) or TOC, manufacturing mineral lenses for more than 50 years. The Company’s widespread domestic distribution in Thailand and is exported to numerous countries around the world. TOG is located at 15/5 Moo 6, Bangbuathong-Suphanburi Rd., Laharn, Bangbuathong, Nonthaburi -Thailand, in the area of 25 Rai. For TOC, its factory consists of 2 sites; the first site located on Ngarmwongwarn Road with the area of 2 Rai for manufacturing Glass Molds and Mineral Lenses and the second site located on Bangbuathong-Suphanburi Road with the area of 13 Rai for manufacturing Organic Lenses and Prescription Lenses or Rx Lenses.

In the year 2012, TOG still committed to be a leading manufacturer of optical lenses in the world-class quality standards together with continuously developing new products. TOG has succeeded in producing High-impact resistant lenses and ultra slim type which makes TOG is known as the first manufacturer to produce this kind of lenses, the product is called “Tribriid”.

Since TOG is the manufacturer for exporting and the main export markets are European countries and the United States so TOG management has focused to acquire new customers in Asia and Australia for risk management. For this year 2013, TOG has set its goal in increasing the proportion of its business in Asia, Australia and New Zealand up to 50% of total sales.

At present, the amount of registered capital of the Company is 475 million Baht, which the paid- up capital is 472.28 million Baht (as at December 31st, 2012), and the remains unpaid of 2.72 million Baht is the reservation of 2.72 million units for supporting the rights to purchase warrants under ESOP. Now nobody exercises these rights because the exercise period will be until April 7, 2014.

TOG Milestones in Ophthalmic Lenses Business

B.C.	Histoy
1951	Started to open optical shop
1962	TOC - The first Mineral Lenses factory in Thailand was established.
1963	Exported Mineral Lenses to Asia and Europe.
1973	Installation Prescription Lenses system (RX)
1981	The prototype of CR39 Lenses manufacturing was started.
1991	TOG was established to expand branch and increased the production line of CR39.
1998	Experimentation and development the processes of Photochromic Lenses production.
2002	Experimentation and development the processes of High Refractive Index Lenses and High Impact Resistant Lenses production.
2006	Issued shares for initial Public Offering and had the first trading day on May 16, 2006.
2007	Experimentation and development the processes of High Refractive Index Lenses.
2008	Increased its capital for 68,750,000 shares and offered to Specsavers Asia Pacific Holdings Limited and 6,250,000 shares, is the reservation of 6,250,000 units for supporting the rights to exercise warrants under ESOP: Total 75,000,000 shares.
2010	1. Started to use the ‘Lean’ concept in manufacturing’ system. 2. Joint Venture with Singapore & Malaysia to expand the market. 3. Invested to produce Freeform Lenses. 4. Additional investment in CR 39 production.
2011	Launched the new product “Tribriid” Lenses.
2012	New products “Tribriid” and received the certificate of International Quality Standard ISO 140001.

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

1. Organic lenses: sub-divided into 4 categories according to the raw materials:
 - 1.1 CR-39[®] Lenses
 - 1.2 Photochromic Lenses
 - 1.3 High Index Lenses
 - 1.4 High Impact Resistant Lenses
2. Mineral Lenses
3. Prescription Lenses or Rx Lenses
4. Other products and services such as Glass Mold used in casting process, other trading lenses and hard coating lenses and anti reflected multi coating lenses.

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

Product Characteristics

1. Organic Lenses

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



- 1.1 CR39[®] - The lens is made of Monomer with trade names as CR-39 and has the refractive index (Index) of 1.498. At present, It has been used in common as general organic lenses which the Company and the subsidiary company had both manufactured the organic lenses as generic products.

- 1.2 Photochromic Lenses - plastic whose tint adapts to the changing of light conditions, becoming a darker in brighter conditions and clearing once in more reduced lighting conditions.
- 1.3 High Index Lenses - more aesthetically pleasing lenses, as thickness is greatly reduced; this lens is light and therefore suitable for extreme myopia or hypermetropia, which will ordinarily require very thick lenses.
- 1.4 High Impact Resistant Lenses - with its lightness, thinness and high tensile strength, lenses of this type offer maximum safety and protection to children and adults with active lifestyles. It is also suited to rimless frames. According to, U.S. Food and Drug Administration which has set the regulations for those children under the age of eighteen to use the impact resistant lenses but if parents' intension deny to use this kind of lenses for their children then, they have to sign a Limitation of Liability Letter with Optical/Eyewear shop. Moreover, several countries in European zone have prepared to launch the same regulation that children have to use high Impact-resistant lenses. The company's High Impact Resistant Lenses made from Monomer under the name of "TrivexTM".

At present, there are only 3 manufacturers in global who produced this kind of lenses, which are TOG, a Japanese Company and an American Company. Japanese and American companies could only produce and distribute semi-finished lenses which have to grind again to match with personal eyesight while the Company is the only one independent manufacturer which can produce High Impact Resistant Lenses from "Trivex™" both in Finished and Semi-Finished Lenses form.

The end products of organic lenses are produced in 2 types:

- **Semi-Finish Lenses** : are optical lenses with standard outer surface curves. Customers must have their own Rx Lab for grinding to adjust the inner surface to get eyesight which match with customers' requirement.
- **Finished Lenses**: are optical lenses with standard curves on both outer and inner surfaces that can be promptly mounted on the framed as required. Finished lenses are available both with and without surface treatment coatings which is considered as Value Added product.

The coated lenses are available as follows:

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

There are also 3 other categories of lenses according to the usage types:

- **Single Vision Lenses**:
An optical lens for correcting either myopia or presbyopia, including oblique astigmatism correction. The standard single vision lenses ranges from ± 0.25 to ± 6.00 and/or oblique from $- 0.25$ to $- 2.00$ at every 0.25 steps, which means the single vision lens can be divided into 384 items depending on the ratio of visual correction.
- **Bifocal Lenses**:
An optical lens with 2 different focal lengths normally used by elderly people who have problems with far and near/reading distance vision. This kind of lenses demands advanced technology to assemble the 2 sections of lenses. Once assembled the two zones are appeared visibly marked on the lens.
- **Progressive Lenses**:
This type of lens (also known as "Progressive Addition Lenses" (or PAL)) provides a similar function as Bifocal lenses for presbyopia, but with highly advanced technology, its curve is designed to continuously adjust to the viewing of different distances with no visible markings on the finished product, so that the appearance of progressive lenses is similar to that of a single vision lenses.

2. Mineral Lenses

The mineral lens is made primarily of glass by grinding both inner and outer surfaces of the glass blank to achieve the necessary curve which are categories as follows:

- 2.1 Mineral 1.523 - the most commonly used glass lens with index at 1.523
- 2.2 High Index Mineral 1.6 - the special component mineral lenses which have index at 1.6 which are higher and Thinner, lighter weight than general lenses. This kind of lens is suite with abnormal eyesight such as high myopia or high presbyopia.
- 2.3 High Index Mineral Extra 1.7 - the special component mineral lenses which have index at 1.7 which is the highest index lenses, causing to produce mineral lenses with thin and light weight.

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

- ◆ Semi-Finished Lenses
- ◆ Finished Lenses

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

- ◆ Single Vision Lenses
- ◆ Bifocal Lenses
- ◆ Progressive Lenses

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

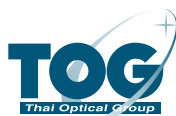
3. Prescription / Rx Lenses

Prescription Lenses or Rx Lenses are value added products of both the Company and its Subsidiary. This type of lens is made by grinding semi-finished organic or mineral lenses to the specific needs of customers (tailor- made). Normally, buyers should grind the semi-finish Lenses by themselves but some foreign Customers of the subsidiary company have limitation to set up Rx Lab for grinding semi-finish Lenses because it is high cost of investment in machines and grinding equipments. Notwithstanding, professional employees have to employ and their salary are also high therefore buyers hire Lens Manufacturer to produce this kind of lens instead. At present, there are no other lenses manufacturers to get in this market so it is special products. Prescription Lenses are totally produced by the subsidiary company.

4. Other products and services

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

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



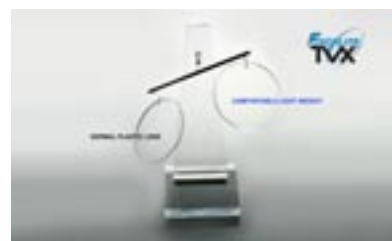
M-Vision

Company	The Subsidiary Company	The Associated Company
Organic lenses (CR-39)	Organic lenses (CR-39)	
Photochromic Lenses	Mineral Lenses	
High Index Lenses	Prescription or Rx Lenses	Prescription or Rx Lenses
High Impact Resistant Lenses	Glass Mold	
Hard Coated and Anti-reflection Coated Services	Hard Coated and Anti-reflection Coated Services	

Revenue Structure

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

Product Types by Value	Manufacturer	Consolidated 2012 (%)	Consolidated 2011 (%)	Consolidated 2010 (%)
1. Standard Lenses	The Company & Sub. Company	37.13	41.99	41.68
2. Value-added Lenses*	The Company	30.76	28.35	33.27
3. Rx Prescription Lenses	Sub. Company	25.32	21.89	14.76
4. Mineral Lenses	The Company & Sub. Company	6.79	7.77	10.29
Other Products and Services				
Total		100	100	100



Product Types by Amount	Manufacturer	Consolidated 2012 (%)	Consolidated 2011 (%)	Consolidated 2010 (%)
1. Standard Lenses	The Company & Sub. Company	78.04	82.77	83.25
2. Value-added Lenses*	The Company	14.64	9.68	10.04
3. Rx Prescription Lenses	Sub. Company	5.62	4.22	3.04
4. Mineral Lenses	The Company & Sub. Company	1.70	3.32	3.67
Other Products and Services				
Total		100	100	100

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

Industrial Conditions and Competitions

The volume of lens exports from Thailand exported to foreign countries, data from, the Customs Department of Thailand, as at December 31st, 2012.

	10 Months/2012	10 Months/2011	Change (%)
Value (million Baht)			
Optical Plastic Lenses	20,802	24,410	(14.78)
Optical Glass Lenses	94	239	(60.67)
Volume (million Pieces)			
Optical Plastic Lenses	171	180	(5.00)
Optical Glass Lenses	1.07	1.68	(36.31)
Average Price (Baht /Piece)			
Optical Plastic Lenses	121	136	(11.03)
Optical Glass Lenses	88	143	(38.46)

Investment trends and Market expansion.

With the economic crisis in Europe and the United States since the year 2011 to 2012, resulting exports statistics of the lens industry reduced. Because both Europe and the United States are major consumer market, together with the appreciating in value of Thai Baht which causes the income to be reduced as well. However, TOG usually awares on price effectiveness to appropriate quality of optical lens products to ensure the trust of customers that has always been given to the Company. As a result, the Company has investment to set up Research & Development Department for developing products to a wider variety of optical lenses and get along with the demand of consumers in the optical lens industry, in addition, TOG can expand to meet its desired goals to increase business proportion in ASEAN countries, Australia and New Zealand up to 50% of the total sales.

Policy and the Nature of Marketing

1. Competitive Strategy

The Company and its Subsidiary do not focus on pricing competition but awareness on price effectiveness to quality which ensures to satisfy customers with the Company's products. Also, the Company uses three main key strategies of the competition which are the quality of products and services and completely providing variety of products in optical lenses which summarize as follows;

● Quality of Products

The utmost important strategy of The Company and its Subsidiary are to manufacture quality products. Every step of production is strictly controlled by a quality control. Every lens is inspected for quality of visual index, thickness, color and free of any imperfection. Every batch of products is produced with the same high standard, ensuring quality and long shelf life that

customers can rely on, resulting in long term customer relationship. At the same time, the Company and its Subsidiary can use this focus on quality to develop relationship with premium customers and acquire new customers who demand high quality products. The Company and its Subsidiary's factory have recently received ISO 14001 by TUV CERT in the production standard, and all products are certified under international standards of U.S. Food and Drug Administration and the European Union which can be sold worldwide.

- **Services**

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

- **Products Category**

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

2. Target Customers

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

3. Channel of Distribution

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

Distribution	Consolidated financial statements 2012	Consolidated financial statements 2011	Consolidated financial statements 2010
Domestic	6.30%	6.22%	5.47%
Foreign	93.70%	93.78%	94.53%

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

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

Foreign Markets	Consolidated financial statements 2012	Consolidated financial statements 2011	Consolidated financial statements 2010
European Union	74.28%	67.96%	65.99%
The United States	9.09%	12.49%	11.91%
Others	16.63%	19.55%	22.10%

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

Product Provision

1. Production

At present, the Company and its Subsidiary can produce lenses 300 days per year, working 1-2 shifts / day (8 hours per shift) which depend on production line and products delivery time. Regarding to, the capacity of the Company and its Subsidiary's machines to produce each type of products ,including that the Company has moved the production line of Organic lenses (CR39) from the old place to the new 4-storey building and bring the Lean Manufacturing System for production management. The Company also realize in terms of labor costs which will continue

rising so the Company has invested more in automated machines to reduce labor shortages in the future. The old building has been modified to suit the production line with the customer's demand.

2. Raw materials

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

Environment Impact

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

In 2012, the Company has been awarded in various fields of Corporate Social Responsibility (CSR) such as CSR-DIW 2012 by the Department of Industrial Works, CSR-Recognition 2012 Awards by Corporate Social Responsibility Institute (CSRI) under operation of The Stock Exchange of Thailand, Etc.

Research and Development

In Optical lenses industry, whenever the new material that suitable for producing lens is discovered, each manufacturer will bring that material to experiment and develop the production process with customized technology. The Company has the Research and Development Department that is responsible for experiment new technology and new material that changed accordingly with the market demand. After developing occur some kind of thinness High-impact resistant lenses which named "Tribriid".

Business Objectives and Future Plans

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

Future Plans

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

Marketing

- Increasing sales volume and market shares both domestically and globally especially in Asia and Australia by enhancing the quality and diversity of products such as the provision of optical services for customers in abroad, in connection with their prescription (Rx) lens orders of the Subsidiary company. This can reflect an impressive and premium services as well as delivering the most convenient and rapid means to the customers.
- Build up profits by emphasizing efficient work force development as well as establishing an effective expenditure controlling system.
- Expanding Rx Lens Laboratories for fast delivery to customers.

Human Resource

- Emphasize the continuity of human resource development by progressive training, and modification to become a learning organization in its professional fields.

Research and Development

- Focus on Research and Development in order to create new products to meet market demands as well as develops the quality of existing products of the Company.
- Emphasize value added products by increasing greater qualities to the high impact resistant lenses. The Company has been acknowledged to be the first Ophthalmic lenses manufacturer of High impact resistant lenses - Excelite TVXTM, in finished single vision, and Progressive lenses. The Company has jointed the agreement with Transitions Optical Inc., the world-leading producer of

photochromic lenses, to add the quality to change color for 2 kinds of lenses, i.e. High impact resistance lenses and High index lenses. These lenses have their quality in being darken immediately when exposed to light, and can be turned into clear lenses when they are in shade. Besides, they prevent 100% UV, both UV-A and UV-B and serve to prevent risk from the ultraviolet ray. Popular colors among customers are gray and brown.

- TOG has joined with PPG Industries which is a chemical manufacturing in the United States in launching super thin High-Impact Resistant Lenses (TRIBRID).

TRIBRID material was developed with advanced technology by hybrid combination that a research in the optical lens production process with this material had been studied for more than one year. In addition, the lens had been launched on October, 2011 at International Eyewear Exhibition (SILMO)-Paris, France and International Eyewear Exhibition (MIDO)-Milan, Italy which had received high interest from optical wholesalers in various countries.

Corporate Social and Environmental Responsibility

- Maintain standard procedures of efficient operations in accordance with the international standard of ISO 9001: 2008 and ISO 9002: 1994 certified by TUV CERT in order to enhance its capability in the global market competition.
- Maintain and Develop in accordance with ISO 14001 certification.
- Continued to implement the Corporate Social Responsibility (CSR) and CSR-DIW 2012 both inside and outside organization.

The Company Policy and Report on Corporate Social Responsibility (CSR)



Corporate Social Responsibility (CSR) of the year 2012 was divided into four areas;

1. Drug Prevention and Solutions
2. Educational and Religious Supports
3. Public Activities Supports
4. Environmental and Safety Workplace

Rules and regulations of the Company and its subsidiaries to above policy are;

Appointing the CSR committee to conduct CSR activities which relate to the policy. Moreover, the members of CSR committee were recruited from representatives from various departments within the Company and its Subsidiaries;

- The Company, the Subsidiary company, the Company's Board of Directors and the top Management team to provide time, advice, budget and suggestions in CSR activities field as well.
- The Company and its Subsidiaries will comply with the requirements of the law in various matters, and also respect to the international guidelines.
- The Company and its Subsidiaries will work with stakeholders and also listen to their opinions.
- The Company and its Subsidiaries will comply with the Universal Declaration of Human Rights.
- The Company and its Subsidiaries will perform the labor practices in accordance with the policy.
- The Company and its Subsidiaries are operating fairly.
- The Company and its Subsidiaries will participate in socio-economic development and community.
- The Company and its Subsidiaries will bring Corporate Social Responsibility (CSR) practices including with evaluate performance for improving continuously.

Thai Optical Group Public Company Limited and its Subsidiary persist in the philosophy of doing business complied with corporate social responsibility, the Company determines balance and create the sustainable living between industry, environment, and community. The Company and its Subsidiary have joined the project of Corporate Social Responsibility (CSR) in Nonthaburi. Moreover, in 2012 the Company won the project in CSR-DIW 2012 which had been audited by the Department of Industrial-Thailand as The Rising Star Awards in CSR Recognition Awards ceremony from the CSRI Institute under the operation of the Stock Exchange of Thailand / and also received Certified ISO 14001 in the international environmental standards.

The Company places importance on every group of stakeholders, and is responsible to clients, shareholders, employees, communities, companies, and the outsiders. These are important factors that bring the Company to the outsiders' acceptance as well as the sustainable growth. The Company and its Subsidiary have the policy to support and promote all employees to involve in social responsibility through their own duties and activities hereto;

1. Drug Prevention and Solutions

According to, the Government policy on drug prevention and solutions which aims to make Thai people and workforce including their families to have good health and quality of life, the Company and its Subsidiary realize the effects of drug problems on the economics and societies in our country, thus the Company has set the goals to start the project for drug prevention in the workplace with the following policies:

- Superordinates in every level must act as role models, give advices and suggestions, assist and send any addict to be cured and recovered for his or her better life and health.
- Every employee play a role and takes part in the Company's campaign for drug prevention and solutions by monitoring both inside and outside of the Company. In case of finding any illegal article or speculated person, everyone must inform the personnel officer, the administrative officer or the police immediately.
- Every employee must cooperate without any conditions for investigation and drug test requirement of the Company. For the first finding of any addict, that person will get the warning and then be sent for treatment.
- Every employee must realize on drug danger that severely destroys the country, society, economics, and quality of life. It is everyone's duty to learn, understand, cooperate, prevent, resolve, support, and give help on the project for drug prevention and solutions in the workplace.
- The Company and its Subsidiary and all employees are willing to cooperate with the government by giving information concerning the drug matters or related persons.

Aside from the policies mentioned above, the Company and its Subsidiary also support employees to do activities so that they can spend their time wisely and have no business dealing with drugs. The activities are about sports, seminars on drug acknowledgment, joining the Nonthaburi province's project 'The Drug Free Workplace', having regular random of drug tests, and conducting clubs for employees to use their free time beneficially.

2. Educational and Religious Supports

● Educational Support

The Company intends to help employees and students from the nearby schools, any impoverished schools, or universities to enhance their knowledge and performances by providing scholarships, education, donations, supports on learning media and constructions, making a project for teaching the young students in schools, and also having permission for students to visit the Company.

- Religious support

The Company aim to instill all employees' virtues and morality for their good and right practices, thus the Company supports them to do many activities such as, donations for religious purposes, making merits on important religious days, conducting Dhamma lectures, and invitation of religious leaders to give them moral lectures.

3. Public Activities Supports

- Employees Deals

- Fair Employment

The Company has a purpose to follow the labor legislation and employment laws. The Company takes care of employees, makes them have the balance between life and work, provides them welfare and provident fund, including with provide the annual health checkup for them. Moreover, all employees receive fair payment and also have opportunities to develop and improve their working skills through the Company's training program. Besides, they can spend time beneficially by being a member of any clubs that set by the Company.

- Employees Supports and Welfare

The Company appoints the Welfare Committee in order to provide advice and guidance on welfare for employees as well as check and verify welfare given to employees. The Welfare Committee will provide additional comments and suggestions or necessary on the provision of welfare. The Company also conducts annual Employee Satisfaction Survey toward their working environment, job description, management team, communication and their engagement with the organization. Results of the survey will be used as guidance in development and improvement further.

- Internal Communication

The Company emphasizes on the internal organizational communication by conducting a meeting to clarify the operating performances, factors affecting to the operations, and directions for future operations. Employees in every section will be informed about the said information equally. Besides, the communication network are also provided as the tools within the organization (Intranet) and between organizations (Internet) for sharing information, news and knowledge that are useful both for employees work performance and lifestyle.

- Conducting Activities

The Company has continual supported in providing activities to create morale in work for employees such as, the contests of works, Innovation or Inventions, Activity Day that provide opportunity to employees in presented their works, set up the employees clubs, the Employees' New Year Party and requesting for donations among the Company's employees to help those who have problems or afflictions in their lives through TOG GROUP project, etc.

- **Participation in the Community and Social Development**

The Company joins the community's activities and social development by donating money and giving supports to both local and national organizations. With reasonable requests, employees can be permitted to take a leave to join the activities conducting for their communities.

- **Social Activities**

Company contributions to social activities through continued partnership with the Red Cross to donate blood / Happy Family Day event for selling the Company's products in cheap price to employees and people in the surrounding communities/donation to foundations such as Association of Disabled persons, Foundation for Disabled Children, infected HIV patients, donated rice and food, clothes and necessities for impoverished persons and disaster's victims/Phrorak Project to educate young people in schools around the Company about recycle garbage for the sustainability income of the community.

