

Annual Report 2009



Forth Corporation Public Co., Ltd.



2552

รางวัลนวัตกรรมแห่งชาติ ECONOMICS AWARD



พระบิดาแห่งนวัตกรรมไทย

GOLD

รางวัลชนะเลิศ ด้านเศรษฐกิจ

"ฟอร์ท" ระบบชุมสายโทรศัพท์และอินเทอร์เน็ต ความเร็วสูง ขนาดเล็ก

บริษัท ฟอร์ท คอร์ปอเรชั่น จำกัด (มหาชน)

| | |
|---|---|
| ผู้เสนอผลงาน: | นายพงษ์ชัย อมตานนท์ กรรมการผู้จัดการ |
| เลขที่สิทธิบัตร/อนุสิทธิบัตร: | - |
| ปีที่ก่อตั้ง: | พ.ศ. 2532 |
| ทุนจดทะเบียนบริษัท: | 480 ล้านบาท |
| จำนวนพนักงานทั้งหมด: | 1,005 คน |
| จำนวนพนักงานฝ่ายวิชาการ: | 38 คน |
| ยอดขายผลิตภัณฑ์รวมต่อปี: | 425 ล้านบาท |
| ยอดขายเฉพาะผลงานที่ได้ รับรางวัลในรอบ 6 เดือน: | 115 ล้านบาท |



ความเป็นนวัตกรรม: เป็นนวัตกรรมระดับประเทศด้านผลิตภัณฑ์ระบบชุมสายโทรศัพท์และอินเทอร์เน็ตความเร็วสูง ที่ต้องใช้ความรู้ทางเทคโนโลยีขั้นสูง เพื่อทำให้ระบบมีเสถียรภาพและประสิทธิภาพสูง โดยออกแบบสำหรับการให้บริการได้หลายประเภทในชุมสายของบริษัท ทีโอที จำกัด (มหาชน) เช่น โทรศัพท์บ้าน โทรศัพท์สาธารณะ อินเทอร์เน็ตความเร็วสูง รวมถึงระบบไฟเบอร์ออปติก (FTTH super internet broadband) ซึ่งเป็นการพัฒนาเทคโนโลยีโดยคนไทยทำให้สามารถแข่งขันกับ ผลิตภัณฑ์จากต่างชาติ เช่น Nokia-Siemens, Ericsson, Alcatel, NEC, Huawei, ZTE ได้

ผลประโยชน์ทางเศรษฐกิจ: ระบบชุมสายโทรศัพท์และอินเทอร์เน็ตความเร็วสูงที่สามารถใช้ทดแทนการนำเข้าชุมสายโทรศัพท์จากต่างประเทศกว่า 1,500 ล้านบาท โดยในปี พ.ศ. 2552 คาดว่าจะมียอดขายประมาณ 1,000 ล้านบาท ทั้งนี้ ยังสามารถสร้างงาน และสร้างรายได้ให้กับประเทศ โดยเฉพาะในกลุ่มผู้ประกอบการในประเทศได้จำนวนมาก



สำนักงานนวัตกรรมแห่งชาติ



National Innovation Agency

สำนักงานคณะกรรมการวิจัยแห่งชาติ



กระทรวงวิทยาศาสตร์และเทคโนโลยี

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The Message from Chairman of the Board of Directors



In 2010, Thai entrepreneurs anticipate that the prospect of business shall be enhanced accordance with the economy recovery after the global confronted the economic crisis which caused from unqualified sub-prime credit in USA at the end of 2008. However, Forth Corporation Public Company Limited (The Company) highly adheres to the maximization of shareholders' wealth and the protection of stakeholders' interests. The Company therefore could inverse the operation results from deficit to be profitability among economic recession. Furthermore, the Company could increase sales revenues to meet the target set which is our considerable pride. The Company is looking forward to blossom out the business operation accordance with the prospect of global economy.

For operation results of the Company and its subsidiaries in 2009, The Company has net profit of 72 million Baht which changed from net loss around 78 million Baht in 2008. The executives substantially dedicate to inverse the operating results as we gave promise with the shareholders last year in order to generate the confidence and wealthy to every shareholder. In 2010, the Company has already initiated many projects to support economic enhancement since the electronic industry of hard disk, circuit boards and home appliances possible grow up significantly on export to new markets

such as Brazil, Russia, India and China (BRIC). Thus, the Company provides the readiness on the manufacturing base, labor and R&D section in order to demonstrate the optimal operating results with firmness.

Moreover, the Company honorably obtained the excellent innovation award in 2009 for Telecom Product field and the consolation award of innovation for 2009 for Telecom Application field from Telecommunications Research and Industrial Development Institute (TRIDI) and The National Telecommunication Commission (NTC). These awards guarantee our product development that performs strong innovation and competitive advantage in the industry which the Company also established in order to be the pride for shareholders.

On behalf of the Board of Directors and the executives, I would like to appreciate the shareholders and all sponsors to support company's activities which are motivation of the company to overcome the crisis and turnover the performance with over expectation.

Mr. Sanit Vorapanya
Chairman of the Board of Directors

The Message from Managing Director



The Company has sales revenues of 10,004 million Baht in 2009 which is 34% higher than prior year as well as our net profit is inversed amounting to 72 million Baht even though the Company still records of 181 million Baht for the provision of expected loss in ERP Project. Due to the project, the Company has already completed and it can be implemented 100% since January 2010 we are now delivering the last phase. Then, the revenue recognition will be arrived soon. In the other hand, our profit before loss provision has been grown continuously (2007: 222 million Baht, 2008: 239 million Baht and 2009: 253 million Baht).

In 2010, I am certain that our operating results will grow multiply in every business. For the business of print circuit boards, there are a ton of orders coming all the year which our plant is working 24 hours a week without holidays. For the MSAN projects of 850 million Baht in 2007, we have already delivered the projects and collected the remuneration as well as we obtained the success certificate for this project completion. In 2010 the Company just won the E-Auction of MSAN projects for TOT PCL. which the value of projects is amounting to 2,000 million Baht and we are waiting to sign off the agreement. Instantly, we enlarge the customer base through CAT Telecom PCL. which has huge budget to invest on broadband internet business. For CCTV, Genius Traffic System Company Limited, held 100% shareholding

by FORTH, won the bidding competition and it is waiting to sign off agreement of 380 million Baht also. Moreover, Bangkok Metropolitan Administration will plan to set up the competitive bid on CCTV project of 2,000 million Baht within this year. For online Top-Up machines business, the company initiated in 2009 and the operation results are emerged. Totally, we demonstrate the detail of our operating results in each business which you can review.

For the strategy of the Company in 2010, we will focus on full integrated management through the research and development, material supply, manufacture and high technology marketing. Including, we put effort to diversify risk of revenue sources as they are mentioned above. Moreover, the Company aims at competitive bids of mega projects for public sector which will occur in this year or pursued from last year.

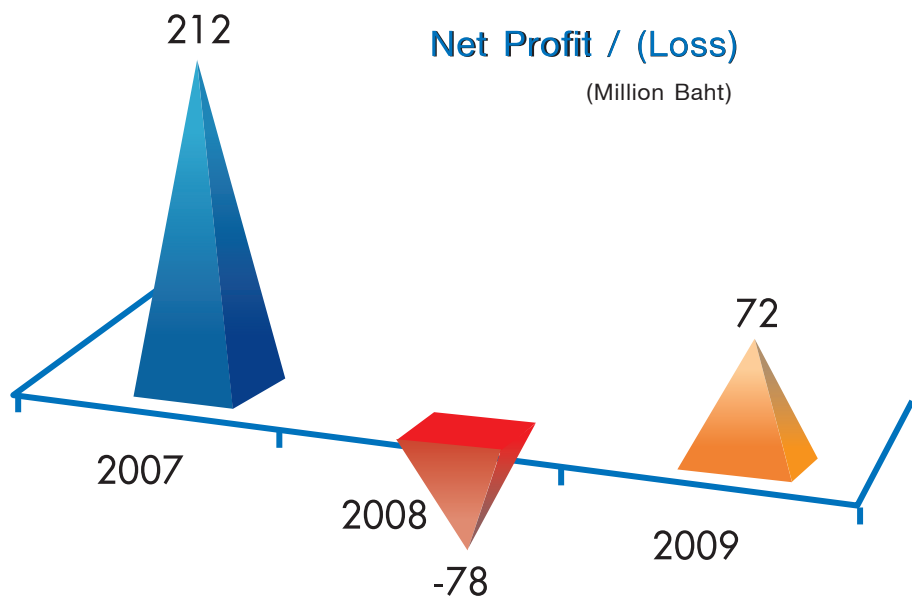
In this occasion, the Board of Directors and I would like to appreciate everyone who supports the company's business at the best all the time.



Mr. Pongchai Amatanont
Managing Director

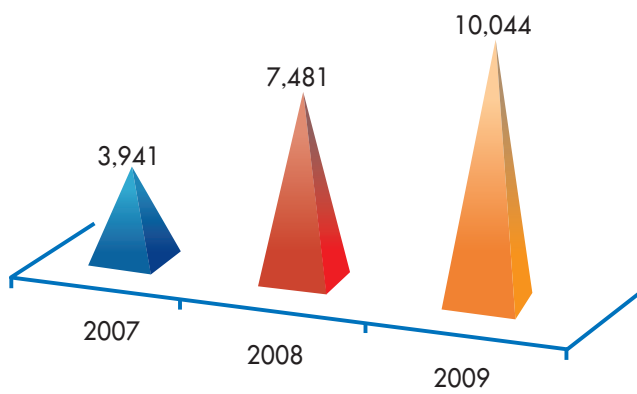
Financial Highlight

| | 2009 | % Change | 2008 | % Change | 2007 |
|--|--------|----------|-------|----------|--------|
| Income Statements (THB Million) | | | | | |
| • Sales Revenues | 9,309 | 47% | 6,312 | 98% | 3,188 |
| • Service Revenues | 104 | -29% | 146 | -52% | 304 |
| • Project Revenues | 591 | -42% | 1,011 | 140% | 421 |
| • Total Revenues | 10,044 | 34% | 7,481 | 90% | 3,941 |
| • Cost of sales and expenses | 9,867 | 33% | 7,443 | 106% | 3,618 |
| • EBITDA | 178 | 368% | 38 | -88% | 323 |
| • Net Profit/Loss (Consolidated) | 72 | 192% | -78 | -137% | 212 |
| Balance Sheets (THB Million) | | | | | |
| • Land, building and equipment | 648 | 5% | 618 | 2% | 605 |
| • Total Assets | 5,426 | 29% | 4,219 | 14% | 3,694 |
| • Total Liabilities | 4,295 | 35% | 3,171 | 27% | 2,502 |
| • Total shareholders' equity | 1,131 | 8% | 1,048 | -12% | 1,192 |
| Financial Ratios | | | | | |
| • Outstanding shares (Million shares) | 960 | 0% | 960 | 0% | 960 |
| • Book value per share (Baht) | 1.18 | 8% | 1.09 | -12% | 1.24 |
| • Earning (Loss) per share (Baht) | 0.08 | 200% | -0.08 | -136% | 0.22 |
| • Net Profit (Loss) per share (%) | 0.69 | 166% | -1.04 | -119% | 5.38 |
| • Return on Equity (%) | 6.64 | 196% | -6.94 | -138% | 18.25 |
| • Return on Asset (%) | 1.50 | 177% | -1.96 | -127% | 7.14 |
| • EBITDA to Total Assets (%) | 6.10% | | 4.35% | | 14.90% |
| • Debt to Equity Ratio | 3.80 | | 3.03 | | 2.10 |



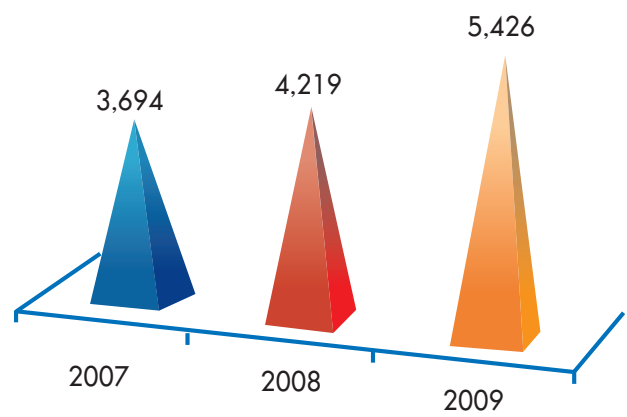
Total Revenues

(Million Baht)



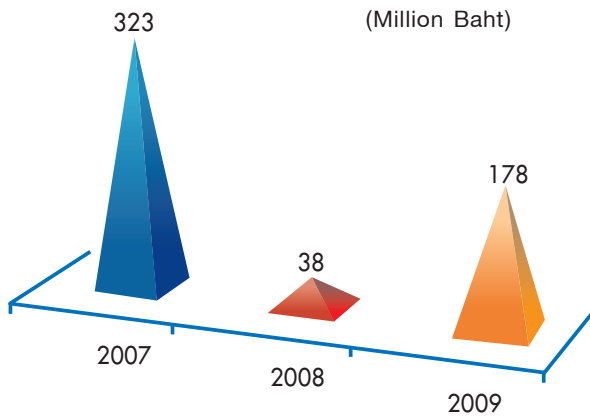
Total Assets

(Million Baht)



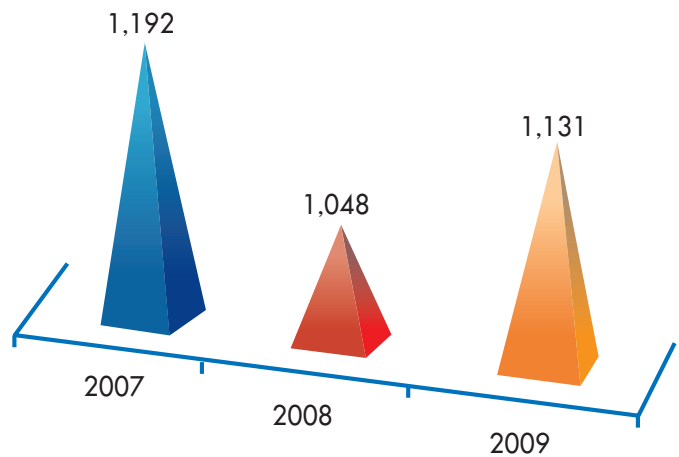
EBITDA

(Million Baht)



Total Shareholders' Equity

(Million Baht)





Vision

Forth Corporation Public Company Limited is the telecommunication and electronic business organization that endeavors to provide excellent products and full integrated services to align with the principle of corporate governance for sustainable development and corporate social responsibilities



Mission

- To encourage research and development in order to enlarge the business for various products and services.
- To restructure business plans underlying marketing dynamics and anticipations of organization's stakeholders.
- To fulfill the capacities of human resources on research and development, innovation, design, exploration, manufacture, sales and marketing and distribution channels.
- To establish and maintain the customer satisfaction on our products and after sales services.
- To protect the interests of shareholders, customers, business partners, employees, social communities, environment and public sector.

Board of Directors



Mr. Sanit Vorapanya Age 70 years

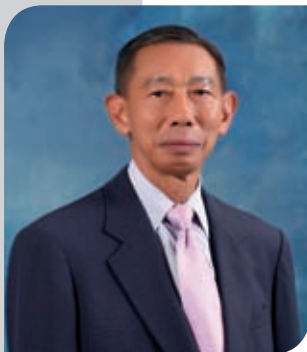
Chairman of BOD/ Audit Committee/ Independent Director
Company's Shares Possession (%) as of 5 March 2010 : None

The relevant important positions of other companies

- Chairman of International Agricultural Futures Exchange
- Chairman of Agricultural Futures Exchange of Thailand (AFET)
- Chairman of Audit Committee/Independent Director Thai Summit Harness Plc.
- Director of Thai Research and Training Company Limited
- Director of Southeast Insurance Company Limited
- Director of Southeast Life Company Limited
- Director of Southeast Capital Company Limited
- Director of Genius Traffic System Company Limited
- Director of Electronic Source Company Limited

Education and Training Background

- Cert. of Thailand National Defense College, International Marketing
- MA. (Econ.), University of Wisconsin, USA
- BA. (Econ.), Thammasat University
- Director Accreditation Program (DAP) No. 24/2004 (9 September 2004), Thai Institute of Directors (IOD)



Mr. Suthum Malila Age 68 years

Chairman of Audit Committee/ Independent Director
Company's Shares Possession (%) as of 5 March 2010 : None

The relevant important positions of other companies

- Audit Committee of TT&T Public Company Limited
- Director of TSB Holding Company Limited
- Director of Subpeumpol Construction Company Limited
- Director of Juristic Person Company Limited, Chaengwattana 17
- Director of Sangsin Property Company Limited
- Director of Baan Plubpla Company Limited

Education and Training Background

- B.A. of Engineering, Chulalongkorn University
- Director Accreditation Program (DAP) No. 24/2004 (9 September 2004), Thai Institute of Directors (IOD)
- Audit Committee Program (ACP) No. 4/2005 (17-18 February 2005), Thai Institute of Directors (IOD)



Ms. Nongram Laohaareedilok Age 56 years

Audit Committee/Independent Director
Company's Shares Possession (%) as of 5 March 2010 : None

The relevant important positions of other companies

- Deputy BOD/ Deputy Managing Director of AST Master Co., Ltd.

Education and Training Background

- BBA, Ramkhamhaeng University
- Director Accreditation Program (DAP 30/2004) on 15 December 2004, Thai Institute of Directors (IOD)



Mr. Pongchai Amatanont Age 46 years

Director/ Executive Director / Managing Director

Company's Shares Possession (%) as of 5 March 2010 : -52.17- (*)

The relevant important positions of other companies

- Director of Electronics Source Company Limited
- Director of Genius Traffic System Company Limited
- Director of Genius Electronic Meter Company Limited
- Director of Forth Tracking System Company Limited
- Director of Forth Smart Service Company Limited
- Director of Thai Industrial Water Company Limited
- Director of MCOT Public Company Limited
- Director of Aeronautical Radio of Thailand Limited
- The Board of Executive Directors' consultant of Software Industry Promotion Agency (Public Organization)

(*) Including spouses and immature children

Education and Training Background

- B.E. in Engineering, King Mongkut's Institute of Technology Ladkrabang
- Director Accreditation Program (DAP) No. 30/2004 (15 December 2004), Thai Institute of Directors (IOD)



Mrs. Rangri Lerttripinyo Age 49 years

Director / Executive Director / Deputy Managing Director

Company's Shares Possession (%) as of 5 March 2010 : -6.10- (*)

The relevant important positions of other companies

- Director of Forth Smart Service Company Limited
 - Director of Thai Industrial Water Company Limited
- (*) Including spouses and immature children

Education and Training Background

- BBA, Ramkhamhaeng University
- Director Accreditation Program (DAP 30/2004) on 15 December 2004, Thai Institute of Directors (IOD)



Mr. Kaelic Amatanont Age 54 years

Director

Company's Shares Possession (%) as of 5 March 2010 : -6.03-

The relevant important positions of other companies

- Executive Director of Electronics Source Company Limited

Education and Training Background

- Vocational Certificate of Accounting, Chetupon Commercial College
- Director Accreditation Program (DAP 30/2004) on 15 December 2004, Thai Institute of Directors (IOD)



Mrs. Matinee Wandeepirom Age 48 years

Director

Company's Shares Possession (%) as of 5 March 2010 : -2.58-

The relevant important positions of other companies

- Director of Genius Traffic System Company Limited
- Director of Forth Smart Service Company Limited
- Director of Thai Industrial Water Company Limited

Education and Training Background

- B.E. in Engineering, King Mongkut's Institute of Technology Ladkrabang
- Director Accreditation Program (DAP) No. 30/2004 (15 December 2004), Thai Institute of Directors (IOD)



Mr. Boonya Tantipanichaphan Age 48 years

Director

Company's Shares Possession (%) as of 5 March 2010 : -2.57- (*)

The relevant important positions of other companies

- Director of Genius Traffic System Company Limited
- Director of Thai Industrial Water Company Limited

(*) Including spouses and immature children

Education and Training Background

- B.E. in Engineering, King Mongkut's Institute of Technology Ladkrabang
- Director Accreditation Program (DAP) No. 30/2004 (15 December 2004), Thai Institute of Directors (IOD)



Ms. Chonticha Siripongpreeda Age 39 years

Director

Company's Shares Possession (%) as of 5 March 2010 : None

The relevant important positions of other companies

- Deputy Managing Director of Electronics Source Company Limited

Education and Training Background

- MBA, University of Wisconsin
- BBA, Assumption University
- Director Accreditation Program (DAP) No. 43/2005 (9 September 2005), Thai Institute of Directors (IOD)

Executives Team



Mr. Pongchai Amatanont Age 46 years

Managing Director

Company's Shares Proportion (%) as of 5 March 2010 : -52.17- (*)

Education and Training Background

- B.E. in Engineering, King Mongkut's Institute of Technology Ladkrabang
- Director Accreditation Program (DAP) No. 30/2004 (15 December 2004), Thai Institute of Directors (IOD)

(*) Including spouses and immature children



Mrs. Rangri Lertripinyo Age 49 years

Deputy Managing Director

Company's Shares Proportion (%) as of 5 March 2010 : -6.10- (*)

Education and Training Background

- BBA, Ramkhumhaeng University
- Director Accreditation Program (DAP 30/2004) on 15 December 2004, Thai Institute of Directors (IOD)

(*) Including spouses and immature children



Mr. Sawat Erbchockchai Age 42 years

Vice President of Research & Development

Company's Shares Proportion (%) as of 5 March 2010 : None

Education and Training Background

B.E. in Electrical Engineering, King Mongkut's Institute of Technology Ladkrabang



Mr. Pramote Pantina Age 41 years

Vice President of Production

Company's Shares Procession (%) as of 5 March 2010 : None

Education and Training Background

- BBA, Sukhothai Thammathirat University
- High Vocational Certificate of Electronics, Patumwan Institute of Technology



Mr. Arin Jarnaree Age 37 years

Vice President of Accounting and Finance

Company's Shares Procession (%) as of 5 March 2010 : None

Education and Training Background

- MBA, Thammasat University
- Bachelor of Accounting, Thammasat University

Business Operations



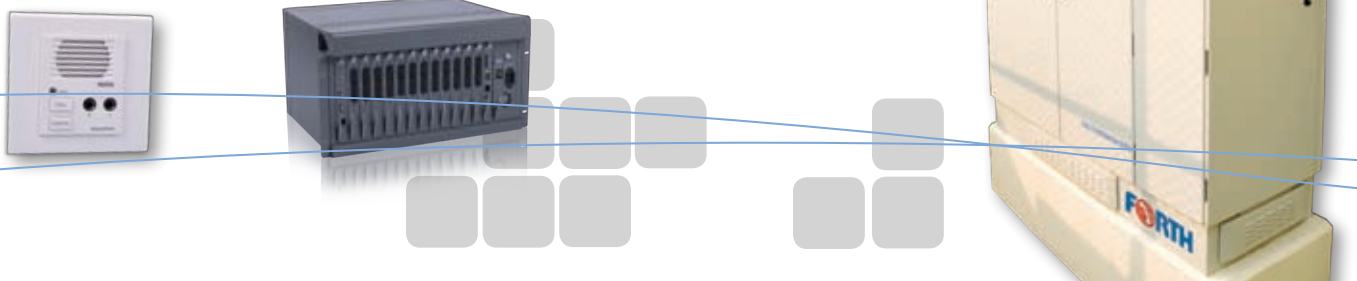
Business of Print Circuit Boards Assembling and Manufacture

Operated by Forth Corporation Public Company Limited which has own 16,000 square metre factory. The factory is located on Buddamonthon 5 road in Nakornpathom province with modern manufacturing machines, professional engineers and teamwork. We are ready to serve the customers with full integrated services which started from design through the production and assembling both consigns and turnkey. The main customers are leading electronic appliance and telecommunication equipment companies such as Western Digital (Thailand) Company Limited, Pioneer Electronic Company Limited and Toshiba Carrier (Thailand) Company Limited.

Digital Loop Carrier (DLC), Digital Subscriber Line Access Multiplexer (DSLAM), Internet Protocol Phone (IP Phone), Internet Protocol Digital Subscriber Line Access Multiplexers (IP DSLAM), Internet Protocol Private Branch Exchange (IP-PBX), Inverter and Charger, Call Center, Nurse Call, Solar Energy System Equipment.