4. **Environmental Quality Control and Safety in the workplace.**

- **Environmental Quality Control**

The Company aims to reduce environment impact caused by its operations. We evaluate the impact on environment and find out its solutions, reduce pollution released from the Company's offices and the amount of sewage, and take responsibility for the sewage treatment.

Besides, the Company has protected the environment and community from water pollution by having the waste water treatment. The Company also supports the energy conservation program by encouraging and giving knowledge to students in schools in the communities nearby. The students have been encouraged to help in saving energy to reduce the global warming. Moreover, the Company has launched a project about lenses recreation by arousing employees to make use from the damage lenses by inventing appliances, furniture or accessories in stead of having lenses destruction that may cause further environmental pollution.

- **Occupational Health and Safe Working Environment**

The Company and its Subsidiary need all employees to work in the safe workplace, therefore the Company follows the laws regarding safe working environment and other related laws. The Company sets the safe policy by appointing the Occupational Health and Safe Working Environment Committee to monitor the occupational health and safety in the organization. All employees must respect and follow the rules of occupational health and safety working environment of the Company. They must report about any unsafe environment and deficiency as well as give suggestions (if any) to their superordinate, or who has been authorized by the Company. The Company and its Subsidiary also give support in conducting trainings and activities to give knowledge and creating safety campaigns for employees in every level regularly.

CSR Activities and Awards in 2012

“Ruam Rang Thai Nam Sai Took KlookKlong” Government Project



Mr. Torn Prachartam, Director of Thai Optical Group PLC., is the Company's representative to receive a prestige from Ms. Yingluck Shinawatra, Prime Minister to honor the Company in participating the project.

Project details: In dredging the 307 canals in Bangkok and its vicinity, in order to improve the Flood protection system, including with promoting community along the river side to sustain in protecting clean canal and environment.

“Awards for The 2011 Outstanding Organization in Promoting the Development of Skilled Labor.”



Mrs. Pornpun Thotrakul, Director of Thai Optical Group PLC., is the Company's representative to receive a prestige from Mr. Phadern Sasomsup, Minister of Labour, held on March 2nd, 2012

“Signed a Memorandum of Understanding (MOU) CSR-DIW.”



Mr. Torn Prachartam, Director of Thai Optical Group PLC., is the Company's representative to attend the signing ceremony of the MOU for Industrial development project that is socially responsible participant (Flagship



Project) by Mr. Supharp Kliikhajai, Assistant to the Minister of Industry, presided over the ceremony on June 28th, 2012. Moreover, in the year 2012 the Company was awarded the CSR-DIW 2012 from the Department of Industrial Works.

Drugs Free Workplace Project



Thai Optical Group PLC., had been qualified and certified Drugs Free Workplace Project from Department of Labour Protection and Welfare, on February 16th, 2012

The assessment programs to certify Energy Management Systems.

Thai Optical Co., Ltd., (the Subsidiary Company) had been received a certificate as a qualified workplace which meet the assessment standards for ENERGY Management (EnMS-DIW:2555), on September 14th, 2012.



The Green Industry Projects

Thai Optical Group PLC., was certified under The Green Industry Projects from The Ministry of Industry on May 28th, 2012.



Thailand Labor Standards Projects

Thai Optical Group PLC. and the Subsidiary company, had received the TLS.8001-2553 certificate (Completed level) from Mr.Phaderm Sasomsup, Minister of Labor, on June 1st, 2012. (TLS : Thai Labor Standard)



The activities to prevent and solve drug problems in the workplace.

1. Activities campaign within the organization to against Drug addicts such as Exhibitions, Slogan contest, etc.
2. Organizes investigating and testing urine activities of employees in the workplace on a monthly basis by associate with government agencies.
3. Supports activities or training from the government agencies in order to prevent and solve drug problems.



Promoting Religious Activities

Promoting religious activities of the Company's employees and executives by joining each religious activity such as Buddhism, Muslim and etc. in each year.



The Company Visit Activities



1. Welcome the company visit activities from The Thai-Italian Chamber of Commerce (TICC) on May 30th, 2012.
2. Welcome field trip activities of Thai Optometric school on September 12th, 2012.
3. Welcome Nonthaburi Local Government Agencies which led by Mr.Wichian Phutthiwinyu, Governor of Nonthaburi Province and his team for the company visit on environmental issue

Promoting Education activities



Supporting activities on the 2012 National Children's Day to the 10 schools in communities surrounding the Company, in total amount of 20,000 Baht



The 2012 Recycling of Waste Bank Project in corporate with Laharn District Administration Organization by supporting the Company's trainers to provide training to students in five Pilot schools in communities around the Company, Laharn district, Nonthaburi province. In addition, the Company in corporate with Better Vision Group Co., Ltd. provide measurement and donation of optical checkup to students of the surrounding school.

Promoting Part-time self-employment activities

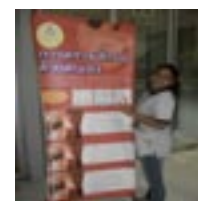
1. Promote and support knowledge about Trademark and disease awareness among ASM.Lampho women's groups in the community, on October 8th, 2012.
2. Promote and support knowledge about Part-time self-employment training among the Company's employees for preparing themselves before retirement, on July 26th, 2012.



Health and Mind Activity



1. The 2012 Happy Family Day Activity, provided an opportunity for employees and their families and the communities around the Company to have a chance to measure their eye sights, making eyeglasses and sell eyeglasses at discounted prices, which held two days on March 25th, 2012 and April 1st, 2012.
2. The Breast Milk Project conduct training to educate pregnancy's employees about health care during pregnancy, and arrange lactation in the workplace, including with give gift for welcoming their child to twenty employees through the year 2012.
3. "TOG Volleyball sport competition" activity for creating good relationship among the Company's employees, including to promote employee to take care of their health and uniting harmony among staff, during on 26th-30th May, 2012.
4. Employees Disease Screening Activity (Diabetes, Blood pressure, Breast and cervical cancer), including to promote employee to take care of their good health, held on February 22nd, 2012.



Welfare and Support Activities for the Company's employees.

1. Welfare for visiting employees in case of illness or accident and also attending mourners ceremony for employees who lost their family members.
2. TOG and TOC Employees Loan Benefit Projects by joining with The Government Savings Bank, Banggruay Branch, for troubleshooting external loan and liabilities of the employees on June 11th, 2012.
3. Polytechnic Centre for Rehabilitation of Flood victims, for helping employees and the people in communities around the Company who are flood victims by repairing their motor vehicles, held on 27th-29th September, 2012 in collaboration with the Bureau of Industry and Resources, Nonthaburi province.



Preserve Thai culture activity

The activity to preserve Thai culture such as Dumhaw watering traditional in the period of Songkran festival for the year 2012, held on April 12th, 2012. Management team and Senior employees of the Company attend the said activity to build good relations between management and employees.



Promoting Public Benefit activities

1. Promoting Blood Donation Activity regularly continued every year. In 2012, there are activities twice times as the first blood donation was arranged on March 12th, 2012 and the second was on September 10th, 2012, total blood donated was 102 units and 123 units respectively.
2. Food support to people who donate blood for Honor on the occasion of 80th year Anniversary of Her Majesty the Queen Sirikit, on August 12th, 2012 at Laharn District Administration Organization.
3. "Eyeglasses to community Project" by joining between Thai Optical Group PLC. / Thai Optical Co., Ltd., / Better vision Group Co., Ltd. / sponsored for free measurement of the eye sights and making free eyeglasses of 200 pairs to people at Phrayasuren Temple.
4. The Company and its subsidiaries join with Better Vision Group Co., Ltd., to conduct donating at Phayathai Babies Home by And donating money and gifts to the children on May 25th, 2012.



Environmental Activities

1. PhoRak school Project, for promoting involvement in social responsibility. Thai Optical Group PLC. and it Subsidiary company had organized PhoRak school Project by conducting the Environment Walk Rally and Recycle garbage activities to 140 students of JaroenRat Auppatum School details as follows;
 - On August 24th, 2012 encourage volunteer employees to adjust landscape around the school such as Playgroud, Bicycle energy pump and Breeding fish pool.
 - On August 26th, 2012, build Fish farming in nature water.
 - On August 29th, 2012, conduct the ceremony to hand over the project and Recycle House by Mr.Wirach Prachartam, Managing Director who presided over the ceremony.
2. Reforestation 800 million seeds Projects, for celebrating 80th years Anniversary of Her Majesty the Queen Sirikit and Releasing fish into the natural source Project in corporate with Laharn District Administration Organization and people in the community, on August 9th, 2012.
3. Conducts exhibition "Love Earth Love Energy Love Safety Love TOG Day", to build conscious among employees and executives, about social and environmental responsibility during 9-11 April, 2012.



Risk Factors

The Company and its Subsidiary have assessed the potential risks that may significantly affect the operations and investors hereto;

1. Business Risk

1.1 Risks from Substituted Products

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

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

1.2 Risks from Competition

In Thailand, the Ophthalmic Lenses Industry is mainly an export industry. Aside from domestic competition, the Company has to compete globally with manufacturers from many other countries, especially China, whose manufacturers can produce CR39 (basic plastic lenses) at very low cost. Therefore, the competition for pricing CR39 is very aggressive.

Due to the change of economic condition, customers want to save money as well as get good quality of products. Thus, in 2009, the Company has coped with price competition by implementing 'Lean manufacturing' system to use for the production. This system helps produce the best quality of products and requires the lowest production cost and shortest production time. Therefore the Company can fulfill customers' requirements and also compete with other channel partners /related companies.

2. Production Risk

2.1 Risks over Price and Raw Material Procurement

The Company and its Subsidiary import main raw materials such as glass blanks, monomer and other chemicals from only a few main producers and distributors. Approximately 70% of the raw materials used in the production of organic lenses are plastic monomer, which account for

approximately 50% of the total production costs. Each plastic monomer is proprietary and owned by certain producers. The risk of this factor stems from having to depend on a sole supplier, and consequently being unable to control the cost. In case that such supplier has a problem in production, the Company and its Subsidiary can have potential on shortage of raw materials. However, for more than 10 years, the Company and its Subsidiary have never encountered a problem over price or shortage of raw materials.

3. Financial Risk

3.1 Risks from Exchange Rate

Due to the fact that all raw materials, monomer and other chemicals are imported from overseas, the Company and its Subsidiary have to pay suppliers in foreign currency. In light of this, the risk from fluctuation of foreign currency exchange rates is unavoidable. Therefore, the Company and its Subsidiary have hedged by setting Foreign Currencies Exchange Forward Contract (Fx Forward) which term is not more than 1 year as Risk Management Tools.

The Company and its subsidiary have the balance of assets and liabilities in foreign currency as at December 31, 2012 as follows:

Unit : Baht

Currency	Assets	Liabilities	Different of Asset and Liabilities	Average Exchange Rate As at December 31, 2012	Different of Asset and Liabilities in Thai Baht
US Dollar	7,236,286	2,744,673	4,491,613	30.5824	137,364,305.41
SG Dollar	332,349	3,992	328,357	24.9916	8,206,166.80
EURO	393,296	381,353	11,943	40.4974	483,660.45
JPY	19,649,960	15,814,215	3,835,745	0.3540	1,357,853.73
MYR	51,684	-	51,684	9.9863	516,101.97
GBP	410	14,412	(14,002)	49,2681	(689,851.94)

3.2 Risk from Guarantees for Credit Facilities

As at December 31, 2012, the Company has contingent liabilities in respect of the guarantees of subsidiary's credit facility provided to banks amounting to Baht 66.1 Million and USD 0.03 Million or approximately equivalent to 67.3 Million in Baht. (2011: 58.7 Million Baht and EURO 0.004 Million or approximately equivalent to 59 Million in Baht).

As at 31 December 2012, its Subsidiary has contingent liabilities in respect of the guarantees of the Company's credit facility amounting to Baht 156.7 Million, JPY 7.2 Million, USD 0.2 Million and EURO 0.1 Million or approximately equivalent to 165.9 Million Baht (2011: 115.5 Million Baht and USD 0.2 Million or approximately equivalent to 121.7 Million Baht) provided to banks.

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

4. Management Risk

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

The Prachartam Family holds 53.62% (at December 31st, 2012) of the Company's paid-up capital. With the majority of shares, the Prachartam Family can control the resolutions of all shareholders, such as appointing committee members and voting on business matters, except where governed by laws or company regulations, stipulating the necessity of not less than 3 forth of all shareholders in attendance with vote entitlement. Therefore, the minority may not gather sufficient votes to audit or ensure balance of power of the majority.

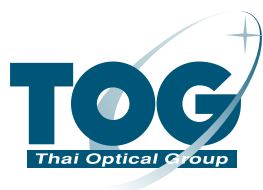
However, according to the management structure, the Company is supervised by the Board of Directors and the Audit Committee with Independent Directors. The directors are all knowledgeable, competent and experienced in operating and managing business. The scope of authority has been clearly and transparently established. In case of having any connected transactions, the majority of shareholders, persons who have power to control the business, and persons who may cause a conflict of interest do not have the rights to approve the said matter.

4.2 Risks from Distributing Domestic Sales via an Affiliated Company

The sole domestic distributor of products manufactured by the Company and its Subsidiary is Nam Silp Thai Co., Ltd., an affiliated Company that may have a potential conflict of interest.

The products of the Company and its Subsidiary are mainly exported, whereas only 6.30% of sales in total are the domestic market where the selling prices are set on the same basis as exports. For clarity and transparency in price setting, the Company and its Subsidiary have product pricing policies controlled by the Board of Directors and the Audit Committee. In case of selling products to person or related company, a report on such matter must be sent to the Audit Committee in every quarter for its clarity and transparency.

Dividend Payment Policy



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

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

Shareholder Structure

As at December 31, 2012 (the recent closing date), Thai Optical Group Public Company Limited has 1,114 shareholders. The first 10 major shareholders (counted from paid-up capitals of 472,283,100 shares) are;

No.	Name of Shareholders	Number of Shares	Stockholder Proportion (%)
1.	The Prachartam Family	253,249,500	53.62
2.	Specsavers Asia Pacific Holding Limited	118,767,600	25.15
3.	Mrs.Supatra Charnsangawech	6,242,100	1.32
4.	Thai NVDR Co., Ltd.	5,290,100	1.12
5.	Sin Kwang Optical Pte Ltd. (Singapore)	5,000,000	1.06
6.	Mrs.Sauwapa Punwattanawitr	4,700,000	1.00
7.	Mr.Sarath Teganjanavanich	4,687,500	0.99
8.	Mr.Kriangsak Isarayangyuen	4,593,400	0.97
9.	Doctor Prasarn Khemakhongkhanont	3,200,000	0.68
10.	Mr.Siriyoth Chaiaumnuay	3,000,000	0.64
	Other shareholders	63,552,900	13.46
	Total shares	472,283,100	100

The major shareholder, the Prachartam Family is comprised of 21 persons as follows;

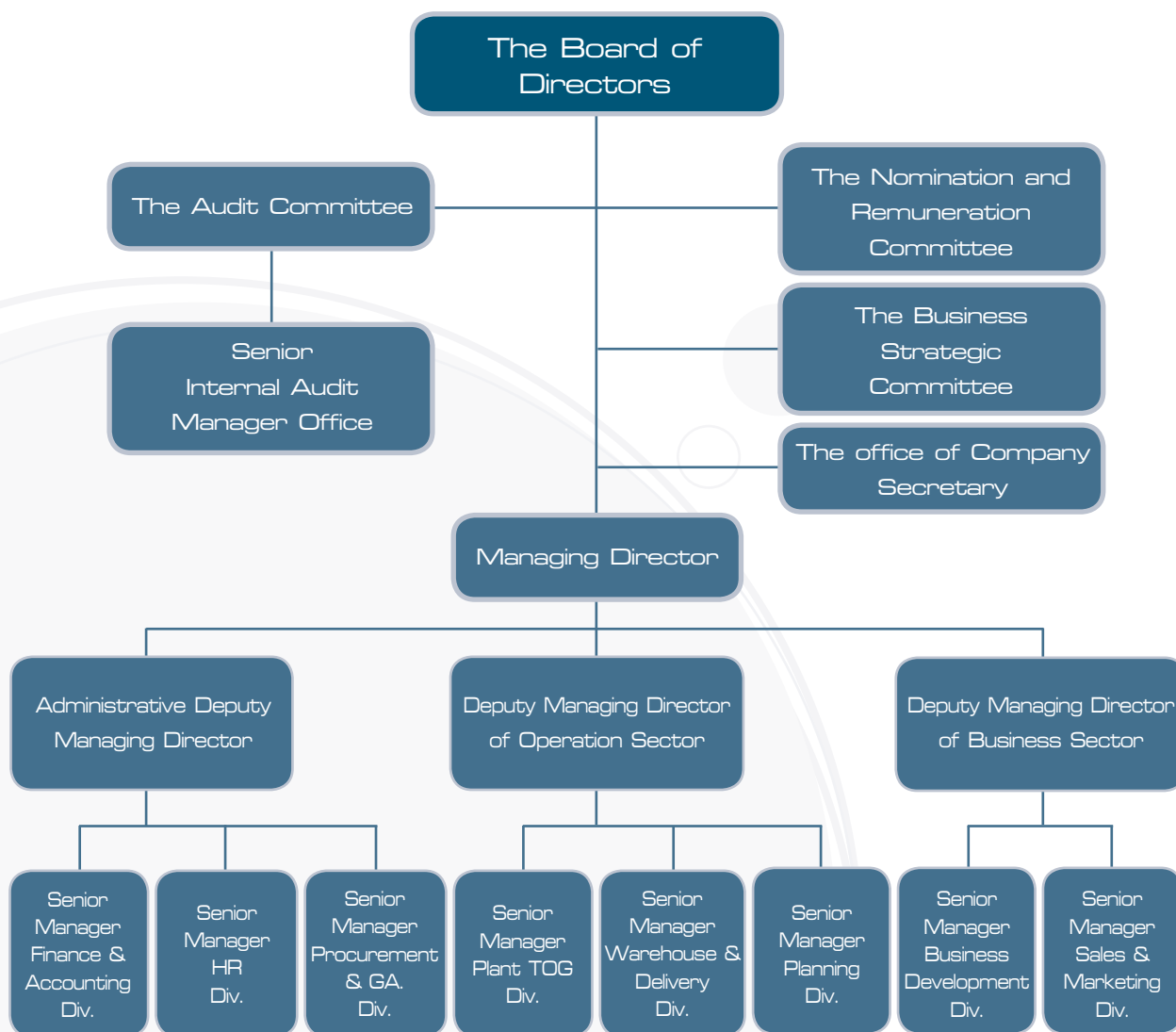
No.	Name of Shareholders	Relation with Mr. Sawang Prachartam	Number of Shares	Stock holder Proportion (%)
1.	Mr.Prateep Prachartam	Brother	39,200,000	8.30
2.	Mr.Kamron Prachartam	Brother	36,668,500	7.76
3.	Mr.Samrit Prachartam	Brother	14,840,000	3.14
4.	Mr.Sarote Prachartam	Brother	9,992,200	2.12
5.	Miss Walnapa Prachartam	Sister	4,637,500	0.98
6.	Miss.Roongnapa Prachartam	Sister	9,390,000	1.99
7.	Lieut. Col. Ketnapa Teganjanavanich	Sister	5,749,100	1.22
8.	Mr.Sawang Prachartam	-	21,992,200	4.66
9.	Mrs.Rattana Prachartam	Sister-in-law (The wife of Mr.Prateep)	8,170,000	1.73
10.	Mr.Wirach Prachartam	Nephew (The son of Mr.Prateep)	10,400,000	2.20
11.	Mr.Witoon Prachartam	Nephew (The son of Mr.Prateep)	9,830,000	2.08
12.	Mrs.Pornpun Thotrakul	Niece (The daughter of Mr.Prateep)	4,880,000	1.03
13.	Miss Pornpen Prachartam	Niece (The daughter of Mr.Prateep)	2,920,000	0.62
14.	Miss Pornthip Prachartam	Niece (The daughter of Mr.Prateep)	4,730,000	1.00
15.	Mrs.Chalineee Laosuwan	Niece (The daughter of Mr.Prateep)	5,300,000	1.12
16.	Mrs.Nonglak Somboontam	Niece (The daughter of Mr.Prateep)	4,730,000	1.00
17.	Mrs.Amolrat Prachartam	Niece (The daughter of Mr.Prateep)	4,830,000	1.02
18.	Mr.Pakee Prachartam	Nephew (The son of Mr.Kamron)	21,500,000	4.55
19.	Mr.Torn Prachartam	Nephew (The son of Mr.Kamron)	20,100,000	4.26
20.	Mr.Yossanan Prachartam	Nephew (The son of Mr.Sarote)	13,330,000	2.82
21.	Mr.Bancha Yongrithikul	Nephew (The son of Miss Walnapa)	60,000	0.01
	Total of shares held by the Prachartam Family		253,249,500	53.62

Foreign Shareholders Limitation

Foreign shareholders are not allowed to hold more than 49% of the total paid-up capitals. As of December 31, 2012, there were 27.02% of the total shares of the Company held by foreign shareholders.

The Organization Structure

The Organization Structure of Thai Optical Group Public Company Limited as at December 31, 2012



Board of Directors and Top Executives



Mr. Sawang Prachartam

Chairman of the Board of Directors/
Chairman of the Business Strategic Committee

Age : 68 Years

Shareholding : 4.66%

Education :

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

Management Developments :

Thai Institute of Directors (IOD) :

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

Other Current Position :

- ◆ Director Consultant to Thai Optometric Association.
- ◆ Member of the Engineering Institute of Thailand Under H.M. the King's Patronage.
- ◆ Director, Thai - Italian Chamber of Commerce (TICC)

Work Experience :

- 1966-1967 Engineer, Universal Engineering Consultants Co., Ltd.
- 1967-1968 Engineer, Soil Testing Service Co., Ltd.
- 1968-1969 Engineer, Aisun & Associates Co., Ltd.
- 1970-1974 Engineer, Hale & Kullgren, Akron, Ohio, U.S.A. and Structural Analysis System, Kent, Ohio, U.S.A.
- 1974-1976 Research Associate, Civil Engineering Dept., The University of Akron, Ohio, U.S.A.
- 1976-1978 Structural Engineer, Department of Applied Science, Brookhaven National Lab, NY, U.S.A.
- 1979-1981 Director and Engineer, Architect 110 Co., Ltd. Senior Structural Engineer, Thai Group Consultants Co., Ltd.
- 1982-2003 Executive Directors in Sales and Marketing
 - Thai Optical Co., Ltd.
 - Better Vision Group Co., Ltd.
 - Nam Silp Thai Eyewear Co., Ltd.
- 2004-2008 Managing Director, Thai Optical Group PLC.
- 2009-Present Chairman of the Board of Directors, Thai Optical Group PLC.



Mr. Wirach Prachartam

Director/Member of the Business Strategic Committee/Managing Director/
Deputy Managing Director of Business Sector

Age : 51 Years

Shareholding : 2.20%

Education :

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

Management Developments :

Thai Institute of Directors (IOD) :

- DAP Class 15/2004 - DCP Class 135/2010
- SFE Class 15/2012 (Successful Formulation and Execution of Strategy)

Other Current Positions :

- ◆ Director, Thai Optical Group PLC.
- ◆ Director, Nam Silp Thai Eyewear Co., Ltd.
- ◆ Director, Thai Optical Eyewear Distribution Co., Ltd.
- ◆ Counselor to the Board of Directors, Thai Optometric Association

Work Experience :

- 1985-1992 Assistant Sales Directors, Nam Silp Thai Registered Ordinary Partnership
- 1992-2002 Sales Directors, Nam Silp Thai Registered Ordinary Partnership
- 2002-2008 Managing Director, Nam Silp Thai Eyewears Co., Ltd.
- 1992-1994 Member of the Central Committee, Thai Optometric Association
- 1994-1996 Executive Director, Thai Optometric Association
- 1996-2000 Treasurer and Director, Thai Optometric Association
- 2000-2002 Secretary, Thai Optometric Association
- 2002-2004 Executive Director and Counselor to the Secretary, Thai Optometric Association
- 2008-Present Director/Deputy Managing Director of Business Sector/Member of the Business Strategic Committee Thai Optical Group PLC.
- 2012-Present Managing Director, Thai Optical Group PLC.



Mr. Sarote Prachaktam

Mrs. Pornpun Thotrakul

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

Age : 65 Years

Shareholding : 2.12%

Education :

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

Management Developments :

Thai Institute of Directors (IOD) :

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

Other Current Position :

- ◆ Managing Director, Thai Optical Co., Ltd.

Work Experience :

- 1972-2003 *Director and Factory Manager,*
 - Thai Optical Co., Ltd.
 - Thai Polymer Lens Co., Ltd.
- 2004-2008 *Deputy Managing Director of Operation Sector,*
 Thai Optical Group PLC.
- 2009-2011 *Managing Director,*
 Thai Optical Group PLC.
- 2006-2011 *Director/Member of the Business Strategic Committee,*
 Thai Optical Group PLC.
- 2012-Present *Member of the Nomination and Remuneration Committee,*
 Thai Optical Group PLC.

Director/Administrative Deputy Managing Director/
Procurement and General Affair Manager

Age : 58 Years

Shareholding : 1.03%

Education :

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

Management Developments :

Thai Institute of Directors (IOD) :

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

Other Current Position : None

Work Experience :

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



Mr. Torn Prachartam

Director/Member of the Business Strategic Committee/Deputy Managing Director of Operating Sector/Plant TOG Manager

Age : 45 Years

Shareholding : 4.26%

Education :

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

Management Developments :

- Thai Institute of Directors (IOD) :
- DCP Class 149/2011
- SFE Class 14/2011 (Successful Formulation and Execution of Strategy)

Other Current Positions : None

Work Experience :

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



Mr. Trevor Paul Blatchford

Director/Member of the Business Strategic Committee

Age : 62 Years

Shareholding : None

Education :

- ◆ Fellow (1982)/Associate (1976) of the Institute of Chartered Accountants in England and Wales.
- ◆ BSc. (Econ) - Economics & Business Studies
(Aberystwyth University, Wales - 1972)

Management Developments :

- Thai Institute of Directors (IOD) :
- DCP class 145/2011 - Fellow (2012)/Graduate (2011)

Other Current Positions :

- ◆ *Director of Hong Kong and Shanghai Operations,*
Specsavers Procurement Asia Ltd.

Work Experience :

- 1973-1976 *Coopers & Lybrand*
- 1976-1979 *Finance Director,*
Eagle Development Group
- 1979-1983 *Financial Controller Europe,*
Dynatech Data Communications
- 1983-1988 *VP Finance Europe,*
Dynatech Data Communications
- 1988-1990 *CFO, Dynatech Corporation Communications and*
Information Processing Division
- 1990-1992 *Finance Director, Blue Diamond Group*
- 1992-1993 *VP Finance Europe, Scientific Atlanta*
- 1993-1995 *Finance Director Europe,*
Dynatech Data Communications
- 1995-2002 *Finance/Commercial Director,*
Specsavers Optical Group
- 2002-2006 *Commercial/Strategic Development Director,*
Specsavers Optical Group
- 2006-2008 *Director, 88 Ltd.*
- 2008-Present *Director/Member of the Business Strategic Committee,*
Thai Optical Group PLC.



Mr. David Andrew Cross

Director/Member of the Business Strategic Committee

Age : 57 Years

Shareholding : None

Education :

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

Management Developments :

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

Other Current Positions :

- 2007-Present *Vice President and Deputy Chairman/Chair of Audit Committee/Member of Mergers and Acquisitions Committee/Member of Public Policy Committee*
Royal Automobile Association of South Australia Inc. (RAA Group)
- 2009-Present *Director of Operations (Supply Chain) Asia Pacific,*
Specsavers Pty Ltd.
- 2010- Present *Non Executive Director /Member of Audit Committee / Member of Governance and Remuneration Committee*
RAA Insurance Ltd. and RAA Insurance Holdings Limited
- 2010- Present *Non Executive Director/Chairman of Marketing Committee/Member of Finance Committee*
TRSA (Thoroughbred Racing South Australia Ltd.)

Work Experience :

- 1976-1980 *Hungerfords/KPMG*
- 1980-1993 *Commercial Director, Clarks Shoes Australia LTD.*
- 1993-1996 *Finance Director, SOLA Australia*
- 1996-1999 *Commercial Director, SOLA Australia*
- 1999-2002 *Vice President Finance Global Operations,*
SOLA International Inc.
- 2002-2004 *Vice President Business Planning and Development,*
SOLA International Inc.
- 2004-2007 *Non Executive Director,*
Optical Distributors and Manufacturers Association of Australia (ODMA)
- 2004-2007 *Managing Director Asia Pacific,*
- SOLA International Inc.
- Carl Zeiss Vision-AG
- 2007 *Vice President Strategic Business Development,*
Carl Zeiss Vision-AG
- 2009-Present *Director/ Member of the Business Strategic Committee,*
Thai Optical Group PLC.



Mr. Singh Tangtatswas

Independent Director/

Chairman of the Audit Committee

Age : 70 Years

Shareholding : None

Education :

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

Management Developments :

- Wharton School : Certificate of Management Development Program
- Harvard Business School : Certificate of Executive Development Program
- Thai Institute of Directors (IOD) :
- DCP Class 0/2000 - MIA Class 6/2009

Other Current Positions :

- ◆ *Director, Thai Institute of Directors (IOD)*
- ◆ *Executive Director and Chairman of the Risk Management committee, Bangkok Bank PLC.*
- ◆ *Director and Chairman of the Nomination and Remuneration Committee, Bangkok Insurance PLC.*
- ◆ *Independent Director, TWZ Corporation PLC.*

Work Experience :

- 1968-1978 *Economist, Fiscal Policy Office, Ministry of Finance*
- 1978-1980 *Director, Fiscal Planning Division, Fiscal Policy Office,*
Ministry of Finance
- 1980-1986 *Finance and Planning Manager, Siam Cement PLC.*
- 1986-1996 *Deputy Managing Director, The Siam Pulp and Paper PLC.*
- 1991-1996 *Managing Director, Siam Cellulose Co., Ltd.*
- 1986-1996 *Director, Siam Industrial Finance and Securities Company*
- 1986-1996 *Director and Treasurer,*
Thai Pulp and Paper Industry Association
- 1996-1998 *President, The Stock Exchange of Thailand*
- 1999-2001 *President and Chief Executive Officer,*
Krung Thai Bank PLC.
- 2006-2010 *Director, Bangkok Bank PLC.*
- 2002-2009 *Adviser, Corporate Governance Center of The Stock Exchange of Thailand*
- 2004-Present *Independent Director/Chairman of the Audit Committee,*
Thai Optical Group PLC.



Mr. Wicha Jiwalai

Independent Director/

Member of the Audit Committee

Age : 68 Years

Shareholding : None

Education :

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

Management Developments :

Thai Institute of Directors (IOD) :

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

Other Current Positions :

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

Work Experience :

- 1966-1979 Lecturer at Faculty of Engineering,
Chulalongkorn University
- 1979-1985 Associate Professor and Head of Survey Engineering
Department, Faculty of Engineering,
Chulalongkorn University
- 1986 Visiting Professor, Ghajamadha University,
Indonesia (under the MUCIA - World Bank Project)
- 1985-1989 Deputy Governor of Bangkok, Metropolitan Administration
- 1993-1998 President, Thai Condominium Association
- 1994-1995 Committee,
the Sub-Committee for National Housing Policy
- 2000-2005 Chairman of Executive Board,
Geo-Informatics and Space Technology Development
Agency (Public Organization)
- 2004-Present Independent Director/Member of the Audit Committee,
Thai Optical Group PLC.



Police General Pakorn Sappakit

Independent Director/

Member of the Audit Committee

Age : 68 Years

Shareholding : None

Education :

- ◆ Bachelor of Public Administration,
Police Cadet Academy (Class 19), Sampran
- ◆ 10th Senior police Management Course,
Police Development Institute, Bangkok
- ◆ 25th Senior Management Training Course,
Civil Servant Training Institute, Bangkok
- ◆ 40th National Defense Course, National Defense College, Bangkok
- ◆ International Police Academy Washington D.C., U.S.A.
- ◆ Psychological Operation Control, Fort Bragg, North Carolina, U.S.A.
- ◆ The Major case Management Course,
FBI National Academy, Quantico, Virginia, U.S.A.

Management Developments :

Thai Institute of Directors (IOD) :

- DAP Class 10/2004 - ACP Class 11/2006
- QFR Class 4/2006

Other Current Positions : None

Experience :

- 1966 Deputy Inspector for Investigation,
Bang Sue Police Station,
Bangkok Metropolitan Police Region
- 1974 Inspector for Administration and Crime Prevention,
Bang Lamung Police Station, Chonburi
- 1983-1984 Superintendent for Human Resource Management
Provincial Police Region 3
- 1987-1989 Superintendent, Lamphun Provincial Police
- 1992-1994 Commander, Police Welfare Division,
Royal Thai Police Department
- 2000-2003 Commissioner, Provincial Police Region 2
- 2004-Present Independent Director/Member of the Audit Committee,
Thai Optical Group PLC.



Mr. Phairuch Mekarporn

Mr. Banchong Chittchang

Independent Director/Chairman of the Nomination and Remuneration Committee/
Member of the Business Strategic Committee

Age : 67 Years

Shareholding : None

Education :

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

Management Developments :

Harvard Business School : 1995 Advanced Management Program
Thai Institute of Directors (IOD) :
- DCP Class 81/2006 - ACP Class 17/2007
- Advanced ACP Class 1/2009

Other Current Positions :

- ◆ Independent Director/the Audit Committee/the Corporate Governance Committee/Chairman of Nomination and Remuneration Committee
Thai Tap Water Supply PCL.
- ◆ Chairman of the Board of Directors,
Pathum Thani Water Co., Ltd.

Work Experience :

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

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

2004-Present Independent Director/Chairman of the Nomination and Remuneration Committee/Member of the Business Strategic Committee
Thai Optical Group PLC.

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

Age : 64 Years

Shareholding : None

Education :

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

Management Developments :

Thai Institute of Directors (IOD) :
- DCP Class 7/2001 (Fellow Member)
- Chartered Director Class 1/2007
2005-Present : *Facilitator of Strategic*
Management Program Courses at IOD

Other Current Positions :

- ◆ Independent Director /Member of the Audit Committee/
Member of Remuneration Committee/
Member of Nomination committee
Lam Soon (Thailand) PLC.
- ◆ Consultant, C.P. All PLC.
- ◆ Director, Thai Investors Association

Work Experience:

- ◆ President, Malee Sampran PLC.
- ◆ Managing Director, Inchcape Manufacturing Co., Ltd.
- ◆ Operations Manager, Foremost Dairies (Bangkok) Co., Ltd.
- ◆ Vice Chairman, Food Processing Industry Club,
Federation of Thai Industries
- ◆ Councillor, Thailand Management Association (TMA)

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



Mr. Don Pramudwinai

Independent Director/Member of the Nomination and Remuneration Committee

Age : 62 Years

Shareholding : None

Education :

- ◆ B.A. Political Science (Hons.), University of California, Los Angeles, U.S.A.
- ◆ M.A.
 - International Relations, University of California, Los Angeles, U.S.A.
 - International Relations, The Fletcher School of Law and Diplomacy, Tufts University, U.S.A.
- ◆ The National Defense College, (Joint State-Private Sectors Course, 1993 - National Defense College Class 366)

Management Developments : None

Other Current Positions :

- ◆ Independent Director/ Member of the Audit Committee/ Chairman of the CSR Committee CH-Karnchang PLC.

Work Experience :

- 1974-1990 *Joined the Ministry of Foreign Affairs*
- 2010 Left Foreign Service after serving for 36 years in various posts and positions. The last 10 years of career were spent overseas as Ambassador to China, Ambassador to Belgium and European Union, Ambassador & Permanent Representative of Thailand to the United Nations in New York and lastly the Ambassador to the United States of America.
- 2011-Present *Independent Director/Member of the Nomination and Remuneration Committee* Thai Optical Group PLC.

Decorations :

Retired with highest decoration from the Government of Thailand :
Knight Grand Cordon of the Most Exalted Order of the White Elephant in 2003. And was bestowed
Knight Commander of the Most Illustrious Order of Chula Chom Klao in 2004 by His Majesty the King of Thailand.
 Foreign Decorations were from :
 Germany, the Vatican and the Kingdom of Belgium



Miss Wichit Thaveeprechachat

Director/The Company Secretary

Age : 52 Years

Shareholding : None

Education :

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

Management Developments :

Chulalongkorn University : MMP Class 27

Thai Institute of Directors (IOD) :

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

Other Current Positions : None

Work Experience :

- 1984-1985 *Accountant, Nana Condominium Co., Ltd.*
- 1985-1987 *Treasury, Khumsappaisal Co., Ltd.*
- 1987-1989 *Treasury, Kiatpaisal Co., Ltd.*
- 1989-1993 *Assistant Accounting Manager, Thai Central Steel Co., Ltd.*
- 1993-2004 *Accounting Manager, Sin Thai Estate Co., Ltd.*
- 2005-Present *The Company Secretary, Thai Optical Group PLC.*
- 2008-Present *Director, Thai Optical Group PLC.*



Mrs. Anuruk Rattanasansuntorn

Internal Audit Manager

Age : 45 Years
Shareholding : None

Education :

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

Other Current Positions : None

Work Experience :

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

Mr. Bancha Yongrithikul

Warehouse and Delivery Manager

Age : 42 Years
Shareholding : 0.01%

Education :

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

Other Current Positions : None

Work Experience :

1992-1994 *Customer Engineer, Datamat PLC.*
1996-2003 *System Development Section Manager, Thai Polymer Lens Co., Ltd.*
2004-Present *Warehouse and Delivery Manager, Thai Optical Group PLC.*



Mrs. Amolrat Prachartam

Business Development Manager

Age : 45 Years
Shareholding : 1.02%

Education :

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

Other Current Positions : None

Work Experience :

1991 *Trainee,*
Asahi Glass Co., Ltd., Japan

1991-1994 *Export Section Chief,*
Bangkok Float Glass Co., Ltd.

1994-2002 *Export Sales Manager,*
Thai Polymer Lens Co., Ltd.

2002-2003 *Purchasing & Logistics Manager,*
Thai Polymer Lens Co., Ltd.

2004-2007 *Sales and Marketing Manager,*
Thai Optical Group PLC.

2008-Present *Business Development Manager,*
Thai Optical Group PLC.

Mrs. Narueporn Prachartam

Accounting and Finance Manager

Age : 48 Years
Shareholding : None

Education :

- ◆ Bachelor Degree of Accountancy, Chulalongkorn University
 - ◆ Master Degree (M.B.A) Major in Controllerships, Kasetsart University
- Other Current Positions:
- ◆ Federation of Accounting Professions Under The Royal Patronage of
His Majesty The King
 - ◆ Certified Public Accountant (Thailand)

Work Experience :

1987-1990 *Assistant Chief Accountant*
- Laemthong Corporation Co., Ltd.
- Pang Laemthong Co., Ltd.

1990-1991 *Programmer Analyst,*
Glaxo (Thailand) Co., Ltd.

1991-1993 *Senior Accountant*
- Philips Electrical of Thailand Co., Ltd.
- Digital Solution Services Co., Ltd.

1993-2001 *Accounting Manager,*
-Thai Optical Co., Ltd.
- Polymer Lens Co., Ltd.
- Asian Vacuum Coating Co., Ltd.

2004-Present *Accounting and Finance Manager,*
Thai Optical Group PLC.



Miss Porntip Prachartam

Planning Division Manager

Age : 55 Years

Shareholding : 1.00%

Education :

- ◆ Bachelor Degree of Pharmacology, Mahidol University
- ◆ Bachelor Degree of Public Health, Sukhothaimathiraj University
- ◆ Certificate of Manufacturing Management,
The Sanno Institute of Management
(Organized by technological promotion association Thai-Japan)

Other Current Positions : None

Work Experience :

- 1980-1986 *Pharmacist 5,*
Siriraj Hospital
- 1986-2000 *CR 39 Planning Department Manager,*
Thai Polymer Lens Co., Ltd.
- 2000-2001 *CR 39 Planning Department Manager,*
Thai Optical Co., Ltd.
- 2001-2003 *CR 39 Planning Department Manager,*
Thai Polymer Lens Co., Ltd.
- 2003-2006 *Planning Department Manager,*
Thai Optical Group PLC.
- 2006-Present *Planning Division Manager,*
Thai Optical Group PLC.



Mr. Choochart Mahawansu

Human Resources Manager

Age : 52 Years

Shareholding : None

Education :

- ◆ Bachelor Public Administration -
Major Personnel Management, Sukhothaimathiraj University
- ◆ Master of Science : Human Resource & Organization Development,
National Institute of Development Administration (NIDA)

Other Current Position : None

Work Experience :

- 1980-1986 *Personnel Coordinator*
- Ambassador Hotel And
- Convention Center Hotel
- 1986-1988 *Personnel Coordinator,*
United Hotels Company Limited
- 1988-1989 *Personnel Manager,*
The Menam Hotel
- 1989-1990 *Personnel Manager,*
Siam City Hotel
- 1990-1997 *Human Resources Director,*
Marriott Royal Garden Riverside Bangkok Hotel
- 1997-2000 *Human Resources Director,*
President Park (SPI), LTD.
- 2000-2004 *Human Resource Director,*
Food Lion (Thailand) LTD.
- 2005-2006 *Assistant Managing Director - Human Resources,*
PICNIC Corporation PCL. - Head Office
- 2004-2006 *Human Resources Director,*
PICNIC Corporation PCL. - (GROUP)
- 2007-2009 *Human Resources Director,*
Boots Retail (Thailand) LTD.
- 2010 *Human Resources and Administration Director,*
TV Direct Co., LTD.
- 2011-Present *Human Resources Manager,*
Thai Optical Group PLC.



Miss Michelle Hsieh

Sales and Marketing Division Manager

Age : 35 Years

Shareholding : None

Education :

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

Other Current Positions : None

Work Experience :

2000-2003 *International Sales Representative,*
Nitring Enterprise Inc., Taiwan

2003-2005 *International Sales Representative,*
Free-Free Industrial Corp., Taiwan

2005-2009 *Sales & Frame Business Manager,*
Rodenstock Asia Limited, Thailand

2009-2011 *Sales Division Manager,*
Yongfa Technology Printing Co. Ltd., China

2011-2012 *Deputy Sales and Marketing Division Manager,*
Thai Optical Group PLC.

2012-Present *Sales and Marketing Division Manager,*
Thai Optical Group PLC.

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

(At December 31, 2012)

No	Name	Thai Optical Group PLC.			The Subsidiary Company			
		Common Shares (Shares)			Common Shares (Shares)		Debenture (Shares)	
		Own	Spouse or Underage Child	Increase (Less) During Jan -Dec 2012	Own	Increase (Less) During Jan -Dec 2012	Own	Increase (Less) During Jan -Dec 2012
1.	Mr.Sawang Prachartam	21,992,900	--	21,992,900	1			
2.	Mr.Sarote Prachartam	9,992,200	--	--	1			
3.	Mr.Wirach Prachartam	10,160,000	240,000	160,000	1			
4.	Mrs.Pornpun Thotrakul	4,880,000	--	--	None			
5.	Mr.Torn Prachartam	19,100,000	1,000,000	--	None			
6.	Mr.Phairuch Mekarpon	None	--	--	None			
7.	Mr.Singh Tangtatswas	None	--	--	None			
8.	Mr.Wicha Jiwalai	None	--	--	None			
9.	Pol.Gen. Pakorn Sappakit	None	--	--	None			
10.	Mr.Banchong Chittchang	None	--	--	None			
11.	Mr.Don Pramudwinai	None	--	--	None			
12.	Mr.Trevor Paul Blatchford	None	--	--	None			
13.	Mr.David Andrew Cross	None	--	--	None			
14.	Ms.Wichit Thaveeprechachat	None	--	--	None			

Remarks :

- TOG has registered capital of 475,000,000 Baht, paid-up capital 472,283,100 Baht (as at December 31, 2012) and total common shares 472,283,100 shares.
- According to Public Limited Company Act, "Company's Subsidiary" means a public company limited which has connected with a private company or a public corporation or multiple companies as follows :
 - a company which has the power to appoint and deprive directors who have totally or majority control of one company.
 - a company which holds more than 50% of issued shares of one company.
- The information of shareholding may change, if any director, spouse or underage child buys stock after the date as said.