Business of Telecommunication Equipment Manufacture

Operated by Forth Corporation Public Company Limited under trademark of We distribute various products such as Multi Access Node Service (MSAN),





Business of Traffic Light Manufacture and Distribution

Operated by Genius Traffic System Company Limited under trademark of **FORTH**. The company distributes and contracts to install products of traffic system such as full color LED screen, Variable Message Screen (VMS), HID Electronic Ballast, LED Traffic Light, Traffic Signal Controller, LED Pedestrian Sign for Vehicle, Area Traffic Control System (ATC), Pedestrian Countdown Display for Vehicle, Decorated LED light on building, Solar Power Traffic Flashing Light.

Business of Electronic sign manufacture and Distribution

Operated by Genius Traffic System Co., Ltd, under trademark of **FORTH**. The core product consists of Full Color LED Screen, Variable Message Sign both in and out building (Moving Sign Board/ Variable Message Sign: VMS) and LED Flashing Light. Moreover, there is business of genius sign installation and maintenance.



Business of advertising fee collection on Genius Traffic Boards

Operated by Joint Venture Genius (JV Genius); a subsidiary which the Company holds shares indirectly through 80% held by Genius Traffic System Company Limited and another 20% held by the Company. The JV Genius is assigned from Bangkok Metropolitan Administration (BMA) to install Genius Traffic Boards including maintenance and 40 control stations. Moreover, the Company received right to derive benefit from the traffic boards for 9 years (3 years period of a contract and renew a contract for 2 times).



Business of Electronic Component Sourcing

Operated by Electronic Source Co., Ltd, a 100% held subsidiary of Forth Corporation Public Company Limited under trademark of **ES**. The company is distributor of semiconductor electronic parts which is raw material to produce print circuit boards such as IC, Transistor, Diode, Semiconductor, optoelectronics, Display Device, Replay Battery, Connector, Buzzer, Electronic Switch, EMC, Filter, Thermal Printer, Capacitor, Resistor, and Crystal Oscillator.

Business of Online Service Top-Up

Operated by Forth Smart Services Co., Ltd, a 51% held subsidiary of Forth Corporation Public Company Limited under trademark of **FORTH**. The Company provides value added or online payment through kiosk system. The customers can make transaction by themselves with convenience and fasten. Actually, the company provides pre-paid mobile phone value added. We also are the first and single player to provide online game value added, international phone card, monthly payment of AIS and credit card payment for AEON, Tesco and First Choice. We plan to provide more services in the future such as internet hour purchase, song download and utilities billing payment.



Business of Raw Water Distribution and Water Supply Manufacturing

Operated by Thai Industrial Water Co., Ltd, a 70% held subsidiary of Forth Corporation Public Company Limited. The company surveys puddles in Chonburi province and develop them to be water storage and ground water reserve in rainy season. The Company provides to Eastern Water Resources Development and Management Public Company Limited (EASTW) with water pumped sources, raw water distribution and water sources in critical dry season. We have pipelines system linked to pipelines of Bangpakong in Chonburi province which EASTW deals 10 years contract with 10 million cubic metre water quantities per year.

In February 2010, The Board of Directors' meeting has resolution on disposal of this business in order to focus more progressively on main and other related business.



Business of Tracking System Manufacture and Distribution

It is operated by Forth Tracking System Co., Ltd, a 34% held associated company of Forth Corporation Public Company Limited under trademark of **FORTH**. The core business undertakes manufacture and distribution of vehicle tracking system which recorded vehicle usage through GPS system (Global Positioning System). The system could report the information of vehicle usage such as positioning of vehicle, traveling map, speed of vehicle, current status report to drivers (when they are not in the traveling plan or they drive with over speed). Therefore, the users are able to manage vehicle usage with more effectiveness.

The Company has grown continually through the past years. Although the sale revenues do not change significantly during 2008-2009, the number of equipment sold has been enlarged 10% as well as the service revenues and rental fees have amounting to 20 million Baht which are considerable revenues of 30% increased.

Business of Electronic Meters Manufacture and Distribution

Operated by Genius Electronic Meter Company Limited, a 45% held associated company by Forth Corporation Public Company Limited under trademark of **FORTH UTILITY METER**. The main products are kWh meter both 1 Phase and 3 Electronics Phase including linkage of processing automatic system through RS485 interface, LAN or Ethernet. It then accesses billing program at the Company's branch stations. Moreover, the 1 phase kWh Meter (RFID value refilled) and water supply meter can also connects with the processing system of kWh.



The Company's Milestone in 2009

The Company and subsidiaries have crucial prosperities in 2009 as follows:

Forth Corporation Public Company Limited (FORTH)

- In 2009, the Company invested 60 million Baht on new machines to support more orders from Western Digital.
- The Company obtained the reward of Best Supplier from Western Digital (Thailand) Company Limited.
- In fourth quarter of 2009, The Company signed off many contracts of the MSAN and Mini MSAN projects with TOT Public Company Limited valuing to 285 million Baht.
- In October 2009, the Company is granted the National Innovation Award 2009 in section of Outstanding Innovation in Economics from the National Innovation Agency (NIA), the Ministry of Science and Technology.
- In December 2009, the Company is granted the Telecom Innovation Award 2009 for Telecom Product, which is Multi Service Access Node (MSAN), from Telecommunications Research and Industrial Development Institute of The National Telecommunications Commission (TRIDI).

Genius Traffic System Company Limited (GTS)

- Genius Traffic System Company Limited signed off 3 contracts of the CCTV installation projects for Bangkok Metropolitan Administration (BMA) which has value of 313 million Baht.

Forth Smart Service Company Limited (FSS)

- In April 2009, FSS increased the registered capital share from 1 million Baht to be 5 million Baht which issued more 40,000 ordinary shares at 100 Baht per par. It also operated commercially on the business of online Top-Up Services and prepaid mobile phone topping-up services.

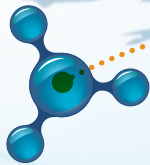
Thai Industrial Water Company Limited (TIW)

- In August 2009, TIW increased registered capital shares from 1 million Baht to be 77 million Baht which issued 760,000 ordinary shares at a par value of 100 Baht each.
- In September 2009, TIW signed off the sale contracts of raw water in order to distribute raw water to Eastern Water Resources Development and Management Public Company Limited which has 10 years period of contact and value of 570 million Baht.



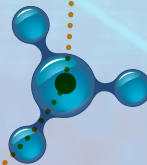
Technovation

1989-2003



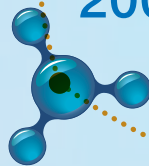
- Analog PBX
- Key Telephone
- Digital PBX
- ISDN PBX
- V5.2 PBX
- IP Trunk

2005



- Develop Access Network product

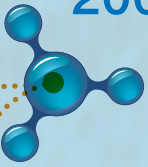
2006



- Implement DLC to TOT (TDM - voice)



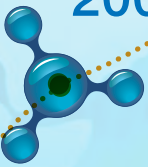
2007



- IP PBX, IP Phone, VoIP gateway



2008



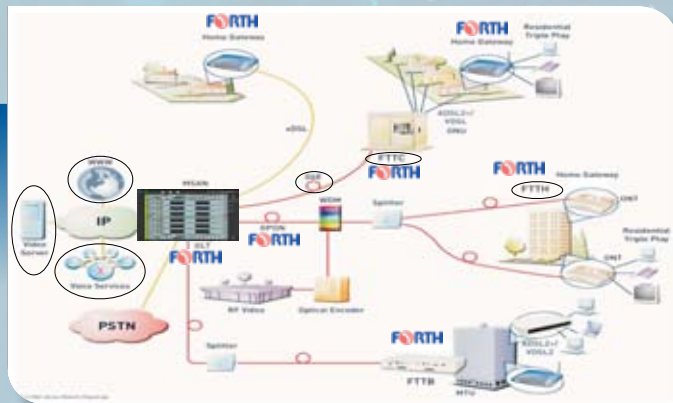
- NGN network MSAN, Mini - MSAN



2009



- FTTx Access & Core switch



Corporate Social Responsibilities (CSR)



Forth Corporation Public Company Limited has committed to embed the foundation of good values and culture within the organization wholeheartedly which laid the foundation of self-responsibility of people in all levels. The cultivation of moral values, moral and ethical approach to life, as well as along the sufficiency economy philosophy as a foundation that will bring people into behavior, social responsibility (Corporate Social Responsibilities) to help support between companies with a social in order to establish sustainable business enterprises.

In addition the company must be able to generate returns for shareholders and benefits to stakeholders and then. The company also will work to create a public benefit. To be accepted in society, the company has organized activities to participate in society by joining the project of Corporate Social Responsibilities for Entrepreneurs with the Department of Industrial Society (Corporate Social Responsibilities, CSR-DIW), which has been implemented to plate and from the Department of the certificate. On September 21, 2009, the Company has a plan to support activities to the social responsibility standards, standards development organizations associated to a sustainable business (CSR-DIW) in 2009 for example.

Environment

● Development and Drain Garden Project

The Company has received support from Raikhing local government in Nakhonpathom province to the waste collection vehicles and boats to help in this activity. The facility has volunteer staffs to help clean and drain garden located near the factory in order to eliminate waste and pollution that is rotten. Therefore the community can be viewed the more livable.



● **River Conservation Project (Tha Chin River).**

On the National Canal and River Conservation 2009, which held on September 20, 2009 by the Administration of Nakhonpathom Province, there are Rai Khing Local government and Tha Chin River Community Club join the clean campaign and participate in the waste and weed collection in Tha Chin River in order to clean the river pier.



Religious

● **Candles dedication project**

The Company has provided various Buddhist matters and candles to dedicate in Buddhist Lent Day at Wat Yansakawan. The plant manager and department head of the Company joined hearing sermon.

Social

● **The away brother project**

The Company received donated things to be delivered to school in Amphur Um-Pang, Tak Province.

Sports

● **The equipment sports support project to the home helpfulness community at Bhudhamonthon.**

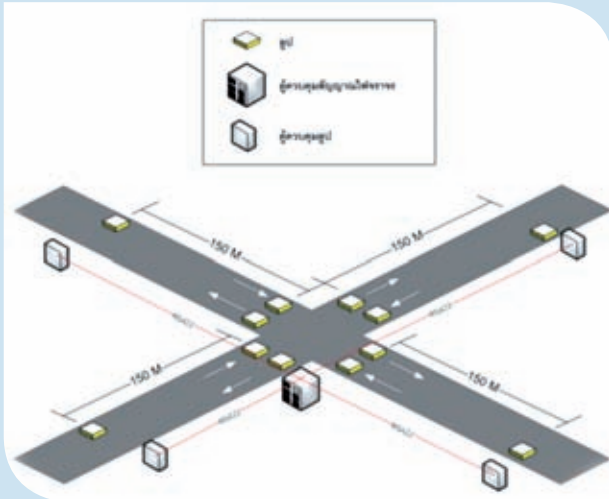
For the activities within the company, the Company aims at the importance of employees because they are crucial resources. We encourage all employees the opportunity to develop their potential and safety at workplaces in order to have good health and happiness to work. Therefore the Company provides the sporting areas for staffs to play basketball, soccer and etc. We also provide an annual sport day and annual rehearsal and training for fire incident.

Including the cooperation and support from the executives, staffs and outside agencies have assisted the Company arrange social events which can drive return to the society. We look forward to the opportunity of additional new activities in 2010 to provide return to society with sustainable development as the cornerstone of business today.



Future Projects

1. The traffic signal system project and CCTV Project

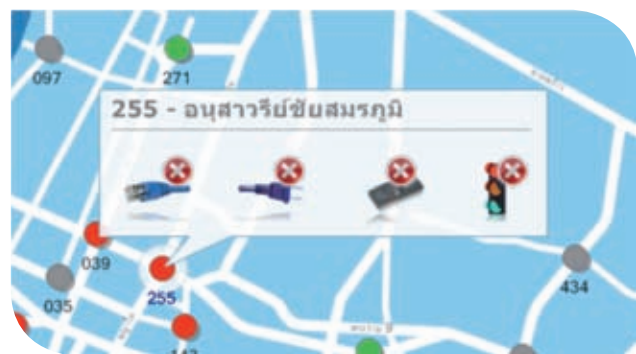
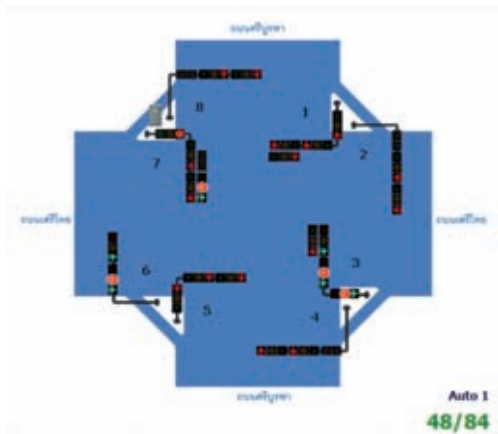


Traffic works

● Smart Junction

The smart junction is traffic signal system which Genius Traffic System Company Limited (GTS) operated the research and development. It can learn and adapt to change the traffic signal automatically through the processing of detectors which are installed on junction areas. In 2009, GTS is trusted from Bangkok Metropolitan Administration (BMA) to establish the smart junction in Bangkok which initiated to install the system for 5 junctions at first phase. As a result, the system is estimated to be satisfied because the transports could spend time less than 20% to pass those junctions. In 2010, BMA purposes to establish the system in more areas for Bangkok.

● The project of efficient maintenance



Due to GTS obtained the trust to establish the maintenance system of traffic signal for 30 junctions in Bangkok. In 2009, the result of first phase is demonstrated that the system could process efficiently because it can alert immediately when the faults occur. The system could be figured out rapidly as well as it not only assists to diminish the workload of traffic polices but also it increases the creditability of the traffic signal which have been installed since 2009. Actually, GTS is processing the second phase which the project will be pursued to cover all areas in Bangkok.

● **The BRT Project**

For the project of BRT (Chongnontasee-Bangkok Bridge), GTS is responsible for the control system of traffic signal. GTS is operating the project as well as the system will be established in March 2010. The pilot project will be started on April 25, 2010 in order to implement formerly through the BMA's plan in May 2010. The first phase will be the standard of next BRT projects which are expected to establish in many areas such as The route of Mochit- Government Office Center on Changwattana road (13.5 Kms:7 stations), The route of Chongnontasee-Prachauthid (19.5 Kms: 7 stations).



LED Technology

● **Full color LED screen**

GTS has developed LED screens continually so much that they are accepted. As a result, it can demonstrate the resolution of 281.4 million color both in real pixel and virtual pixel which applied by demand and budget. Actually, LED screen of GTS has market share around 70%-80% in the industry as well as we anticipated the project contracts from Giant screen of Siam Paragon and Paradise Park including public sector such as municipal government of Hadyai and Phuket.

● **Variable Message Screen (VMS) : Traffic status report and Electronic LED boards**

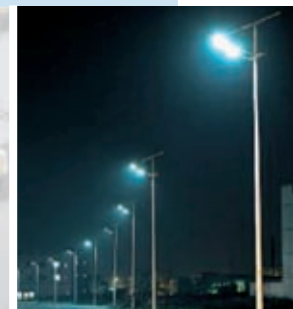


GTS has developed VMS and traffic status report system concurrently which report to the transport users rapidly. GTS expected to obtain the VMS projects from Express Way Authority of Thailand and Department of Highways. Actually, GTS has designed and developed the electronic boards and installed them around Bangkok such

as Speed deceleration sign, Curve way caution sign, Danger point caution sign.

● **Research and manufacture project of LED light bulb**

GTS has made research and development on LED light bulb which pro old model. Due to the existing light bulb has short usage period and high energy more than 50% and more 10 year usage period. GTS expects future. Since there are more one million bulbs installed on public areas, t





● **CCTV system for safety and traffic status report**

Since there are many politic protests which affect to the security and stability of people in Bangkok, Bangkok Metropolitan Administration (BMA) increased budget of CCTV projects around 3,000 million Baht in 2010. Due to the reliance and expertise of GTS's network design and installation so we are assigned to operate the project for CCTV installation around Bangkok. In 2010,

GTS anticipated to gain project value of 1,000-5,000 million Baht from total budget of 3,000 million Baht.

2. The project of vehicle tracking equipment via satellite transmission

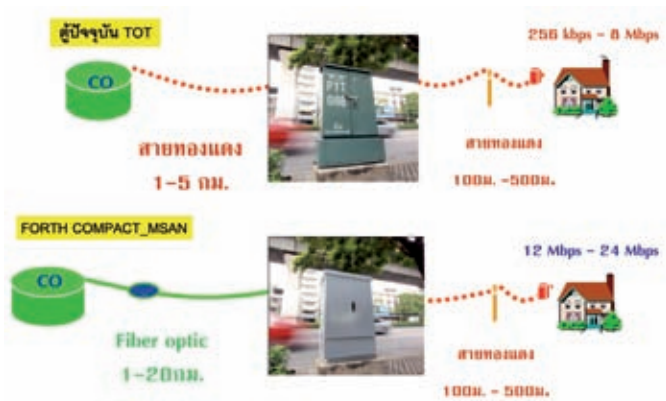
Forth Tracking System Company Limited (FTS) has operated the research and development continually, FTS has many product openings in 2010 which is the vehicle tracking model of FTS5. The product can transmit signal more rapidly as well as the tracking has higher efficiency. Since we change Global Positioning System (GPS) to be Assisted Global Positioning



System (AGPS), the product is able to track the vehicles in no signal area even in the parking areas. Then it is matched for the vehicles which are parked in underground places. Moreover, the product supports the snap shots from CCTV in vehicles both online and offline, it can record video through built-in memory. Due to the marketing analysis, CCTV in vehicles could increase the efficiency of investigation and accuracy such as logistics and public transportation. The equipment could demonstrate the report of position, speed, acceleration, and distance with accuracy in order to check the behavior of drivers. Including, the system can show fuel smuggling through the development of snapshot technology supporting more demand of organization in advance.

3. The Research and Development Project of Forth Corporation Public Company Limited (FORTH)

The direction of telecommunication in 2010 is prospected on fix wire and wireless technology which FORTH gains more experiences from the product development of Multi Service Access Node (MSAN) and hi speed internet technology. Then FORTH develops more product series to increase the efficiency such as Mini MSAN and Compact MSAN. Those products will substitute the existing equipment of TOT PCL in order to reduce the low quality and high length of copper wires. Moreover, the products can support the hi-speed internet to transmit data more rapidly through MSAN processing. Including MSAN has new feature to support the technology of fiber to the home (FTTH) which is new service broadband in next generation with speed of 1-2.5 Gbps. Now, there are many internet service providers who prepared provide FTTH services such as CAT Telecom (Project value of 6,000 million Baht). Furthermore, the department of research and development has planed to increase the ability of broadband services with IPTV.



- FORTH Compact-MSAN



- FORTH Mini MSAN

By 2010, FORTH would launch new products of Dense Wave Length Division Multiplexing (DWDM) which is high technology on fiber optic through data transmission on wave length of fiber wire. Also the Access Switch product is high speed communication and it uses for service providers networking. Those 2 products have no domestic competitors so FORTH has the competitive advantage with own R&D and after sales service departments. As a result, we could take advantage not only foreign product but the domestic competitors also.

4. The project an research and manufacturing of the electronic meter under trademark of “FORTH”

Genius Electronic Meter Company Limited (GEM) has operated the research and development since 2005 which our products are accepted both private and public sectors such as the Metropolitan Electricity Authority and Provincial Electricity Authority. Our products are granted the privileges of investment promotion from the Board of Investment (BoI) for Phototype Design and certificated of IEC 62053-21 and IEC 62052-11 from the institute of Parkside Laboratory, New Zealand. Those qualifications bring GEM to pass the standards of Metropolitan Electricity Authority and Provincial Electricity Authority. Also, GEM is certified ISO 9001 from the institute of MASCI in the design, development and manufacture of electronic meter measures of alternating current and the application system of automatic meter reading.



In 2009, GEM is granted the Popular Vote from the competition for “RFID Prepayment Electronic Energy Meter” from the Thailand Embedded Product Award 2009 (TEPA 2009). The type of product is prepaid meter which used refill card in model of 1 Phase 2 Wire 220 Vac 50 Hz 15(45) A. It is promptly installed and used without programming and computer.



Moreover, GEM launched the meter in model of Smart Touch in 2010 which measured kWh, Watt (W), Current (A), Pressure (U) and Power Factor (PF) which the control buttons are attached in front of machine including programming and LCD screen. Moreover, the meter can reset the value of kWh on demand.

5. The project of domestic and overseas business enlargement on online Top-Up service and prepaid mobile phone topping up

In 2010, Forth Smart Service Company Limited (FSS), which is service provider of Top-Up and online payment through KIOSK system named “Boonterm”, are trusted Tesco Lotus Express to install “Boonterm” in every branches. Including, FSS will expand to install more for Tesco Market, Tesco Lotus Value. Moreover, FSS cooperates with TOT PCL. to design, research and develop “Boonterm” together in order to enlarge the customer base and bring the most advantage to customers.



Boonterm Kiosk has launched firstly in July 2009 with refilling value of 4,556,508 Baht. The growth rate has been developed sevenfold which has total value of 88,086,395 Baht from second month after the launching until December 2009. As of 15 March 2010, the Company provides more 2,200 kiosks with refilling value of 102,386,283 Baht. FSS anticipates there are more 20,000 Boonterm Kiosks installed along the target in 2010 with estimated refilling value of 550,000,000 Baht per month. Also, FSS expected there are more 20 million usage times per month.

With multiply growth rate, Forth Corporation Public Company Limited (The Company) considers to enlarge the investment at overseas. Since, the Boards of Directors’ meeting No.1/2010, which held on 26 February 2010, has the resolution of joint venture investment for online Top-Up service and prepaid mobile phone topping up at overseas with the capital shared of 250 million Peso. The company would have shareholding of 40% as well as the executives anticipated the operation can be initiated in second quarter of 2010.

The Company is certain that the investment will bring the strength of sales amount as well as it establishes the reputation and the acceptability by customers, investors and ordinary persons both in domestic and overseas.

Refelling Value Actual



The Company and subsidiaries' Revenue Structure

| Business Characteristics | Operated by | Shareholding (%) | 2009 | | 2008 | | 2007 | |
|--|--|------------------|---------------|---------------|--------------|---------------|--------------|---------------|
| | | | Million Baht | % | Million Baht | % | Million Baht | % |
| The manufacture and distribution of telecommunication and electronic equipment under brand "FORTH" | Forth Corporation Public Company Limited | - | 975 | 9.71 | 615 | 8.22 | 343 | 8.71 |
| The print circuit boards and electronic equipment assembling under the customer brand | Forth Corporation Public Company Limited | - | 7,649 | 76.15 | 5,121 | 68.46 | 2,225 | 56.45 |
| The manufacture, distribution and installation of traffic light system and equipment and CCTV | Genius Traffic System Company Limited | 100 | 485 | 4.83 | 367 | 4.91 | 337 | 8.54 |
| The manufacture and distribution of electronic boards | Genius Traffic System Company Limited | 100 | 49 | 0.48 | 27 | 0.36 | 287 | 7.29 |
| The distribution of electronic parts | Electronics Source Company Limited | 100 | 680 | 6.77 | 577 | 7.71 | 539 | 13.68 |
| The collection of advertising fee | Joint Venture Genius | 100 | 26 | 0.26 | 30 | 0.40 | 39 | 0.99 |
| The development and implementation of information system | Forth Corporation Public Company Limited | - | 45 | 0.45 | - | - | 143 | 3.64 |
| The project of installation of Multi Service Access Node Equipment (MSAN) | Forth Corporation Public Company Limited | - | 81 | 0.81 | 732 | 9.78 | - | - |
| The online Top-up services and topping-up the prepaid mobile phones | Forth Smart Service Company Limited | 51 | 14 | 0.14 | - | - | - | - |
| Total Revenues | | | 10,004 | 99.60 | 7,469 | 99.84 | 3,913 | 99.30 |
| Other Revenues | | | 40 | 0.40 | 12 | 0.16 | 28 | 0.70 |
| Grand Total Revenues | | | 10,044 | 100.00 | 7,481 | 100.00 | 3,941 | 100.00 |

Risk Factors

1. Risk of the print circuit boards assembling and manufacture business

1.1 The dependence on a main customer

In 2009, since the revenue from print circuit boards and electronic equipment assembling under the customer brand has 76% of total revenue from which has significant effect on overall operating results. Especially, there is a main customer named Western Digital (Thailand) Co., Ltd (WD) which generated 75% of the revenue (2008: 64%). If WD changed manufacturing orders, it would raise instability to the Company's total revenues. Also, the industry of electronic parts has strong competition accordance with the rapid change of technology. The competitors then usually use price cutting strategy. Many customers are international companies or their head quarters are located on overseas which focus on supply chain management in order to reduce cost of manufacturing through "Global Sourcing". Our competitors then are neighbors such as China and Vietnam. In Thailand, The industry of the print circuit boards assembling and manufacture probably encounters the affects if they move to cheaper manufacturing base or they slow down the manufacturing orders.

However, the Company recognized this instability; we then enlarge customer bases and find new ones in order to weight the proportion of customer number. We propose new products with high quality and competitive price under strong R&D teamwork. The team always supports the Company to launch interesting products with low manufacturing costs so the Company can gain new customers continuously and also enlarge market to the projects of public sectors. The new products, which launched in 2009, are MSAN (Multi Service Access Node) for large size of customers and MINI MSAN (MINI-Multi Service Access Node) for middle to small size of customers. Moreover, the Company diversifies risk through other business groups such as the traffic light system and electronic boards, electronic parts distribution, electronic meter distribution, tracking system

and online top-up services. In 2010, the Company has investment plans to enlarge the business of online top-up services at overseas which initiated in Philippine through joint venture investment which the Company has 40% shareholding of registered capital shares (250 million Pesos Philippine) and expect to operate the business in second quarter of 2010.

1.2 The obsolete products results to change of manufacturing technology

Generally, the models, formats, and qualifications of electronic products are changed rapidly so the manufacturers must develop technology to response new trends. If the Company cannot develop due to the changes, we would loss the customer to competitors who has technology more modern than. Therefore, the Company always makes additional investment plans which the company has invested in new machine amounting to 196 million Baht during 2006-2009 in order to develop technology of manufacture. The Company therefore is proposed with the reward of "Best Supplier" from many customers such as Daikin Industry Limited from Japan, Pioneer Manufacturing (Thailand) Co., Ltd. Toshiba Carrier (Thailand) Co., Ltd. and Western Digital (Thailand) Co., Ltd.

1.3 The denouncement of manufacturing agreement from a main customer

The customers selected their manufacturers through complicated procedures in order to rely on the quality assurances and then offer to be their manufacturers. After that, they will sign off the agreement based on the specification of quality and standard. However if the customers denounce the agreement after the Company established the production lines, the Company exactly get the damage. Thus, the Company sets up the penalty if the customers misstate the conditions of agreement. As a result the customers have to reselect new manufacturers which caused "the switching cost". However, the Company always participates with customers to plan the production

together as well we provide customers the factory visit in order to assure the quality of our production. The customers could obtain products as they required through our supportive R&D teamwork and best delivery process. The Company anticipates maintaining those qualities and always lay down reliance to the customers.

1.4 Obsolete raw materials and inventories

Since the electronic products have short life cycles, both of raw materials and inventories could be obsolete rapidly. If the Company does not use them within a year, it affects the operation costs. However, the Company sets up the provision carefully which is equal to 15.6 million Baht (2008: 9.0 million Baht) in 2009. Moreover, the Company focuses on the supply chain management in order to follow up monthly the movement of raw materials and warehousing. We usually analyze the reason to manage the slow movement of raw materials and inventories and we assign the team to assess the quality of warehousing to accelerate the distribution as fast as possible. Therefore the day of inventories and finished good are decreased as well as the proportion of inventories, which do not move over 360 days, is decreased efficiently.

2. Risk of the MSAN, traffic light and electronic boards

2.1 The Liquidity of distribution to public sector

The main customer group of this business is public sector which the payment period is longer term than the private customers. This customer group has average days of receivable amounting to 60 days which depends upon the budget of each unit. The Company then manages efficiently liquidity system to support the project from public sector.

However, the Company has experience and expertise of public project since the Company established. Our portfolios are the traffic light project of Bangkok Metropolitan Administrative, MSAN project of TOT PCL., ERP project of Metropolitan Electricity Authority. Those projects bring us the knowledge and expertise to manage the liquidity of credit term from public sector. However, the Company has working capital to support the cash flow and the adequate credit reserve from commercial banks to manage the liquidity efficiently in long term.

3. Risk of the right to derive benefit from genius traffic boards

3.1 Unable collection of advertising fee as the target set.

According to an agreement with Bangkok Metropolitan Administration (BMA), Joint Venture Genius (JV Genius) obtained the right to derive benefit from genius traffic boards. It is 3 year agreement which renew 2 times so the term of agreement is 9 years totally. JV Genius must pay BMA for the right usage fee amounting to 5 Million Baht per year. If JV Genius cannot afford revenue from the right to cover the cost, JV Genius will get loss from project. Due to the global economic crisis, JV Genius has got effects also which recorded of asset impairment amounting to 10.9 million baht in 2008. However, JV genius figures out to make short term agreement with an advertising agency for minimum monthly remuneration to against the instability of JV Genius's revenue. For short term, JV Genius aims at to explore new services including strategic alliances for revenue enlargement in the future.

3.2 No renewal agreement after termination or denouncement

After JV Genius deliveries the genius boards to be assets of BMA, JV Genius must follow the conditions in agreement such as the maintenance of boards and equipment in control center during the term of agreement. If we cannot follow the conditions, BMA will not renew the agreement which affected to revenues unavoidable. Moreover, the investment amount of project is valuing to 235 Baht million for 3 year contract with 2 times renewal (9 years totally) which JV Genius has write off the policy on capital investment amounting to 26.55 million Baht per year. Therefore, if BMA does not renew the agreement, JV Genius will write off remained capital investment which will be high expenses and then it effects on the Company's operating result significantly.

However, JV Genius plans to operate efficiently in order to protect the incident including making maintenance plan and spare parts arrangement. Along the operation, JV Genius follows every condition in agreement completely.

4. Risk of the project of Enterprise Resource Planning (ERP), Customer Service System (CSS) and Billing system

In 2005, the Company signed off to set up the consortium for the project of Enterprise Resource Planning (ERP), Customer Service System (CSS) and Billing system for Metropolitan Electricity Authority (MEA) which is valuing to 549 million Baht. The Company joins 69% of the project's interest or 378.81 million Baht but the partners deserted their responsibilities so the project must be delayed. Especially, the project must be completed with in 28 October 2007. If we cannot delivery on time, the consortium will be fined 0.2% of total project value (not minimum 100 Baht per day and management fee of 5,000 Baht per day after the day of due date). End of 2009, the Company must record the expected loss provision of project amounting to 508 million Baht (2009: 181 million baht, 2008: 317 million baht and 2006:10 million Baht). However, the Company obtained MEA letters to lessen the period of project in August 2009 and MEA requested to accelerate the completion within 31 March 2010. Since the expenses are very high from the delay of project, the Company anticipates substituting by the revenue from license sales, additional projects and software maintenance. Nevertheless, the Company plan to negotiate the fine of project which will occur in the future.

5. Risk of the business of online top-up services and topping-up the prepaid mobile phones

5.1 Severe competition

Due to the growth of top-up machine market, the competition becomes too aggressive. Each entrepreneur grasps the market share through price strategy which is risk factor of revenue and entrepreneur status in online top up market. However Forth Smart Service Co., Ltd. (FSS) educates completely the competitive situation and prepares the readiness to establish the competitive advantage through the quality network services in all areas of Thailand. FSS proposes various and innovative linkage system to end users with more efficiency including customization the promotion campaign to related with installation areas. Thus, we can aims at each of target market which has various demands. Moreover,

FSS has previous customer base to support the manufacture of kiosk machines including business alliances for the enlargement of distribution channels. The Company also provides more services such as advertising space on kiosk, online game top-up and utilities billing payment which differentiate from other service providers.

6. Risk of the business of raw water distribution to industrial sector

6.1 The investment of project

The Company established water pipelines construction project and raw water delivery to serve the industrial sector through the operation of Thai Industrial Water Co., Ltd. (TIW). The value of project is amounting to 200 million baht which can delivery 15 million cubic metre minimum of water from storage. Even though the Company makes best research on investment, there are external factors which are under control such as dry critique season. As a result, the return on investment is under expectation or the Company would have support TIW more financial assistance for solutions. However, to reduce the instabilities of return on investment, the Board of Directors' meeting, which held in February 2010, they had resolution to dispose the business to an unrelated company. Thus, the Company could aim at the development and enlargement of core and related business with disposal unrelated one.

7. Risk of economy situation and money market

7.1 Exchange rate

The Company and Subsidiaries (The group) imported raw materials of electronic parts in order to use in manufacture and distribution. The payments are made through foreign currencies such as US Dollar, Dollar Hong Kong and Yen but the sale revenues are made via Baht currency. Thus, the group always plans to purchase raw material and specify price in advance as well as the group tracks the movement of currencies closely. Actually, the group have adequate credit limit to make forward contract of foreign currencies with financial institutions. Moreover, the group could adapt purchase prices relied on exchange rate with customers.

7.2 Borrowing interest rate

The Company and subsidiaries (The group) take risk on interest rate which affects the instabilities of financial cost. The group has liabilities which the interest rates are floating rate or the rate is compared to the market at the present. Thus, the risk of interest rate is very low. As of 31 December 2009, the loan and interest rate were disclosed in the notes 13 and 14 to financial statements.

8. Risk of the management and shareholding

8.1 The dependence on the executive

Mr. Pongchai Amatanon is the founder and managing director of the Company with high experience in the business. He has vision as well as he is responsible for policy making and company direction. Thus, if there are any changes to the executive, the Company could meet the business operation problems. The Company then established the organization chart for decentralization which appointed professional boards with high working experiences. Also, the deputy executives could participate to make decision in their own responsibilities. The subsidiaries and associated companies has their own

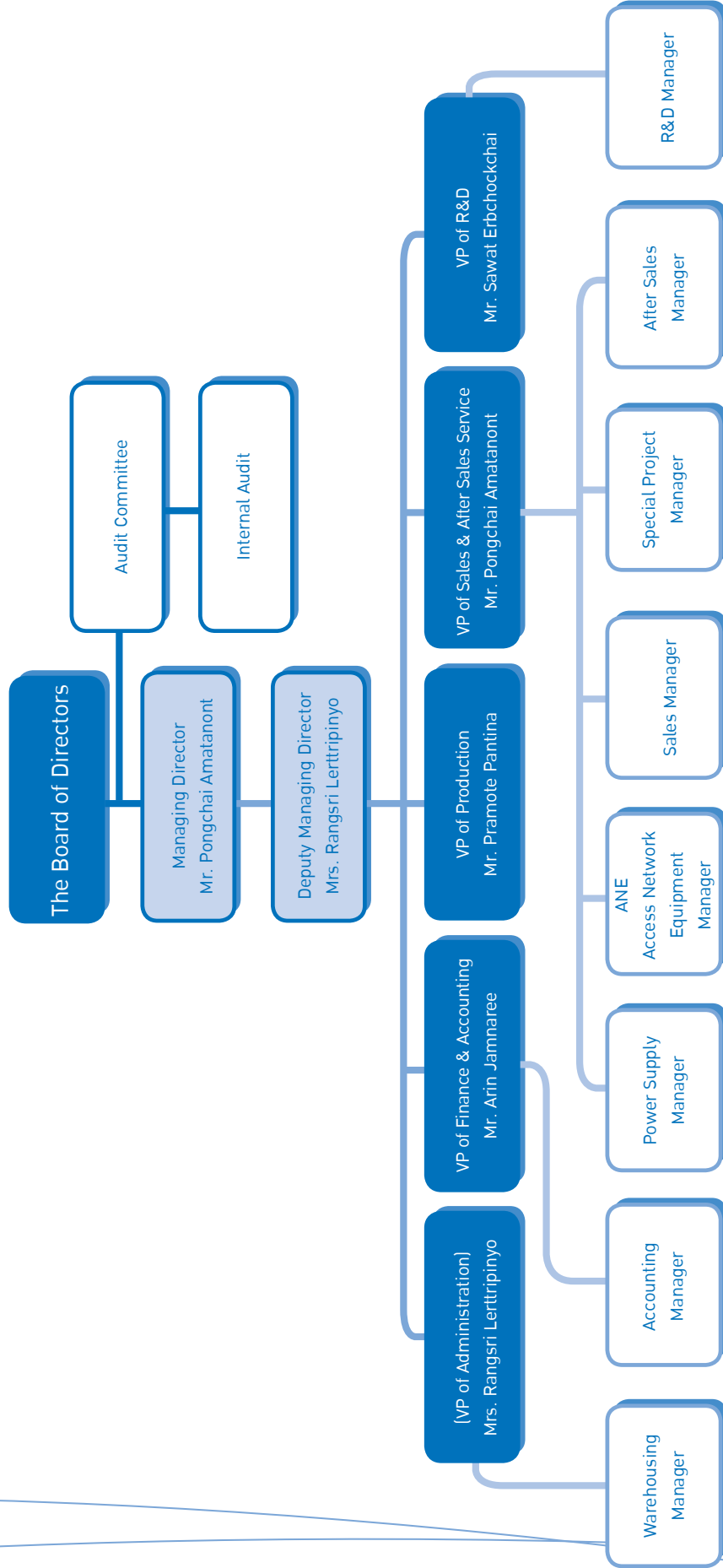
management level. However, Mr Pongchai still has significant role on main policy and management of the Company, subsidiaries and factory while other executives are responsible for their business operations in depth.

8.2 Major shareholding group

In 2009, Amatanon Family has the Company's shares totally more than two third of paid up capital shares. As a result, they are able to manipulate the resolution of shareholders' meeting in every agenda; either appointment of directors or the approval of other matters having acquired a majority vote; exempt the matter related to law or article of association, which required at least three fourth vote of shareholders meeting. However it is impossible for minor shareholders to gather vote and check and balance of power on the matter proposed by major shareholders. However, the company has appointed the audit committees since 2004 which has independent votes and has responsibilities to check and approve every agenda which are proposed to shareholder in order to increase more transparency.

Organization Chart

Organization Chart as at 31 December 2009



Management Structure

Management Structure

The Board of Directors of Forth Corporation Public Company Limited is categorized in 3 groups as follows:

- Board of Directors
- Executive Directors
- Audit Committees

The Board Composition

The Board of Directors has 9 members which are composed with 7 non executive directors or 78% of total board members and 3 independent directors or 33% of total board members.

List of Board members as of 31 December 2009

| Item | Name | Position |
|------|-------------------------------|---|
| 1. | Mr. Sanit Vorapanya | Chairman of the Board of Directors / Audit Committee/Independent Director |
| 2. | Mr. Suthum Malila | Chairman of Audit Committee / Independent Director |
| 3. | Ms. Nongram Laohaareedilok | Audit Committee / Independent Director |
| 4. | Mr. Pongchai Amatanont | Managing Director/ Chairman of Executive Director |
| 5. | Mrs. Rangsi Lerttripinyo | Deputy Managing Director/ Executive Director |
| 6. | Mr. Kaelic Amatanont | Director |
| 7. | Mrs. Matinee Wandeepirom | Director |
| 8. | Mr. Boonya Tantipanichaphan | Executive Director |
| 9. | Ms. Chonthicha Siripongpreeda | Director |

All members of the board have qualifications as required in the Statement of Public Limited Companies Act. BE 2535 (1992) without unauthorized characteristics regarding the law and regulation of Securities and Exchange Commission and Stock Exchange of Thailand.

Authorized signature of Board of Directors

Authorized board committees who can sign off on behalf of juristic person namely: Forth Corporation Public Company Limited, are Mr. Pongchai Amatanont co-signed the agreement with either Mr. Kaelic Amatanont or Mrs. Rangsi Lerttripinyo, or Mrs. Matinee Wandeepirom with company logo seal.

Duties and responsibilities for Board of Directors

1. Ensuring that all members in the board have undertaken actions under the Statement of Corporate Governance Principles, as specified as well as shareholder resolution with ethic and integrity on behalf of company.
2. To arrange annual shareholders meeting within 4 months after ending of annual accounting closed period.
3. To provide for Board of Directors s' meeting every three months.
4. To certify the Company's audited interim and annual financial statements and propose the audited financial reports to

AGM for consideration and approve.

5. Ensure that the company shall vest the representative person with full authority of board executive or board director with respect to specific matters delegated and approve by the member of board committee. Board committee may terminate, adjust or amend such a delegated authority on any appropriate judgment. The above authorization must not involved the transactions showing a potential conflict with company business interests as well as main transactions with related parties except that transactions were conformed to authorization policy or were approved by the Board of Directors
6. Review and discuss Management's proposed strategy options and approve major decisions in respect of firm direction and policies. An exception to the matter concerning legal issue would be necessary to gain approval from shareholder meeting, for example The increasing or reducing the Company's capital; sale or transfer of the whole or the substantial part of the Company's business to any other person or purchase or acceptance of transfer of the business of private companies or public companies by the Company; The amendment of the Memorandum of Associations or Articles of Association of the Company
7. Monitor the Company's performance and progress toward achieving set objectives as well as compliance with the laws and regulations in Statement of Public Limited Companies Act BE 2535 (1992) and the Acts on Securities and Exchange Commission's related policies or any related government agency in such issue as relate party transactions.
8. Review and approve the human resources policies, management development policy. The Board shall seek and nominate successors to the Chief Executive Officer and the President, as well as appraise their performance.
9. Ensure that the board committee has a proper system in place to communicate effectively with all stakeholders and the public on conflict of interest issue e.g. an increase or decrease in number of share that board hold on related companies.

A board member therefore cannot personally benefit or for others sake from his position on the board, owner, or partnership in any business engaging in direct competition with the corporation except when disclosure is authorized in Annual General Meeting of Shareholders.

Executive Directors

As of 31 December 2009, the Company consists of 3 executive directors which are

| | Name | Position |
|----|-----------------------------|--------------------------------|
| 1. | Mr. Pongchai Amatanont | Chairman of Executive Director |
| 2. | Mrs. Rangsi Lerttripinyo | Executive Director |
| 3. | Mr. Boonya Tantipanichaphan | Executive Director |

Duties and responsibilities for Executive Directors

1. Manage and undertake the business as assigned by company mission, objectives, policy, regulation, condition, or any mandatory stated by Board of Directors, or by specific resolutions of shareholder meeting.
2. Develop and undertake business policies, strategic plans, direction, budgets, managing structure and authorization as well as monitor and assess the performance in order to achieve the Company's objectives.
3. Review and recommend to the Board for approval an annual capital expenditures budget or any adjustment in budgeting amount for the Corporation and its component. If deemed appropriate by the Committee, review and recommend to the Board for approval projected capital expenditures budgets. If board meetings are not arranged, then submit concluded budget to the next board meeting.

4. Authority to approve the Company in conducting normal operating transactions up to a limit of 20 Million Baht such as purchase of assets, machinery, vehicles except for raw material purchasing. Also, authority to approve the capital investments spending that included in annual budget assigned by Board of Directors or mentioned in Board of Directors jurisdiction.
5. Make approval for loan proposals, bond issuance, collateral, personal guarantee on loan and any credit proposal with amount up to a limit of 50 Million Baht.
6. Make recommendations to the Board regarding revisions to financial policy, marketing strategy, human resource management and any operating plans.
7. Review and approve organization structure and management, the human resources policies, management development plans regarding to recruitment, moving, and termination as well as remuneration policy.
8. The Board of Directors selects any other board members in whom they vest certain duties responsibilities and authorities to operate in any normal business or any appropriated activities within specified periods. Board committee may terminate, adjust, or amend such a delegated authority to any other persons on any appropriate judgment.
9. Operate in other activities regarding to board of director assignment.

Authorization of executive directors is not included any transactions which shall be inclusive of the shares held by related persons, company, or juristic person or any transactions associated with conflict of interest to the Company or related company as required by the rules and regulations of applicable law. The above defined transactions must be proposed to the Board of Directors or annual general meeting for consideration and approval according to any related regulations.

The Definition of Independent Director

Independent Director is the person whose only nontrivial professional, familial or financial connection to the corporation, its chairman, chief executive officer or any other executive officer is his or her directorship.

1. The board must not be a substantial shareholder with owning less than one percent of shares outstanding of the company, holding company, its subsidiaries and associated companies including the number of shares held by related party to that independent board member.
2. The board must not has been assigned or authorized by any executive any company board of director to manage in normal company businesses and must be apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its senior management or its holding company, its subsidiaries and associated companies unless the foregoing status has ended for more than 2 years.
3. The board must not be an executive nor independent director in the company, holding company, its subsidiaries and associated listed companies held by Forth for more than 50% share outstanding.
4. The board must not be or have an immediate family or close family including person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law to board of director, major shareholders, authorized person, or nominee to board of director or authorized director.
5. The board must not have high stakes in the Company, holding company, its subsidiaries and associated companies or related parties that would constraint to the act of fully independent manner unless the foregoing status has ended for more than 2 year.
6. The board must be capable without constraint by other external factors to make any independent recommendation regarding to company operating activities. The Company defined the qualification of independent director with minimum basic regarding law and regulation of Securities and Exchange Commission and Stock Exchange of Thailand.

The above qualifications of independent directors are equal to the minimum basic of Securities and Exchange Commission's regulation involved with independent directors' characteristics.

As of 31 December 2009, the Company's independent directors compose of 3 directors who are selected from 9 members of Board of Directors (calculated 1:3 proportions conformed to good corporate governance according to Securities and Exchange Commission's regulation). The independent directors are listed as follows:

| | Name | Position |
|----|----------------------------|----------------------|
| 1. | Mr. Suthum Malila | Independent Director |
| 2. | Mr. Sanit Vorapanya | Independent Director |
| 3. | Ms. Nongram Laohaareedilok | Independent Director |

Audit committees

The Board of Directors approved the appointment of the Audit Committees in 2004, each member having a 2-year term. The qualifications regulated by the Securities and Exchange Commission are

1. Each member shall meet any applicable independence requirements
2. No participation in the management of the Company, an affiliated company, associated company or related company, or related juridical company.
3. He or she shall not being the board or employee in from the Company, an affiliated company, associated company, related company or related juridical company.
4. At least one member must have accounting or related financial management expertise as the Board of Directors interprets such qualification in its business.

As of 31 December 2009, there are 3 audit committees as follows:

| | Name | Position |
|----|----------------------------|---------------------------------|
| 1. | Mr. Suthum Malila | Chairman of the Audit Committee |
| 2. | Mr. Sanit Vorapanya | Audit Committee |
| 3. | Ms. Nongram Laohaareedilok | Audit Committee |

Duties and responsibilities for Audit Committees

1. Review financial statements under consultation with the external auditors in order to ensure that the financial statements are accurate and reliable, and in compliance with accounting standards, laws and standards.
2. Review the effectiveness and appropriateness of the internal control and audit system, independence of the internal audit function and endorsement of the appointment, transfer and termination of employment of the Internal Audit.
3. Review the firm's operations to see that they are in compliance with Securities and Exchange Act., Stock Exchange of Thailand regulations and standards.
4. Consider selection and recommend to the Board on the appointment of external auditors and annual audit fees of the independent auditors. Hold at least one meeting a year with the external auditors without the presence of management.
5. Evaluate the connected transactions, or transactions with possible conflict of interest in relation to compliance with the laws and regulatory requirements, in order to ensure transparency of those transactions.
6. Submit Committee Report specified by the Securities and Exchange Commission for disclosure, and prepare the annual Report, signed by the Audit Committee with the following issues:

- (1) Auditor's Report stated that the information presented in the financial report is correct and free of material misstatements.
 - (2) Review the adequacy and effectiveness of all internal control processes
 - (3) Review that the company is in compliance with Securities and Exchange Commission's Act, Stock Exchange of Thailand's law and regulation.
 - (4) Review the appropriateness on the selection of the external auditors.
 - (5) Evaluate the connected transactions, or transactions with possible conflict of interest in relation to compliance with the laws and regulatory requirements.
 - (6) Submit total number of Audit Committee meeting arrangement and summarizing the year's attendance of each member.
 - (7) Discuss and review with management or outside experts any matters or activities having a bearing on the Board's oversight responsibilities.
 - (8) Ensure that corporate information disclosures to public are in accordance with range of roles, duties and responsibilities of audit committee.
7. Perform any other act as assigned by the Board of Directors with approval of the Audit Committee.
 8. If audited committee found all allegations of improper, illegal, or unethical conduct that might significantly effect to Company financial and operating performance, it is necessary to supervise an investigation into that matter to accomplish the Committee's responsibility and report directly to the Board of Directors for solution to deter those illegal activities including.
 - (1) The transactions that might lead to any conflict of interest
 - (2) Dishonesty, fraud or corruption, and inappropriate in internal control system
 - (3) Violations of he Statement of Public Limited Companies Act BE 2535 (1992) or Securities and Exchange Commission's Act or any related regulations.