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

(At December 31, 2012)

No	Name	Thai Optical Group PLC.			The Subsidiary Company			
		Common Shares (Shares)			Common Shares (Shares)		Debenture (Shares)	
		Own	Spouse or Underage Child	Increase (Less) During Jan-Dec 2012	Own	Increase (Less) During Jan-Dec 2012	Own	Increase (Less) During Jan-Dec 2012
1.	Mr.Wirach Prachartam	10,160,000	240,000	160,000	1			
2.	Mr.Torn Prachartam	19,100,000	1,000,000	--	None			
3.	Mrs.Pompun Thotrakul	4,880,000	--	--	None			
4.	Mrs.Amolrat Prachartam	4,830,000	--	--	None			
5.	Miss Porntip Prachartam	4,730,000	--	--	None			
6.	Mrs.Narueporn Prachartam	None	9,830,000	--	None			
7.	Mr.Bancha Yongrithikul	60,000	--	--	None			
8.	Mrs.Anuruk Rattanasansuntorn	None	--	--	None			
9.	Mr.Choochart Mahawansu	None	--	--	None			
10.	Miss Michelle Hsieh	None	--	--	None			

The Nomination of Directors and Management

1. The Nomination of Directors

In reference to the Company's Articles of Association, the searches for the Company's Directors are indicated that:

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

7. The shareholders' meeting may make a resolution vote to remove any directors from the Board before their expiry term, with three quarters of shareholders in attendance and being eligible to vote. Furthermore, the number of shares held by those voting at the meeting should exceed half of the total shares held by all shareholders entitled to vote.
8. The shareholders' meeting will determine the number of authorized directors to legally bind the Company with affix its seal. Under the first section, the Board has authority to reset or amend the list of authorized directors to legally bind the Company.

As at December 31, 2012, the Board of Directors of the Company consists of 14 members as follows:

	Name		Position
1.	Mr.Sawang	Prachartam	Chairman of the Board of Directors
2.	Mr.Singh	Tangtatswas	Independent Director
3.	Mr.Wicha	Jiwalai	Independent Director
4.	POL. GEN. Pakorn	Sappakit	Independent Director
5.	Mr.Phairuch	Mekarporn	Independent Director
6.	Mr.Banchong	Chittchang	Independent Director
7.	Mr.Don	Pramudwinai	Independent Director
8.	Mr.Wirach	Prachartam	Director
9.	Mr.Trevor Paul	Blatchford	Director
10.	Mr.David Andrew	Cross	Director
11.	Mr.Sarote	Prachaktam	Director
12.	Mrs.Pornpun	Thotrakul	Director
13.	Mr.Torn	Prachartam	Director
14.	Miss Wichit	Thaveeprechachat	Director/The Company Secretary

The Directors Authorized to sign on behalf of the Company

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

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

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

Regarding to, the resolution of the Board of Directors' Meeting No. 54 (1/2013), held on February 20, 2013, had a resolution approval as proposed by The Nomination and Remuneration Committee, to reappoint four directors whose term had expired as follows;

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

The four Directors who had re-elected to be the members of the Boards for another term as well as they shall also maintain to take their position in the Sub-committee, and will be propose to the Annual General Meeting of Shareholders for approval further. In addition, the Company provided the opportunity for shareholders to propose nominee directors during October 1 to December 31, 2012, however, no person was proposed.

2. The Nomination of the Audit Committee

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

1. Members of the Audit Committee must be the Independence Director of the Company.
2. Members of the Audit Committee must be appointed by the Company's Board of Directors or by a resolution of the shareholders' meeting.
3. The Audit Committee shall have at least three members, accounting for one- third of the total members and at least one of them must have appropriate knowledge and experience in finance and accounting.
4. The qualifications of members of the Audit Committee are as follows:
 - (a) Have qualifications in accordance with the related laws, especially The Securities and Exchange Act and regulations of the Stock Exchange of Thailand.
 - (b) Not hold more than 0.5% of paid-up shares in the Company, the Subsidiary Company, the Associated Company or the Affiliates Company. (shares that held by relatives or related persons are also included in this account).
 - (c) Not be involved in the management of the Company, the Subsidiary Company, the Associated Company, the Affiliates Company or major shareholders. He/She must not be the Company's employees or consultants who receive salary from the Company, the Subsidiary and related companies or the major shareholder. Plus, they must not be the authorized person in the Company dating back two years before appointment to be members of the Audit Committee of the Company.
 - (d) Have no directly or indirectly benefits or gain and loss from the Company's finance and management, the Company, the Subsidiary Company, the Associated Company, the Affiliates Company or major shareholders in two years before his/her appointment, except on the condition that those benefits or gain and loss are considered by the Board of Directors that not affect on the Audit Committee's work and opinions.

- (e) Not be a related person or a relative of the Company's executives or major shareholders.
 - (f) Not be appointed as representatives to protect benefits of the Company's Directors, major shareholders, and other shareholders who are related to the majority shareholders.
 - (g) Be able to perform their duties and report on the performance which assigned by the Board of Directors independently. He/She must not be under the control of the Company's executives, major shareholders, and their relatives.
5. Term the member of the Audit Committee will not be longer than the term of the Company's Directors, as mentioned in the Company's Article of Association, and each term for member of the Audit Committee are three years.
6. The member of Audit Committee shall removal from the position under the following conditions:
- (a) The Audit Committee resigns by informing the Chairman at least 30 days in advance with stated reasons, in order that the Board or shareholders can process the appointment of a replacement with complete qualifications to fill the vacancy.
 - (b) The Audit Committee members are unqualified according to the rules and regulations of the Audit Committee, the Securities and Exchange Act or regulations of the Stock Exchange of Thailand.
 - (c) The term of Audit Committee members expires, as indicated in item 5. Those whose term has expired can be reappointed.
 - (d) In case the expiry of term of the Company's Directors causes the status of the Audit Committee, while the term of the Audit Committee still remains, and if the Audit Committee is voted to be the Director again, that person will automatically be the Company's Audit Committee until the expiry of the Audit Committee's term.
 - (e) The member of Audit Committee passes away.

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

The Audit Committee of the Company consists of 3 Independent Directors as follows;

	Name		Position
1.	Mr.Singh	Tangtatswas *	Chairman of the Audit Committee
2.	Mr.Wicha	Jiwalai	Member of Audit Committee
3.	POL. GEN. Pakorn	Sappakit	Member of Audit Committee

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

Mrs.Anuruk Rattanasansuntorn, Internal Audit Manager appointed as an the Secretary to the Audit Committee.

Scope and authority of the Audit Committee

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

3. The Nomination of Business Strategic Committee

The Business Strategic Committee consists of 8 directors as follows:

	Name		Position
1.	Mr.Sawang	Prachartam	Chairman of the Business Strategic Committee
2.	Mr.Sarote	Prachaktam	Member of Business Strategic Committee
3.	Mr.Wirach	Prachartam	Member of Business Strategic Committee
4.	Mr.Torn	Prachartam	Member of Business Strategic Committee
5.	Mr.Trevor Paul	Blatchford	Member of Business Strategic Committee
6.	Mr.David Andrew	Cross	Member of Business Strategic Committee
7.	Mr.Phairuch	Mekarpon	Member of Business Strategic Committee
8.	Mr.Banchong	Chittchang	Member of Business Strategic Committee

Mrs.Amolrat Prachartam, Business Development Manager was appointed as the Secretary to Business Strategic Committee.

Scope and authority of the Business Strategic Committee

The Business Strategic Committee is responsible for study the significant business matters that need close attention and propose new strategies of production and new innovation trends. In addition, the Business Strategic Committee performs duties to expand the distribution channels, considers about investments so that the business can run effectively, gives advices and places other related business strategies, and also reports to the Board of Directors.

4. The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consist of 4 directors as follows;

	Name		Position
1.	Mr.Phairuch	Mekarporn	Chairman of the Nomination and Remuneration Committee
2.	Mr.Banchong	Chittchang	Member of the Nomination and Remuneration Committee
3.	Mr.Don	Pramudwinai	Member of the Nomination and Remuneration Committee
4.	Mr.Sarote	Prachaktam*	Member of the Nomination and Remuneration Committee

Remark : * Appointed as the member of Nomination and Remuneration Committee in the Board of Directors Meeting No.49 (1/2012), on February 22, 2012.

Mr.Choochart Mahawansu, Human Resource Manager, was appointed as an the Secretary to The Nomination and Remuneration Committee.

Scope and Authority of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee performs duties to search and elect qualified persons to be directors in the Company's Board of Directors, as well as follows up succession plan and evaluate the performance of Managing Director. Moreover, propose remunerations and other fringe benefits policy of the Board of Directors, The Sub Committees, Managing Director and Deputy Managing Director. Besides, they are also consider and review the appropriate remuneration structure for the Company's directors and executives in accordance to their responsibility and the Company's performance.

5. The Company's Executives

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

The Company's Executives as at December 31, 2012 consists of 9 persons as follows;

	Name		Position
1.	Mr.Wirach	Prachartam	Managing Director/ Deputy Managing Director of Business Sector
2.	Mrs.Pornpun	Thotrakul	Administrative Deputy Managing Director/ Procurement and General Affair Manager
3.	Mr.Torn	Prachartam	Deputy Managing Director of Operating Sector/ Plant TOG Manager
4.	Ms.Porntip	Prachartam	Planning Manager
5.	Mr.Bancha	Yongrithikul	Warehouse and Delivery Manager
6.	Mrs.Amolrat	Prachartam	Business Development Manager
7.	Mrs.Narueporn	Prachartam	Accounting and Finance Manager
8.	Mr.Choochart	Mahawansu	Human Resource Manager
9.	Miss.Michelle	Hsieh	Sales and Marketing Manager

Delegation executive power to Managing Director

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

1. Sets the Company's missions, objectives, methods and policy, including conducting and controlling business operations to accomplish the Company's objectives.
2. Recruits, employs, appoints, dismisses, revokes, fires, as well as sets wages and rewards, adjusts salary, remuneration and bonuses for all Company employees in the positions lower than Managing Director, including with appoint a person as employer's representative in the Company's Provident Fund Committee.
3. Considers and approves payments for expenses of ordinary business operations, such as purchasing goods and services to the extent of 20 Million Baht per time, or authorizes another person to perform this task.
4. Issues instructions, orders, regulations, announcements, and memos to control business operations of the Company for profit and objective achievement, including maintaining discipline in the organization.
5. Acts and appears as the Company representative to contact external parties or sectors related to and advantageous for the Company's business.
6. Carefully considers the Company investment before proposing to the Board of Directors.
7. Considers appointing any consultant that necessary for the operations of the Company before proposing to the Board of Directors.

8. Considers and approves general commercial conditions related to market price offering for sales and credit terms to general customers, which are set for commercial standard policy, reviewed by the Audit Committee and approved by the Board of Directors.
9. Manages Company's general activities.
10. Performs other duties assigned by the Board of Directors.
11. Considers funding activities in order to propose to the Board of Directors.

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

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

Delegation of Power

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

The Remunerations of Directors and Executives

1. Directors Remuneration

The Board of Directors of the Company had conducted total 5 meetings in each year since 2010, 2011, and 2012,. Each Director attended the meetings and obtained the remuneration as follows;

Names of The Company's Directors			2012		2011		2010	
			Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1.	Mr.Sawang	Prachartam	5/5	347,000	5/5	347,000	4/5	331,000
2.	Mr.Sarote	Prachaktam	5/5	232,000	5/5	232,000	5/5	221,000
3.	Mr.Wirach	Prachartam	5/5	232,000	5/5	232,000	5/5	221,000
4.	Mrs.Pornpun	Thotrakul	5/5	232,000	5/5	232,000	5/5	221,000
5.	Mr.Torn	Prachartam*	5/5	232,000	5/5	232,000	1/5	-
6.	Mr.Phairuch	Mekarporn	5/5	232,000	5/5	232,000	5/5	221,000
7.	Mr.Singh	Tangtatswas	4/5	232,000	5/5	232,000	5/5	221,000
8.	Mr.Wicha	Jiwalai	5/5	232,000	5/5	232,000	4/5	221,000
9.	POL.GEN. Pakorn	Sappakit	4/5	232,000	5/5	232,000	5/5	221,000
10.	Mr.Banchong	Chittchang	5/5	232,000	5/5	232,000	4/5	221,000
11.	Mr.Don	Pramudwinai*	3/5	232,000	4/5	174,000	-	-
12.	Mr.Trevor Paul	Blatchford	3/5	232,000	3/5	232,000	4/5	221,000
13.	Mr.David Andrew	Cross	3/5	232,000	3/5	232,000	3/5	221,000
14.	Ms.Wichit	Thaveeprechachat	5/5	232,000	5/5	232,000	5/5	221,000

Remark : * 1. Mr.Torn Prachartam had been appointed to replace Mr.Pakee Prachartam referring to The Board of Directors meeting No. 43(5/2010) held on November 10th, 2010.

2. Mr.Don Pramudwinai had been appointed as Independent director referring to the Annual General Meeting of Shareholders No. 8/ 2011 held on April 5th, 2011.

The Audit Committee of the Company conducted total 4meetings in each year since 2010, 2011, and 2012. Each director attended the meetings and obtained the remuneration as follows;

Names of The Audit Committee			2012		2011		2010	
			Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)	Meeting Attendance	Remuneration (Baht/person/ year)
1.	Mr.Singh	Tangtatswas	4/4	300,000	4/4	300,000	3/4	300,000
2.	Mr.Wicha	Jiwalai	4/4	200,000	3/4	200,000	3/4	200,000
3.	POL.GEN. Pakorn	Sappakit	4/4	200,000	4/4	200,000	4/4	200,000

The Business Strategic Committee (BSC) of the Company conducted a total 2,3 and 3 meetings in 2010, 2011, and 2012, respectively. Each director attended the meetings and obtained the remunerations as follows;

Names of The Business Strategic Committee			2012		2011		2010	
			Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)
1.	Mr.Sawang	Prachartam	3/3	166,000	3/3	166,000	1/2	158,000
2.	Mr.Sarote	Prachaktam	3/3	110,000	3/3	110,000	2/2	105,000
3.	Mr.Wirach	Prachartam	3/3	110,000	3/3	110,000	2/2	105,000
4.	Mrs.Pornpun	Thotrakul	-	-	-	-	2/2	105,000
5.	Mr.Torn	Prachartam*	3/3	110,000	3/3	110,000	-	-
6.	Mr.Phairuch	Mekarporn	3/3	110,000	2/3	110,000	2/2	105,000
7.	Mr.Banchong	Chittchang	3/3	110,000	2/3	110,000	2/2	105,000
8.	Mr.Trevor Paul	Blatchford	1/3	110,000	3/3	110,000	2/2	105,000
9.	Mr.David Andrew	Cross	2/3	110,000	3/3	110,000	2/2	105,000

Remark : * 1. Mr.Torn Prachartam had been appointed to replace Mrs. Pornpun Thotrakul referring to The Board of Directors meeting No. 45(2/2011) held on May 11th, 2011.

The Nomination and Remuneration Committee conducted 4 meetings in each year since 2010, 2011, and 2012. Each director attended the meetings and obtained the remunerations as follows;

Names of The Nomination and Remuneration Committee			2012		2011		2010	
			Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)	Meeting Attendance	Remuneration (Baht/person/year)
1.	Mr.Phairuch	Mekarporn	4/4	166,000	4/4	166,000	4/4	158,000
2.	Mr.Banchong	Chittchang	4/4	110,000	4/4	110,000	4/4	105,000
3.	Mr.Pakee	Prachartam	-	-	-	-	3/4	105,000
4.	Mr.Don	Pramudwinai*	3/4	110,000	3/4	82,500	-	-
5.	Mr.Sarote	Prachaktam*	4/4	110,000	-	-	-	-

Remark : * 1. Mr.Don Pramudwinai had been appointed as Independent director referring to the Annual General Meeting of Shareholders No. 8/2011 held on April 5, 2011.

2. Mr.Sarote Prachaktam had been appointed by The Board of Director No. 49 (1/2012), held on February 22nd, 2012.

Hence the remuneration of the Board of Directors and the Sub committees has to be approved by The Annual General Meeting of Shareholders on an annual basis. The annual remuneration would be paid per person per year and do not receive any other payment from the Company, as detailed in the table above.

The remuneration of the Company's directors in year 2012 can be summarized in the table below;

Type of Remuneration	Total number (person)	Remuneration (Baht/person/year)	Total Remuneration (Baht/year)
The remuneration of Chairman of the Board of Directors	1	347,000	347,000
The remuneration of members of the Board of Directors	13	232,000	3,016,000
The remuneration of Chairman of the Audit Committee	1	300,000	300,000
The remuneration of members of the Audit Committee	2	200,000	400,000
The remuneration of Chairman of the Business Strategic Committee	1	166,000	166,000
The remuneration of members of the Business Strategic Committee	7	110,000	770,000
The remuneration of Chairman of the Nomination and Remuneration Committee	1	166,000	166,000
The remuneration of members of the Nomination and Remuneration Committee	3	110,000	330,000
Total			5,495,000

2. Remunerations of the Executives

The Company's executives had the remuneration in year 2010-2012 as in the table below;

Type of Remunerations	2012		2011		2010	
	Total number (person)	Total Remuneration (Baht/year)	Total number (person)	Total Remuneration (Baht/year)	Total number (person)	Total Remuneration (Baht/year)
Executives Salary	9	17,153,830	10	18,205,485	10	14,377,760
Executives Bonus	9	1,339,740	10	-	10	2,187,902
Provident Fund	9	785,706	10	819,104	10	711,286
Total Remunerations		19,279,276		19,024,589		17,276,948

Remark : Directors who received remunerations as being the Company's executives are Mrs.Pornpun Thotrakul, Mr.Wirach Prachartam, and Mr. Torn Prachartam.

Report of Good Corporate Governance



The Company's Board of Directors has strong intention to administrate the Company in accordance with Practice and guidelines of the Stock Exchange of Thailand, and also aims to develop the corporate governance policy of the Company in order to bring out the best practice for the organization.

Therefore, the Board of Directors have resolved, in the meeting held on February 18th, 2009, to implement "Corporate Governance Policy" as the good practice for directors, executive directors and employees as well as to make the corporate governance policy in a good quality standard to cover all of any practices and also meet expectations of shareholders, investors, and stakeholders. The Board of Directors of Thai Optical Group PLC., (the Company) is responsible to supervise the stringent use of policy and practice in order to achieve the Company's goals and lead to the strength and sustainability growth of the Company and shareholders.

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

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

In 2012, the results of the Company's Awards and assessment relating to good corporate governance activities were as follows:

- The assessment result on "The 2012 Corporate Governance Report" (CGR) was rank in 4-stars including with rank in "Top Quartile: 1,000 - 2,999 MB. Market Cap." from Thai Institute of Directors (IOD)
- TOG has received "The Best Investor Relations Awards" in the Market Capitalization of 3rd Group of Market Capital less than 10,000 MB. This project is one of the SET Awards 2012, which are organized by the Stock Exchange of Thailand and Money& Banking Magazine.
- The Company has been assessed by the Securities and Exchange Commission, in cooperation with Thai Investors Association and Thai Listed Companies Association, on the quality of The Annual General Meeting: AGM for the year 2012. The meeting was rated "Excellent", the same result as that for the year 2010 to 2011.

- CSR - DIW 2012 Award (Corporate Social Responsibility, Department of Industrial Works: CSR-DIW)
- CSRI Recognition Award from CSRI under the operation of the Stock Exchange of Thailand, the Company had received The Rising Star Award for outstanding among small to medium sized companies in regarding to Corporate Social Responsibility.

1. Rights of Shareholders

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

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

In addition, the Company has reported and disclosed any transactions of the Company correctly, completely, adequately, transparently and timely, to all shareholders, investors, and others through the Company's website at <http://www.thaiopticalgroup.com>., in both Thai and English languages.

Moreover, the Company has set the shareholders ordinary meeting within 4 months after the accounting period. For other meetings, the Board of Directors can hold the extraordinary meeting as when is necessary. The Company requires all of directors and executives to attend the shareholders' meetings in order to provide information to any shareholders who give opinions and enquire questions equitably. The minutes of the meeting must be noted correctly and completely to report and request for approval on the significant matters, or related to the principles of law that such a matter has to be approved in the shareholders' meetings. In order to let the shareholders get the information needed for the meeting in advance, the Company must send the relevant information to the shareholders, at least 7 days or 14 days

prior to the meeting date, according to the agenda that is required by the principles of law. On the day of the shareholders' meeting (AGM), the Company must assign its staffs to facilitate the meeting registration of the shareholders or the proxy holders.

2. Equitable treatment of Shareholders

The Board of Directors of the Company has set the policy to enable shareholders to take part of the business as well as express their opinions. Thus the Company sets equitable treatment of shareholders as follows:

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

E-mail : ir@thaiopticalgroup.com
 Fax : (662) 862 0705
 Post : The Office of Company Secretary
 Thai Optical Group Public Company Limited
 77/ 141-142 Sinn Sathorn Tower, 33rd floor, Krungthongburi Rd.,
 KlongTonsai, KlongSarn, Bangkok (10600) Thailand

For shareholders and interested investors to get comprehensive information so the Company has set the Investor Relations Department which include Miss Wichit Thaveeprechachat - Director and The Company Secretary and Miss Pornpak Chanphongsri-Investor Relations, to provide information to shareholders, investors and analysts through the following channels;

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

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

4. In the year 2012, the company participated in "Opportunity Day" total two times (June 5th and November 26th, 2012) which were hosted by the Stock Exchange of Thailand, to provide an opportunity for shareholders, investors and analysts to ask directly about the Company's operating results with executives including with present the Company's operating results in quarterly and also has been live broadcast via the website of the Stock Exchange of Thailand which allow shareholders and other interested persons who are unable to attend the seminar, have an opportunity to inquire directly with the Company's executives as well.
5. The Company sets procedures to prevent the use of inside information for abusive self-dealing by directors and management teams. The Company informs the policy and practice to all of them and also has the regularly follow-up check. For all directors and executives, they are prohibited to sell- buy their shares during 20 days after the closing date of each quarter of financial statements and during 2 days after the disclosure of financial statements to the public. Moreover, it is the duty of every director and management staff to regularly submit to the Board of Directors a report on their ownership of the Company's shares.