Management Team

As of 31 December 2009, there are 6 members in the management team

| | Name | Position |
|----|-------------------------|---|
| 1. | Mr. Pongchai Amatanont | Managing Director / President of FORTH's affiliates/ Vice President of Marketing and After Sales Department |
| 2. | Mrs. Rangsi Lertripinyo | Deputy Managing Director/ Company Secretary |
| 3. | Mr. Pramote Pantina | Vice President of Production Department |
| 4. | Mr. Sawat Erbchockchai | Vice President of Research & Development Department |
| 5. | Mr. Arin Jamnaree | Vice President of Accounting and Finance Department |

Nomination of the Board of Directors and the Executives

The Company does not have Nomination Committee; therefore, the nomination process comes from candidates who were nominated for the positions of directors and taken into consideration through annual general meeting of shareholders. The appointments of director position are determined by majority vote, which complied by good corporate governance.

The directors must be elected at the shareholder's meeting voting process. The shareholders shall be entitled to one (1) vote per one (1) share, and they have an option to cast the vote on individual or group of people as the criteria decided by meeting. The shareholder cannot delegate all or some parts of the voting to any person. Persons receiving the highest number of approving votes among all candidates are to be elected in a respective order, in proportion to the number of the Board of Directors' positions to be filled at that meeting. In the event of a tied vote on candidates for the last order for director election, the chairman of the meeting shall have the deciding vote.

Roles and Responsibilities of Managing Director and the management

1. Execute and supervise business policies, business plan and budget, and oversee the Company's management in effectively carrying out actions that are in line with the designated policies and business plans.
2. Execute and supervise to run business accordance with the rules and regulatory requirements of related government agencies and the resolutions of shareholders' meetings/The Board of Directors' Meeting/Management meeting.
3. The Chairman and the Vice Chairman may approve the empowerment of executive authority to the firm's Chief Executive Officer or President to legally act on behalf of the company in conducting activities within specific limitation of letter of authorization, the Board of Directors compulsory, or any other company regulations.
4. Monitor the performance of company plan and policy with regard to risk management policy.
5. Obtain detailed understanding of significant procedures and practices employed in the Business Contract process and present to the Board of Directors or executive director for approval.
6. Executive officer or President to legally act on behalf of the Company in conducting normal business transactions up to a limit of Baht 10 million per transaction except raw material purchasing.
7. Consider recruitment, retirement, termination, transfer or other reasons specified in employment process, remuneration, compensation, bonus, and fringe benefit system approved from the Board of Directors to an employee, a staff member, an adviser who receives a regular salary exclude any executive and board committee.
8. Authorize, regulate, inform, and record the business operation disciplines regarding the company's policy in order to maintain the conduct in organization.
9. Assist activities or any assignment from the Board of Directors.

Authorization is not included any transactions shall be inclusive of the shares held by related persons, company, or juristic person or any transactions associated with conflict of interest to the Company or related company as required by the rules and regulations of applicable law. The above defined transactions must be proposed to the meeting of the Board of Directors or Annual General Meeting of Shareholders for consideration and approval according to any related regulations.

The Remuneration of the Board of Directors and the Management

The Company issued the policy of the Board of Directors and the management's remuneration with publicly and transparently process. The remuneration is considered by directors and high executives based on the duties, responsibilities and performances of each director and executive including the performance of company operation. However, the remuneration in same industry is benchmarked to relate the company's. Presently, the remuneration is formed by meeting attendance payment.

The basic of board remuneration, which was approved in the Annual General Meeting of Shareholder at 1/2009, handled on 16 April 2009 as follows:

| | <u>Per each meeting attendance/ Baht</u> |
|------------------------------------|--|
| Chairman of the Board of Directors | 30,000 |
| Director | 20,000 |
| Chairman of audit committee | 45,000 |
| Audit committee | 42,000 |

Individual Directors' Remuneration

Unit : Baht

| Name | Board of Directors | | Audit Committees | |
|-------------------------------|--------------------|----------------|------------------|----------------|
| | 2009 | 2008 | 2009 | 2008 |
| Mr. Sanit Vorapanya | 120,000 | 102,000 | 168,000 | 165,000 |
| Mr. Suthum Malila | 80,000 | 70,000 | 180,000 | 154,000 |
| Ms. Nongram Laohaareedilok | 80,000 | 70,000 | 168,000 | 154,000 |
| Mr. Pongchai Amatanont | 80,000 | 70,000 | - | - |
| Mrs. Rangsi Lerttripinyo | 80,000 | 70,000 | - | - |
| Mr. Boonya Tantipanichaphan | 80,000 | 70,000 | - | - |
| Mrs. Matinee Wandeepirom | 80,000 | 70,000 | - | - |
| Mr. Kaelic Amatanont | 80,000 | 70,000 | - | - |
| Ms. Chonthicha Siripongpreeda | 80,000 | 70,000 | - | - |
| Total | 760,000 | 662,000 | 516,000 | 473,000 |

| Management Remuneration | 2009 | 2008 | 2007 |
|---------------------------------------|---|---|---|
| Executive Remuneration (Million Baht) | 29.16 | 31.18** | 27.99 |
| Executive Director (Persons) | 10 | 12** | 10 |
| Fringe Benefit | Salary Social Security money and Provident Fund, Bonus, gas and car maintenance | Salary Social Security money and Provident Fund, Bonus, gas and car maintenance | Salary Social Security money and Provident Fund, Bonus, gas and car maintenance |
| Other welfares | Executive transportation and mobile phone | Executive transportation and mobile phone | Executive transportation and mobile phone |

** Excluding 2 executives which resigned during the year

Other remuneration

-NONE-

Corporate Governance

The Board of Directors recognized the good corporate governance is the best practice to generate the high beneficence to shareholders and stakeholders. Also, it can bring the achievement of business operation and sustainable development organization. Therefore, the Board of Directors established and approved the policy of corporate governance and code of conduct under good governance principle regarding the practice of The Stock Exchange of Thailand. The board, executives and employees have already accepted and followed up the policies strictly in 2009 as follows

Section 1

Rights of Shareholders

The Board of Directors recognizes the importance of shareholders; then makes every effort to treat the shareholders equally and legally, as specified under the Articles of Association of the regulations and related laws. The basic legitimated rights of shareholders include the rights to buy, sell, or transfer shares, rights on eligibility to receive dividend payment, the right to receive sufficient information in a timely manner to participate in shareholders' meetings, the right to vote on various businesses agenda, the right to appoint a proxy to participate, the right to vote on the annual appointment of board committee and independent auditors, the right to give opinions and enquire into business matters of the Company during shareholders' meetings, the right to set up in advance on agenda and nominate any external candidate for board committee position. The Company has control corporate governance on shareholder right tasks and avoids any action that violated of any right of shareholders.

Arrangement of Annual General Meeting of Shareholder

The Company has arranged AGM meeting on 2009 according to the Thailand Stock Exchange Trading regulations in accordance with the guidelines issued by the set trade board committee and the Stock Exchange of Thailand's requirements and also AGM Checklist. This checklist provides a convenient structured format for evaluating AGM arrangement. The assessed performance of company Annual General Meeting of Shareholder for 2009 was "90-99" or "Excellent" from Thai Investor Association and Stock Exchange of Thailand. The Company will developed Annual General Meeting of Shareholder arrangement with feedback for the next progressed performance.

Annual General Meeting of Shareholder

Along with company regulations, Annual General Meeting of Shareholder (AGM) usually be arranged within 4 month since annual accounting closed date. The AGM for 2009 was held on 16th April 2009 at Siam City Hotel, Duangkamol Room, Bangkok Thailand which located in city center convenient primary means of transportation.

Before the Annual General Meeting of Shareholders

The Company arranged for delivery of the notice to call shareholder's meeting to Thai securities depository (TSD), which is registrar of the Company. The shareholders received sufficient information on complete set of supporting documents for the meeting for their consideration more than 14 days prior to the meeting date. The attachment document is prepared to support shareholder decision on Annual General Meeting of Shareholders' agenda resolution and ensure the full reception on shareholder right, the documents includes:

- Facts and the reasons along with Board committee comments and suggestion

- The supporting documents e.g. Board biography, the definition of independent committee in the board election agenda to replace the expired one, the committee remuneration proposal.
- Detail in Annual General Meeting of Shareholders processes and the right to attend the meeting, including a proxy form given to the independent board of company identify the shareholder resolution on voting.
- Company respect shareholders' right to attend Annual General Meeting of Shareholder for 2009 and the agenda have not added or adjusted immediately without shareholder advance notice.
- All of the information sent in document form was also posted on the Company's website (www.forth.co.th) at prior to the meeting date so that shareholders received the information in a convenient and timely manner.

On Annual General Meeting of Shareholder's day

The Company arranged and facilitated the registration of meeting attendance for shareholders to with transparency and convenient. Especially, the Company granted an opportunity to shareholders to ask questions and make any suggestion in the following topics

- Encourage The Board of Directors and executives to clearly answer and consider all shareholders opinion and suggestion. In 2009, eight of nine directors attended the meeting, as 89% of total board members.
- Arranged to ensure that the agenda sequence is on schedule set up in the meeting notices.
- Offered all shareholders an equal opportunity to give suggestions and ask questions within appropriate topics, and allowed directors in charge of the topics that were raised to clarify and provide complete information to shareholders. All the meeting process has to be records completely.
- The chairman of the meeting offered all shareholders an adequate time frame and conduct meeting flow appropriately and transparently then allow shareholder to vote and counted voting formally and record in agenda resolution
- The counting of votes was carried out in a transparent manner with vote counting cards. One share equals one vote, and approval of a resolution was based on the majority of votes. In the event of a tie at a lower place, which would make the number of directors greater than that required, the chairman of the meeting should have a casting vote for judgment. For special resolutions which required approval of law or regulations present by company or related party.
- Shareholders will abstain or provide a no vote on the agenda in situations where there is potential for conflict of interest on that topics.
- The lawyer is involved in meeting stage; that is, a third party inspector to review the shareholder documents or proxy attendant, ensure the accuracy of vote counting procedure with the Company regulating or chairman announcement, collecting voting card process and review agenda resolution and voting results. In 2009, the inspector recommended that company has transparency in voting process conforming to the related law or regulations.

After the Annual General Meeting of Shareholders

In 2009, the Company has announced Annual General Meeting of Shareholders' agenda through The Stock Exchange of Thailand a day after meeting concerning the voting results on each agenda and report Annual General Meeting of Shareholder's minute which identified name of board committee, and the voting result of agree, disagree, or abstain the vote right on each agenda and informed the key issue on question and answer from shareholders including an explanation in detail from executives to The Stock Exchange of Thailand and related parties within 14 days as well as post all information in company website (www.forth.co.th).

Section 2

Equitable Treatment of Shareholders

Recognizing the importance of equitable treatment of shareholders, The Board of Directors has established a corporate governance policy based on shareholders' rights and the equal and fair treatment of all shareholders, and has undertaken the following tasks:

- a. Shareholders had the option to appoint proxies to the meeting.

Shareholders unable to participate in the meeting had the option to appoint proxies to the meeting. Proxies could be external person or independent directors nominated by the firm appointed to participate in voting on behalf of the shareholders. The assigned shareholder must submit proxy forms with voting right detail and attach ID card or passport or other identification document to the Company before the day of Annual General Meeting of Shareholders. The Company sent a notice to call shareholder meeting including proxy forms as an attachment with the notice or the shareholders can download from company website (www.forth.co.th).

- b. To provide shareholders with the opportunity to propose matters to consider including as agenda items, per specified criteria.

To promote good governance, the Company provided shareholders with the opportunity, before the Shareholders' Meeting, to propose matters to consider including as agenda items, per specified criteria by:

- 1) Shareholders who need to propose any additional issue to be included in the agenda items have to attach the information and the reason supporting, facts, and necessary document in proposed AGM agenda form, which can be download on company website (www.forth.co.th) or contact the Company directly.
- 2) The shareholders of the Company will be asked to confirm and approve the Shareholder Rights of the person who propose additional agenda with Shareholder's Registration at closing registration date. The criteria for Shareholders to propose additional agenda of the Annual General Meeting of Shareholders is that matters have to creating material effect on company business or operation. If the Company's board of directors consider the appropriateness of the agenda proposed by the shareholders, the propose agenda would be included as the meeting agenda together with the specification that the agenda has proposed by shareholder. For the disapproved matters, the Company will inform the shareholders for acknowledgement together on company website.

- c. Shareholders had right to propose qualified persons to be elected as directors

The shareholders have right to propose qualified persons for the director nomination. The persons, who are proposed, must have qualifications according to the criteria as follows:

1. Having the qualification according to the Public Company Act, Securities and Exchange Act and the Good Corporate Governance of the Company.
2. Being knowledgeable, capable, independent, dedicated, and healthy mentally and physically, be of suitable age and be able to perform director's duties with care and loyalty
3. Devoting time adequately and put effort with full capacities for company's benefit. It's a must to attend every meeting of Board of Directors
4. Should not serve board positions more than 5 listed companies.

The independent directors will consider those qualified persons to propose in the Annual General Meeting of Shareholders for the resolution. However, if the independent committees do not select those persons to propose in the meeting, those candidates will be proposed in the meeting of shareholders without opinion of directors for final resolution. The documents, which must be attached for the proposal, are (1) the form of director nomination's proposal and (2) the

personal information of the person who are proposed to be elected as directors or confirmation agreement from securities/agencies which the data owner must sign off and certify the accuracy of documents. Those documents must be submitted and delivered to the Company with in issued date.

d. Usage of inside information

The Company established regulation to limit the use of inside information to only the directors, executive directors or higher executives which has got involved with department in head office and factory section. The inside information would be discussed among management level only. Since the Company listed, it never breach inside information compliance and prevention of the use of inside information by rigid penalty to the misuse inside information association that negatively affect company business. Director, executive director or higher executives must report their ownership of the Company's securities to The Securities and Exchange Commission.

e. The governance concerning securities trading of insiders

The Company established policy to prevent employees, executive management and the insiders trading company security since the day they retrieved information until that information disclose to public and prevent using inside information that may have a significant impact on the price of securities, and has not been disclosed to the public or The Stock Exchange of Thailand.

Additional, the directors and the executives must report the change of company's securities holding to the Securities and Exchange Commission which based on the regulation of The Securities and Exchange Commission and The Stock Exchange of Thailand under Section 59 of the Act on Securities and Stock Exchange B.E. 2535 (1992). They acknowledged the punishment pursuant, also required to be disclosed is the change in ownership of assets by a spouse and children who have not reached the age of majority. The directors and managers must send a copy of the notification to the Company on the same date the notification is submitted to the Securities and Stock Exchange. The notification is required to be submitted within 3 working days.

f. The Investor Relation

The Company established the investor relation department which is responsible for investor relation workloads. The department plans and arranges the activities to approach the shareholders, investors, securities analysts and press reporters to disclose information needed for investment analysis. Moreover, the objective of department purposed to establish the reliability of the Company's operation. People, who would like to collect company information, please contact the address below.

Investor Relation Department,

Forth Corporation Public Company Limited

226/12,13,16, Phaholyothin Road Samsennai, Phayathai, Bangkok, 10400

Tel : 0-2615-0600 Fax : 0-2615-0615

Website : http://www.forth.co.th/investor_th.html

Email : investor@forth.co.th

Section 3

Roles of Stakeholders

The Company always consider the particular emphasis on the equal rights of internal and external stakeholders i.e., shareholders, employees, customers, debtors, suppliers, and social responsibilities both of the Company and affiliates.

Shareholders:

The Company's objectives aim at the maximization of shareholders' wealth with sustainable growth and stabilities. We put effort to increase the competitive advantage and manage the corporate risks in order to make value added for long term strategy on company operation.

Employees :

Employees are valuable assets of the Company. The Company recognizes the need for proper personal rights and protection. The Company then focuses on the welfare and fringe benefit including the safety of our employees.

- Welfare and fringe benefit of employees
 1. Accident insurance
 2. Life and health insurance
 3. Provident Fund
 4. Scholarship of employee's children
 5. Subsidy money for the death of employee and their parents, spouse and children
 6. Employee's uniform and sport field for employee activities
 7. Annual New Year Party, Outing Trip and Sport Day

- Safety policy of employees

The Company aims at process of occupational health and safety management system or OHSAS 18001 which emphasizes on the safety and healthy of employees with deduction of accident rate and pollutant protection in organization including society. Moreover, the Company provides the annual training of fire incident case both for head office and factory.

Customers :

The Company aims to promote customer satisfaction by offering high quality products and full integrated services through ISO 9000 standard. The Company pays attention and holds itself accountable to customers, and more importantly, provides high significance to the protection of their confidential information. Moreover, the Company provides the department of Forth Service Call Center in order to take care of customer's problems both pre and post sales. The customers can complain, consult, use service of installation and fix products of business communication system. The customers can contact as below address:

Forth Service Call Center
 226/12,13,16, Phaholyothin Road Samsennai, Phayathai, Bangkok, 10400
 Tel: 0-2615-0606
 Fax: 0-2615-0606 ext. 2199
 Email: service@forth.co.th

Business Partners :

The Company respects to provide goods and services with high standard, and aims to establish long term relationship with counter party and contract party with clear objectives in quality of product and services; therefore, the Company has procedure to deal the business with counter parties by

- Partner selection from price and quality with fairness in competition, symmetry information and transparency
- For business negotiation, the directors, executives and employees must not receive money, gift or any asset from counter parties or business partners which relates to dishonest behavior
- Practice the agreement strictly and make deal payment on time
- Protect information and keep secret between the Company and business partners
- Inform the related law and regulation and practice with honesty and reliability

Debtor :

The Company follows up loan contracts and conditions strictly and legally with on time payment and information disclosure as request from financial institutions by accuracy and readiness. We also take care of collateral assets and coordinate with debtors for problem solution and unexpected cases.

Government agencies :

To strictly adhere to the statement of corporate governance, conduct, and to participate in law, regulation, and government

Corporate social responsibilities : The Company joins the program of Corporate Social Responsibilities (CSR-DIW) with Department of Industrial Works (DIW). The company's factory has already operated and then received the reward and certificate from DIW on September 21, 2009. Moreover the Company arranged to plan supporting the measure of social responsibilities in order to generate the sustainable development into organization. There are many activities which emerged in 2009 as follows:

- The project of Phansa candles' dedication to Yanwesakawan Temple
- The training project of fertilizer manufacture and disseminate the knowledge to the community
- The project of Dae Nong Poo Hang Kai which the Company makes donation to kid schools at Aum-Pang Amphur in Tak province
- Support sport equipments to Buddamonthon community which located next to company's factory

Environment

The factory of company is verified and certified the ISO 14001: 2004 from the SGS Standard Institution of Thailand which accreditation of UKAS and NAC in order to operate business according the Thai law of Environment. In 2009, the Company appointed the Personnel Responsible for Energy (PRE) and obtained the training from the Ministry of Energy of Thailand. He is now responsible for energy improvement in factory for energy preservation.

The mechanism of stakeholders' complaint

The Company develops communication channel to deal with appeal from all stakeholders mention above. Stakeholder who possesses appeal must submit documentary appeal to the company secretary as mentioned address below, and then the company secretary will review and process their appeal to audited committee, independent board, or board committee for improvement by

1. The appeal from shareholder will be process to audited committee or board committee or can contact directly to chairman/audited committee via company address

2. The appeal from customer counterparty or external person will be process to executive director to solve the problem then report to board committee later
3. The appeal from creditor will be process to executive director to consider whether to submit appeal for board committee consideration

The stakeholders can make complaint and suggestion the Company's directors and audit committees through the following detail of contact person and address:

The company secretary

Forth Corporation Public Company Limited
 226/12,13,16, Phaholyothin Road Samsennai, Phayathai, Bangkok, 10400
 Tel: 0-2615-0606
 Fax: 0-2615-0615

Section 4

Disclosure and Transparency

Realizing the importance of transparent information disclosure, the Company has set up and supervised clear policies concerning communication with external parties timely and accuracy. The objective of these policies is to ensure that the disclosures of company's financial information and operating performance, and non financial by download financial reports, annual report, 56-1 from related agency website e.g. SET, SEC Thailand or company website (www.forth.co.th) that has been periodically update.

In 2009, the Company arranged "the company visit" for investor and securities analysts to visit the factory which located in Buddamonthon 5 Road. In addition, the company realized the important of information disclosure to investor and stakeholder, so we has develop the effectiveness of the disclosure procedures that always comply with the Statement of Corporate Governance Principles from SET and SEC in annual report and AGM invitation to clarify board committee and independent board the role and duties of The Board of Directors and investigation committee, the number of meetings held and the number of times each director attended board meetings in the previous year including the audited committee recommendation and advice. The board committee responsibility to financial report has been declared with audit financial report.

Record of Director's attendance at meetings in 2009

| No. | Name | Attendance/Meeting |
|-----|-------------------------------|--------------------|
| 1. | Mr. Sanit Vorapanya | 4/4 |
| 2. | Mr. Pongchai Amatanont | 4/4 |
| 3. | Mrs. Rangsi Lerttripinyo | 4/4 |
| 4. | Mr. Kaelic Amatanont | 4/4 |
| 5. | Mrs. Matinee Wandeepirom | 4/4 |
| 6. | Mr. Boonya Tantipanichaphan | 4/4 |
| 7. | Ms. Chonthicha Siripongpreeda | 4/4 |
| 8. | Mr. Suthum Malila | 4/4 |
| 9. | Ms. Nongram Laohaareedirok | 4/4 |

Record of Directors of Audit Committee's attendance at meetings in 2009

| No. | Name | Attendance/Meeting |
|-----|----------------------------|--------------------|
| 1. | Mr. Sanit Vorapanya | 4/4 |
| 2. | Mr. Suthum Malila | 4/4 |
| 3. | Ms. Nongram Laohaareedirok | 4/4 |

Section 5

Responsibilities of The Board of Directors

The Board of Directors' structure

There are 9 members of company's board of directors who are 3 independent directors, which approximately 1 to 3 times of all members. The Company clearly sets out the duties of directors in the rules and regulation in accordance with the SET law (independent director responsibility name list and duty of board of director and selection process has clarified in organization structure in this report)

The Company established the policy that limits the number of board position to be the board of listed companies not more than 5 companies. However, the Company has not established the state term of service of directors yet but the Company considers the knowledgeable competency of directors to retain their term of services instead.

The board's policy is that the chairman shall be independent and non-executive at a time to ensure clearness and transparency by outlining duty and responsibility of chairman obviously as well as reveal the qualifications of "board committee" in detail on the annual disclosure form (form 56-1) which can be download from www.set.or.th and company website www.forth.co.th

Sub-committees

The Board of Directors has established a sub-committee, being the audit committee made up of 3 independent directors. Audit committee responsibility in summary is to review financial statement, review company business compliance, review internal control system, reveal inside information disclosure on related party transaction or conflict of interest. The qualification and duty in detail has described in organization structure section in this report.

Code of conduct

The Board of Directors promoted to arrange the code of conduct of business operation for directors, executives and employees for their working practices with promptly responsibilities. The objectives of company's code of conduct aim at to retain the advantage of stakeholders and reliability of company sustainable growth.

Risk management policy

The Board of Directors established the policy of corporate risk management to cover whole organization which begins with the process of risk specification through risk assessment, risk investigation and risk control. Then the Company established the measurement of risk protection to manage with efficiency and effectiveness.

Company Secretary

The Board of Directors appointed Mrs. Rangsi Lertripinyo to be company secretary. She is responsible for as follows:

1. Provide basic suggestion to directors which get involved with related law and regulation including always report the change and the practice of law and regulation.
2. Arrange the meeting regarding the law and regulation. Handle and keep the document of meeting including coordination of directors' practices and shareholders resolution with efficiency.
3. Take care of the information disclosure and information technology report to related units.
4. Provide to arrange new directors' orientation and training session for directors and executives.
5. Collect and pay attention on important documents which are director registration, notice to call directors' meeting, minutes of directors' meeting, annual report, notice to call shareholders' meeting and conflict of interest report of directors and executives.

Guide for Remuneration of The Board of Directors

Determination of remuneration for The Board of Directors and high executives are taken into consideration their duties and limitation of responsibilities, performance evaluation as well as the the Company's operation performance. Additionally, it shall be considered in line with the industry standard. As such, the remuneration for directors must be approved by a shareholders' meeting.

State term of service

During annual general meetings, The Board of Directors of the Company amounting to one third or approximately one third must retire from office. Directors who retire from office may be reappointed for another term and the chosen one will be in position from nominated date until the AGM meeting 2010.

Self-Assessment of the Board of Directors

The Board of Directors arranges for an evaluation of the work performance of the board. Such the evaluation must take place at least once per year to increase the quality and understanding of the joint cooperation of The Board of Directors.

Development of directors and managers

The board provides the new directors' orientation to facilitate them understand the basic of company business operation and related law and regulation. Besides, the board or directors has a policy to encourage all directors, senior managers and company secretaries to participate in training relating to management of the Company's operation. Such training shall be consistently help both internally and by outside institutions such as the securities exchange of Thailand, The Stock Exchange of Thailand or Thai Institute of Directors (IOD).

Succession Plan

The board established the policy, basic of the selection of executives and succession plan for emergency case or retirement of the executives with transparent process. The board considers the person from education and competency including experience and business ethnic.

The orientation of new directors

The appointment of new directors and high executives, the Company would supply basic company information such as the structure of the organization, operational style, main products, company rules and regulation and laws relevant to the Company including the Securities and Exchange Commission and Stock Exchange of Thailand's regulation and law. This to facilitate the new director's understanding of the Company's operation and the duties and responsibilities associated with being a director or independent director.

The Meeting of Non-Executive Directors

The Company provides the meeting of non-executive directors appropriately in order to give opportunity to non-executive directors to discuss problems and suggestion for company operation development.

The policy of internal information usage

The Company established a policy to prohibit employees and management from gaining access to internal information relating to the Company's operation, as well as the buying and selling of company assets from the date information is known until the date the information is made public. Information that should not be disclosed can not be circulated for the purpose of increasing the value of assets. The directors and executives must report the ownership of the Company's securities to the Securities and Exchange Commission regarding the Statement Act B.E. 2535, as well as they acknowledged the punishment pursuant, also required to be disclosed when the change emerged in ownership of assets by a spouse and children who have not reached the age of majority. The directors and managers must submit a copy of the notification to the Company on the same date the notification is submitted to Securities and Exchange Commission. The notification is required to be submitted within 3 working days.

The shareholders structure

The Company's securities

As of 31 December 2009, the Company has the registered capital shares amounting to THB 480 million which is allocated to be common shares of 960 million shares at 0.5 Baht per par. The issued and fully paid-up shares are amounting THB 480 million or 960 million common shares.

The list of Shareholders as of 5 March 2010

Top 10 major shareholders of the Company as of 5 March 2010 is as follows:

| Item | Name | | No. of outstanding shares (shares) | % of shares |
|------|-------------------------------|-------------|------------------------------------|---------------|
| 1. | Amatanont Family | | 617,332,000 | 64.31 |
| | Mr. Pongchai Amatanont | 466,744,400 | | |
| | Mrs. Rangsi Lertripinyo | 58,174,000 | | |
| | Mr. Kaelic Amatanont | 57,924,000 | | |
| | Mrs.Wantana Amatanont | 34,089,600 | | |
| | Mr. Naris Lertripinyo | 400,000 | | |
| 2. | Mr. Poonsak Siripongpreeda | | 27,487,800 | 2.86 |
| 3. | Mr. Boonyong Ninneunnont | | 27,226,000 | 2.84 |
| 4. | Ms. Mathinee Wandeepirom | | 24,750,400 | 2.58 |
| 5. | Mr. Supat Pongrattanakul | | 19,455,800 | 2.03 |
| 6. | Mrs.Tharinee Senchantichai | | 14,117,500 | 1.47 |
| 7. | Mrs. Wipawan Tantipanichaphan | | 13,350,000 | 1.39 |
| 8. | Mr. Sarawut Pianpitak | | 12,487,900 | 1.30 |
| 9. | Miss Nilobon Arunyapaak | | 11,528,600 | 1.20 |
| 10. | Mr. Boonya Tantipanichaphan | | 11,361,400 | 1.18 |
| - | Others | | 180,902,600 | 18.84 |
| | Total | | 960,000,000 | 100.00 |

Human Resource

The number of employees and remuneration amount

The number of employees of the Company and affiliates (Excluding directors and executives)

| Item | Company Name | 2009 | | 2008 | | 2007 | |
|------|---------------------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
| | | No. of Employee | Baht (Million Baht) | No. of Employee | Baht (Million Baht) | No. of Employee | Baht (Million Baht) |
| 1. | Forth Corporation PCL. | 1,130 | 205.50 | 987 | 202.92 | 1,161 | 191.95 |
| 2. | Electronic Source Co., Ltd. | 145 | 59.36 | 144 | 57.74 | 132 | 49.66 |
| 3. | Genius Traffic System Co., Ltd. | 127 | 30.22 | 77 | 31.23 | 77 | 24.05 |
| 4. | Joint Venture Genius | 54 | 9.87 | 54 | 9.42 | 61 | 9.7 |
| 5. | Forth Smart Service Co., Ltd. | 43 | 3.22 | - | - | - | - |
| 6. | Thai Industrial Water Co., Ltd. | 1 | 1.15 | 1 | 0.09 | - | - |
| | Total | 1,500 | 309.32 | 1,263 | 301.40 | 1,431 | 275.36 |

Among 3 years past, the Company has never been sued significantly in aspect of labor cases which affected the negative image of the Company.

The other remunerations for motivation

The Company has provided provident funds for employees since April 2001 which our employees allocate 3% of their salary for monthly collection of provident fund while the Company also pays double or another 3% for their provident funds.

The policy of Human Resource Development

The Company arranges adequately the training session for every level of employees which our employees are developed the competency including the knowledge skill of daily operation for effectiveness and safety. Moreover, the Company sets up the orientation for new employees in order to generate good attitude into the organization.

The training session courses for executives and employees in 2009

| Course name | Session | No. of joiners |
|--|---------|----------------|
| New employee's orientation | 7 | 40 |
| Basic Network | 2 | 30 |
| IP Phone programming | 2 | 22 |
| Fixing of IPX card | 1 | 8 |
| Strategy to occupy the customer's mind | 1 | 9 |
| Negotiation Session | 1 | 7 |
| Warehousing program | 1 | 3 |
| Nurse Call Product Description | 1 | 4 |
| Product Description of D-400 | 1 | 5 |
| Communication technique can effective coordination | 3 | 21 |
| Effective Document Delivery | 1 | 3 |
| Building a Strategic Platform for Datacenter | 1 | 2 |

The above training session courses are a part of total courses which are certified for 2009 by the commission of labor skill development. The Company emphasized to develop the potential of human resource which is key success factor to achieve the organization's vision and mission. The Company annually allocates annual budget for continuous and systematic training and development.



The Policy of Dividend Payment



The Company has established the policy to pay dividends to the shareholders at the rate of not less than 40% of the net earnings after of the corporate income tax, deficit (if any) and appropriated for statutory reserve. However, the Board of Directors may set the rate of dividend less than the one mentioned above depending on the operating results, financial situation, liquidity and the necessity to expand the operation as well as the reserved on circulating capital of the operating of the organization. The subsidiary companies hold the policy to pay dividends at the rate of not less than 20% of the net earning after of the corporate income tax of the of some specific operating depending on the investment plan and the expanding of the business of the subsidiary companies as well as other necessity and propriety.

For the operating results in 2009, The Board of Directors' meeting at No. 1/2010, which held on 26 February 2010, has resolution on the omission of dividend payment for annual operating results during 1 January 2009 to 31 December 2009 because the Company has investment plan to enlarge the business in 2010.

Related Transactions

According to the financial statements for the year ended 31 December 2009, The Company and its subsidiaries have the related transactions with persons and companies that possibly have conflict of interest as follows:

| Persons and companies that possibly have conflict of interest | Relationship | Transaction items | Value (Baht) For the year ended 31 December 2009 | Descriptions and Conditions of items | Necessity Reasonability of items |
|---|---|-------------------|--|--|--|
| Mr. Pongchai Amatanont | <ul style="list-style-type: none"> Director of the Company Major shareholder with 52.17% shareholding (including spouses and immature children) | Rental expenses | 240,000.00 | GTS leases 160 square wah of factory building in Factory Land located on 66/18 in Factory Land from Khun Pongchai in order to establish the factory which started by 1 May 07 to 30 April 11. The monthly rental fee is amounting to 20,000 Baht and the appraisal price from independent appraiser is equal to 40,000 Baht per month accordance with the report dated 20 May 05 | This transaction is short term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price. |
| | | | 240,000.00 | GTS leases 160 square wah of land which located on 66/23-24 Sampran, Nakornpathom from Khun Pongchai in order to establish GTS factory which started by 1 Jan 09 to 31 Dec 11. The monthly rental fee is amounting to 20,000 Baht and the appraisal price from independent appraiser is equal to 38,000 Baht per month accordance with the report dated 14 Sep 2005 | This transaction is short term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price. |

| Persons and companies that possibly have conflict of interest | Relationship | Transaction items | Value (Baht) For the year ended 31 December 2009 | Descriptions and Conditions of items | Necessity Reasonability of items |
|---|--|-------------------|--|--|---|
| Mrs. Rangsri Lerttripinyo | <ul style="list-style-type: none"> Director of the Company Major shareholder with 6.10% shareholding (including spouses and immature children) | Rental expenses | 465,000.00 | The Company leases 3 floors building with 3 arched units located on 226/13-15 Phayathai Bangkok from Khun Rangsri to be the head office of the Company. The period started from 1 Jun 06 to 31 May 09 with 3 years of rental period. The monthly rental fee is amounting to 30,000 and 45,000 Baht for renew rental contract during 1 Jul 09 to 31 May 12. The appraisal price from independent appraiser is equal to 96,000 Baht per month accordance with the report dated 20 May 05 | The transaction is short term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price. |
| | | | 70,000.00 | The Company leases 3 floors building with 1 arched units located on 226/11 Phayathai Bangkok from Khun Rangsri to be the office of the Company. The period started from 8 Jun 06 to 7 Jul 09 with 3 years of rental period. The monthly rental fee is amounting to 10,000 Baht. There is no appraisal price from independent appraiser but it can refer the appraisal of 226/13 building amounting to 32,000 Baht per month. | The transaction is short term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price. |

| Persons and companies that possibly have conflict of interest | Relationship | Transaction items | Value (Baht) For the year ended 31 December 2009 | Descriptions and Conditions of items | Necessity Reasonability of items |
|---|--------------|---|--|---|--|
| Mrs. Rangsri Lettripinyo (Continued) | | | 144,000.00 | The Company leases 3 floors building with 1 arched units located on 226/10 Phayathai Bangkok from Khun Rangsri to be the office of the Company. The period started from 1 Jul 07 to 30 Jun 10 with 3 years of rental period. The monthly rental fee is amounting to 12,000 Baht. There is no appraisal price from independent appraiser but it can refer the appraisal of 226/13 building amounting to 32,000 Baht per month. | The transaction is short term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price. |
| | | | 1,080,000.00 | The Company leases 3 floors building with 2 arched units located on 1031/3-4 Phayathai Bangkok from Khun Rangsri to be the office of the Company. The period started from 9 Feb 08 to 8 Feb 11 with 3 years of rental period. The monthly rental fee is amounting to 90,000 Baht. | The transaction is short term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price. |
| | | <ul style="list-style-type: none"> • Advance payment-beginning of period • Reimbursement • Advance payment-end of period | 375,419.00 (375,419.00) - | Khun Rangsri made advance payments on operation expenses instead of Thai Industrial Water Co. Ltd. (TIW) which will reimburse these payments when TIW have cash flow from operation or additional source of fund | The transaction is financial assistance from the Company's shareholder since TIW has not operated commercially yet. However, TIW needed working capital for operation; Khun Rangsri must make advance payment instead. |

| Persons and companies that possibly have conflict of interest | Relationship | Transaction items | Value (Baht) For the year ended 31 December 2009 | Descriptions and Conditions of items | Necessity Reasonability of items |
|---|---|--|---|---|---|
| Mr. Poonsak Siripongpreeda | <ul style="list-style-type: none"> Major shareholder with 2.86% shareholding | Rental expenses | - | Khun Poonsak offered ES to use a unit of building on Baan Mo road to be office with gratuitousness. | The transaction is short term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price. |
| Mrs. Sutin Niyomsilp | TIW's Shareholders with 25% shareholding | Interest expenses | 258,904.11 | Mrs. Sutin Niyomsilp offered TIW to loan in accordance with shareholding proportion in order to purchase land for water storage. The interest rate is compared to the rate of a commercial bank in Thailand | The transaction is financial assistance of the Company's shareholder in accordance with shareholding proportion which is needed to operate the business. The interest rate is compared to the rate of a commercial bank in Thailand |
| Genius Electronic Meter Co., Ltd. (GEM) | 45% shareholding held by the Company | Account receivable: <ul style="list-style-type: none"> - Beginning of period - Sold during the period - Value-Added Tax - Rental revenues - Decrease during the period - End of period | 16,040,440.21 3,063,752.40 214,462.67 720,000.00 (4,390,423.34) <u>15,648,231.94</u> | The regular business transaction and it is compared to market rate | It is commercial transaction of the Company and related companies. It is regular business transaction which is appropriate and necessary with suitable and reasonable commercial conditions. |

| Persons and companies that possibly have conflict of interest | Relationship | Transaction items | Value (Baht) For the year ended 31 December 2009 | Descriptions and Conditions of items | Necessity Reasonability of items |
|---|--------------|---|---|--|---|
| Genius Electronic Meter Co., Ltd. (GEM) | | Trade Payable <ul style="list-style-type: none"> • Beginning of period • Purchased during the period • Value-Added Tax • Rental expenses • Decrease during the period • End of period | 2,553,166.86 1,354,558.31 94,819.08 360,000.00 <u>(3,966,731.34)</u> <u>395,812.91</u> | | |
| | | Rental revenues | 720,000.00 | The Company provides GEM a lease contract of factory building with 1,580 sq.metre of usable area in Factory Land located on 66/350 Sampran Nakornpathom. The period started from 1 Mar 09 to 28 Feb 10 with a year of rental period. The rental rate is 60,000 Baht per month. The appraisal price from independent appraiser is equal to 55,000 Baht per month accordance with the report dated 20 May 05 | The transaction is short term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price. |

| Persons and companies that possibly have conflict of interest | Relationship | Transaction items | Value (Baht) For the year ended 31 December 2009 | Descriptions and Conditions of items | Necessity Reasonability of items |
|---|--------------------------------------|--|---|--|--|
| Genius Electronic Meter Co., Ltd. (GEM) (Continued) | 34% shareholding held by the Company | Rental expenses | 360,000.00 | GTS leases factory building (a part of GEM's area) in Factory Land located on 66/350 Sampran Nakornpathom. The period started from 1 Mar 09 to 28 Feb 10 with a year of rental period. The rental rate is 30,000 Baht per month. The appraisal price from independent appraiser is equal to 55,000 Baht per month accordance with the report dated 20 May 05 | The transaction is short term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price. |
| Forth Tracking System Co., Ltd. (FTS) | | Account receivable <ul style="list-style-type: none"> • Beginning of period • Sold at during the period • Value-Added Tax • Decrease at during the period • End of period | 9,104,776.28 6,372,367.11 446,065.70 <u>(9,531,625.32)</u> 6,391,583.77 | The regular business transaction and it is compared to market rate | It is commercial transaction of the Company and related companies. It is regular business transaction which is appropriate and necessary with suitable and reasonable commercial conditions. |
| | | Account receivable <ul style="list-style-type: none"> • Beginning of period • Sold at during the period • Value-Added Tax • Decrease at during the period • End of period | 29,960.00 42,425.00 2,969.75 <u>(75,354.75)</u> - | | |

Management Discussion and Analysis

Overview of the Group's operating results

Unit: THB Million

| | 2009 | 2008 | Amount Change | % Change |
|--------------------|--------|-------|---------------|----------|
| Sales Revenues | 9,309 | 6,312 | 2,997 | 47.48 |
| Service Revenues | 104 | 146 | (42) | (28.77) |
| Project Revenues | 591 | 1,011 | (420) | (41.54) |
| Other revenues | 40 | 12 | 28 | 233.33 |
| Total Revenues | 10,044 | 7,481 | 2,563 | 34.26 |
| Gross Profit | 576 | 469 | 107 | 22.81 |
| Operating Revenues | 178 | 38 | 140 | 368.42 |
| Net Profit (Loss) | 72 | (78) | 150 | 192.31 |

In 2009, the Group has total revenues of THB 10,044 million, increased by THB 2,563 million compared to THB 7,481 million of 2008. The major revenues came from the manufacture of print circuit boards for a main customer namely Western Digital and the distribution of electronic and telecommunication equipment under brand of "FORTH". These revenues substituted the diminution of project revenues. However, the Group has net profit of THB 72 million, increased by 192% compared to net loss in 2008 of THB 77 million. Since the Company accelerated the initiation of Enterprise Resource Planning (ERP) project in 2009, the loss provision is recorded more amounting to THB 181 million, decreased by THB 136 million compared to prior year. In 2009, the Company has already delivered job in phase 5 to Metropolitan Electricity Authority (MEA) which remains the last phase (phase 6) amounting to THB 127 million. Nevertheless, MEA authorized to expand the period of project to be the end of March 2010.

The operating results during 2009-2008

Revenues

The structure of the Group's revenues consists of 9 business operations as follows:

- (1) Revenues from the manufacture and distribution of telecommunication and electronic equipment under brand "FORTH"
- (2) Revenues from print circuit boards and electronic equipment assembling under the customer brand
- (3) Revenues from the manufacture, distribution and installation of traffic light system and equipment and CCTV
- (4) Revenues from the manufacture and distribution of electronic boards
- (5) Revenues from the distribution of electronic parts
- (6) Revenues from the collection of advertising fee
- (7) Revenues from the development and implementation of information system
- (8) Revenues from the project of installation of Multi Service Access Node Equipment (MSAN)
- (9) Revenues from online Top-up services and topping-up the prepaid mobile phones

The table can summarize the Group's revenues as follows:

| | 2009 | | 2008 | |
|---|---------------|---------------|--------------|---------------|
| | Million Baht | % | Million Baht | % |
| Revenues from main Business | | | | |
| 1. Revenues from the manufacture and distribution of telecommunication and electronic equipment under brand "FORTH" | 975 | 9.71 | 615 | 8.22 |
| 2. Revenues from print circuit boards and electronic equipment assembling under the customer brand | | | | |
| 2.1 Consign Parts | 47 | 0.46 | 157 | 2.11 |
| 2.2 Turnkey | 7,602 | 75.69 | 4,964 | 66.35 |
| Total revenues of consign parts and turnkey | 7,649 | 76.15 | 5,121 | 68.46 |
| 3. Revenues from the manufacture, distribution and installation of traffic light system and equipment and CCTV | 485 | 4.83 | 367 | 4.91 |
| 4. Revenues from the manufacture and distribution of electronic boards | 49 | 0.48 | 27 | 0.36 |
| 5. Revenues from the distribution of electronic parts | 680 | 6.77 | 577 | 7.71 |
| 6. Revenues from the collection of advertising fee | 26 | 0.26 | 30 | 0.40 |
| 7. Revenues from the development and implementation of information system | 45 | 0.45 | - | - |
| 8. Revenues from the project of installation of Multi Service Access Node Equipment (MSAN) | 81 | 0.81 | 732 | 9.78 |
| 9. Revenues from online Top-up services and topping-up the prepaid mobile phones | 14 | 0.14 | - | - |
| Total revenues from main business | 10,004 | 99.60 | 7,469 | 99.84 |
| Other Incomes (*) | 40 | 0.40 | 12 | 0.16 |
| Total Revenues | 10,044 | 100.00 | 7,481 | 100.00 |

Remark (*) the other incomes would be from exchange rate and rental fee.

The Group's major revenues came from the manufacture of electronic circuit boards of telecommunication and electronic equipment under customer brand. In 2009, those revenues shared 76.15% of total revenues (2008: 68.46%) which increased more than prior year due to the fluctuation of Western Digital's orders.

The analysis of revenues change which classified by business operations as follows:

1. Revenues from the manufacture and distribution of telecommunication and electronic equipment under brand “FORTH”

In 2009, the revenues from the manufacture and distribution of telecommunication and electronic equipment under brand “FORTH” is equal to THB 975 million, increased by THB 360 million or 58.54% compared to prior year due to the increase of turnover of access node equipment products. Especially, MSAN and Mini MSAN projects are enlarged from the previous MSAN projects which the Company has initiated to operate since 2008. However, the Company also distributed MSAN and Mini MSAN to the public sectors and representative distributors in 2009.

2. Revenues from print circuit boards and electronic equipment assembling under the customer brand

The revenues from print circuit boards and electronic equipment assembling under the customer brand such as home appliance, computer equipment, telecommunication equipment and other electronic devices. The revenues are categorized to be consign parts and turnkey which the customers provide raw materials by themselves for consign parts. For turnkey, the Company provides raw materials and manufacture to serve the customers with whole procedures.

In 2009, the revenues of print circuit boards assembling and telecommunication and electronic devices is of THB 7,649 million, increased by THB 2,528 million compared to THB 5,121 million of 2008. Major revenues came from the orders of Western Digital which the Company delivered products valuing to THB 7,557 million, increased by THB 2,737 million or 56.78% compared to THB 4,820 million of 2008.

3. Revenues from the manufacture, distribution and installation of traffic light system and equipment and CCTV

In 2009, Genius Traffic System Company Limited (“GTS”) has revenues from the manufacture, distribution and contracts of equipment installation and traffic light system amounting to THB 485 million, increased by THB 118 million, compared to THB 367 million of 2008. According to there are signed off contracts of CCTV installation for a public agency valuing to THB 306 million.

4. Revenues from the manufacture and distribution of electronic boards

In 2009, GTS has revenues from the manufacture and distribution of electronic boards amounting to THB 49 million, increased by THB 22 million compared to THB 27 million of 2008. Due to GTS is assigned to install Variable Message Sign (VMS) boards to a private customer valuing of THB 32 million.

5. Revenues from the distribution of electronic parts

In 2009, Electronic Source Company Limited (“ES”) has revenues from the distribution of electronic parts amounting to THB 680 million, increased by THB 103 million compared to THB 577 million of 2008. Due to the electronic industry has been recovered since the mid of 2009.

6. Revenues from the collection of advertising fee

In 2009, Joint Venture Genius (“JV Genius”) has revenues from the collection of advertising fee amounting to THB 26 million, decreased by THB 4 million compared to THB 30 million of 2008. Since the economy is slow down, it effected to the advertising industry.

7. Revenues from the development and implementation of information system

In 2009, the Company recognized revenues from the project with the method of Percentage- of-completion amounting to THB 45 million since the Company delivered job in phase 5 to Metropolitan Electricity Authority. In 2008, the Company did not recognize any revenues of project because it was delayed.

8. Revenues from the project of installation of Multi Service Access Node Equipment (MSAN)

In 2009, the Company has revenues from project of MSAN and Mini MSAN amounting to THB 81 million, decreased by THB 651 million compared to prior year. Due to the size of MSAN project of 2009 ranged from small to widdle size valuing to THB 1-100 million which the period is during 90-180 days. In other hand, there was a single and larger project in 2008 which had value of THB 762 million for a year operation which is completed in 2009.

9. Revenues from online top-up services and topping-up the prepaid mobile phones

Forth Smart Service Company Limited (FSS) was established in December 2008 and has gained revenues through online top-up services and topping-up the prepaid mobile phones since May 2009. At the end of December 2009, FSS has already provided the customers with 1,400 online top-up machines.

Costs and Expenditure

Unit: THB million

| | 2009 | 2008 | Amount Change | % Change |
|------------------------------|--------------|--------------|---------------|--------------|
| Costs of Good sold | 8,678 | 5,829 | 2,849 | 48.88 |
| Service costs | 64 | 81 | (17) | (20.99) |
| Project costs | 687 | 1,090 | (403) | (36.97) |
| SG&A | 438 | 423 | 15 | 3.55 |
| Loss on impairment of assets | - | 11 | (11) | (100.00) |
| Loss on exchange rate | - | 9 | (9) | (100.00) |
| Total expenses | 9,867 | 7,443 | 2,424 | 32.57 |

Costs of good sold, Service Costs, Project Costs

The costs of good sold in 2009 is equal to THB 8,678 million, increased by THB 2,849 million or 48.88% compared to 2008 which is related with the fluctuation of revenues from the manufacture and distribution of telecommunication and electronic equipment under brand "FORTH", revenues from print circuit board and electronic equipment assembling under the customer brand in section of turnkey and the revenues from electronic parts distribution.

The service costs of 2009 is amounting to THB 64 million, decreased by THB 17 million or 20.99% compared to 2008's which is related with the diminution of revenues from print circuit boards manufacture of telecommunication and electronic equipment under customer brand is section of consign parts.

The costs of project for 2009 is amounting to THB 687 million, decreased by THB 403 million or 36.97 % compared to 2008's which is related with the diminution of revenues from MSAN project. Additional, the loss provision of ERP project is recorded lower which is decreased from THB 317 million to be THB 181 million.

Loss on asset impairment

The loss on asset impairment for 2008 caused from the provision of asset impairment on the right to derive benefit from the traffic boards. In 2009, the group reviewed that asset impairment is in accordance with generally accepted accounting principles and the amount is sufficient.