3. Right of Stakeholders

Beside the duties to perform achievement of business goals and objectives, the Company also treats all stakeholders who have gain and loss from its operations with equality according to the principles of morality and ethical practices as following categories:

The Company's stakeholders are customers, employees, business partners, shareholders or investors, creditors, competitors, the communities where the company is located, society or government sectors.

Employees : The Company and its Subsidiary provide them with good and complete welfare including with set provident fund, organizing safety working environment for both physically and mentally, and also has the policy to provide them better quality living and safety in work. Regarding to, accident statistics for the year 2012 was 0.01% (or 11 employees out of 1,688 employees)

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

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

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

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

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

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

For employees of the Company and its Subsidiary, they can submit any suggestions or complaints to the Board and executives directly.

1. The company's Board of Directors and executives must disclose information of stakeholders and related persons to the Board. It is the duty of the Board to consider any transactions that may cause conflict of interest. Anyhow, directors and executives who are stakeholders must not taking part in making decision on such transactions. Besides, the consideration must follow the steps and policy of the Company's approval of transactions.
2. The Company has set clearly written policy and steps of approval for the related matter that the Board of Directors must approve the item, which may cause any conflict of interest. Any practice that may cause conflict of interest, the Board will hold directors meeting to consider such matter. In case that it needs an approval from the Shareholders, an extraordinary general meeting will be held before starting the project. However, the consideration of the Board must be made carefully, faithfully and reasonably for the best benefit of the Company and shareholders as a whole.
3. Regarding to, the Board of Directors Meeting No.47 (4/2011) which held on November 18th, 2011, proposed by the Nomination and Remuneration Committee had a resolution to approve the Anti-corruption and Misconduct Policy within the Company and its subsidiaries and also define the Code of Conduct for employees and proclamation on January 1, 2012 onwards. In addition, the Company had added to the Employee Handbook, including that the Management Team had joined Anti - corruption partyp by buying shirts which would make them awareness of the importance of Anti - corruption.
4. The Company has set training for employees in accordance with Skill Development Promotion Act BE. 2555, the implementation of the policy about human resource development which result the Company has been awarded a plaque - Outstanding planning and Human resource development on Friday, March 2, 2012. In 2012, the Company had in-houseTraining within the organization for employees and management 39 courses, and t outside raining 27 courses.

4. Disclosure and Transparency

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

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

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

5. Responsibilities of the Directors

The Board of Directors has crucial role in the corporate governance so that the Company and its Subsidiary can gain the highest profit. The Board of Directors is responsible to perform their duty for shareholders and is independently from the management.

5.1 Structures of the Board of Directors

(1) Independence and Neutrality of the Directors

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

(2) Qualifications of the Board of Directors

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

(3) Qualifications of Independent Director

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

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

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

(4) Structure of the Board of Directors

The Company determines 14 members as the Board of Directors which is appropriate to the business size of the Company. The Board consists of the Chairman and Directors. There are independent directors accounting no less than one- third of the Board members. They must be independent from the administrative team and have no business relationship or any other relationship that can influence on their consideration. Independent directors have a term of 3 years. At present, the Company had six Independent Directors.

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

Responsibility of the Chairman of the Board of Directors:

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

Responsibilities of the Managing Director:

1. To set policies, strategic guidelines and plans, business' goals and the yearly budget of the Company and its Subsidiary to propose for an approval from the Board of Directors;
2. To perform duties in accordance with the policies, strategic guidelines and plans, business' goals and the yearly budget approved by the Board of Directors;

3. To report to the Board of Directors about the performance and the revenue of the Company and its Subsidiary in quarterly basis by comparing to the business plan along with suggestions;
4. To perform other duties assigning by the Board of Directors.

The Company Secretary:

The Board of Directors determines the appropriate qualification of the Company Secretary as follows:

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

Duties and Responsibilities of the Company Secretary:

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

5.2. The Sub Committees of the Company's Board of Directors

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

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

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

(1) The Audit Committee:

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

(2) The Business Strategic Committee

The Strategic Committee consists of 4 directors, 2 independent directors and 2 experts in running businesses, who are representatives from the major shareholders. This committee has duty to study the important matter that needed for close supervision, proposes strategy for producing new products and trends of new innovations, expand distribution channels as well as scrutinize the matters related to investment in order to run the business effectively. Moreover, they also give advice and launch other related business strategies.

(3) The Nomination and Remuneration Committee:

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

5.3 Responsibilities of the Board of Directors

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

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

1. Policies and business strategic guidelines, goals, plans, and the yearly budget of the Company and its Subsidiary.
 2. The Company performance and the quarterly Company operating performance comparing to the budgets and plans including tentative performance in the next phase.
 3. The investment in any project that is not included in the budget year plan.
 4. The use of budget which is over the expense proposed in the investment plan.
 5. Buying and selling asset, corporation, and being a partnership in the business which is not against the regulations of the Stock Exchange of Thailand and its cost is exceeded the scope of authority of Managing Director.
 6. Transactions or any acts that can affect the financial status, liability, the business strategies and reputation of the Company.
 7. Any contract which is not related to the ordinary business operation and contract which is related to the important ordinary business operation.
 8. The related transactions between the Company and its Subsidiary and connected person that are not followed regulations of the Stock Exchange of Thailand.
 9. The interim dividend payments.
 10. Change of policies and practices which are significantly related to the account, the risk management and the internal control of the Company.
 11. Hire of the Managing Director and Top Executives.
 12. Determination and change of the approving authorization of Managing Director and Top Executives.
 13. Approval of the budget, the reformulation of payments, bonus or remunerations for the management and employees.
 14. Proposal of appointment and the expiry of the status of the Company's directors.
 15. Allowing and change authority to any one of the Chairman, Managing Director, or directors that is not against the regulation of the Stock Exchange of Thailand.
 16. Appointment and determination of the scope of authority of The Sub-committees.
 17. Providing and controlling the management in accordance with the good corporate governance.
 18. Appointment directors in the Subsidiary company.
 19. Other acts that target to follow the laws, objectives, rules and regulations and the approval from the Shareholders' meetings.
- (2) The Board of Directors sets policy for the corporate governance of the Company and makes them as a written manual. The evaluation on the performance and revision of such policy will be set at least once a year.
- (3) The Board of Directors creates a manual for running the ethical business in order to be the practice guidelines for directors and employees including the rules of punishment and review such policies at least once a year.

- (4) The Board of Directors will carefully consider any matter that may cause conflict of interest and keeps control of the regulations of operation procedures and discloses the accurate and adequate information.
- (5) The Board of Directors provides the internal audit department to perform duty independently. The internal audit department reports directly to the Audit Committee and is responsible for auditing the control system in management of the financial report as well as operation following the policy. The Board has revision and evaluation of an adequacy of the control system at least once a year.
- (6) The Board of Directors assigns the administrative team to have the risk management covering the whole organization. The management must report to the Board regularly as well as review and evaluate the effectiveness of the risk management at least once a year.

5.4 The Board of Directors' Meetings

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

- (1) The Company conducts the meetings at least four times a year and schedules the whole year meetings of the Board of Directors in advance and also inform each director accordingly.
- (2) The Board of Directors had arranged the meetings of the year 2012 total 5 times.
- (3) The Chairman of the Board of Directors and/ or Managing Director considers the matters to put on the agenda of meetings and each director can propose the matters independently.
- (4) There must be clearly agenda, complete and adequate related documents for each meeting. The documents must be delivered to the Board of Director at least 7 days before the date of meeting.
- (5) The Chairman provides enough time for the administrative team to propose the matters and every director can discuss the important issue carefully. The detail of meeting must be noted as manual and be available for the directors and related persons.
- (6) All directors can get more necessary information from the Managing Director, the Secretary, the Board of Director and other Administrative Sections.
- (7) The Company set the policy for Non-Executive Director (NED) to have a chance to conduct an inside meeting once a year without attending of the management team in order to discuss any problem that is in their interest. The meeting minutes must be reported to Managing Director. For 2012, the said meeting had arranged on November 30th, 2012.
- (8) The Board of Directors assigns the Company Secretary to provide the meeting agendas, write the Invitation letters, manage and facilitate the meetings, keep filings of related documents and produce the meeting minutes to ask for an agreement of the Chairman before proposing to the Board for an approval.

- (9) The Board of Directors encourages the Executive Directors of the Company to attend the meeting of the Board. For 2012, the said meeting had arranged on September 14th, 2012.

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

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

According to, the Board of Directors Meeting No. 54 (1/2013), held on February 20, 2013, there was Board self-assessment (The whole Board) for the year 2012, in accordance with the sample of Board Self- Assessment Form of The Stock Exchange of Thailand which is divided into six categories. The whole Boards evaluated and mainly agreed or performed well following those categories

5.6 Remunerations of the Directors

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

5.7 Developments of Directors and Executives

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

5.8 Performance Evaluation of the Managing Director

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

5.9 Communication with the administrative team

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

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

Ethnics for Business Operation and Ethnical Practices for Employees.

- 1) Adhere to the virtue and morality.
- 2) Behave in accordance with rules and regulations, acquaint and respect own rights and duties and of others by realizing that the rules and regulations are not set for punishment but as guidelines of good behaviors.
- 3) Perform duties delegated by the Company, upon lawful rules and regulations, with honesty, in good faith and discretion to prevent any disgrace to the Company's image.
- 4) Not to intend to do any harm, damage or distort the reputation, progress or business of others, both directly and indirectly.
- 5) Use leadership, abilities and knowledge in performing success to the Company rather than personal benefits.
- 6) Reveal to the Company immediately if there is any personal interest, aside from the Company's. Moreover, avoid involving in other business, which may create conflict of interest or affect the efficiency of work.
- 7) Create an open working environment for opinion exchange, creative ideas, new initiative proposal and reasonable decision with justice and without discrimination.
- 8) Neither reveals inside concealed information getting from duties nor uses it for personal benefit, which may cause damages to the Company.
- 9) Keep in conscious that performing in business is not only duties or obligation to business owner but also is responsible to buyers, sellers, shareholders, and other employees. Then the benefit for all stakeholders is the first priority to be concerned.

- 10) Be responsible to own achievement and subordinates.
- 11) Aspire, improve and increase own knowledge and working ability, and perform standard of work as assigned by the Company with attention and responsibility for self- progress and for prosperity of the Company.
- 12) Planning, determine and analyze goals of missions to achieve Company's objectives with consideration on virtue, professional ethnics and culture of related persons inside the Company.
- 13) Take good care for health and safety, maintain good environment for everyone in the Company and maintain all the Company's assets such as buildings and offices to be orderly, fine, and hygienic.
- 14) Use the Company's assets efficiently and effectively.

Control of the Use of Internal Information

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

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



Internal Control and Internal Audit Systems

The Board of Directors emphasizes on the importance of the internal control system assessment efficiency to ensure that all of Company's financial statements and information for the decision are accurate, complete and reliable. Regarding to, the resolutions of the Board of Directors' Meeting No.1/2013 on February 20, 2013, the Company appointed 3 Audit Committee's members to undertake and supervise the internal control system of the Company. The Committee has to report to the Board and supervise the management team to perform duties in accordance with Company's policy and assignments, follow the plan that guided by the Board of Directors and related to rules and regulations of the Stock Exchange of Thailand and Office of Securities and Exchange Commission. The committee has assessed the internal control system of the Company regarding 5 issues: organization structure and working environment, risk management, management control, IT system with information and communication management, and follow-up system and could conclude that the Company had monitored internal control system of each issue in a sufficient level.

Organization Structure and Working Environment

The organization structure and working environment of the Company and its Subsidiary are organized to be conducive, efficient and appropriate according to the internal control systems. The Company had organized and defined clearly the duties and responsibilities separately according to the line functions and conformed to the business strategy and the internal audit department will work independently and report directly to the Audit Committee.

Moreover, the Company and its subsidiary had set annual reasonably and sufficiently goals and budgeting to be measured and used as the guidance in operation for motivating its employees. In 2012, the company has improved personnel management system by using the Competency System to develop human resources in comply with business development plan including the implementation of Performance-Based Pay-reward system according to their performance to motivate employees which is reasonable and adequately. Ethical rules are written clearly stated in Company's policy and mission plan where the management and employees must not be involved in any matter, which causes conflict of interest to the Company and its Subsidiary. The Company's rules, regulations and procedures are firmly established to prevent unethical practices. The Company is required to treat its partners and its competitors fairly and ethically.

Risk Management

The Company and its Subsidiary require all departments to assess systematically any possible risks, effects, mitigations, solutions and follow-up procedures taking into account internal factors and external factors such as production process, marketing, exchange rates and personnel, etc. Each department is required to perform the assessment and report to the superior in accordance to the organization structure. In the case of a realization of any risk, all departments and management must jointly address and execute the required mitigation measure and report to the Board of Directors to establish the risk mitigation measure policy accordingly. Risk mitigation measures will be announced guidelines for employees to prevent or mitigate future reoccurrences, which may affect the Company and its Subsidiary's business. Particularly, in the year 2012, the Company had set up contingency plan, to prevent and deal with disasters that may occur as the year 2011, this plan will serve as a guideline on how to cope the disaster situation in the future.

Management Control

The Company and its Subsidiary have clear scope of job descriptions and precise authority delegation to facilitate management in accordance to the Company's rules and regulations, which have been announced to all employees. Moreover, the Company handles its businesses in accordance to related laws and is assessed through the internal audit control. Hence, the Audit Committee has monitored and reviewed the annual internal audit plan of each year carefully in order to cover every high risk level operation. The Company has always made closely monitoring to make sure that every section has sufficient internal control of risk management in operation including financial issue and

operation in compliance to relevant laws and regulations and also, the important issues that are found by the internal and external auditors to be reported to management team for close encounter of the problems and prevention. In the past, the Company and its subsidiary have never had such a case that was against the laws.

In conducting any affairs with related company or related persons, the Company and its Subsidiary place the highest interest and priority to the Company or its Subsidiary. The Company shall follow the rules and regulations of the Stock Exchange of Thailand (SET) and Office of Securities and Exchange Commission (SEC) in its treatment of related companies or related persons as external parties. Moreover, the Company also has the internal audit to verify every transaction and report to the Audit Committee to consider and acknowledge every quarter.

IT System with Information and Communication Management

The Company and its Subsidiary have managed an efficient internal and external information and communication management system. SAP software has been implemented with good and complete documentation system according to standard accounting policy in accounting recording to support the human resources planning and the data management in accounting, financing, purchasing, selling, inventory control and production planning for more correct, accuracy, and speedy information report to management. Also, the IT system has been set risk management standard for securities.

In every The Board of Directors meeting and Annual General Meeting of Shareholders (AGM), the Company shall prepare complete information with documents sufficiently to make the decision and deliver to the Board of Directors and shareholders not less than 7 and 14 days respectively before a meeting. In addition, The Company Secretary has been designated to provide the advice in rules and regulations to the Board of Directors and coordinate with the related section to operate as the resolution of the Board of Directors and will be the center in providing all documentations and procure all important documents such as directors' list, invitation letters, minutes of meetings, invitation letter to shareholders and minutes of meeting in each AGM.

The Audit Committee will join the Company's external Auditors, internal auditor and related financial report sections at least once a year to ensure that the Company has completed its finance and accounting report in accordance with the standard of general Thai accounting principles and appropriate to its business as well as sufficient disclosing details.

Follow-up System

In 2012, the Company has held total 5 meetings of the Board of Directors. The management of the Company and its Subsidiary have assessed the follow-up business operation system comparing with the target planning and budgeting system through meetings held monthly which may be adjusted to accommodate the current situations. In 2012, the management had presented the medium-term plan to the Board of Directors, for making business strategy more clearly. In addition, the said plans will be subjected to review every year to reflect the changing situation.

Also, the Audit Committee has held total 4 meetings and another one extra meeting for discussion with auditors, along with the Internal Audit Department with authority to audit regularly operations and the duty to report the findings to the Audit Committee and the Board of Directors so that prevention process will be implement within appropriate time. The Company has authorized the Internal Audit to review operations regularly with annual plan and report to the Audit Committee immediately on any matters that will have material impact to the Company's operations, such as production process, business management, fraud, or rules violation by employee or related management that may affect the Company's reputation.

Regarding to, the review of the above 5 issues concerning the Internal Control Systems of the Company and its Subsidiary, the Board of Directors considered that the Company and its Subsidiary has appropriately and sufficiently of Internal Control Systems.

Connected Transactions

1. Nature and Policies of Connected Party's Transactions

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

To follow the good corporate governance practice and reflect morality of the Company's Directors, any transactions which is not under normal business practices will not be approved by executives or stakeholders in that transactions. In case, there is appraised requirement, the Company will use the service from the appraisal company which registered with the Securities and Exchange Commission (SEC) for approval the transactions. All, transactions, the Company and its Subsidiary will online disclosure of such information via Set Portal System within the time which require by The Stock Exchange of Thailand.

During the years 2012, the Company had significant business transactions with its Subsidiary and related companies/persons (related by the mutual shareholders and/or directors.), the said transactions are on commercial terms and bases agreed upon between the Company and those related parties which is normal business. The Company has the policy on pricing for its related parties.

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

1. Price for purchases/sales of raw materials, supplies and other items are determined based on the cost of the goods plus a services fee for not less than 10 percent of such cost.
2. Purchases/sales prices of finished goods are determining at agreed rate. However, the pricing policy is subjected to change depending on market competition at the time being.
3. Service income and service expenses are charged at a mutually agreed price.
4. Loan to the subsidiary company is charged interest at rate of 3.85 percent per annum. (2011: 3.63 - 5.00% per annum)
5. Guarantee fee income and expenses are charged at rate of 1.5 percent per annum.
6. Co-purchase/sell fixed assets are at agreed rate.

Pricing policy for foreign companies which are major shareholders.

1. Selling finished goods is determined based on market price.
2. Service charge bases on market price.
3. Loans to the Associated Company bear interest at a rate of 3.5 percent per year.

The Subsidiary Company:

1. Thai Optical Company Limited

Line of business : Produce optical Lenses, Prescription /Rx lenses, and Glass molds

Relation : Thai Optical Group Public Company Limited holds 99.99% of shares of Thai Optical Company Limited

The Associated Company:

1. M VISION OPTICAL PTE. LTD.

Line of business : Manufacturer and Distributor of Prescription/Rx Lenses

Relation : Thai Optical Group Public Company Limited holds 33 % of shares of M Vision Optical Pte., Ltd.

Related Companies:

1. Nam Silp Thai Company Limited ("Nam Silp")

Line of Business : Wholesaler of optical lenses, Optical frames, Contact lenses, Optometric equipment and tools.

Relation : Shareholders of Nam Silp are common shareholders of the Company.

2. Poly Sun Company Limited ("Poly Sun")

Line of Business : Manufacturer of sunscreen lenses

Relation : Shareholders of Poly Sun comprised of 50% are the same shareholders of the Company.

3. Better Vision Group Company Limited ("BTV")

Line of Business : Retail business with chain stores, Provider of retail optometric services of measuring eyesight and prescribing corrective lenses relating to vision or optics, supply optical frames, contact lenses, and other related accessories.

Relation : Shareholders group of BTV are common shareholders of the Company.

4. Specsaver Asia Pacific Holding Limited.

Line of Business : Retail business with chain stores of glasses composing, supply optical lenses and contact lenses.

Relation : Specsavers Asia Pacific Holding Limited is the major shareholder of the Company with two directors who involve in consideration and setting policy for the Company and its Subsidiary.

5. NLRX Services Ltd.

Line of Business : Wholesaler of optical lenses.

Relation : Specsavers Asia Pacific Holding Limited is the major shareholder of NLRX Services Ltd.

The details of connected transactions in 2012 and 2011 are shown in Note to Consolidated Financial Statements, item no. 10 (Connected Party Transactions) including transactions between the Company, Subsidiary Companies, and related companies both domestic and international, the balance of trade account receivable and payable of the Company, Subsidiary Companies and Related Companies.

2. Necessity and Rationality of Transactions

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

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

1.1 *Trading with Optical Lenses Wholesalers*

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

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

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

1.2 Trading with Retail Business as 'Chain Store'

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

1.3 Purchase of Products with Related Companies

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

2. Leasing, Services and Others

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

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

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

Issue date : December 25, 2007

Property Description : - 3 Titles Deeds No. 173, 14676, and 14767
owned by Mr. Prateep Prachartam.
- 3 Titles Deeds No. 14679, 14680, and 14682
owned by Mr. Sawang Prachartam.
- 2 Titles Deeds No. 14678, 14681 owned by Mr. Sarote Prachaktam.
Total 8 Title Deeds, 2-1-59 Rai, located at
83 Moo 2, Ngamwongwan Road, Bangkok, Nonthaburi, Thailand

Lessor : Mr. Prateep Prachartam., Mr. Sawang Prachartam
and Mr. Sarote Prachaktam.

Lessee : Thai Optical Company Limited

Lease Term : 3 years, from January 1, 2008 - December 31, 2010.

Rental Fee : 435,600 Baht/ annum payable within December of each year.

The lease rate was based on the Appraisal Report prepared by American Appraisal (Thailand) Co.,Ltd. regarding to Report No. 2003/ 1492T dated November 3, 2003. This rate has been fixed since 2006.Besides; the Board of Directors also considered that the production line shall not be moved from Kae Rai to Bangbuathong due to the decreasing trend in the demand of mineral lenses. The Company only keeps continuing production just to support the existing customers' orders, as a result, the Company has extended lease agreement for another one year. (for the year 2012)

3. Loan Transactions

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

4. Collateral Transactions

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

Criteria for Approval Related Parties Transactions

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

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

Explanation and Analysis of the 2012 Financial Status and Operating Performance

Operating Performance

Overall Past Performance

The opinion of the Management team towards the 2012 operating performance was that total revenue from sales and services of the Company earned 1,432.09 million Baht which was increased by 299.13 million Baht (26%) from the previous year, and net profit earned 166.39 million Baht which was increased by 232.27 million Baht (353%) from the previous year. This was a result of increased sales volumes and compensation received from claim of flooding damages in the year 2011 in the amount of 112.28 million Baht and can be concluded that the the claim for property damage had fully been settled .