Gains/losses on exchange

The Group has trade transactions in foreign currencies which purchased and paid through foreign currencies. As a result, the Group has gains on exchange of THB 16 million while the company had losses on exchange of THB 9 million in 2008 because the US dollar currency has weaker trend than Baht currency in 2009.

Financial Status

Assets

Unit : THB million

| | 2009 | 2008 | Amount Change | % Change |
|--------------------|-------|-------|---------------|----------|
| Current Assets | 4,614 | 3,432 | 1,182 | 34.44 |
| Non-current Assets | 812 | 787 | 25 | 3.18 |
| Total Assets | 5,426 | 4,219 | 1,207 | 28.61 |

As of 31 December 2009, the Group's assets are of THB 5,426 million, increased by THB 1,207 million compared to 2008. Due to the current assets are increased especially in section of account receivables amounting to THB 1,036 million. The fluctuation is related with the increase of Western Digital's orders which effected to higher amount of account receivables. The total assets is equal to THB 5,426 million which consist of current assets amounting to THB 4,614 million or 85% of total assets (2008: 81%). Most of current assets consist of account receivables or 47% of total assets (2008: 36%) and inventories or 25% of total assets (2008: 30%). The Group has non-current assets amounting to THB 811 million or 15% of total assets. Most non-current assets consists of land, building and equipment, the right to derive benefit from the traffic boards which is 14% of total assets (2008: 18%).

The quality of assets

Account receivables

Accounts receivable exclude related parties as of 31 December 2009 and 2008 is amounting to THB 2,545 million and THB 1,505 million, respectively. The Group's credit term is given to customer was about 30-90 days stipulated in policy. The following table shows account receivables aging in each range:

Unit : THB million

| | 2009 | 2008 |
|---------------------------------------|-------|-------|
| Not Due | 1,906 | 920 |
| Over due | | |
| Due < 1 month | 436 | 125 |
| Due 1-3 months | 51 | 300 |
| Due 3-12 months | 47 | 107 |
| Due > 12 months | 149 | 89 |
| Total | 2,589 | 1,541 |
| Less: allowance for doubtful accounts | (44) | (36) |
| Net Account receivables | 2,545 | 1,505 |

As of 31 December 2009 and 2008, the Group recorded the allowance of doubtful account receivables in amounting to THB 44 Million and THB 36 Million, respectively. The Company estimated an allowance for doubtful account receivables based on historical collections or an estimate of the aging of accounts receivable that still uncollectible during the period and economic situation. The company group believed that it has made a sufficient provision in its allowance for doubtful account receivables.

Inventories

| | Unit : THB million | |
|----------------------------------|--------------------|-------|
| | 2009 | 2008 |
| Raw Material | 355 | 319 |
| Work in Process | 792 | 884 |
| Finished Goods | 360 | 359 |
| Goods in transit | 102 | 12 |
| Total | 1,609 | 1,574 |
| Allowance of diminution in value | (253) | (322) |
| Total Inventories | 1,356 | 1,252 |

As of 31 December 2009 and 2008, the Group has an allowance of diminution in value amounting to THB 253 million and THB 322 million, respectively. This consists of an allowance of diminution in value of ERP project amounting to THB 153 million (2008: THB 238 million) and an allowance of diminution in value of other products amounting of THB 100 million (2008: THB 84 million).

During 2009, The movements in the allowance for diminution in value of ERP project are demonstrated as follows:

| | Unit: THB million |
|--|-------------------|
| Balance at the beginning of year | 238 |
| Add: Allowance for non-receivable project costs set up during the year | 181 |
| Transfer from provision for expected loss from project to allowance for non-recoverable outstanding project costs | 80 |
| Less : Reversal of allowance for non-recoverable project costs for the portions as recognized as cost in income statements | (346) |
| Balance at the end of year | 153 |

The allowance of diminution in value of the project is appraised higher than the estimated revenues of the project. The Group is in the process to negotiate and request for adjustment of the contract value for the additional work with MEA. However for the prudent reason, the Company has set up allowance for all of non-recoverable project costs in the accounts. The Group had also estimated expected loss for the project, amounting to THB 9 million (2008: Baht 89 million) as mentioned in to the financial statements.

The right to derive benefit from the traffic boards

In 2008, JV Genius determined the recoverable amounts of the right, the estimated future cash flows are discounted to its present value. The recoverable amount of the right was THB 11 million less than its carrying value. It has recognized such loss from impairment in the income statement for the previous year. However, JV Genius reviewed the method of that asset impairment as of 31 December 2009 through the same basic and calculation method as prior year. The Company found that the asset impairment, which recorded in financial statements amounting to THB 11 million, is sufficient.

Sources of Fund

Liabilities

Unit : THB million

| | 2009 | 2008 | Amount Change | % Change |
|-------------------------|-------|-------|---------------|----------|
| Current Liabilities | 4,232 | 3,072 | 1,160 | 37.76 |
| Non-current Liabilities | 63 | 99 | (36) | (36.36) |
| Total Liabilities | 4,295 | 3,171 | 1,124 | 35.45 |

As at 31 December 2009 and 2008, the Group has total liabilities amounting to THB 4,295 million and THB 3,171 million respectively, increased by 35.45% regarding to the increase of trade account payables. Moreover, the Company paid short-term and long-term loans amounting to THB 53 million. Including the diminution of expected loss provision of ERP project due to the transfer from provision for expected loss from project to allowance for non-recoverable outstanding project costs.

Shareholders' equity

As at 31 December 2009 and 2008, the Group shareholders' equity were THB 1,131 Million and THB 1,048 Million respectively, increased by THB 83 million because the company group has net profit of operating results in 2009 amounting to THB 70 million and rising capital amounting to THB 13 million from minority shareholders of subsidiaries.

The proportion of capital structure

The debt to equity ratio (D/E) of 2009 is equal to 3.8:1 which increased more than 2008 at 3.0:1 which caused from the increase of trade payable such as Western Digital. Instantly, the Company has Western Digital as account receivables which the amount is related to the amount of trade payable. It is relevant with the orders of Western Digital which has increased. Therefore, if the D/E ratio is deducted the items, it will be equal to 2.15:1 (2008: 2.19:1).

Liquidity

Cash Flows

Unit: THB million

| | 2009 | 2008 | Amount Change |
|-------------------------------------|-------|-------|---------------|
| Cash flow from (used in) operations | 191 | (419) | 610 |
| Cash flow used in investing | (131) | (123) | 8 |
| Cash flow from (used in) financing | (40) | 551 | 591 |

In 2009, the Group's cash flow from operations equaled to THB 610 million which came from the expansion of the Group's business. The working capital is increased which caused from operation profit such as purchase transactions and collection activities.

The cash flow from investing of 2009 is equal to THB 131 million. The Group mainly invested THB 60 million in machines to support the order of Western Digital. FSS also purchased online top-up machines valuing to THB 40 million.

The cash flow from financing for 2009 is equal to THB 40 million which mainly caused from the repayment of long term loans amounting to THB 36 million.

Liquidity Ratios

Group's current ratio in 2009 equaled to 1.1:1, maintained from 2008 which is equal to 1.2:1. It caused from the rate of change in current assets to the rate of change in current liabilities which moved in same direction at related proportion.

For acid ratio in 2009 equaled to 0.8:1, slightly decreased from 2008, which was 0.7:1. It found that the ratio is not much different since the Group put effort to manage the inventories sufficiently in order to control the inventories expenses such as the costs of warehousing and provision of obsolete products and deterioration.

Overall, the Group's liquidities ratios are at low level which caused the increase of current assets and current liabilities regarding to the Group's business enlargement.

Audit Committee Report

The Audit Committee, nominated by the Board of Directors, is composed of 3 independent directors. Audit committees are typically conducted to their responsibility with expertise deemed necessary to perform their role. In 2009, the audit committee chairpersons arranged four interim meetings for all members audit committee have completely attended to 4/4 meeting with key members of management, external auditors, and compliance to issue opinion on related agenda that can be summarized as follow:

1. Monitored quarterly and annual financial statements for 2009 before they are proposed to the Board of Directors in order to certify and approve that they are accurately accordance with generally accepted accounting principles as well as they are disclosed sufficiently.
2. Reviewed the internal control program, the annual assessment, and the recommendation from the internal auditors on appropriate action taken on internal audit functions. Then, recommend to the Board of Directors the acceptance of the internal control improvement and the progress of action plan to ensure that ensuring that auditing implements is efficient with considering on the effectiveness of the company's risk management.
3. Monitored to ensure that the company is abided by rules and regulations promulgated by the Securities and Exchange Commission ("SEC") or related laws or government agency.
4. Reviewed and provided opinion on related transactions or the transactions which would have conflict of interests. Also considered the correctness and completion of information disclosure
5. Assessed the independence of auditors and considered the appointment and remuneration of auditors for 2009.
6. Conducted a self-assessment for 2009 and the result is satisfied. The results of a self-assessment were reported to the Board of Directors.

Overall, the quarterly and annual financial statements including financial reports are arranged accordance with the generally accepted accounting principles. Including the disclosure of related transactions are correct and sufficient. The Company also provided efficient internal control system and machines of auditing and balancing. Through, the Company seized the practices regarding to the laws and regulations of the Securities and Exchange Commission (SEC), business ethics and related business laws.

According to the financial statements for the year ending 31 December 2010, Audit committees proposed Ernst & Young Office Limited to pursue being the Company's auditor since the Office has widely reputation and best practice on auditing standard. The appointment of the company's auditor will be proposed to Annual General Meeting of Shareholder for 2010 which will be held in April 2010 for next approval.



(Mr. Suthum Malila)
Chairman of Audit committee



(Mr. Sanit Vorapanya)
Audit committee



(Ms. Nongram Laohaareedilok)
Audit committee

The Board of Directors' Responsibilities Report to Financial Statements

The Board of Directors considered the financial statements of Forth Corporation Public Company Limited and its subsidiaries including the financial information which demonstrated in annual report. The board deems that the financial statements are established accordance with generally accepted accounting principles which were implemented sufficiently and contemporary including arrangement with prudent judgments and best estimation. The disclosure of significant information is sufficient in section of notes to consolidated financial statements in order to be benefit and transparent for shareholders and general investors.

The Board of Directors arranged and maintained the efficient internal system. The system can assure reasonably that all accounting data is recorded accurately, completely and sufficiently to secure the Company's asset against the misstatement and significant irregular operations.

The Board of Directors also appointed the audit committees who are independent and have required qualification regarding to SEC regulations. They are responsible for financial statements' quality and internal control system. Their opinions of audit committees have already been performed in the report of audit committees which attached in annual report.

The Board of Directors believed that the consolidated financial statements for the year ended 31 December 2009, which the audit committees have already reviewed with the management and the Company's auditors, demonstrated the financial status and operating results accurately accordance with generally accepted accounting principles.



(Mr. Sanit Vorapanya)

Chairman of the Board of Directors



(Mr. Pongchai Amatanont)

Managing Director

Report of Independent Auditor

To the Shareholders of Forth Corporation Public Company Limited

I have audited the accompanying consolidated balance sheets of Forth Corporation Public Company Limited and its subsidiaries as at 31 December 2009 and 2008, the related consolidated statements of income, changes in shareholder's equity and cash flows for the years then ended, and the separate financial statements of Forth Corporation Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forth Corporation Public Company Limited and its subsidiaries and of Forth Corporation Public Company Limited as at 31 December 2009 and 2008, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.



Siraporn Ouaanunkun

Certified Public Accountant (Thailand) No. 3844

Ernst & Young Office Limited

Bangkok: 26 February 2010

Balance Sheets

Forth Corporation Public Company Limited and its subsidiaries
As at 31 December 2009 and 2008

(Unit : Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 65,560,574 | 45,370,456 | 25,591,274 | 11,420,076 |
| Trade accounts receivable - related parties | 6 | 22,039,816 | 25,145,216 | 310,175,396 | 269,028,711 |
| Trade accounts receivable - net | 7 | 2,544,751,730 | 1,505,320,375 | 2,210,921,340 | 1,162,797,420 |
| Short-term loans to subsidiaries | 6 | - | - | 78,379,712 | 109,269,009 |
| Inventories - net | 8 | 1,355,863,991 | 1,252,162,110 | 1,121,967,101 | 983,983,020 |
| Unbilled receivables | | 459,588,485 | 460,720,925 | - | 355,111,607 |
| Other current assets | | 166,574,714 | 142,780,404 | 118,698,022 | 127,180,587 |
| Total current assets | | 4,614,379,310 | 3,431,499,486 | 3,865,732,845 | 3,018,790,430 |
| Non-current assets | | | | | |
| Investments in subsidiaries | 9 | - | - | 149,092,100 | 120,452,100 |
| Investments in associates | 10 | 6,802,624 | 8,918,859 | 14,659,024 | 14,659,024 |
| Property, plant and equipment - net | 11 | 647,832,028 | 617,942,158 | 535,358,779 | 539,279,725 |
| Right to derive benefit from the traffic boards - net | 12 | 124,105,905 | 150,661,508 | - | - |
| Computer software - net | | 4,567,197 | 3,551,372 | 4,377,573 | 3,551,372 |
| Leasehold right - net | | 607,500 | 742,500 | 607,500 | 742,500 |
| Other non-current assets | | 27,260,902 | 5,583,840 | 24,772,626 | 3,260,940 |
| Total non-current assets | | 811,176,156 | 787,400,237 | 728,867,602 | 681,945,661 |
| Total assets | | 5,425,555,466 | 4,218,899,723 | 4,594,600,447 | 3,700,736,091 |

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

Balance Sheets (continued)

Forth Corporation Public Company Limited and its subsidiaries
As at 31 December 2009 and 2008

(Unit : Baht)

| | | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | Note | 2009 | 2008 | 2009 | 2008 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 13 | 1,536,547,288 | 1,544,847,489 | 1,000,998,286 | 1,284,847,489 |
| Trade accounts payable - related parties | 6 | 1,375,812 | 3,123,127 | 71,905,792 | 73,120,570 |
| Trade accounts payable | | 2,488,166,837 | 1,263,957,810 | 2,351,886,707 | 1,183,777,681 |
| Short-term loans and advance payment from related parties | 6 | - | 9,291,207 | - | - |
| Current portion for long-term loans | 14 | 54,468,000 | 54,468,000 | 54,468,000 | 54,468,000 |
| Provision for expected loss from project | 15 | 8,722,618 | 89,229,231 | 8,722,618 | 89,229,231 |
| Other current liabilities | | | | | |
| Accrued expenses | | 51,197,856 | 54,368,198 | 39,204,542 | 43,944,321 |
| Corporate income tax payable | | 8,987,831 | 11,984,637 | - | 6,194,354 |
| Deposits from customer | | 27,037,488 | 6,350,032 | 26,677,015 | 6,350,032 |
| Others | | 54,930,584 | 34,054,191 | 13,952,807 | 18,120,967 |
| Total current liabilities | | 4,231,434,314 | 3,071,673,922 | 3,567,815,767 | 2,760,052,645 |
| Non-current liabilities | | | | | |
| Long-term loans, net of current portion | 14 | 63,387,625 | 99,099,625 | 63,387,625 | 99,099,625 |
| Total non-current liabilities | | 63,387,625 | 99,099,625 | 63,387,625 | 99,099,625 |
| Total liabilities | | 4,294,821,939 | 3,170,773,547 | 3,631,203,392 | 2,859,152,270 |

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

Balance Sheets (continued)

Forth Corporation Public Company Limited and its subsidiaries
As at 31 December 2009 and 2008

(Unit : Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| Shareholders' equity | | | | | |
| Share capital | 16 | | | | |
| Registered | | | | | |
| 960,000,000 ordinary shares of Baht 0.5 each | | <u>480,000,000</u> | <u>480,000,000</u> | <u>480,000,000</u> | <u>480,000,000</u> |
| Issued and fully paid-up | | | | | |
| 960,000,000 ordinary shares of Baht 0.5 each | | 480,000,000 | 480,000,000 | 480,000,000 | 480,000,000 |
| Share premium | | 362,557,877 | 362,557,877 | 362,557,877 | 362,557,877 |
| Retained earnings of subsidiaries arising as a result of the Company swapping shares of subsidiaries at a price lower than the net book value of the subsidiaries at the acquisition date | | 40,891,171 | 40,891,171 | - | - |
| Retained earnings (deficit) | | | | | |
| Appropriated-statutory reserve | 17 | 22,622,400 | 17,453,096 | 22,622,400 | 17,453,096 |
| Unappropriated | | 213,949,430 | 146,727,534 | 98,216,778 | (18,427,152) |
| Equity attributable to the Company's shareholders | | 1,120,020,878 | 1,047,629,678 | 963,397,055 | 841,583,821 |
| Minority interest - equity attributable to minority shareholders of subsidiaries | | 10,712,649 | 496,498 | - | - |
| Total shareholders' equity | | 1,130,733,527 | 1,048,126,176 | 963,397,055 | 841,583,821 |
| Total liabilities and shareholders' equity | | 5,425,555,466 | 4,218,899,723 | 4,594,600,447 | 3,700,736,091 |

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

Income statements

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2009 and 2008

(Unit : Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|-------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| Revenues | | | | | |
| Sales | | 9,309,125,229 | 6,312,740,303 | 8,683,300,679 | 5,683,157,673 |
| Services | | 104,228,675 | 145,869,032 | 68,310,881 | 118,661,988 |
| Revenues from project construction | | 591,385,915 | 1,010,878,943 | 127,671,067 | 732,400,855 |
| Other income | | | | | |
| Dividend income | | - | - | 21,359,640 | 49,999,880 |
| Gain on exchange | | 16,334,942 | - | 13,723,629 | - |
| Reversal of allowance for impairment of investments in associates | | - | - | - | 3,399,700 |
| Others | | 23,859,338 | 12,007,792 | 20,655,576 | 17,470,980 |
| Total revenues | | 10,044,934,099 | 7,481,496,070 | 8,935,021,472 | 6,605,091,076 |
| Expenses | | | | | |
| Cost of sales | | 8,677,800,681 | 5,829,277,791 | 8,187,436,470 | 5,382,988,403 |
| Cost of services | | 63,745,375 | 80,984,266 | 18,710,315 | 49,836,814 |
| Cost of project construction | | 852,009,420 | 773,048,819 | 473,374,249 | 557,421,816 |
| Expected loss from project | 8, 15 | 181,000,000 | 317,350,229 | 181,000,000 | 317,350,229 |
| Reversal of provision for expected loss from project | 8 | (346,105,335) | - | (346,105,335) | - |
| Total cost of project construction | | 686,904,085 | 1,090,399,048 | 308,268,914 | 874,772,045 |
| Selling expenses | | 61,127,021 | 57,215,029 | 33,765,673 | 33,753,833 |
| Administrative expenses | | 348,495,801 | 354,184,430 | 177,653,123 | 179,919,857 |
| Management benefit expenses | | 29,157,893 | 31,184,950 | 17,868,703 | 21,198,792 |
| Total expenses | | 9,867,230,856 | 7,443,245,514 | 8,743,703,198 | 6,542,469,744 |

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

Income statements (continued)

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2009 and 2008

(Unit : Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|---------------------|-------------------------------|---------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| Income before share of income (loss) from investments in associates, finance cost and corporate income tax | | 177,703,243 | 38,250,556 | 191,318,274 | 62,621,332 |
| Share of income (loss) from investments in associates | | (756,355) | 3,081,592 | - | - |
| Income before finance cost and corporate income tax | | 176,946,888 | 41,332,148 | 191,318,274 | 62,621,332 |
| Finance cost | | (88,490,468) | (71,361,228) | (69,505,040) | (59,110,494) |
| Income (loss) before corporate income tax | | 88,456,420 | (30,029,080) | 121,813,234 | 3,510,838 |
| Corporate income tax | 19 | (19,208,829) | (47,983,094) | - | (25,641,879) |
| Net income (loss) for the year | | 69,247,591 | (78,012,174) | 121,813,234 | (22,131,041) |
| Net income (loss) attributable to : | | | | | |
| Equity holders of the parent | | 72,391,200 | (77,718,672) | <u>121,813,234</u> | <u>(22,131,041)</u> |
| Minority interests of the subsidiaries | | (3,143,609) | (293,502) | | |
| | | <u>69,247,591</u> | <u>(78,012,174)</u> | | |
| Earnings per share | 21 | | | | |
| Basic earnings per share | | | | | |
| Net income (loss) net from equity holders of the parent | | <u>0.08</u> | <u>(0.08)</u> | <u>0.13</u> | <u>(0.02)</u> |

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

Statements of changes in shareholders' equity

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2009 and 2008

(Unit : Baht)

Consolidated financial statements

Equity attributable to the parent's shareholders

| | Issued and fully paid-up share capital | Share premium | Retained earnings of subsidiaries arising as a result of the Company swapping shares of subsidiaries at a price lower than the net book value of the subsidiaries at the acquisition date | Retained earnings | | Total equity attributable to the parent's shareholders | Minority interest - equity attributable to minority shareholders of subsidiaries | Total |
|---|--|--------------------|---|-------------------|--------------------|--|--|----------------------|
| | | | | Appropriated | Unappropriated | | | |
| Balance as at 31 December 2007 | 480,000,000 | 362,557,877 | 40,891,171 | 17,453,096 | 291,646,206 | 1,192,548,350 | - | 1,192,548,350 |
| Net loss for the year | - | - | - | - | (77,718,672) | (77,718,672) | (293,502) | (78,012,174) |
| Dividend paid (Note 24) | - | - | - | - | (67,200,000) | (67,200,000) | - | (67,200,000) |
| Addition investment in subsidiaries | - | - | - | - | - | - | 790,000 | 790,000 |
| Balance as at 31 December 2008 | 480,000,000 | 362,557,877 | 40,891,171 | 17,453,096 | 146,727,534 | 1,047,629,678 | 496,498 | 1,048,126,176 |
| Balance as at 31 December 2008 | 480,000,000 | 362,557,877 | 40,891,171 | 17,453,096 | 146,727,534 | 1,047,629,678 | 496,498 | 1,048,126,176 |
| Net income for the year | - | - | - | - | 72,391,200 | 72,391,200 | (3,143,609) | 69,247,591 |
| Unappropriated retained earnings transferred to statutory reserve | - | - | - | 5,169,304 | (5,169,304) | - | - | - |
| Addition investment in subsidiaries | - | - | - | - | - | - | 13,359,760 | 13,359,760 |
| Balance as at 31 December 2009 | 480,000,000 | 362,557,877 | 40,891,171 | 22,622,400 | 213,949,430 | 1,120,020,878 | 10,712,649 | 1,130,733,527 |

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

Statements of changes in shareholders' equity (continued)

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2009 and 2008

(Unit: Baht)

Separate financial statements

| | Issued and fully paid-upshare capital | Share premium | Retained earnings (deficit) | | Total |
|---|--|--------------------|-----------------------------------|---------------------|--------------------|
| | | | Appropriated Statutory reserve | Unappropriated | |
| Balance as at 31 December 2007 | 480,000,000 | 362,557,877 | 17,453,096 | 70,903,889 | 930,914,862 |
| Net loss for the year | - | - | - | (22,131,041) | (22,131,041) |
| Dividend paid (Note 24) | - | - | - | (67,200,000) | (67,200,000) |
| Balance as at 31 December 2008 | 480,000,000 | 362,557,877 | 17,453,096 | (18,427,152) | 841,583,821 |
| Balance as at 31 December 2008 | 480,000,000 | 362,557,877 | 17,453,096 | (18,427,152) | 841,583,821 |
| Net income for the year | - | - | - | 121,813,234 | 121,813,234 |
| Unappropriated retained earnings transferred to statutory reserve | - | - | 5,169,304 | (5,169,304) | - |
| Balance as at 31 December 2009 | 480,000,000 | 362,557,877 | 22,622,400 | 98,216,778 | 963,397,055 |

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

Cash flows statements

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2009 and 2008

(Unit : Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------|-------------------------------|--------------|
| | 2009 | 2008 | 2009 | 2008 |
| Cash flows from operating activities | | | | |
| Net income (loss) before taxes | 88,456,420 | (30,029,080) | 121,813,234 | 3,510,838 |
| Adjustments to reconcile net income (loss) before taxes to net cash provided by (paid from) operating activities : | | | | |
| Depreciation | 101,801,349 | 108,638,530 | 82,899,365 | 93,923,777 |
| Amortisation for leasehold right and others | 764,451 | 1,651,748 | 753,756 | 626,933 |
| Amortisation for intangible assets | 26,555,603 | 26,555,603 | - | - |
| Doubtful accounts (reversal) | 10,473,536 | 21,677,619 | (306,382) | 900,619 |
| Loss on diminution in value of inventories (reversal) | 15,644,319 | 9,012,948 | (1,072,811) | - |
| Expected loss from project | 181,000,000 | 317,350,229 | 181,000,000 | 317,350,229 |
| Reversal of provision for expected loss from project | (346,105,335) | - | (346,105,335) | - |
| Loss on impairment of assets | - | 10,885,075 | - | - |
| Unrealised loss (gain) on exchange | (9,289,254) | 4,075,977 | (9,572,276) | 3,823,014 |
| Gain on sales of property, plant and equipment | (526,201) | (591,569) | (526,201) | (1,470,537) |
| Reversal of allowance for impairment of investments in associates | - | - | - | (3,399,700) |
| Share of loss (income) from investments in associates | 756,355 | (3,081,592) | - | - |
| Dividend income from subsidiaries and associates | - | - | (21,359,640) | (49,999,880) |
| Interest expenses | 80,496,614 | 65,229,343 | 63,452,404 | 54,651,105 |
| Income for operating activities before changes in operating assets and liabilities | 150,027,857 | 531,374,831 | 70,976,114 | 419,916,398 |