	Consolidated Financial Statements (million Baht)			Separated Financial Statements (million Baht)		
	Year 2012	Year 2011	Year 2010	Year 2012	Year 2011	Year 2010
Total Income	1,579.11	1,167.20	1,475.87	1,127.51	878.14	1,166.35
Net Profit (Loss)	166.39	(65.87)	139.15	121.98	(19.21)	115.10

Operating Performance of each Production Line or Business Sector

1. Income

In 2012, the Company and its Subsidiary had total income of 1,579.11 million Baht comparing with the income of 1,167.20 million Baht gained in the year 2011 which was increased by 411.91 million Baht or 35%. The increased in revenue was caused by the increased in sales and received compensation from flooding damages of 112.28 million Baht.

2. Cost of Goods Sold

The proportion on cost of goods sold to sales revenue of the Company and its Subsidiary in 2012 and 2011 were 82% and 80%, respectively. The increase of 2% in 2012 resulted from the problem of raw material occurred in quarter 3/2012 which caused low production efficiency than it should be and resulting in higher production costs, however, the root cause had been identified and improvement was implemented to solve the said problems.

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

The Company and its subsidiary's expenses in SG&A were 182.96 and 296.46 million Baht in the year 2012 and 2011 respectively which was decreased by 113.50 million Baht due to the fact that costs of flooding protection and repairing machineries during October 18 to November 27, 2011 was realized for about 107 million Baht.

4. Gaining from Exchange Rate

The Company had opened the Foreign Currency Deposit Account for depositing export income and had made the risk management control by hedging and making the forward contract rate. As a result, the gain from foreign exchange rate swapping was 7.19 million Baht.

5. Interest Expense

In 2012, the interest expense of the Company and its subsidiary was higher than the previous year of 2011 by 3.42 million Baht resulting from the payment of interest on loans for investment.

6. Net Profit

In 2012, the Company and its Subsidiary had gained net profit of 166.39 million Baht. To compare with net loss of 65.87 million Baht in 2011, the increase was by 236.26 million Baht or 352%. The profit resulted from earnings from operations of 54.11 million Baht and settlement of compensation from flooding damages in the year 2011 of 112.28 million Baht.

7. Dividend per Share

The Board of Directors Meeting No.49 (1/2012) held on February 22nd, 2012 had a resolution to approve in regard to the new dividend payment policy since 2012 that;

“Pay dividend not less than 40 percent of Net Profit of Consolidated financial statements after less of all reserved fund required by law and the Company”

The Annual General Meeting of Shareholders 2012 which held on April 4th, 2012 had a resolution on the approval to suspend dividend payment aside from the interim dividend payment.

According to, the Board of Director’s Meeting No. 51 (3/2012), held on August 8th, 2012, the Board had a resolution on the approval to pay interim dividend from the six-months operating results of consolidated financial statements since January 1st to June 30th, 2012 at Baht 0.10 per share from paid-up shares of 472,283,100 shares in total of 47,228,310 Baht (Forty-seven Million Two Hundred And Twenty-eight Thousand Three Hundred And Ten Baht Only).

For the 2012 Operating Results, the Board of Director’s Meeting No. 54 (1/2013), held on February 20th, 2013 had a resolution on the approval to pay dividend of the year 2012 at Baht 0.25 per share which interim dividend had already been paid at Baht 0.10 per share and the remaining dividend payment of this period will be at Baht 0.15 per share to shareholders (Operating period July 1st to December 31st, 2012) and will propose for approval to the next 2013 Annual General Meeting of Shareholders which will be held on April 3rd, 2013.

Financial Status

In the year 2012, the Company and its Subsidiary had total asset in the amount of 2,060.21 million Baht, increased by 220.83 million Baht from the previous year (2011). Details are as follows:

1. Current assets increased by 221.22 million Baht as follows;

- Cash and cash equivalents decreased by 43.37 million Baht.
- Temporary cash investment increased by 0.02 million Baht.
- Account receivable and other increased by 149.60 million Baht resulting from the related accounts receivable increased by 79.88 million Baht. And, other unrelated account receivable increased by 2.32 million Baht and other account receivable increased by 67.40 million Baht.
- Short term loan lent to related company increased by 8.01 million Baht.
- Net Inventories increased by 94.49 million Baht consisting of finished goods of 22.47 million Baht, raw materials of 31.81 million Baht, goods in transit of 22.18 million Baht and glass moulds of 12.96 million baht.
- Other current assets increased by 12.47 million Baht.

2. Non-current assets decreased by 0.39 million Baht with details as follows;

- The investment in associated company decreased by 5.64 million Baht.
- Property and equipment increased by 19.53 million Baht due to these details:
 1. Building and land development increased by 23.12 million Baht.
 2. Investment on machinery increased by 57.93 million Baht.
 3. Furnishing and setting equipments in the office decreased by 2.58 million Baht.
 4. Vehicles increased by 1.63 million Baht.
 5. Assets in - process decreased by 60.57 million Baht.
- Intangible assets were decreased by 12.47 million Baht because the amortization deduction.
- Other Non-current assets decreased by 1.80 million Baht.

3. Liabilities

In the year 2012, the Company and its Subsidiary had total liabilities of 467.26 million Baht, increased by 102.41 million Baht when comparing with the year 2011. The details are below;

- Current liabilities increased by 99.02 million Baht with details as follows:
 1. Overdrawn and short terms loan from bank increased by 34.38 million Baht.
 2. Trade payable and other account payable increased by 40.43 million Baht, which can be separated as Trade account payable increased by 25.92 million Baht and other account payable of 14.51 million Baht.
 3. Long term loan with maturity date within 1 year increased by 16.79 million Baht.
 4. Other current liabilities increased by 7.43 million Baht.
- Non-current liabilities increased by 3.39 million Baht with details as follows:
 1. Financial lease payable decreased by 0.95 million Baht.
 2. Employees' pension fund reservation increased by 4.34 million Baht.

4. Shareholders' Equity

In the year 2012, the Company and its Subsidiary shareholders' equity increased from the year 2011 by 118.43 million Baht due to the increase of retained earnings.

Liquidity

1. In the year 2012, the Company and its Subsidiary had net cash decreased by 14.16 million Baht resulted from decreasing in operations of 73.35 million Baht and use in financing activities 21.45 million Baht and earnings from Investments of 80.64 million Baht.

2. Capital Structure

	Consolidated financial statements			Separated financial statements		
	2012	2011	2010	2012	2011	2010
Debt to equity ratio (times)	0.29	0.25	0.23	0.24	0.19	0.16

The above ratios show that the Company had a strong capital structure with the debt to equity ratio of 0.29 times only.

3. Liquidity Ratio

	Consolidated financial statements			Separated financial statements		
	2012	2011	2010	2012	2011	2010
Current ratio (times)	2.54	2.64	3.90	2.62	2.83	3.93
Quick ratio (times)	0.61	0.67	1.18	0.44	0.69	1.04
Cash ratio (times)	0.04	0.19	0.33	0.03	0.21	0.19
Cash flow increase(decrease) from operation (million Baht)	(72.56)	(29.20)	(36.17)	(37.75)	9.90	(39.18)

The above details show that in 2012, liquidity of the Company and its Subsidiary was lower than the previous year (2011), resulting from 90 days-Trade account receivables increased which caused cash from operation decreased.

4. Profitability ratio

	Consolidated financial statements			Separated financial statements		
	2012	2011	2010	2012	2011	2010
Operational profit margin (%)	5.85	(3.81)	13.85	(5.60)	(13.00)	7.35
Net profit margin (%)	11.62	(5.81)	9.63	13.22	(2.53)	10.58
Return on assets (%)	8.53	(3.43)	7.20	8.11	(1.30)	7.75
Return on equity (%)	10.85	(4.24)	8.54	9.86	(1.53)	8.74

The above ratios show profitability of the Company and its Subsidiary increased from the year 2011.

Report of the Board of Directors on the Responsibility for the Financial Statements

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

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

According to the practices and supervision mentioned above, the Board of Directors agrees that the internal control system of the Company can create the reliability of the financial statements of Thai Optical Group Public Company Limited as at December 31, 2012 due to the accurate disclosure of financial status, operating performance and Statement of Cash Flow, which are prepared in accordance with generally accepted accounting standard.



(Mr. Sawang Prachartam)

The Chairman



(Mr. Wirach Prachartam)

Managing Director

Report of the Audit Committee

To Shareholders of Thai Optical Group Public Company Limited:

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

In 2012, the Audit Committee held a total of four meetings and an additional meeting with the Company's Auditor. The meetings concerned the following important matters:

1. Considering the annual internal audit plan and result of quarterly internal audit in order to evaluate the results in the operation system and the internal control systems. Also, to give advice to the internal audit control in order to correct and improve the said systems in accordance with standards and regulations of the Securities and Exchange Commission, Thailand, and the Stock Exchange of Thailand.
2. Reviewing practices according to laws, rules and regulations of related outside organizations and of the Company.
3. Reviewing risk management in asset management, especially on accounts receivable and inventory.
4. Reviewing the connected transactions to assure that the Company has the normal business operations without providing benefits for any relevant parties.
5. Reviewing quarterly and annual financial statements compliance with accounting standards, the connected and relevant transactions before proposing to the Board of Directors, and also reviewed and expressed its opinion on asset management conducted by the Company's management team to ensure that they were carried out with a view of giving the utmost benefit to the Company.
6. Attending the meetings with external auditors and internal auditors in exchanging opinions on financial reports and internal audit control systems.

Although the year 2012, the performance of the Company did not meet its goal because the Company had high production costs due to manufacturing problem that might have been affected from floods in late 2011. However, the management team was trying to fix a problem with systematically by preparing the medium-term plan for setting the Company's direction and its strategy clearer, including with improve human resource management system by starting to use Employee Competency Development Program to develop personnel in comply with the business development plan including set Performance-Based-Pay system according to their performance to motivate employees which is reasonable and adequately. The Audit committee had opinion that the Company's internal control in various fields is being developed continuously.

For the year 2013, the Audit Committee proposed to the Board of Directors to appoint Miss Siriwan Suratepin, Certified Public Accountant (Thailand) No.4604, or Miss Kamontip Lertwitworatep, Certified Public Accountant (Thailand) No.4377, or Mr. Wichart Lokatekrawee, Certified Public Accountant (Thailand) No.4451 of Ernst & Young Office Limited as the Company's Auditor, with the audit fee of 1,100,000 Baht which is equivalent to the year 2011 and to be proposed further to the Annual General Meeting of Shareholders for approval.



(Mr. Singh Tangtatswas)

Chairman of the Audit Committee

February 20, 2013

Audit Fees

1. Audit fees

In the audit year of 2012, both the Company and the Subsidiary company had paid audit fees in total amount of 1,625,000 Baht. (One Million Six Hundred and Twenty Five Thousand Baht only). The amount was separated by 1,100,000 Baht of the Company and 525,000 Baht of the Subsidiary company.

2. Non-Audit fees

In the previous audit year period, the Company and the Subsidiary company did not pay any Non-audit fee to the said audit firm.

Independent Auditor's Report

To the Shareholders of Thai Optical Group Public Company Limited

I have audited the accompanying consolidated financial statement of Thai Optical Group Public Company Limited and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thai Optical Group Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Optical Group Public Company Limited and its subsidiary and of Thai Optical Group Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Siriwan Suratepin

Certified Public Accountant (Thailand) No. 4604

Ernst & Young Office Limited
Bangkok: 13 February 2013

Statement of financial position

Thai Optical Group Public Company Limited and its subsidiary

As at 31 December 2012

(Unit : Baht)

	Note	Consolidated		Separate financial statements	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	7	15,861,782	59,227,984	7,127,362	44,875,416
Short-term investment - trading securities	8	827,403	805,387	827,403	805,387
Trade and other receivables	9, 10	304,685,628	155,088,412	183,155,793	99,103,906
Short-term loans to related party	10	8,008,368	-	8,008,368	-
Inventories	11	704,992,949	610,502,785	513,547,780	431,728,043
Other current assets		29,023,883	16,555,201	25,750,771	14,492,133
Total current assets		1,063,400,013	842,179,769	738,417,477	591,004,885
Non-current assets					
Investment in subsidiary	12	-	-	130,000,000	130,000,000
Investment in associate	13	13,298,745	18,935,990	31,020,000	31,020,000
Property, plant and equipment	14	925,829,660	906,303,733	627,515,404	610,938,960
Intangible assets	15	57,604,565	70,077,376	52,891,283	63,927,227
Other non-current assets		81,800	1,885,350	72,800	1,876,350
Total non-current assets		996,814,770	997,202,449	841,499,487	837,762,537
Total assets		2,060,214,783	1,839,382,218	1,579,916,964	1,428,767,422

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

Statement of financial position (continued)

Thai Optical Group Public Company Limited and its subsidiary

As at 31 December 2012

(Unit : Baht)

	Note	Consolidated		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	16	170,875,643	136,494,848	161,072,365	121,494,848
Trade and other payables	10, 17	170,950,538	130,523,612	120,064,001	84,826,109
Current portion of long-term loan from bank	18	55,356,933	38,570,000	-	-
Current portion of finance lease payable	21	945,218	2,896,022	569,358	2,545,221
Provision for short-term employee benefits	19	1,302,102	6,497,795	-	-
Corporate income tax payable		18,419,360	3,851,073	-	-
Total current liabilities		417,849,794	318,833,350	281,705,724	208,866,178
Non-current liabilities					
Finance lease payable - net of current portion	21	667,367	1,612,585	401,992	971,350
Provision for long-term employee benefits	19	48,740,649	44,405,100	21,196,183	20,065,820
Total non-current liabilities		49,408,016	46,017,685	21,598,175	21,037,170
Total liabilities		467,257,810	364,851,035	303,303,899	229,903,348

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

Statement of financial position (continued)

Thai Optical Group Public Company Limited and its subsidiary

As at 31 December 2012

(Unit : Baht)

	Note	Consolidated		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
475,000,000 ordinary shares of Baht 1 each		475,000,000	475,000,000	475,000,000	475,000,000
Issued and fully paid up					
472,283,100 ordinary shares of Baht 1 each					
(2011: 471,098,400 ordinary shares of Baht 1 each)		472,283,100	471,098,400	472,283,100	471,098,400
Ordinary share premium		479,714,928	478,530,228	479,714,928	478,530,228
Retained earnings					
Appropriated - statutory reserve	23	58,630,235	52,531,145	45,630,235	39,531,145
Unappropriated		414,536,639	304,579,339	278,984,802	209,704,301
Other components of shareholders' equity	13	167,792,071	167,792,071	-	-
Total shareholders' equity		1,592,956,973	1,474,531,183	1,276,613,065	1,198,864,074
Total liabilities and shareholders' equity		2,060,214,783	1,839,382,218	1,579,916,964	1,428,767,422
		-	-	-	-

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

Statement of comprehensive income

Thai Optical Group Public Company Limited and its subsidiary

For the year ended 31 December 2012

(Unit : Baht)

	Note	Consolidated		Separate financial statements	
		2012	2011	2012	2011
Profit or loss:					
Revenues					
Sales	10	1,362,878,435	1,092,585,054	920,537,273	754,677,335
Service income	10	69,214,302	40,380,166	1,871,153	4,125,240
Freight income		16,289,652	15,761,800	5,223,547	4,783,795
Other income		123,539,930	8,987,963	131,534,708	23,717,278
Dividend income	10, 12	-	-	62,400,000	83,330,000
Gain on exchange		7,189,729	9,482,373	5,938,876	7,507,846
Total revenues		1,579,112,048	1,167,197,356	1,127,505,557	878,141,494
Expenses					
Cost of sales	10	1,150,229,929	883,951,600	871,607,240	661,910,606
Cost of service	10	33,293,446	26,235,290	1,508,099	2,014,834
Selling expenses		29,244,206	30,401,053	16,779,636	16,851,147
Administrative expenses		153,716,403	262,794,578	107,892,240	212,701,117
Total expenses		1,366,483,984	1,203,382,521	997,787,215	893,477,704
Profit (loss) before share of loss from investment in associate, finance cost and income tax expenses		212,628,064	(36,185,165)	129,718,342	(15,336,210)
Share of loss from investment in associate	13	(5,637,245)	(6,931,046)	-	-
Profit (loss) before finance cost and income tax expenses		206,990,819	(43,116,211)	129,718,342	(15,336,210)
Finance cost		(8,698,286)	(5,275,439)	(7,736,516)	(3,870,574)
Profit (loss) before income tax expenses		198,292,533	(48,391,650)	121,981,826	(19,206,784)
Income tax expenses		(31,898,230)	(17,481,522)	-	-
Profit (loss) for the year		166,394,303	(65,873,172)	121,981,826	(19,206,784)
Other comprehensive income:					
Actuarial (gain) loss		(3,109,613)	-	626,065	-
Other comprehensive income for the year		(3,109,613)	-	626,065	-
Total comprehensive income for the year		163,284,690	(65,873,172)	122,607,891	(19,206,784)

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

Statement of comprehensive income (continued)

Thai Optical Group Public Company Limited and its subsidiary

For the year ended 31 December 2012

(Unit : Baht)

	Note	Consolidated		Separate financial statements	
		2012	2011	2012	2011
Earnings per share (Baht)	27				
Basic earnings per share					
Profit (loss)		0.35	(0.14)	0.26	(0.04)
Weighted average number of ordinary shares (shares)		471,678,407	470,469,128	471,678,407	470,469,128
Diluted earnings per share					
Profit (loss)		0.35	(0.14)	0.26	(0.04)
Weighted average number of ordinary shares (shares)		473,062,548	472,415,038	473,062,548	472,415,038

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

Statement of cash flow

Thai Optical Group Public Company Limited and its subsidiary

For the year ended 31 December 2012

(Unit : Baht)

	Consolidated		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit (loss) before tax	198,292,533	(48,391,650)	121,981,826	(19,206,784)
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Share of loss from investment in associate	5,637,245	6,931,046	-	-
Unrealised gain on short - term investment	(22,016)	(14,009)	(22,016)	(14,009)
Unrealised loss (gain) on exchange	(199,145)	(1,263,729)	(646,332)	4,302
Loss (gain) from sales of property, plant and equipments	31,088	(931,201)	185,531	(840,206)
Dividend income	-	-	(62,400,000)	(83,330,000)
Depreciation and amortisation	144,836,435	124,167,808	92,377,187	75,152,778
Allowance for impairment loss on assests (reversal)	(13,197,958)	13,197,958	(13,197,958)	13,197,958
Doubtful accounts (reversal)	2,532,886	359,613	(597,397)	541,611
Decrease of inventory to net realisable value (reversal)	(72,658,310)	66,437,798	(70,576,028)	69,708,018
Provision for long-term employee benefits	5,044,595	5,083,723	1,756,428	1,967,920
Interest income	(247,229)	(398,563)	(195,501)	(266,511)
Interest expenses	8,101,994	4,863,108	5,333,409	2,673,710
Profit from operating activities before changes in operating assets and liabilities	278,152,118	170,041,902	73,999,149	59,588,787

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

Statement of cash flow (continued)

Thai Optical Group Public Company Limited and its subsidiary

For the year ended 31 December 2012

(Unit : Baht)

	Consolidated		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities (continued)				
Operating assets (increases) decrease				
Short-term investment	-	(5,188)	-	(5,188)
Trade and other receivables	(154,320,223)	73,882,785	(84,586,035)	60,261,420
Inventories	(21,831,855)	17,169,824	(11,243,709)	4,344,078
Other current assets	(5,258,854)	27,879,745	(4,048,779)	25,414,545
Other assets	3,550	(1,000)	3,550	(1,000)
Operating liabilities increase (decrease)				
Trade and other payables	45,346,497	(40,497,288)	37,234,620	(47,883,076)
Cash flows from operating activities	142,091,233	248,470,780	11,358,796	101,719,566
Cash paid for long-term employee benefits	(9,014,352)	(2,590,871)	-	-
Cash paid for corporate income tax	(24,539,769)	(63,986,811)	(7,209,826)	(23,190,815)
Net cash from operating activities	108,537,112	181,893,098	4,148,970	78,528,751
Cash flows from investing activities				
Short-term loans to related party	(8,191,511)	-	(8,191,511)	-
Dividend received from subsidiary	-	-	62,400,000	83,330,000
Purchase of property, plant and equipments	(134,477,936)	(228,334,987)	(77,724,000)	(154,573,489)
Purchase of intangible assets	(9,397,762)	(3,874,378)	(9,188,212)	(2,445,393)
Interest income	247,229	398,563	195,501	266,511
Cash received from sales of property, plant and equipments	1,980,019	1,327,871	1,158,879	1,244,953
Net cash used in investing activities	(149,839,961)	(230,482,931)	(31,349,343)	(72,177,418)

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

Statement of cash flow (continued)

Thai Optical Group Public Company Limited and its subsidiary

For the year ended 31 December 2012

(Unit : Baht)

	Consolidated		Separate financial statements	
	2012	2011	2012	2011
Cash flows from financing activities				
Increase in bank overdrafts and				
short-term loans from banks	32,615,138	131,545,976	37,811,862	116,188,138
Increase (decrease) in trust receipt	2,650,741	(102,983)	2,650,741	(102,983)
Cash received of short-term loans from related party	-	-	5,200,000	38,000,000
Repayment of short-term loans from related party	-	-	(5,200,000)	(56,000,000)
Cash received of long-term loan from bank	69,286,933	4,970,000	-	-
Repayment of long-term loan from bank	(52,500,000)	(20,000,000)	-	-
Repayment of finance lease payable	(1,096,022)	(1,225,386)	(745,221)	(897,975)
Cash received from additional ordinary share				
from warrants exercised	2,369,400	3,052,400	2,369,400	3,052,400
Cash paid for interest expenses	(8,161,243)	(4,778,904)	(5,406,163)	(2,626,337)
Cash paid for dividend	(47,228,300)	(94,068,975)	(47,228,300)	(94,068,975)
Net cash from (used in) financing activities	(2,063,353)	19,392,128	(10,547,681)	3,544,268
Net increase (decrease) in cash and				
cash equivalents	(43,366,202)	(29,197,705)	(37,748,054)	9,895,601
Cash and cash equivalents at beginning of the year	59,227,984	88,425,689	44,875,416	34,979,815
Cash and cash equivalents at end of the year	15,861,782	59,227,984	7,127,362	44,875,416
	-	-	-	-