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

Cash flows statements (continued)

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2009 and 2008

(Unit : Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Operating assets (increase) decrease : | | | | |
| Trade accounts receivable - related parties | 3,105,400 | 6,860,723 | (41,146,685) | 59,832,309 |
| Trade accounts receivable | (1,048,650,301) | (35,297,832) | (1,047,956,273) | (26,782,641) |
| Inventories | (34,747,477) | (696,992,467) | (52,312,547) | (624,575,589) |
| Unbilled receivables | (260,885) | (99,326,109) | 355,111,607 | (148,209,455) |
| Other current assets | (4,128,632) | 25,647,584 | 27,207,750 | 14,207,163 |
| Other non-current assets | (21,677,062) | (235,805) | (21,511,686) | (204,418) |
| Operating liabilities increase (decrease) : | | | | |
| Trade accounts payable - related parties | (1,747,315) | 3,085,453 | (1,214,778) | 27,900,841 |
| Trade accounts payable | 1,234,354,582 | (78,705,702) | 1,178,537,603 | (32,472,120) |
| Accrued expenses | (1,440,579) | 34,916,373 | (3,064,841) | 32,314,834 |
| Deposits from customer | 20,410,789 | (2,921,774) | 20,326,982 | (2,921,774) |
| Other current liabilities | 21,172,038 | 13,188,924 | (4,168,162) | 9,979,528 |
| Cash flows from (used in) operating activities | 316,418,415 | (298,405,801) | 480,785,084 | (271,014,924) |
| Cash paid for interest expenses | (82,411,144) | (63,883,732) | (65,127,342) | (53,510,951) |
| Cash paid for corporate income tax | (42,588,880) | (56,686,804) | (25,637,105) | (23,274,120) |
| Net cash flows from (used in) operating activities | 191,418,391 | (418,976,337) | 390,020,637 | (347,799,995) |
| Cash flows from investing activities | | | | |
| Proceeds from sales of property, plant and equipment | 733,067 | 1,473,280 | 733,067 | 3,818,477 |
| Acquisition of property, plant and equipment | (132,205,079) | (123,050,362) | (79,492,279) | (78,161,041) |
| Acquisition of computer software | (1,338,281) | (1,104,970) | (1,137,961) | (1,104,970) |

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

Cash flows statements (continued)

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2009 and 2008

| | (Unit : Baht) | | | |
|--|--------------------------------------|----------------------|----------------------------------|---------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2009 | 2008 | 2009 | 2008 |
| Cash received from dividend of subsidiaries and associates | 1,359,880 | - | 21,359,640 | 49,999,880 |
| Increase in short-term loans to subsidiaries | - | - | (82,660,703) | (15,683,891) |
| Cash received from loans to subsidiaries | - | - | 113,550,000 | - |
| Increase in investments in subsidiaries | - | - | (28,640,000) | (42,210,000) |
| Net cash flows used in investing activities | (131,450,413) | (122,682,052) | (56,288,236) | (83,341,545) |
| Cash flows from financing activities | | | | |
| Decrease in restricted bank deposits | - | 8,667,545 | - | 3,439,575 |
| Increase (decrease) in bank overdrafts and short-term loans from financial institutions | (8,300,201) | 490,126,050 | (283,849,203) | 377,790,129 |
| Cash receipt from long-term loans | - | 130,000,000 | - | 130,000,000 |
| Repayment of long-term loans | (35,712,000) | (20,626,000) | (35,712,000) | (20,626,000) |
| Increase (decrease) in short-term loans and advance payment from related parties | (9,125,419) | 9,125,419 | - | - |
| Dividend paid | - | (67,200,000) | - | (67,200,000) |
| Increase in capital received from minority shareholders | 13,359,760 | 790,000 | - | - |
| Net cash flows from (used in) financing activities | (39,777,860) | 550,883,014 | (319,561,203) | 423,403,704 |
| Net increase (decrease) in cash and cash equivalents | 20,190,118 | 9,224,625 | 14,171,198 | (7,737,836) |
| Cash and cash equivalents at beginning of year | 45,370,456 | 36,145,831 | 11,420,076 | 19,157,912 |
| Cash and cash equivalents at end of year | 65,560,574 | 45,370,456 | 25,591,274 | 11,420,076 |

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

Notes to consolidated financial statements

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2009 and 2008

1. Corporate information

Forth Corporation 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 telecommunication equipment, electronic equipment and assembly electronic parts and its registered address is No. 226/12, 13 and 16 Phaholyothin Road, Samsennai, Phayathai, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession 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 30 January 2009, 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 such financial statements in Thai language.

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) These consolidated financial statements include the financial statements of Forth Corporation Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

| Company's name | Nature of business | Country of incorporation | Percentage of shareholdings | | Assets as a percentage to the consolidated total assets as at 31 December | | Revenues as a percentage to the consolidated total revenues for the year ended 31 December | |
|---------------------------------|---|--------------------------|-----------------------------|----------|---|----------|--|----------|
| | | | 2009 (%) | 2008 (%) | 2009 (%) | 2008 (%) | 2009 (%) | 2008 (%) |
| Electronics Source Co., Ltd. | Trading of electronic parts | Thailand | 100 | 100 | 10 | 8 | 7 | 9 |
| Genius Traffic System Co., Ltd. | Sale and installation of light boards and traffic systems | Thailand | 100 | 100 | 15 | 11 | 5 | 5 |
| Joint Venture Genius | Concession for traffic board project | Thailand | 100 | 100 | 4 | 4 | 1 | - |
| Thai Industrial Water Co., Ltd. | Distribution raw water for industrial use | Thailand | 70 | 70 | 1 | 1 | - | - |
| Forth Smart Service Co., Ltd. | Payment service via automatic teller machines | Thailand | 51 | 51 | 3 | - | - | - |

- b) Subsidiaries are fully consolidated as from the date of acquisition, 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 subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
- f) The excess of book value of net assets acquired in subsidiaries under common control over the price at which they were exchanged is presented in shareholders' equity in the consolidated balance sheets under the caption "*Retained earnings of subsidiaries arising as a result of the Company swapping shares of subsidiaries at a price lower than the net book value of the subsidiaries at the acquisition date*".
- g) Together with certain contract partners, a subsidiary has established joint ventures to distribute goods and provide equipment installation services, whereby responsibilities under contracts are to be divided between the parties to the joint venture agreement according to the ability and expertise of each. These joint ventures' operated in the manner of operations under joint control and in the ordinary course of business, and can be summarised as follows :

| Joint Venture | Nature of business | Percentage owned by its subsidiary | Status |
|--|--|------------------------------------|----------------------|
| Joint Venture KNVG Service | Sale and installation of traffic lights | 10 | Completely installed |
| Joint Venture Genius Traffic - Service Intercall | Sale and installation of traffic lights | 20 | Completely installed |
| Joint Venture Expert Engineering & Communication Co., Ltd. and Genius Traffic System Co., Ltd. | Sale and installment variable message sign | 10 | Completely installed |

The proportional interests of the subsidiary in the assets, liabilities and the operations of the joint ventures have been recognised in its financial statements and included in the consolidated financial statements.

2.3 The separate financial statements, which present investments in subsidiaries, joint venture and associates presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to in these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for the Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007) and Accounting Treatment Guidance for Leasehold Right are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007), TAS 36 (revised 2007) and Accounting Treatment Guidance for Business Combination under Common Control do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

| | | Effective date |
|-----------------------|--|----------------|
| TAS 20 | Accounting for Government Grants and Disclosure of Government Assistance | 1 January 2012 |
| TAS 24 (revised 2007) | Related Party Disclosures | 1 January 2011 |
| TAS 40 | Investment Property | 1 January 2011 |

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20 are not relevant to the business of the Company, while TAS 24 (revised 2007) and TAS 40 will not have any significant impact on the financial statements for the year in which it is initially applied.

4. Significant accounting policies

4.1 Revenues 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 stage of completion.

Revenues from project construction

Revenues from project construction are recognised on a percentage of completion basis. The percentage of completion is measured using the proportion of costs incurred to date versus the total estimated costs to complete the construction. Revenue recognised but not yet due under contracts is presented under the caption of "Unbilled receivables" in the balance sheets.

Dividends

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

4.2 Costs of project construction/ Expenses

Costs of project construction are recognised in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on construction projects is made in the accounts in full when the possibility of loss is ascertained.

Other expenses are recognised on an accrual basis.

4.3 Cash and cash equivalents

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

4.4 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 experiences and analysis of debt aging.

4.5 Inventories

Finished goods and work in process are valued at the lower of cost (first-in, first-out method) and net realisable value. Cost is defined as all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower cost (first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

4.6 Investments

- a) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method.

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis over the estimated useful lives, which are as follows :

| | |
|----------------|-----------|
| Building | 20 years |
| Machinery | 5 years |
| Motor vehicles | 5 years |
| Others | 3,5 years |

No depreciation is provided on land and construction in progress.

4.8 Intangible assets and amortisation

Intangible assets acquired in a business combination are recognised at fair value on the date of acquisition. Other acquired intangible assets are measured at cost. Following initial recognition, 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 the income statement.

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

| | |
|---|----------|
| Right to derive benefit from traffic boards | 9 years |
| Computer software | 10 years |

The amortisation is included in determining income.

4.9 Related party transactions

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

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

4.10 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 balance sheet date, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

At each reporting date, the Company and its subsidiaries' perform 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 assets. 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 and its subsidiaries 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 the income statement.

4.12 Employee benefits

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

4.13 Provisions

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

4.14 Income tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows :

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.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's plant and equipment and to review estimate useful lives and salvage 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 in the period 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 intangible assets, and subsequent impairment testing, require management to make estimates of 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.

Estimation for expected loss from project

In determining the expected loss from a project, the management needs to exercise judgment when estimating costs and related expenses of the above project. Whenever it is probable that a project will incur a loss, the Company will record provision for the expected loss on the project.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit : Million Baht)

| Pricing policy | For the years ended 31 December | | | | |
|--|------------------------------------|------|----------------------|-------|------|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | |
| | 2009 | 2008 | 2009 | 2008 | |
| Transactions with subsidiaries (Eliminated in consolidated financial statements) | | | | | |
| Purchases of raw materials | Compared to market price | - | - | 74.6 | 88.3 |
| Sales of goods | Compared to market price | - | - | 124.1 | 62.2 |
| Service income | Compared to market price | - | - | 2.9 | 3.4 |
| Other income | Contract price | - | - | 1.3 | 0.4 |
| Interest income | Interest at 3.50 - 5.50% per annum | - | - | 1.6 | 3.4 |
| Rental income | Contract price | - | - | 3.0 | 3.3 |
| Selling and administrative expenses | Contract price | - | - | 3.6 | 2.7 |
| Transactions with related parties | | | | | |
| Purchases of raw materials | Compared to market price | 0.6 | 14.3 | 0.4 | 14.1 |
| Sales of goods | Compared to market price | 9.4 | 18.7 | 9.2 | 16.1 |
| Service income | Compared to market price | - | 0.7 | - | 0.7 |
| Rental income | Contract price | 0.7 | 0.6 | 0.7 | 0.6 |
| Service cost | Contract price | - | 3.2 | - | 3.2 |
| Rental expenses | Contract price | 0.4 | 0.3 | - | - |
| Selling and administrative expenses | Contract price | - | 0.3 | - | - |
| Transactions with directors and related individuals | | | | | |
| Rental expenses | Contract price | 1.8 | 2.1 | 1.8 | 1.6 |
| Interest expenses | Interest at 4.50 - 5.00% per annum | 0.3 | 0.2 | - | - |

The balances of the accounts as at 31 December 2009 and 2008 between the Company and those related parties are as follows :

| Relationship | (Unit : Baht) | | | | |
|--|----------------------|-------------------|----------------------|--------------------|--------------------|
| | Consolidated | | Separate | | |
| | financial statements | | financial statements | | |
| | 2009 | 2008 | 2009 | 2008 | |
| Trade accounts receivable - related parties | | | | | |
| Electronics Source Co., Ltd. | Subsidiary | - | - | 387,936 | 1,199,617 |
| Genius Traftc System Co., Ltd. | Subsidiary | - | - | 241,661,592 | 242,744,783 |
| Forth Smart Service Co., Ltd. | Subsidiary | - | - | 43,378,574 | - |
| Thai Industrial Water Co., Ltd. | Subsidiary | - | - | 668,692 | - |
| Joint Venture Genius | Subsidiary | - | - | 2,130,481 | - |
| Genius Electronic Meter Co., Ltd. | Associates | 15,648,232 | 16,040,440 | 15,678,048 | 15,979,535 |
| Forth Tracking System Co., Ltd. | Associates | 6,391,584 | 9,104,776 | 6,270,073 | 9,104,776 |
| Total | | 22,039,816 | 25,145,216 | 310,175,396 | 269,028,711 |
| Short-term loans to subsidiaries | | | | | |
| Genius Traftc System Co., Ltd. | Subsidiary | - | - | 50,258,319 | 82,694,881 |
| Forth Smart Service Co., Ltd. | Subsidiary | - | - | 28,121,393 | - |
| Thai Industrial Water Co., Ltd. | Subsidiary | - | - | - | 26,574,128 |
| Total | | - | - | 78,379,712 | 109,269,009 |

| | Relationship | Consolidated | | (Unit : Baht) | |
|--|--------------|----------------------|------------------|-------------------|-------------------|
| | | financial statements | | Separate | |
| | | 2009 | 2008 | 2009 | 2008 |
| Trade accounts payable - related parties | | | | | |
| Electronics Source Co., Ltd. | Subsidiary | - | - | 69,294,647 | 66,623,023 |
| Forth Smart Service Co., Ltd. | Subsidiary | - | - | 726,000 | - |
| Genius Traffic System Co., Ltd. | Subsidiary | - | - | - | 3,698,297 |
| Joint Venture Genius | Subsidiary | - | - | 1,584,000 | 321,000 |
| Genius Electronic Meter Co., Ltd. | Associates | 395,812 | 2,553,167 | 301,145 | 2,478,250 |
| Others | | 980,000 | 569,960 | - | - |
| Total | | 1,375,812 | 3,123,127 | 71,905,792 | 73,120,570 |
| Short-term loans and advance payment from related parties | | | | | |
| Minority shareholder of subsidiary | | - | 8,915,788 | - | - |
| Advance from directors | | - | 375,419 | - | - |
| Total | | - | 9,291,207 | - | - |

During 2009, movements of short-term loans to related parties were as follow:

| | Balance as at 1 January 2009 | During the year | | Balance as at 31 December 2009 |
|---|---------------------------------|-------------------|----------------------|-----------------------------------|
| | | Increase | Decrease | |
| | | (Unit : Baht) | | |
| Short-term loans to subsidiaries | | | | |
| Genius Traffic System Co., Ltd. | 82,694,881 | 54,863,438 | (87,300,000) | 50,258,319 |
| Forth Smart Service Co., Ltd. | - | 28,238,172 | (116,779) | 28,121,393 |
| Thai Industrial Water Co., Ltd. | 26,574,128 | 774,753 | (27,348,881) | - |
| Total | 109,269,009 | 83,876,363 | (114,765,550) | 78,379,712 |

Management benefit expenses

In 2009 the Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling Baht 29.2 million (The Company only: Baht 17.9 million) (2008: Baht 31.2 million, The Company only: Baht 21.2 million).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 25.2 to the financial statements.

7. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2009 and 2008, aged on the basis of due dates, are summarised below.

| | Consolidated | | Separate | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | financial statements | | financial statements | |
| | 2009 | 2008 | 2009 | 2008 |
| Age of receivables | | | | |
| Not yet due | 1,906,033,117 | 919,877,389 | 1,772,288,167 | 834,719,337 |
| Past due | | | | |
| Less than 1 month | 436,577,807 | 125,153,610 | 373,851,302 | 21,956,294 |
| 1 - 3 months | 50,670,126 | 299,771,850 | 27,907,024 | 281,528,146 |
| 3 - 12 months | 47,130,654 | 106,682,265 | 29,242,625 | 17,395,040 |
| Over 12 months | 148,800,019 | 89,266,913 | 14,441,713 | 14,314,476 |
| Total | 2,589,211,723 | 1,540,752,027 | 2,217,730,831 | 1,169,913,293 |
| Less : Allowance for doubtful debts | (44,459,993) | (35,431,652) | (6,809,491) | (7,115,873) |
| Trade accounts receivable, net | 2,544,751,730 | 1,505,320,375 | 2,210,921,340 | 1,162,797,420 |

8. Inventories

| | Consolidated financial statements | | | | | |
|------------------------------|-----------------------------------|----------------------|-------------------------|----------------------|----------------------|----------------------|
| | Allowance of diminution | | | | | |
| | Cost | | in value of inventories | | Inventories - net | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Raw materials | 355,230,098 | 319,156,110 | (28,252,355) | (20,178,725) | 326,977,743 | 298,977,385 |
| Work in process | 293,769,852 | 228,108,898 | (8,338,157) | (11,693,413) | 285,431,695 | 216,415,485 |
| Finished goods | 360,240,000 | 358,595,107 | (63,862,492) | (52,936,547) | 296,377,508 | 305,658,560 |
| Goods in transit | 101,876,709 | 12,351,792 | - | - | 101,876,709 | 12,351,792 |
| Total | 1,111,116,659 | 918,211,907 | (100,453,004) | (84,808,685) | 1,010,663,655 | 833,403,222 |
| Projects in progress : | | | | | | |
| Project in progress with MEA | 464,551,959 | 586,813,680 | (153,171,757) | (237,770,480) | 311,380,202 | 349,043,200 |
| Other projects | 33,820,134 | 69,715,688 | - | - | 33,820,134 | 69,715,688 |
| Total inventories | 1,609,488,752 | 1,574,741,275 | (253,624,761) | (322,579,165) | 1,355,863,991 | 1,252,162,110 |

| | Separate financial statements | | | | | |
|--------------------------------|-------------------------------|----------------------|-------------------------|----------------------|----------------------|--------------------|
| | Allowance of diminution | | | | | |
| | Cost | | in value of inventories | | Inventories - net | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Raw materials | 336,495,239 | 300,127,188 | (23,550,687) | (16,146,591) | 312,944,552 | 283,980,597 |
| Work in process | 269,848,055 | 202,474,133 | (603,163) | (4,479,785) | 269,244,892 | 197,994,348 |
| Finished goods | 120,689,139 | 106,221,985 | (19,245,098) | (23,845,383) | 101,444,041 | 82,376,602 |
| Goods in transit | 96,925,651 | 11,292,603 | - | - | 96,925,651 | 11,292,603 |
| Total | 823,958,084 | 620,115,909 | (43,398,948) | (44,471,759) | 780,559,136 | 575,644,150 |
| Projects in progress : | | | | | | |
| - Project in progress with MEA | 464,551,959 | 586,813,680 | (153,171,757) | (237,770,480) | 311,380,202 | 349,043,200 |
| - Other projects | 30,027,763 | 59,295,670 | - | - | 30,027,763 | 59,295,670 |
| Total inventories | 1,318,537,806 | 1,266,225,259 | (196,570,705) | (282,242,239) | 1,121,967,101 | 983,983,020 |

Movements in the allowance for diminution in value of project in progress with Metropolitan Electricity Authority (MEA) account for the year ended 31 December 2009 are summarised below.

| | (Unit : Baht) |
|---|---|
| | Consolidated /Separate financial statements |
| Balance as at 31 December 2008 | 237,770,480 |
| Add : Allowance for non-receivable project costs set up during the year | 181,000,000 |
| Transfer from provision for expected loss from project to allowance for non-recoverable outstanding project costs | 80,506,612 |
| Less : Reversal of allowance for non-recoverable project costs for the portions as recognised as cost in income statements | (346,105,335) |
| Balance as at 31 December 2009 | 153,171,757 |

Included in the balance of inventories as of 31 December 2009 are additional costs of project enterprise resources planning services incurred up to 31 December 2009 under the agreement made with MEA, amounting to Baht 153 million (2008: Baht 238 million). The Company is in the process to negotiate and request for adjustment of the contract value for the additional work with MEA. However for the prudent reason, the Company has set up allowance for all of non-recoverable project costs in the accounts.

The Company had also estimated expected loss for the project, amounting to Baht 9 million (2008 : Baht 89 million) as mentioned in Note 15 to the financial statements.

9. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows :

| Company's name | Separate financial statements | | | | | | (Unit : Baht) | |
|--|-------------------------------|------|-----------------|--------|--------------------|--------------------|-----------------------------------|-------------------|
| | Shareholding percentage | | Paid-up capital | | Cost | | Dividend received during the year | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | (%) | (%) | (Thousand Baht) | | | | | |
| Electronics Source Co., Ltd. | 100 | 100 | 50,000 | 50,000 | 54,975,800 | 54,975,800 | 19,999,760 | 9,999,880 |
| Genius Traffic System Co., Ltd. | 100 | 100 | 50,000 | 50,000 | 50,056,300 | 50,056,300 | - | 40,000,000 |
| Joint Venture Genius (20% held by the Company and 80% held by its subsidiary) | 100 | 100 | 71,050 | 71,050 | 14,210,000 | 14,210,000 | - | - |
| Thai Industrial Water Co., Ltd. | 70 | 70 | 39,000 | 1,000 | 27,300,000 | 700,000 | - | - |
| Forth Smart Service Co., Ltd. | 51 | 51 | 5,000 | 1,000 | 2,550,000 | 510,000 | - | - |
| Total investments in subsidiaries | | | | | 149,092,100 | 120,452,100 | 19,999,760 | 49,999,880 |

10. Investments in associates

10.1 Details of associates :

(Unit : Baht)

| Company's name (Nature of business) | Country of incorporation | Consolidated financial statements | | | | | |
|--|-----------------------------|-----------------------------------|-------------|-------------------|-------------------|--|------------------|
| | | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | 2009 (%) | 2008 (%) | 2009 | 2008 | 2009 | 2008 |
| Genius Electronic Meter Co., Ltd. (Distribution of electronic meter) | Thailand | 45 | 45 | 18,000,000 | 18,000,000 | - | 3,456,649 |
| Forth Tracking System Co., Ltd. (Distribution of vehicle tracking equipment) | Thailand | 34 | 34 | 3,399,700 | 3,399,700 | 6,802,624 | 5,462,210 |
| Total | | | | 21,399,700 | 21,399,700 | 6,802,624 | 8,918,859 |

(Unit : Baht)

| Company's name (Nature of business) | Country of incorporation | Separate financial statements | | | | | | | |
|--|-----------------------------|-------------------------------|-------------|-------------------|-------------------|---|--------------------|---|-------------------|
| | | Shareholding percentage | | Cost | | Provision for impairment of investments | | Carrying amounts based on cost method - net | |
| | | 2009 (%) | 2008 (%) | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Genius Electronic Meter Co., Ltd. (Distribution of electronic meter) | Thailand | 45 | 45 | 18,000,000 | 18,000,000 | (6,740,676) | (6,740,676) | 11,259,324 | 11,259,324 |
| Forth Tracking System Co., Ltd. (Distribution of vehicle tracking equipment) | Thailand | 34 | 34 | 3,399,700 | 3,399,700 | - | - | 3,399,700 | 3,399,700 |
| Total | | | | 21,399,700 | 21,399,700 | (6,740,676) | (6,740,676) | 14,659,024 | 14,659,024 |

10.2 Share of income/loss and dividend received

During the years, the Company recognised its share of net income/loss from investments in associates in the consolidated financial statements and dividend income in the separate financial statements as follows :

(Unit : Baht)

| Company's name | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|--|------------------|-------------------------------|----------|
| | Share of income (loss) from investments in associates during the year | | | |
| | 2009 | 2008 | 2009 | 2008 |
| Genius Electronic Meter Co., Ltd. | (3,456,649) | (2,380,618) | - | - |
| Forth Tracking System Co., Ltd. | 2,700,294 | 5,462,210 | 1,359,880 | - |
| Total | (756,355) | 3,081,592 | 1,359,880 | - |

10.3 Summarised financial information of associates

(Unit : Million Baht)

| Company's name | Paid-up capital as at | | Total assets as at | | Total liabilities as at | | Total revenues for the years ended | | Net income (loss) for the years ended | |
|-----------------------------------|--------------------------|------|-----------------------|------|----------------------------|------|---------------------------------------|------|--|------|
| | 31 December | | 31 December | | 31 December | | 31 December | | 31 December | |
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Genius Electronic Meter Co., Ltd. | 40 | 40 | 23 | 30 | 22 | 22 | 18 | 27 | (4) | (6) |
| Forth Tracking System Co., Ltd. | 10 | 10 | 38 | 31 | 18 | 15 | 60 | 66 | 9 | 19 |

11. Property, plant and equipment

(Unit : Baht)

Consolidated financial statements

| | Land | Building | Machinery | Tools and equipment | Office equipment | Motor vehicles | Assets under construction | Prototype in progress | Total |
|--|--------------------|--------------------|--------------------|---------------------|--------------------|-------------------|---------------------------|-----------------------|----------------------|
| Cost | | | | | | | | | |
| 31 December 2008 | 230,669,879 | 234,039,522 | 558,833,619 | 115,135,164 | 92,350,966 | 69,515,779 | 1,262,634 | 1,047,524 | 1,302,855,087 |
| Additions | - | 446,081 | 54,159,146 | 43,057,881 | 21,791,673 | 2,234,083 | 10,516,215 | - | 132,205,079 |
| Disposals | - | - | (3,512,978) | (1,267,097) | (779,999) | (569,220) | - | - | (6,129,294) |
| Transferred in/(Transferred out) | - | - | - | - | (1,170,788) | - | - | - | (1,170,788) |
| 31 December 2009 | 230,669,879 | 234,485,603 | 609,479,787 | 156,925,948 | 112,191,852 | 71,180,642 | 11,778,849 | 1,047,524 | 1,427,760,084 |
| Accumulated depreciation | | | | | | | | | |
| 31 December 2008 | - | 68,687,794 | 439,377,387 | 66,639,202 | 64,145,488 | 46,063,058 | - | - | 684,912,929 |
| Depreciation for the year | - | 17,655,250 | 45,755,439 | 18,229,320 | 11,358,476 | 8,802,864 | - | - | 101,801,349 |
| Depreciation on disposals | - | - | (3,512,963) | (1,216,621) | (717,195) | (475,649) | - | - | (5,922,428) |
| Transferred in/(Transferred out) | - | - | - | - | (863,794) | - | - | - | (863,794) |
| 31 December 2009 | - | 86,343,044 | 481,619,863 | 83,651,901 | 73,922,975 | 54,390,273 | - | - | 779,928,056 |
| Net book value | | | | | | | | | |
| 31 December 2008 | 230,669,879 | 165,351,728 | 119,456,232 | 48,495,962 | 28,205,478 | 23,452,721 | 1,262,634 | 1,047,524 | 617,942,158 |
| 31 December 2009 | 230,669,879 | 148,142,559 | 127,859,924 | 73,274,047 | 38,268,877 | 16,790,369 | 11,778,849 | 1,047,524 | 647,832,028 |
| Depreciation charges for the years as included in the income statements | | | | | | | | | |
| 2008 | | | | | | | | | 108,638,530 |
| 2009 | | | | | | | | | 101,810,349 |

(Unit : Baht)

Separate financial statements

| | Land | Building | Machinery | Tools and equipment | Office equipment | Motor vehicles | Assets under construction | Total |
|--|--------------------|--------------------|--------------------|---------------------|-------------------|-------------------|---------------------------|----------------------|
| Cost | | | | | | | | |
| 31 December 2008 | 194,295,460 | 229,459,452 | 531,209,281 | 89,672,849 | 64,368,797 | 48,832,722 | - | 1,157,838,561 |
| Additions | - | 446,081 | 53,377,603 | 11,115,418 | 12,338,206 | 1,355,083 | 859,888 | 79,492,279 |
| Disposals | - | - | (3,512,978) | (1,267,097) | (779,999) | (569,220) | - | (6,129,294) |
| Transferred in/(Transferred out) | - | - | - | - | (1,170,788) | - | - | (1,170,788) |
| 31 December 2009 | 194,295,460 | 229,905,533 | 581,073,906 | 99,521,170 | 74,756,216 | 49,618,585 | 859,888 | 1,230,030,758 |
| Accumulated depreciation | | | | | | | | |
| 31 December 2008 | - | 66,166,243 | 421,913,831 | 55,103,917 | 43,438,271 | 31,936,574 | - | 618,558,836 |
| Depreciation for the year | - | 16,739,237 | 41,014,256 | 11,609,858 | 7,515,485 | 6,020,529 | - | 82,899,365 |
| Depreciation on disposals | - | - | (3,512,963) | (1,216,621) | (717,195) | (475,649) | - | (5,922,428) |
| Transferred in / (Transferred out) | - | - | - | - | (863,794) | - | - | (863,794) |
| 31 December 2009 | - | 82,905,480 | 459,415,124 | 65,497,154 | 49,372,767 | 37,481,454 | - | 694,671,979 |
| Net book value | | | | | | | | |
| 31 December 2008 | 194,295,460 | 163,293,209 | 109,295,450 | 34,568,932 | 20,930,526 | 16,896,148 | - | 539,279,725 |
| 31 December 2009 | 194,295,460 | 147,000,053 | 121,658,782 | 34,024,016 | 25,383,449 | 12,137,131 | 859,888 | 535,358,779 |
| Depreciation charges for the years as included in the income statements | | | | | | | | |
| 2008 | | | | | | | | 93,923,777 |
| 2009 | | | | | | | | 82,899,365 |

As at 31 December 2009, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 486 million (The Company only: Baht 450 million).

12. Right to derive benefit from the traffic boards

(Unit : Baht)

Consolidated financial statements

| | 2009 | 2008 |
|--|--------------------|--------------------|
| Balance - beginning of year | 150,661,508 | 188,102,186 |
| Amortisations | (26,555,603) | (26,555,603) |
| Provision for loss on impairment of asset | - | (10,885,075) |
| Balance - end of year | 124,105,905 | 150,661,508 |
| Amortisation expenses included in the income statements | | |
| for the year | 26,555,603 | 26,555,603 |

Joint Venture Genius (“the joint venture”) has received the right to derive benefit from the traffic boards from the Bangkok Metropolitan Authority (BMA) for a period of 3 years, during which time the joint venture is to pay remuneration of approximately Baht 5 million per annum to the BMA. The agreement also stipulates that if the joint venture is able to comply with all terms and conditions of the agreement, the BMA will consider granting an option to extend the agreement twice, for a period of 3 years each time, and that increases in the annual remuneration will be decided based on the terms stipulated in the agreement.

In 2008, the joint venture determined the recoverable amounts of the right, the estimated future cash flows are discounted to its present value. The recoverable amount of the right was Baht 11 million less than its carrying value. The joint venture has recognised such loss from impairment in the income statement for the previous year.

13. Bank overdrafts and short-term loans from financial institutions

(Unit : Baht)

| | Interest rate (percent per annum) | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | | 2009 | 2008 | 2009 | 2008 |
| Bank overdrafts | MOR | 39,294,073 | 5,575,157 | 39,225,482 | 5,575,157 |
| Short-term loans from financial institutions | MLR-1,2% | 1,403,480,411 | 1,426,272,507 | 868,000,000 | 1,166,272,507 |
| Trust receipt | MLR-2% | 93,772,804 | 112,999,825 | 93,772,804 | 112,999,825 |
| Total | | 1,536,547,288 | 1,544,847,489 | 1,000,998,286 | 1,284,847,489 |

The Company and its subsidiaries have entered into agreements with Thai commercial banks under which they have been provided with overdraft and revolving short-term loans facilities. These credit facilities are secured by the transfer of collection rights for project construction.

14. Long-term loans

(Unit : Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------------------|----------------------------------|---------------------|
| | 2009 | 2008 | 2009 | 2008 |
| Long-term loans | 117,855,625 | 153,567,625 | 117,855,625 | 153,567,625 |
| Less : current portion of long-term loans | (54,468,000) | (54,468,000) | (54,468,000) | (54,468,000) |
| Long-term loans - net | 63,387,625 | 99,099,625 | 63,387,625 | 99,099,625 |

The Company entered into a loan agreement with a local bank to obtain a loan facility of Baht 61 million for use in the acquisition of assets. Interest is charged on the loans at rates ranging from 4.5 percent to MLR per annum. The loan and interest are to be repaid in monthly installments over a period of 108 months.

The Company entered into a loan agreement with a local bank to obtain a loan facility of Baht 30 million for use as working capital. Interest is charged on the loan at a rate MLR - 1.0% per annum. The loan and interest are to be repaid in monthly installments over a period of 60 months.

The Company entered into a loan agreement with a local bank to obtain a loan facility of Baht 100 million for use as working capital. Interest is charged on the loan at a rate MLR - 1.25% per annum at the first year and MLR - 1.0% per annum at the second and third year. The loan and interest are to be repaid in monthly installments over a period of 36 months.

According to the condition as stipulated in the above-mentioned loan agreements, the Company agreed not to mortgage or otherwise encumber its assets with any other parties throughout the loan period.

15. Provision for expected loss from project

The balance is the expected loss from the project enterprise resources planning services provided to the Metropolitan Electricity Authority, which are the estimated amount by which total costs of project which will exceed total contract revenues. The Company has recognised these anticipated losses as expenses in the income statements.

16. Share capital

The Extraordinary General Meeting of the Company's shareholders No. 1/2551 held on 20 June 2008, passed the following resolutions :

- The Company was authorised to decrease its registered share capital, from Baht 515 million (515,000,000 ordinary shares at Baht 1 each) to Baht 480 million (480,000,000 ordinary shares at Baht 1 each), by canceling its undistributed share capital.
- The Company was authorised to change the par value of its ordinary shares from Baht 1 each (480,000,000 ordinary shares of Baht 1 each) to Baht 0.50 each (960,000,000 ordinary shares of Baht 0.50 each).

The Company registered decrease in its registered share capital and changes of par value of the Company's ordinary shares with the Ministry of Commerce on 27 June 2008.

17. 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 income 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.

18. Expenses by nature

Significant expenses by nature are as follow :

| | (Unit : Baht) | | | |
|--|--------------------------------------|---------------|----------------------------------|---------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2009 | 2008 | 2009 | 2008 |
| Salaries and wages and other employee benefits | 302,107,785 | 331,469,300 | 222,094,785 | 222,981,761 |
| Depreciation | 101,801,349 | 108,638,530 | 82,899,365 | 93,923,777 |
| Amortisation | 27,320,054 | 28,207,351 | 753,756 | 626,933 |
| Raw materials and consumables used | 7,672,927,120 | 5,209,985,375 | 7,377,248,616 | 5,200,431,975 |
| Changes in inventories of finished goods and work in progress | 90,851,428 | (586,563,423) | 69,688,552 | (505,034,126) |

19. Corporate income tax

Corporate income tax of the Company and its subsidiaries were calculated on income from the operations without BOI promotional privileges, after adding back certain expenses which are disallowable for tax computation purposes.

20. Promotional privileges

The Company has received various tax privileges under the Investment Promotion Act B.E. 2520 from the Board of Investment (BOI) pursuant to the investment promotion certificates No. 20470(4)/2549 and 3010/Wor/2545. Subject to certain imposed conditions, the privileges include an income tax exemption on net income derived from the promoted operations for a period of 8 years and an exemption from import value added tax and import duty on raw materials imported for use in production.

A subsidiary has received various tax privileges under the Investment Promotion Act B.E. 2520 from the Board of Investment (BOI) pursuant to the investment promotion certificates No. 1150(4)/2548 and 1151(4)/2548. Subject to certain imposed conditions, the privileges include an income tax exemption on net income derived from the promoted operations for a period of 8 years.

(Unit : Baht)

Consolidated financial statements

| | Promoted operations | | Non-promoted operations | | Total | |
|-----------------------|---------------------|--------------------|-------------------------|----------------------|-----------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues | | | | | | |
| Sales | 513,588,798 | 126,071,956 | 8,795,536,431 | 6,186,668,347 | 9,309,125,229 | 6,312,740,303 |
| Services | - | - | 104,228,675 | 145,869,032 | 104,228,675 | 145,869,032 |
| Revenues from project | | | | | | |
| construction | 74,877,938 | 376,151,918 | 516,507,977 | 634,727,025 | 591,385,915 | 1,010,878,943 |
| Other income | - | - | 40,194,280 | 12,007,792 | 40,194,280 | 12,007,792 |
| Total revenues | 558,466,736 | 502,223,874 | 9,456,467,363 | 6,979,272,196 | 10,044,934,099 | 7,481,496,070 |

(Unit : Baht)

Separate financial statements

| | Promoted operations | | Non-promoted operations | | Total | |
|-----------------------|---------------------|--------------------|-------------------------|----------------------|----------------------|----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues | | | | | | |
| Sales | 558,044,212 | 94,103,770 | 8,125,256,467 | 5,589,053,903 | 8,683,300,679 | 5,683,157,673 |
| Services | - | - | 68,310,881 | 118,661,988 | 68,310,881 | 118,661,988 |
| Revenues from project | | | | | | |
| construction | 23,099,000 | 352,510,000 | 104,572,067 | 379,890,855 | 127,671,067 | 732,400,855 |
| Other income | - | - | 55,738,845 | 70,870,560 | 55,738,845 | 70,870,560 |
| Total revenues | 581,143,212 | 446,613,770 | 8,353,878,260 | 6,158,477,306 | 8,935,021,472 | 6,605,091,076 |

21. Earnings per share

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

22. Segment information

The Company and its subsidiaries' business operations involve four principal segments: production and sales, turn key production, assembly services and project construction. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended 31 December 2009 and 2008 of the Company and its subsidiaries by segment.

(Unit : Million Baht)

Consolidated financial statements for the years ended 31 December

| | Production and sale | | Turnkey production | | Assembly services | | Project construction | | Eliminated | | Total | |
|---|---------------------|----------------|--------------------|----------------|-------------------|--------------|----------------------|----------------|----------------|----------------|-----------------|----------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenues from external customers | 1,783.6 | 1,297.3 | 7,525.5 | 5,015.4 | 104.2 | 145.9 | 591.4 | 1,010.9 | - | - | 10,004.7 | 7,469.5 |
| Intersegment revenues | 71.3 | 88.5 | 129.3 | 63.7 | 6.5 | 6.3 | 56.7 | - | (263.8) | (158.5) | - | - |
| Total revenues | 1,854.9 | 1,385.8 | 7,654.8 | 5,079.1 | 110.7 | 152.2 | 648.1 | 1,010.9 | (263.8) | (158.5) | 10,004.7 | 7,469.5 |
| Segment income (loss) | 466.5 | 431.7 | 164.8 | 51.8 | 40.5 | 64.9 | (95.5) | (79.6) | - | - | 576.3 | 468.8 |
| Unallocated income and expenses : | | | | | | | | | | | | |
| Other income | | | | | | | | | | | 40.2 | 12.0 |
| Selling expenses | | | | | | | | | | | (61.1) | (57.2) |
| Administrative expenses | | | | | | | | | | | (348.5) | (354.2) |
| Management benefit expenses | | | | | | | | | | | (29.1) | (31.1) |
| Share of income (loss) from investments in associates | | | | | | | | | | | (0.8) | 3.1 |
| Finance cost | | | | | | | | | | | (88.5) | (71.4) |
| Corporate income tax | | | | | | | | | | | (19.2) | (48.0) |
| Net income (loss) | | | | | | | | | | | 69.3 | (78.0) |
| Other information : | | | | | | | | | | | | |
| Property, plant and equipment | | | | | | | | | | | 647.8 | 617.9 |
| Unallocated assets | | | | | | | | | | | 4,777.8 | 3,601.0 |
| Total assets | | | | | | | | | | | 5,425.6 | 4,218.9 |

Transfer prices between business segments are as set out in Note 6 to financial statements.

23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at rates of 3 percent of basic salary. The fund, which is managed by TMB Assets Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During 2009, the Company contributed Baht 2.4 million (2008: Baht 2.2 million) to the fund.

24. Dividends

(Unit : Baht)

| Dividends | Approved by | Total dividends | Dividend per share |
|--------------------------|---|-----------------|--------------------|
| Final dividends for 2007 | Annual General Meeting of the shareholders on 18 April 2008 | 67,200,000 | 0.14 |

25. Commitments and contingent liabilities

25.1 Operating lease and related service commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space and factory.

Future minimum rentals and service fee payable under these leases as at 31 December 2009 are as follows :

| | Million Baht |
|------------------|--------------|
| Payable within : | |
| 1 year | 11 |
| 2 to 5 years | 14 |

25.2 Guarantees

- (a) The Company has guaranteed bank credit facilities of its subsidiaries amounting to Baht 535 million.
- (b) As at 31 December 2009, there were outstanding bank guarantees amounting to approximately Baht 283.8 million issued by banks on behalf of the Company and its subsidiaries (2008: Baht 382.6 million), with Baht 229.5 million of this on behalf of the Company only (2008: Baht 347.3 million), in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries.

26. Financial instruments

26.1 Financial risk management and policies

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentation", 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 are described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies to ensure that services are provided only to customers with a suitable credit history. However, the Company has a significant concentration of credit risk due to its exposure to a single major debtor and debtors of project construction. This major debtor has honored all obligations and paid accounts in a timely manner, and debtors of project construction are the authorities while its subsidiaries have a large customer base. The Company and its subsidiaries management believe that such concentration of credit risk will have no material impact. The maximum exposure to credit risk is limited to the carrying amounts of trade account receivables as stated in the balance sheet.

Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk primarily with to respect cash at banks, bank overdrafts, short-term loans and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are

similar to the market rate, the interest rate risk is expected to be minimal. (The details of interest rates of bank overdrafts and loans are set out in the Notes 13 and 14 to the financial statements)

Foreign currency risk

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

The balances of financial liabilities denominated in foreign currencies as at 31 December 2009 are summarised below.

| Foreign currency | Financial liabilities | Average exchange rate as at 31 December 2009 |
|------------------|-----------------------|---|
| | (Million) | (Baht per 1 foreign currency unit) |
| US dollar | 20.2 | 33.5168 |
| Hong Kong dollar | 0.5 | 4.3338 |
| Japanese yen | 108.4 | 0.3656 |

Forward exchange contracts outstanding at 31 December 2009 are summarised below.

| Foreign currency | Bought amount | Contractual exchange rate-Bought |
|------------------|---------------|------------------------------------|
| | (Million) | (Baht per 1 foreign currency unit) |
| US dollar | 8.8 | 33.10 – 33.76 |

26.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature and the loans bear interest at rates that approximate the current market rates for loans with similar terms and conditions, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

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.

27. 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.

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 3.8:1 (2008: 3.0:1) and the Company's was 3.8:1 (2008: 3.4:1).

28. Contingent liabilities

The Company and two counterparties entered into a Baht 549 million enterprise resources planning service agreement with the Metropolitan Electricity Authority, and were obliged to deliver work within specific periods stipulated in the agreement (within 28 October 2007). The Company and the two counterparties were unable to make delivery within the stipulated period, and the Company received a letter dated 27 August 2009 from the Metropolitan Electricity Authority granting an extension and requesting that the Company make delivery within 31 March 2010. In this regard, the Metropolitan Electricity Authority retained the right to charge a penalty at a rate as stipulated in the agreement. However, the management of the Company believes that the Company will be able to negotiate with the Metropolitan Electricity Authority regarding any potential penalties in the future.

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2010.

General Information

| | |
|--|--|
| Company Name | : Forth Corporation Public Company Limited |
| Symbol | : FORTH |
| Company Registration Number | : 0107548000471 |
| Paid-up capital | : 480,000,000 Baht (960,000,000 ordinary shares of Baht 0.5 par value) |
| Nature of Business | : <ul style="list-style-type: none"> ◆ manufacture and distribute of telecommunication and electronic equipment under trademark of “FORTH” ◆ print circuit board and electronic equipment assembling and manufacture under the customer brand ◆ manufacture and distribute and contract the installation of traffic light system and equipment ◆ manufacture and distribute of electric sign board collect the advertising fee on genius traffic board ◆ develop and implement of information system ◆ distribute raw water to industrial sector and delivery to manufacture water supply ◆ provide online Top-Up service and mobile Top-Up vending Machine |
| Head Office’s address | : 226/12,13 and 16 Phaholyothin Road, Samsennai, Phayathai, Bangkok, 10400 |
| Branch’s address | : <p>Branch No.1 66/350 Moo 12 Raikhing, Sampran, Nakornprathom, 73210</p> <p>Branch No.2 77 Moo 11 Phuttamonton 5 Road, Raikhing, Sampran, Nakornprathom, 73210</p> <p>Branch No.3 66/18 Moo 12 Raikhing, Sampran, Nakornprathom, 73210</p> <p>Branch No.4 282, 284 Phaholyothin Road, Samsennai, Phayathai, Bangkok, 10400</p> |
| Website | : www.forth.co.th |
| Telephone | : 0-2615-0600 |
| Facsimile | : 0-2615-0615 |
| References Securities Registrar | : Thailand Securities Depository Co., Ltd. 62, The Stock Exchange of Thailand Building Ratchadapisek Road, Klongtoey, Bangkok, 10110 Tel. 0-2229-2800 Fax. 0-2359-1259 |
| Auditors | : <ol style="list-style-type: none"> 1. Ms. Siraporn Ouuanunkun CPA (Thailand) No. 3844 or 2. Mr. Narong Puntawong CPA (Thailand) No. 3315 or 3. Ms. Thipawan Nananuwat CPA (Thailand) No. 3459 Ernst & Young Office Limited 193/136-137, 33rd Floor, Lake Rajada Office Complex Rajadapisek Road, Klongtoey, Bangkok , 10110 Tel: 0-2264-0777 Fax: 0-2264-0790 |

The juristic persons whom the Company has shareholding more than 10% of total outstanding shares

| Item No. | Business name/Location | Business Type | Share Type | No. of outstanding shares | No. of shareholding | % share |
|----------|---|---|------------|---------------------------|---------------------|---------|
| 1. | Genius Traffic System Co., Ltd. 77 Moo 11 Buddamonthon 5 Road Raikhing Sampran Nakornpathom 73210 Tel : 0-2811-7925 Fax : 0-2811-7935 | Equipment of Traffic Light Manufacture and Distribution | Common | 500,000 | 499,994 | 100.00% |
| 2. | Electronics Source Co., Ltd. 7/129 Central Pinklao office building 17 FL. 1702 Room Boromarajonani Road Aronaumarin Bangkok-noi Bangkok 10700 Tel : 0-2884-9210 Fax : 0-2884-9213-4 | Electronic Parts Distribution | Common | 500,000 | 499,994 | 100.00% |
| 3. | Joint Venture Genius 282 Phahonyothin Road Samsen-nai Phayathai Bangkok 10400 Tel : 0-2615-2440, 0-2615-2231-2 Fax : 0-2615-2441 | Concession project of Genius Traffic Boards | - | - | - | 100.00% |
| 4. | Forth Smart Service Co., Ltd. 1031/3,4 Phahonyothin Road Samsen-nai Phayathai Bangkok 10400 Tel :0-2279-8520-1 Fax : 0-2279-8200 | Online Top-Up Services and Prepaid Mobile Phone Topping-Up | Common | 50,000 | 25,500 | 51.00% |
| 5. | Forth Tracking System Co., Ltd. 226/3,4,5 Phahonyothin Road Samsen-nai Phayathai Bangkok 10400 Tel : 0-2615-0808 Fax : 0-2615-0809 | Distribution of Vehicle Tracking System | Common | 100,000 | 33,997 | 34.00% |
| 6. | Genius Electronic Meter Co., Ltd. 228/1 Phahonyothin Road Samsen-nai Phayathai Bangkok 10400 Tel : 0-2615-2420-1 Fax : 0-2615-2422 | Distribution of Electronic meter | Common | 4,000,000 | 1,800,000 | 45.00% |
| 7. | Thai Industrial Water Co., Ltd. 226/12 Phahonyothin Road Samsen-nai Phayathai Bangkok 10400 Tel : 0-2656-6745 Fax : 0-2656-6799 | Manufacture and Distribution of raw water to industry sector | Common | 770,000 | 539,000 | 70.00% |



Forth Corporation Public Co., Ltd.

226/12, 13, 16 Phaholyothin Rd., Samsennai, Phaya Thai, Bangkok 10400

Tel : 0 2615 0600 Fax : 0 2615 0615