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

Statement of changes in shareholders' equity

Thai Optical Group Public Company Limited and its subsidiary

For the year ended 31 December 2012

(Unit : Baht)

	Consolidated financial statements					
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Surplus from business combination under common control	
Balance as at 31 December 2010	469,572,200	477,004,028	45,849,037	471,203,594	167,792,071	1,631,420,930
Additional ordinary shares issued						
from warrants exercised	1,526,200	1,526,200	-	-	-	3,052,400
Total comprehensive income for the year	-	-	-	(65,873,172)	-	(65,873,172)
Dividend paid (Note 22)	-	-	-	(94,068,975)	-	(94,068,975)
Unappropriated retained earning						
transferred to statutory reserve (Note 23)	-	-	6,682,108	(6,682,108)	-	-
Balance as at 31 December 2011	471,098,400	478,530,228	52,531,145	304,579,339	167,792,071	1,474,531,183

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

Statement of changes in shareholders' equity (continued)

Thai Optical Group Public Company Limited and its subsidiary

For the year ended 31 December 2012

(Unit : Baht)

	Consolidated financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated	Surplus from business combination under common control	
Balance as at 31 December 2011	471,098,400	478,530,228	52,531,145	304,579,339	167,792,071	1,474,531,183
Profit for the year	-	-	-	166,394,303	-	166,394,303
Other comprehensive income for the year	-	-	-	(3,109,613)	-	(3,109,613)
Total comprehensive income for the year	-	-	-	163,284,690	-	163,284,690
Additional ordinary shares issued from warrants exercised	1,184,700	1,184,700	-	-	-	2,369,400
Dividend paid (Note 22)	-	-	-	(47,228,300)	-	(47,228,300)
Unappropriated retained earnings transferred to statutory reserve (Note 23)	-	-	6,099,090	(6,099,090)	-	-
Balance as at 31 December 2012	472,283,100	479,714,928	58,630,235	414,536,639	167,792,071	1,592,956,973

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

Statement of changes in shareholders' equity (continued)

Thai Optical Group Public Company Limited and its subsidiary

For the year ended 31 December 2012

(Unit : Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2010	469,572,200	477,004,028	36,355,941	326,155,264	1,309,087,433
Additional ordinary shares issued from warrants exercised	1,526,200	1,526,200	-	-	3,052,400
Total comprehensive income for the year	-	-	-	(19,206,784)	(19,206,784)
Dividend paid (Note 22)	-	-	-	(94,068,975)	(94,068,975)
Unappropriated retained earnings transferred to statutory reserve (Note 23)	-	-	3,175,204	(3,175,204)	-
Balance as at 31 December 2011	471,098,400	478,530,228	39,531,145	209,704,301	1,198,864,074

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

Statement of changes in shareholders' equity (continued)

Thai Optical Group Public Company Limited and its subsidiary

For the year ended 31 December 2012

(Unit : Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2011	471,098,400	478,530,228	39,531,145	209,704,301	1,198,864,074
Profit for the year	-	-	-	121,981,826	121,981,826
Other comprehensive income for the year	-	-	-	626,065	626,065
Total comprehensive income for the year	-	-	-	122,607,891	122,607,891
Additional ordinary shares issued					
from warrants exercised	1,184,700	1,184,700	-	-	2,369,400
Dividend paid (Note 22)	-	-	-	(47,228,300)	(47,228,300)
Unappropriated retained earnings transferred to statutory reserve (Note 23)	-	-	6,099,090	(6,099,090)	-
Balance as at 31 December 2012	472,283,100	479,714,928	45,630,235	278,984,802	1,276,613,065

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

Notes to Consolidated Financial Statements

Thai Optical Group Public Company Limited and its subsidiary

For the year ended 31 December 2012

1. General information

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

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Subsidiary	Nature of business	Percentage of shareholding	
		2012	2011
		Percent	Percent
Thai Optical Company Limited	Manufacturing and selling of glasses lens	100	100

b) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Company.

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

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

2.3) The separate financial statements, which present investment in subsidiary and associate presented under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards not yet effective

a) The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
--------	--------------------

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect of increasing the Company and its subsidiaries' brought-forward retained earnings of the year 2013 by approximately Baht 20.8 million (the Company only: approximately Baht 12.1 million).

- b) In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that they are not relevant to the business of the Company.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

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

The net realizable value of inventory is estimated from the estimated selling price in the ordinary course of business, less the estimated costs to complete the sale.

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

4.5 Investments

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

4.6 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

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

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

4.7 Intangible assets

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

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

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

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

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

4.8 Related party transactions

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

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

4.9 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.10 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

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

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

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

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

The defined benefits liability and other long-term benefit liabilities comprise the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, retrospectively as though the Company and its subsidiaries initially recorded these employee benefit expenses.

4.11 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.12 Forward foreign exchange contracts

The Company and its subsidiary company use forward exchange contracts in asset and liability management activities to control exposure to fluctuations in foreign exchange rates.

The differences between the spot rate of the undue forward foreign exchange contract and the reference exchange rates of the Bank of Thailand at the end of year are recorded as revenue and expense for the year.

Differences between the forward rate and the spot rate in forward foreign exchange contracts are amortized into revenue and expenses over the contract-period.

4.13 Income tax

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

4.14 Long-term leases

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

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.15 Provisions

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

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Reduce cost of inventory value

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

Property plant and equipment/Depreciation

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

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

Intangible assets

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

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

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

6. Additional cash flows information

Non-cash related transactions for investing activity for the years ended 31 December 2012 and 2011 are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Purchase of property, plant and equipment and intangible assets	6,298	13,017	5,451	8,845
Less: Other payable from purchases of property, plant and equipment and intangible assets	(4,686)	(8,509)	(4,480)	(5,328)
Finance lease payable	(1,612)	(4,508)	(971)	(3,517)
	-	-	-	-

7. Cash and cash equivalents

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	180	227	85	132
Bank deposits	15,682	59,001	7,042	44,743
Total	15,862	59,228	7,127	44,875

As at 31 December 2012, bank deposits in saving accounts carried interests between 0.65 and 0.75 percent per annum (2011: 0.2 and 0.75 percent per annum).

8. Short-term investments - trading security

As at 31 December 2012 and 2011, short-term investments - trading security were as follows:

	Consolidated and Separate financial statements					
	2012			2011		
	Unit	Cost	Fair value	Unit	Cost	Fair value
	(Thousand unit)	(Thousand Baht)	(Thousand Baht)	(Thousand unit)	(Thousand Baht)	(Thousand Baht)
<u>Short-term investment:</u>						
Trading securities						
TMB Treasury Money Fund	66	781	827	66	781	805
Total short-term investment - trading securities	66	781	827	66	781	805

9. Trade and other receivables

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	81,164	42,629	48,376	26,710
Overdue not over 30 days	31,318	14,646	-	13,017
Overdue 31 - 90 days	28,315	3,363	-	2,990
Overdue 91 - 180 days	2	283	-	276
Total trade receivables - related parties	140,799	60,921	48,376	42,993
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	63,529	52,822	50,172	36,445
Overdue not over 30 days	22,680	22,461	14,696	15,459
Overdue 31 - 90 days	5,280	5,995	1,642	1,423
Overdue 91 - 180 days	2,893	10,080	7	926
Overdue 181 - 365 days	2,110	2,960	191	2,446
Overdue more than 365 days	5,987	3,309	3,168	3,169

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Total trade receivables - unrelated parties	102,479	97,627	69,876	59,868
Less: Allowance for doubtful debts	(6,643)	(4,110)	(3,234)	(3,832)
Net	95,836	93,517	66,642	56,036
Total trade accounts receivable - net	236,635	154,438	115,018	99,029
<u>Other receivables</u>				
Other receivables - related party	-	650	87	75
Other receivables - unrelated party	68,051	-	68,051	-
Total other receivables	68,051	650	68,138	75
Total trade and other receivables - net	304,686	155,088	183,156	99,104

10. Related party transactions

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

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

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

1. Price for purchases/sales of raw materials, supplies and other items are determined based on the cost of the goods plus a services fee of not more than 10 percent of such cost.
2. Purchases/sales prices of finished goods are determined at agreed rate. However, the pricing policy is subject to change depending on market competition at the time being.
3. Service income and service expenses are charged at a mutually agreed price.
4. Loans to and loan from subsidiary company is charged interest at rate of 3.85 percent per annum (2011: 3.63 - 5.00 percent per annum).
5. Guarantee fee income and expenses are charged at rate of 1.5 percent per annum.
6. Purchases/sales prices of fixed assets are determined at agreed rate.

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

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

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>Transactions with subsidiary company</i>				
<i>(eliminated from the consolidated financial statements)</i>				
Sales of goods and raw materials	-	-	52,656	52,562
Service income	-	-	1,487	992
Document service income	-	-	14,880	14,880
Cost of sales	-	-	51,295	49,608
Purchase of goods and raw materials	-	-	146,387	102,317
Service expense	-	-	25,994	18,323
Interest expense	-	-	17	337
Guarantee fee income	-	-	901	909
Guarantee fee expenses	-	-	2,218	1,109
Purchase of assets	-	-	-	819
Dividend income	-	-	62,400	83,330
Other sales	-	-	408	170
Other purchases	-	-	93	592
<i>Transactions with associates</i>				
Sales of goods	4,562	1,482	475	-
Other services revenues	326	96	7	-
Sales of assets	-	1,063	-	-
<i>Transactions with domestic related companies related by the way of common shareholders and/or common directors</i>				
Sales of goods and raw materials	74,438	59,135	8,090	9,631
Service income	48	456	9	404
Other sales	423	422	150	99
Other service income	527	553	527	546
Sales of assets	545	-	545	-
Purchase of goods and raw materials	1,177	2,212	889	1,623
Others purchases	1,758	1,123	92	89
Service expenses	2	54	2	49
Purchase of assets	14,027	6,164	164	789

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Transactions with foreign related companies</u>				
Sales of goods	680,565	403,160	366,471	227,911
Other sales	2,917	1,932	1,624	572

The outstanding balances of the above transactions have been separately shown in the statement of financial position with the details as at 31 December 2012 and 2011 as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Trade accounts receivable - related parties</u>				
Subsidiary company	-	-	5,770	4,557
Associate companies	1,623	688	177	-
Related companies	139,176	60,233	42,429	38,436
Total trade accounts receivable - related parties	140,799	60,921	48,376	42,993
<u>Other receivables-related parties</u>				
Subsidiary company	-	-	87	75
Associate company	-	650	-	-
Total other receivables - related parties	-	650	87	75
<u>Short-term loan to related party</u>				
Associate company	8,008	-	8,008	-
Total short-term loan to related party	8,008	-	8,008	-

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Trade accounts payable - related parties</u>				
Subsidiary company	-	-	21,991	9,231
Related companies	115	97	-	5
Total trade accounts payable - related parties	115	97	21,991	9,236
<u>Other payables - related parties</u>				
Subsidiary company	-	-	419	155
Related company	-	22	-	-
Total other payables - related parties	-	22	419	155

As at 31 December 2012 and 2011, the balances of loans between the Company and those related companies and the movement are as follows:

(Unit : Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2011	During the year		Balance as at 31 December 2012
		Increase	Decrease	
<u>Short-term loan from subsidiary company</u>				
Thai Optical Co., Ltd.	-	5,200	(5,200)	-
Total	-	5,200	(5,200)	-
<u>Short-term loan to associated company</u>				
M Vision Optical Pte. Ltd.	-	8,008	-	8,008
Total	-	8,008	-	8,008

Directors and management's benefits

During the year ended 31 December 2012 and 2011, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	30,345	29,417	27,441	24,452
Post-employment benefits	738	1,106	289	266
Total	31,083	30,523	27,730	24,718

Guarantee obligations with related parties

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

11. Inventories

(Unit : Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Finished goods	171,446	181,054	(7,877)	(39,957)	163,569	141,097
Work in process	14,050	10,872	-	-	14,050	10,872
Raw materials	129,958	110,415	(379)	(12,648)	129,579	97,767
Spare parts and factory supplies	28,528	26,982	-	(345)	28,528	26,637
Supplies - Glass mould	329,435	344,444	(5,329)	(33,294)	324,106	311,150
Goods in transit	45,161	22,980	-	-	45,161	22,980
Total	718,578	696,747	(13,585)	(86,244)	704,993	610,503

(Unit : Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2012	2011	2012	2011	2012	2011
Finished goods	107,295	110,960	(1,479)	(27,589)	105,816	83,371
Work in process	4,862	6,082	-	-	4,862	6,082
Raw materials	89,447	72,664	-	(11,592)	89,447	61,072
Spare parts and factory supplies	12,065	11,187	-	(345)	12,065	10,842
Supplies - Glass mould	265,295	281,848	-	(32,529)	265,295	249,319
Goods in transit	36,063	21,042	-	-	36,063	21,042
Total	515,027	503,783	(1,479)	(72,055)	513,548	431,728

12. Investment in subsidiary

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

As at 31 December 2012 and 2011, investment in subsidiary company accounted for under cost method of the Company is as follows:

(Unit : Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received for the year	
	2012	2011	2012	2011	2012	2011	2012	2011
			(%)	(%)				
Thai Optical Company Limited	130,000	130,000	100	100	130,000	130,000	62,400	83,330
Total					130,000	130,000	62,400	83,330

13. Investment in associate

13.1 Details of investment in associate

Company's name	Nature of business	Relationship	Paid-up Capital		Shareholding percentage		Consolidated financial statements		Separate financial statements	
			2012	2011	2012	2011	2012	2011	2012	2011
					(%)	(%)	Carrying amounts based on equity method		Cost	
M Vision Optical Pte. Ltd. (Incorporated in Singapore)	Manufacturing of Rx lenses	Direct holding and common directors	SGD 4 million	SGD 4 million	33	33	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
							13,299	18,936	31,020	31,020
Total							13,299	18,936	31,020	31,020

(Unit : Thousand Baht)

Company's name	Consolidated financial statements	
	Share of loss from investment in associated company for the year	
	2012	2011
M Vision Optical Pte. Ltd.	5,637	6,931
Total	5,637	6,931

13.2 Summarised financial information of associated company

Financial information of the associated company is summarised below.

Company's name	Consolidated financial statements					
	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as 31 December	
	2012	2011	2012	2011	2012	2011
	(Million SGD)	(Million SGD)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
M Vision Optical Pte. Ltd.	4	4	88	82	45	23

(Unit : Million Baht)

Company's name	Consolidated financial statements			
	Total revenues for the year		Loss for the year	
	2012	2011	2012	2011
M Vision Optical Pte. Ltd.	88	64	(17)	(20)

14. Property, plant and equipment

(Unit : Thousand Baht)

Consolidated financial statements							
	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Asset in progress	Total
Cost amount:							
1 January 2011	137,471	364,762	1,139,179	92,146	40,712	179,403	1,953,673
Additions	-	-	8,946	2,417	4,031	167,676	183,070
Transferred in/(out)	-	82,470	162,480	3,409	1,033	(249,392)	-
Disposals	-	(282)	(2,112)	(1,242)	(3,673)	-	(7,309)
31 December 2011	137,471	446,950	1,308,493	96,730	42,103	97,687	2,129,434
Additions	-	178	15,935	2,744	2,376	109,423	130,656
Transferred in/(out)	650	49,213	116,773	2,275	952	(169,863)	-
Disposals	-	(3,117)	(10,542)	(1,759)	(6,601)	(127)	(22,146)
31 December 2012	138,121	493,224	1,430,659	99,990	38,830	37,120	2,237,944
Accumulated depreciation:							
1 January 2011	-	170,691	832,195	72,628	36,643	-	1,112,157
Depreciation for the year	-	20,712	73,685	8,299	1,359	-	104,055
Depreciation on disposals	-	(220)	(1,176)	(1,229)	(3,655)	-	(6,280)
31 December 2011	-	191,183	904,704	79,698	34,347	-	1,209,932
Depreciation for the year	-	25,900	87,664	7,706	1,697	-	122,967
Depreciation on disposals	-	(2,091)	(10,487)	(1,606)	(6,601)	-	(20,785)
31 December 2012	-	214,992	981,881	85,798	29,443	-	1,312,114
Allowance for impairment loss:							
1 January 2011	-	-	-	-	-	-	-
Increase during the year	-	-	(12,936)	(262)	-	-	(13,198)
31 December 2011	-	-	(12,936)	(262)	-	-	(13,198)
Decrease during the year	-	-	12,936	262	-	-	13,198
31 December 2012	-	-	-	-	-	-	-
Net book value:							
1 January 2011	137,471	194,071	306,984	19,518	4,069	179,403	841,516
31 December 2011	137,471	255,767	390,853	16,770	7,756	97,687	906,304
31 December 2012	138,121	278,232	448,778	14,192	9,387	37,120	925,830
Depreciation for the year							
2011 (Baht 96 million included in manufacturing cost, and the balance in administrative expenses)							104,055
2012 (Baht 116 million included in manufacturing cost, and the balance in administrative expenses)							122,967

(Unit : Thousand Baht)

	Separate financial statements						Total
	Land	Building and land improvement	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Asset in progress	
Cost amount:							
1 January 2011	84,494	275,421	586,669	57,212	33,699	166,475	1,203,970
Additions	-	-	3,776	1,377	31	132,999	138,183
Transferred in/(out)	-	82,309	135,565	2,926	1,033	(221,833)	-
Disposals	-	(282)	(1,090)	(677)	(3,630)	-	(5,679)
31 December 2011	84,494	357,448	724,920	60,838	31,133	77,641	1,336,474
Additions	-	-	1,024	1,046	1,546	73,261	76,877
Transferred in/(out)	650	47,372	68,833	1,683	951	(119,489)	-
Disposals	-	(3,117)	(1,295)	(1,436)	(6,082)	(127)	(12,057)
31 December 2012	85,144	401,703	793,482	62,131	27,548	31,286	1,401,294
Accumulated depreciation:							
1 January 2011	-	108,940	479,744	42,810	29,669	-	661,163
Depreciation for the year	-	16,901	32,499	6,129	920	-	56,449
Depreciation on disposals	-	(220)	(748)	(675)	(3,631)	-	(5,274)
31 December 2011	-	125,621	511,495	48,264	26,958	-	712,338
Depreciation for the year	-	22,606	43,047	5,486	1,014	-	72,153
Depreciation on disposals	-	(2,091)	(1,253)	(1,286)	(6,082)	-	(10,712)
31 December 2012	-	146,136	553,289	52,464	21,890	-	773,779
Allowance for impairment loss:							
1 January 2011	-	-	-	-	-	-	-
Increase during the year	-	-	(12,936)	(262)	-	-	(13,198)
31 December 2011	-	-	(12,936)	(262)	-	-	(13,198)
Decrease during the year	-	-	12,936	262	-	-	13,198
31 December 2012	-	-	-	-	-	-	-
Net book value:							
1 January 2011	84,494	166,481	106,925	14,402	4,030	166,475	542,807
31 December 2011	84,494	231,827	200,489	12,312	4,175	77,641	610,938
31 December 2012	85,144	255,567	240,193	9,667	5,658	31,286	627,515
Depreciation for the year							
2011 (Baht 51million included in manufacturing cost, and the balance in administrative expenses)							56,449
2012 (Baht 67 million included in manufacturing cost, and the balance in administrative expenses)							72,153

During the year 2012, the company reversed allowance for impairment of machinery and equipment due to received a compensation letter from a insurance company as discussed in Note 25 to the financial statements.

As at 31 December 2012, the Company and its subsidiary have vehicles and office equipment under finance lease agreement with net book values amounting to Baht 1.5 million (2011: Baht 4.3 million) and the Company only amounted to Baht 0.9 Million (2011: Baht 3.4 million).

As at 31 December 2012, certain plant and equipment items of the Company and subsidiary company have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 827.72 million (2011: Baht 804 million) and the Company only amounted to Baht 518.82 million (2011: Baht 503 million).

15. Intangible assets

The net book value of intangible assets as at 31 December 2012 and 2011 is presented below.

(Unit : Thousand Baht)

Consolidated financial statements				
	Computer software	Deferred product development	License	Total
As at 31 December 2012				
Cost	39,685	26,524	76,392	142,601
<u>Less</u> Accumulated amortisation	(22,978)	(15,590)	(46,428)	(84,996)
Net book value	16,707	10,934	29,964	57,605
As at 31 December 2011				
Cost	33,445	23,366	76,392	133,203
<u>Less</u> Accumulated amortisation	(19,192)	(12,489)	(31,445)	(63,126)
Net book value	14,253	10,877	44,947	70,077

(Unit : Thousand Baht)

Separate financial statements				
	Computer software	Deferred product development	License	Total
As at 31 December 2012				
Cost	26,076	26,524	74,911	127,511
<u>Less</u> Accumulated amortisation	(14,083)	(15,590)	(44,947)	(74,620)
Net book value	11,993	10,934	29,964	52,891
As at 31 December 2011				
Cost	20,047	23,365	74,911	118,323
<u>Less</u> Accumulated amortisation	(11,943)	(12,488)	29,965	(54,396)
Net book value	8,104	10,877	44,946	63,927

A reconciliation of the net book value of intangible assets for the years 2012 and 2011 is presented below.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value at beginning of year	70,077	86,315	63,927	80,186
Acquisition of computer software	7,074	2,290	6,864	860
Increase of deferred product development	2,324	1,585	2,324	1,585
Amortisation	(21,870)	(20,113)	(20,224)	(18,704)
Net book value at end of year	57,605	70,077	52,891	63,927

16. Bank overdrafts and short-term loans from banks

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Bank overdrafts	4,804	-	-	-
Trust receipt	7,072	4,949	7,072	4,949
Short-term loans from banks	159,000	131,546	154,000	116,546
Total	170,876	136,495	161,072	121,495

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

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

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

17. Trade and other payables

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade account payables - related parties	115	97	21,991	9,236
Trade account payables - unrelated parties	103,086	77,187	55,984	43,160
Amounts due to and short-term loan from related parties	-	22	419	155
Accrued expenses	50,182	28,517	26,675	14,396
Other payable	10,189	16,610	9,189	12,779
Others	7,379	8,090	5,806	5,100
Total trade and other payables	170,951	130,523	120,064	84,826

18. Long-term loan from bank/current portion of long-term loan from bank

(Unit : Thousand Baht)

	Consolidated financial statements	
	2012	2011
The subsidiary company entered in loan agreement with a local commercial bank to obtain a long-term loan of Baht 320 million. The loan is repayable monthly in 64 installments commencing as from September 2011, and subject to interest at rate determined under the agreement.	55,357	38,570
Total	55,357	38,570
Less: Current portion of long-term loan	(55,357)	(38,570)
Long-term loan - net of current portion	-	-

Movements in the long-term loan account during the year ended 31 December 2012 are summarised below.

(Unit : Thousand Baht)

	Consolidated financial statements	
	2012	2011
Balance at beginning of year	38,570	53,600
Add: Cash receipt from long-term loan	69,287	4,970
Less: Repayment during the year	(52,500)	(20,000)
Balance at end of year	55,357	38,570

The Company has provided guarantee for the subsidiary company's loan.

The loan agreement contains certain covenants, pertaining to matters such as the maintenance of a certain financial ratio.

19. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2012 and 2011, which is compensations on employees' retirement and other long-term employee benefits, was as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Balance at beginning of year	50,903	48,410	20,066	18,098
Current service cost	2,466	2,689	1,044	1,117
Interest cost	2,112	2,395	712	851
Benefits paid during the year	(9,014)	(2,591)	-	-
Actuarial (gain) loss	3,576	-	(626)	-
Balance at end of year	50,043	50,903	21,196	20,066

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Provision for employee benefits				
Current	1,302	6,498	-	-
Non-current	48,741	44,405	21,196	20,066
	50,043	50,903	21,196	20,066

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current service cost	2,466	2,689	1,044	1,117
Interest cost	2,112	2,395	712	851
Actuarial loss recognised during the year	466	-	-	-
Total expense recognized in profit or loss	5,044	5,084	1,756	1,968
Line items under which such expenses are included in profit or loss				
Cost of sales	3,086	3,268	806	853
Selling and administrative expenses	1,958	1,816	950	1,115

Total actuarial losses recognized in the other comprehensive income of the Company and its subsidiary as at 31 December 2012 amounted to Baht 3.1 million (The Company only: gain Baht 0.63 million)

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.6%	4.7%	3.6%	4.7%
Future salary increase rate (depending on position)	5%	4.5% - 6.5%	5%	4.5% - 6.5%
Staff turnover rate	26.4%	40.46%	26.4%	39.39%

Amounts of defined benefit obligation for the current and previous four periods are as follows:

(Unit : Thousand Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2012	50,043	21,196	10,938	-
Year 2011	50,093	20,066	-	-
Year 2010	48,410	18,098	-	-
Year 2009	47,055	16,200	-	-

20. ESOP warrants

On 16 September 2008, the Extraordinary General Meeting of shareholders of the Company passed the resolution to approve the issuance of 6,250,000 warrants to the employees of the Company and the subsidiary company, free of charge. The exercise ratio is to be 1 warrant per 1 ordinary share and exercise price is Baht 2 per share and the warrants are to be exercisable every 1 February and 1 August, with a term of no more than 5 years from the first offering date (8 April 2009). The warrants are not allowed to be exercised during the first year after the issuing date and the holders are eligible to exercise their rights starting within the second year to the fifth year with the portion of 25 percent of total allocated warrants each year. Any warrants that have not been exercised within the specific exercise period can be accumulated and exercised on the next exercise period within the life of ESOP-Warrant.

Movement of share warrant during the year are summarised below.

	Number of units (units)	
	2012	2011
Warrants issued at beginning of the year	3,901,600	5,427,800
Less: Exercised during the year	(1,184,700)	(1,526,200)
Warrants issued at end of the year	2,716,900	3,901,600

21. Finance leases payable

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Finance leases payable	1,713	4,759	1,031	3,669
Less: Deferred interest expenses	(100)	(250)	(60)	(153)
	1,613	4,509	971	3,516
Less: Portion due within one year	(945)	(2,896)	(569)	(2,545)
Finance leases payable - net of current portion	668	1,613	402	971

The Company and its subsidiary have entered into the finance lease agreements with leasing company for lease the office equipment for use in its operation and committed to pay rental fee on a monthly basis. The term of the agreements is 5 years. Finance lease agreements are non-cancelable.

As at 31 December 2012 and 2011, future minimum lease payments required under the finance lease agreements were as follows:

(Unit : Thousand Baht)

	As at 31 December 2012					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	1,027	686	1,713	619	412	1,031
Deferred interest expenses	(82)	(18)	(100)	(50)	(10)	(60)
Present value of future minimum lease payments	945	668	1,613	569	402	971

(Unit : Thousand Baht)

	As at 31 December 2011					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	3,046	1,713	4,759	2,638	1,031	3,669
Deferred interest expenses	(150)	(100)	(250)	(93)	(60)	(153)
Present value of future minimum lease payments	2,896	1,613	4,509	2,545	971	3,516

22. Dividend paid

Dividends declared in 2012 and 2011 consist of the following:

		Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>The Company</u>					
<u>2012</u>					
Interim dividend of earnings for the period as from 1 January 2012 to 30 June 2012	The meeting of the Board of Directors of the Company on 8 August 2012		47.23	0.10	5 September 2012
Total for 2012			47.23	0.10	
<u>2011</u>					
Final dividend on 2010 earnings	Annual Ordinary Meeting of the shareholders on 5 April 2011		70.51	0.15	28 April 2011
Interim dividend of earnings for the period as from 1 January 2011 to 30 June 2011	The meeting of the Board of Directors of the Company on 10 August 2011		23.56	0.05	9 September 2011
Total for 2011			94.07	0.20	

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net earnings after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. During 2012, the Company and its subsidiary set aside an additional statutory reserve by amount of Baht 6 million, the Company only Baht 6 million (2011: Baht 6.7 million, the Company only Baht 3.2 million). The statutory reserve could not be used for dividend payment.

24. Provident fund

The Company and its subsidiary and its employees jointly established a provident fund in accordance with the Provident Fund Act (B.E. 2530). The fund is contributed to by both employees and the Company and its subsidiary at the rate of 3-5 percent of their basic salaries. The fund is managed by BankThai Public Company Limited and will be paid to the employees upon retirement or cessation of employment in accordance with the rules of the fund. Total contributions of the Company and its subsidiary for the current year amounted to approximately Baht 8.2 million (2011: Baht 7.7 million), the Company only approximately Baht 4.5 million (2011: Baht 4.1 million).

25. Expenses by nature

Significant expenses by nature are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Salaries and wages and other employee benefits	325,560	254,939	184,835	143,546
Depreciation	122,967	104,055	72,153	56,449
Amortisation expenses	21,870	20,113	20,224	18,704
Raw materials and consumables used	521,177	365,727	394,651	261,100
Changes in inventories of finished goods and work in progress	6,430	44,555	4,885	28,436
Reduce cost of inventory value (reversal)	(72,659)	66,438	(70,576)	69,708
Allowance for impairment loss on fixed asset	(13,198)	13,198	(13,198)	13,198

During the fourth quarter of 2011, there was flooding in Thailand. The factories of the Company and its subsidiary in Bangbuathong district were inundated, forcing the Company and that subsidiary to temporarily cease production and causing damage to the Company's property.

The Company had all risk insurance that covers disaster risk. However, as at 31 December 2011 negotiations over compensation claims had not been finalised, and the Company therefore recorded reduce cost of inventories value and allowance for impairment loss on fixed assets which had been damaged by the floods Baht 59.8 million and Baht 13.2 million, respectively as expenses. These expenses had been included in administrative expenses in 2011.

During the year 2012, the Company received a letter from the insurance company confirming settlement of claims for losses of Baht 108 million. The Company therefore recognised this amount of insurance compensation in profit or loss. Partial payment Baht 40 million had been received at the end of reporting period and the Company recognised the outstanding insurance claim receivable of Baht 68 million as current assets in the statement of financial position.

26. Promotion privileges

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

- 26.1 Under Promotion Certificate No. 4392/2547 (11-1162/สฉ/2534) dated 13 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and necessary materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 2 May 2004 to 1 May 2008. Presently, an extension of the privileges until 30 June 2013 was granted.
- 26.2 Under Promotion Certificate No. 4391/2547 (6-1343/2542) dated 13 February 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and necessary materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 1 July 2005 to 30 June 2009. Presently, an extension of the privileges until 30 June 2013 was granted.
- 26.3 Under Promotion Certificate No. 4022/2547 (4-1578/2543) dated 5 January 2004 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include exemption from import duty on raw materials and necessary materials imported for export manufacturing and import duty on articles that the Company imports for re-export from 7 December 2005 to 6 December 2009. Presently, an extension of the privileges until 6 December 2013 was granted.
- 26.4 Under Promotion Certificate No. 1310/2546 dated 30 June 2003 for the manufacture of lens or glasses or components, subject to certain imposed conditions the privileges include the following:
 - 26.4.1 Reduction of half of import duty on machinery as approved by the Board, except to machinery on which the import duty is lower than 10 percent of the cost.
 - 26.4.2 Exemption from import duty on raw materials and necessary materials imported for export manufacturing from 30 July 2004 to 29 July 2010. During the year 2012, an extension of the privileges until 29 July 2014 was granted.
 - 26.4.3 Exemption from import duty on articles that the Company import for re-export from 30 July 2004 to 29 July 2010. Presently, an extension of the privileges until 29 July 2014 was granted.

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

27. Basic and diluted earnings per share

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

Diluted earnings per share is calculated by dividing profit (loss) for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Reconciliation between basic earnings per share and diluted earnings per share is presented below.

	For the years ended 31 December					
	Profit (loss) for the year		Weighted average number of ordinary shares		Earnings (loss) per share	
	2012	2011	2012	2011	2012	2011
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<u>Consolidated financial statement:</u>						
Basic earnings per share						
Profit (loss)	116,394	(65,873)	471,678	470,469	0.35	(0.14)
Effect of dilutive potential ordinary shares						
Warrants - ESOP: 2,716,900 units (2011: 3,901,600 units)	-	-	1,385	1,946		
Diluted earnings per share						
Profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares	166,394	(65,873)	473,063	472,415	0.35	(0.14)
<u>Separate financial statement:</u>						
Basic earnings per share						
Profit (loss)	121,982	(19,206)	471,678	470,469	0.26	(0.04)
Effect of dilutive potential ordinary shares						
Warrants - ESOP: 2,716,900 units (2011: 3,901,600 units)	-	-	1,385	1,946		
Diluted earnings per share						
Profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares	121,982	(19,206)	473,063	472,415	0.26	(0.04)

28. Financial information by segment

The Company's and its subsidiary' operations involve 2 main business segment in manufacturing and sales of plastic lens and glasses lens with production facilities in Thailand and operates in both local and overseas markets.

Financial information by segment as at and for the years ended 31 December 2012 and 2011 are summarised below.

(Unit : Million Baht)

Consolidated financial statements												
For the year ended 31 December												
	Concentrated Plastic and glasses lens		Service income		Others		Total		Eliminated transactions		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sales and service income												
Subsidiary company	127	112	28	19	72	43	227	174	(227)	(174)	-	-
Other companies												
- Local	84	62	3	4	3	5	90	71	-	-	90	71
- Export	1,274	1,019	65	37	3	6	1,342	1,062	-	-	1,342	1,062
	1,485	1,193	96	60	78	54	1,659	1,307	(227)	(174)	1,432	1,133
Gross profit margin	189	209	40	22	21	(4)	250	227	(1)	(1)	249	226
Other income							165	52	(18)	(18)	147	34
Dividend income							62	83	(62)	(83)	-	-
Selling expenses							(29)	(30)	-	-	(29)	(30)
Administrative expenses							(169)	(281)	15	15	(154)	(266)
Share of loss of associated company							-	-	(6)	(7)	(6)	(7)
Financial expenses							(12)	(8)	3	2	(9)	(6)
Corporate income tax							(32)	(17)	-	-	(32)	(17)
Profit (loss) for the year							235	26	(69)	(92)	166	(66)

(Unit : Million Baht)

Consolidated financial statements as at 31 December										
	Concentrated		Others		Total		Eliminated transactions		Consolidated	
	Plastic and glasses lens									
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Property, plant and equipment - net	808	809	121	100	929	909	(3)	(3)	926	906
Other assets					1,314	1,093	(180)	(160)	1,134	933
Total assets					2,243	2,002	(183)	(163)	2,060	1,839

Transfer prices between business segments are as set out in Note 10 to the financial statements.

In 2012 and 2011, the Company and its subsidiary's export represented approximately 93.7 and 93.8 percent of total sales, respectively (in 2012 and 2011 the Company's export represented approximately 92.8 and 91.2 percent of total sales, respectively).

29. Commitments and contingent liabilities

As at 31 December 2012, the Company and its subsidiary had commitments and contingent liabilities other than those disclosed in other notes were as follows:

- 29.1 The Company and its subsidiary had commitments to purchase raw materials amounting to Baht 11.8 million, JPY 14.3 million, USD 1.9 million and EUR 0.2 million or equivalent to Baht 82.4 million (2011: Baht 26 million, JPY 10 million, USD 3.2 million and EUR 0.2 million or equivalent to Baht 140.4 million), the Company only amounting to Baht 0.5 million, JPY 13.4 million and USD 1.5 million or equivalent to Baht 50.4 million (2011: Baht 16.6 million, JPY 8.7 million and USD 2.6 million or equivalent to Baht 104.4 million).
- 29.2 There were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiary of approximately Baht 33.6 million (2011: Baht 20.7 million), the Company only: Baht 16.7 million (2011: Baht 10.6 million) in respect of certain performance bonds as required in the ordinary course of business for the Company and its subsidiary. These included letters of guarantee amounting to Baht 18.4 million to guarantee payments of custom duty of which Baht 7.7 million belonged to the Company only and Baht 15.2 million to guarantee electricity use which Baht 9 million belonged to the Company only
- 29.3 The Company and its subsidiary had outstanding commitments with respect to service contract totaling approximately Baht 2.5 million per month (2011: Baht 2.6 million), the Company only approximately Baht 0.6 million (2011: Baht 0.6 million).
- 29.4 The Company had outstanding commitments totaling EUR 0.02 million or equivalent to Baht 0.9 million with respect to software maintenance agreement (2011: EUR 0.02 million or equivalent to Baht 0.9 million).
- 29.5 The subsidiary company had outstanding commitment totaling approximately Baht 0.4 million with respect to land rental agreement with its related company (2011: Baht 0.4 million).
- 29.6 The Company had capital commitments of Baht 2.7 million (2011: Nil).
- 29.7 Operating lease commitments

The Company and its subsidiary have entered into lease agreements in respect of the lease of motor vehicles. The terms of the agreements are generally 5 years.

As at 31 December 2012 and 2011, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Payable within:				
Less than 1 year	1.9	1.4	1.5	1.0
1 to 5 years	4.6	3.9	3.9	2.9

During the year 2012, the Company and its subsidiary recognised rental expenses of Baht 1.7 million (2011: Baht 1.2 million) (The Company only: Baht 1.3 million and 2011: Baht 0.9 million) in profit or loss.

30. Related parties guarantees

As at 31 December 2012, the Company has contingent liabilities in respect of the guarantees of subsidiary's credit facility amounting to Baht 66.1 million and USD 0.03 million or equivalent to Baht 67.3 million (2011: Baht 58.7 million USD 0.004 and EUR 0.004 million or equivalent to Baht 59 million) provided to banks.

As at 31 December 2012, its subsidiary has contingent liabilities in respect of the guarantees of the Company's credit facility amounting to Baht 156.7 million, JPY 7.2 million USD 0.2 million and EUR 0.1 million or equivalent to Baht 165.9 million (2011: Baht 115.5 million and USD 0.2 million or equivalent to Baht 121.7 million) provided to banks.

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

31. Financial instruments

31.1 Financial risk management

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

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade accounts receivable, loans, notes and other receivable. They manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, they do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiary exposure to interest rate risk relates primarily to their deposits with banks, bank overdrafts and loan from banks. However, since most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2012 and 2011 classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit : Million Baht)

As at 31 December 2012									
	Consolidated financial statements					Separate financial statements			
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Fixed interest rates		Floating interest rate	Non-interest bearing
	Within 1 year	1-5 years				Within 1 year	1-5 years		
Financial Assets									
Cash and cash equivalent	-	-	15.86	-	15.86	-	-	7.13	-
Current investments	-	-	-	0.83	0.83	-	-	-	0.83
Trade and other receivables	-	-	-	304.69	304.69	-	-	-	183.16
Short-term loan to related party	-	-	8.01	-	8.01	-	-	8.01	-
	-	-	23.87	305.52	329.39	-	-	15.14	183.99
Financial liabilities									
Short-term loans from bank	170.87	-	-	-	170.87	161.07	-	-	-
Trade and other payables	-	-	-	170.95	170.95	-	-	-	120.06
Finance lease payable	-	1.61	-	-	1.61	-	0.97	-	-
Long-term loan from bank	-	-	55.36	-	55.36	-	-	-	-
	170.87	1.61	55.36	170.95	398.79	161.07	0.97	-	120.06
									282.1

(Unit : Million Baht)

As at 31 December 2011									
	Consolidated financial statements				Separate financial statements				
	Fixed interest rates		Floating interest rate	Non-interest bearing	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
	Within 1 year	1-5 years			Within 1 year	1-5 years			
Financial Assets									
Cash and cash equivalent	-	-	59.23	-	-	-	44.88	-	44.88
Current investments	-	-	-	0.81	-	-	-	0.81	0.81
Trade and other receivables	-	-	-	155.09	-	-	-	99.10	99.10
	-	-	59.23	155.90	-	-	44.88	99.91	144.79
Financial Liabilities									
Short-term loans from bank	136.49	-	-	-	121.49	-	-	-	121.49
Trade and other payables	-	-	-	130.52	-	-	-	84.83	84.83
Finance lease payable	-	4.51	-	-	-	3.52	-	-	3.52
Long-term loan from bank	-	-	38.57	-	-	-	-	-	-
	136.49	4.51	38.57	130.52	121.49	3.52	-	84.83	209.84

Foreign currency risk

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

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

Currency	As at 31 December 2012				
	Consolidated		Separate financial statements		Average exchange rate as at 31 December 2012
	Assets	Liabilities	Assets	Liabilities	
					(Baht per one foreign currency unit)
MYR	51,684	-	-	-	9.9863
USD	7,236,286	2,744,673	3,511,991	1,670,191	30.5824
SGD	332,349	3,992	331,646	3,992	24.9916
EUR	393,296	381,353	171,803	164,094	40.4974
JPY	19,649,960	15,814,215	4,171,356	14,303,440	0.3540
GBP	410	14,412	-	-	49.2681

Currency	As at 31 December 2011				
	Consolidated		Separate financial statements		Average exchange rate as at 31 December 2011
	Assets	Liabilities	Assets	Liabilities	
					(Baht per one foreign currency unit)
MYR	11,787	14,671	-	-	9.9691
USD	4,953,872	1,977,216	3,432,954	1,381,741	31.6422
SGD	246	1,177	-	-	24.3466
EUR	308,078	520,456	147,766	99,014	40.9668
JPY	10,307,331	24,841,551	2,577,706	22,778,001	0.4078
GBP	-	2,448	-	-	48.7803

The Company and its subsidiary's foreign exchange contracts outstanding are summarised below:

Consolidated financial statements

Foreign currency	As at 31 December 2011				
	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	-	1.78	-	30.124 - 31.4048	25 January 2012 - 18 May 2012
Euro	-	0.41	-	41.92 - 44.5	24 January 2012 - 28 February 2012
Japanese yen	12	-	0.4	-	30 January 2012

Separate financial statements

Foreign currency	As at 31 December 2011				
	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	-	0.98	-	30.124 - 31.4048	25 January 2012 - 18 May 2012
Euro	-	0.41	-	41.92 - 44.5	24 January 2012 - 28 February 2012
Japanese yen	12	-	0.4	-	30 January 2012

The Company and its subsidiary have no outstanding of foreign exchange contracts as at 31 December 2012.

31.2 Fair values of financial instruments

Since the majority of the Company's financial assets and liabilities are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

32. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Group manages its capital position with reference to its debt-to-equity ratio in order to comply with a condition in the subsidiary's long-term loan agreement with a financial institution, which requires the Company to maintain a debt-to-equity ratio of not more than 2:1. As at 31 December 2012, the Company's debt-to-equity ratio was 0.29:1 (2011: 0.25:1) and the Company's was 0.24:1 (2011: 0.19:1).

33. Events after the reporting period

On 1 February 2013, 369,200 warrants were exercised to purchase 369,200 ordinary shares at a price of Baht 2 per share. The Company registered the increase in its paid-up share capital from Baht 472,283,100 (472,283,100 ordinary shares of Baht 1 each) to Baht 472,652,300 (472,652,300 ordinary shares of Baht 1 each) with the Ministry of Commerce in February 2013.

34. Reclassification

The reclassification to conform to the current year classification of long-term employee benefit expense is as follows:

	(Unit : Thousand Baht)			
	For the year ended 31 December 2011			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Cost of sale	883,952	880,684	661,911	661,058
Administrative expenses	262,794	266,062	212,701	213,554

The reclassification had no effect to previously reported loss or shareholders' equity.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's authorized directors on 13 February 2013.

Excelite™
tribrid™

clear > light > strong > thin



Excelite™ lenses from TOG the wise choice
Latest Innovations



บริษัท ไทยออปติคัล กรุ๊ป จำกัด (มหาชน)
Thai Optical Group Public Company Limited

สนย. 15/5 หมู่ที่ 6 ถนนบางบัวทอง-สุพรรณบุรี ตำบลสหหาร อำเภอบางบัวทอง จังหวัดนนทบุรี 11110
 สำนักงานสาขา 77/141-142 อาคารสินสารทาวเวอร์ ชั้น 33 ถนนกรุงธนบุรี แขวงคลองตันใต้ เขตคลองสาน กรุงเทพฯ 10600