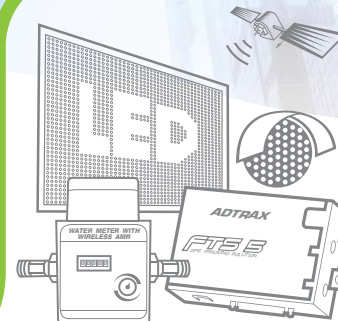
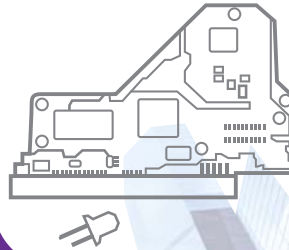


# Annual Report 2011

FORTH CORPORATION PUBLIC COMPANY LIMITED

Innovative  
products &  
Manufactured  
by Thai



# Awards

# & Recognitions



Forerunner of 5<sup>th</sup> IT Princess Award (Nationwide IT) in 2010  
From: Foundation for Research and Information Technology (Presided over by Her Royal Highness Princess Maha Chakri Sirindhorn)  
Product: Multi Service Access Network (MSAN)



National Innovation Award winner in 2009  
From: National Innovation Agency (NIA)  
Product: Mini Multi Service Access Network (mini-MSAN)



Forerunner of Telecom Innovation Award in 2009  
From: The National Telecommunication Commission (NTC)  
Product: Multi Service Access Network (MSAN)



Telecom Innovation Award in 2010  
From: Telecommunications Research and Industrial Development Institute (TRIDI)  
Product: FORTH X-TRANS WDM Access Switch



The Best National Innovation Award for Science & Technology in 2011  
From: National Research Council of Thailand (NRCT)  
Product: Multi Service Access Network (MSAN)



Best supplier awards  
From: Toshiba, Pioneer & Western Digital (Thailand)

# Contents

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• The Message from Chairman of the Board of Directors	2
• The Message from Chief Executive Officer	3
• Financial Highlight	4
• The Board of Directors and Management	6
• Vision & Mission	9
• Business Structure	10
• Corporate Social Responsibilities	16
• Future Projects	18
• Innovation Center	24
• Significant Changes and Development	28
• The juristic persons whom the Company has shareholding more than 10% of total outstanding shares	29
• The Company and Subsidiaries' Revenue Structure	30
• Risk Factors	31
• Organization Chart	34
• Management Structure	35
• Corporate Governance	42
• Capital Structure	43
• Human Resources Management and Development	53
• Dividend Policy	54
• Connected Transactions	55
• Management Discussion and Analysis	59
• Audit Committee Report	65
• The Board of Directors' Responsibilities Report to Financial Statements	66
• Report of Independent Auditor	67
• Financial Statements	68
• General Information	104

# Message from Chairman of the Board of Directors



The Company and its subsidiaries has continuously generated profit over the past until present. Although, telecommunication industry requires large investments in technology and also operation cost, the Company still be the leading telecommunication industry which could generate profit and overcome all crisis that occurred during the year for example financial crisis in the United States, European debt crisis as well as massive floods in Thailand which adversely affected in supply chains of many industries as well as manufacturing of electronic boards. However, we are confident that Thai

economy still continues to grow especially telecommunication and electronic industry which still have extensive growth in term of domestic and international demand. In addition, Thai Government's policy is strongly supporting national broadband system that was supporting factor to the Company's business in the future.

The Company also has research and development center to innovate new products in response to the government's policies and reduces import products from abroad as well as supports Thai products in the global arena.

The Company realizes that when business expands amid of competitive situation, we must be ready in term of production efficiency, marketing and management team that has continued to improve during the year. In 2012, the Company plans to develop human resources and management system as well as expand our manufacturing facilities in order to support any incoming orders. We are confident in our experience and also management team would lead the Company's growth same as in the past.

On behalf of the Board of Directors and management team, I would like to thank all stakeholders of the Company, shareholders and customers that have consistently supported the Company's business. Those are driving force for our company is able to overcome throughout crisis during the year. I also thank for our staffs and the Board of Directors are dedicated to their duties with fully capacity all the times.

(Mr. Sanit Vorapanya )  
Chairman of the Board of Directors

# Message from Chief Executive Officer

The results of the Company's business operation in 2011 encountered amid with uncertainty of global economic crisis, political uncertainty and massive floods at the end of the year. These factors affected to Thai economy. Nevertheless, management and staffs who remained putting full efforts to carry on the work with confidence in the Company's stability, the team's long-time experience in business administration and formulated appropriate strategies to expand business for each product. All these have assisted the Company to overcome these factors.

For operating results of the Company and its subsidiaries in 2011, the Company had net profit of Baht 370 million increasing from 2010 with amount of Baht 52 million. Mainly derived from the Company won several mega projects auctions from government and private sectors for example, Fiber to the x projects, Multi Service Access Network project, additional purchasing ERP license from the Metropolitan Electricity Authority or installation of traffic sign for Bangkok Metropolitan Administration, manufacture PCBA that were component of hard disk, for Western Digital (Thailand) Co., Ltd as well as expansion of Boonterm's business.

For our strategy in 2012, we will focus further on business expansion for sustainable profitability under the appropriate and efficient risk management. The Company still focuses on bidding projects in accordance with government's policy for example, Next Generation Network (NGN) project, Outdoor Wi-Fi, Enterprise Tablet and etc. In addition, seeking business partners in Asia aims to build global network through our products such as top up kiosk, drinking water kiosk, vending kiosk and etc. With the strengthen R&D team, the Company believes that our products could perfectly fulfill varied demands in each area of industry. More significantly, we are preparing in all respects in personnel, modern machines, management system



and any measures to cater for worldwide changes from the fragile global economic recovery, disaster as well as intense competition in telecom industry.

The success and progress of the Company are derived from continued supporting from the shareholders, the customers' trust and confidence, as well as determination and dedication to work performance of management and staffs at all levels.

On behalf of the Board of Directors, we hereby express our appreciation your continued confidence in our management team, whom will bring the Company's growth as in the past. However, the Company will adherence to the good corporate governance principles in parallel with our care for the society.

(Mr.Pongchai Amatanont)  
Chief Executive Officer

# Financial Highlight

	2011	% Change	2010	% Change	2009
<b>Income Statements (Million Baht)</b>					
Major revenues	8,870	-23%	11,544	15%	10,004
Total revenues	8,885	-24%	11,633	16%	10,044
Gross profit	1,185	40%	847	47%	576
Profit before finance cost and corporate income tax	541	29%	418	136%	177
Net profit/loss (Consolidated)	370	16%	318	342%	72

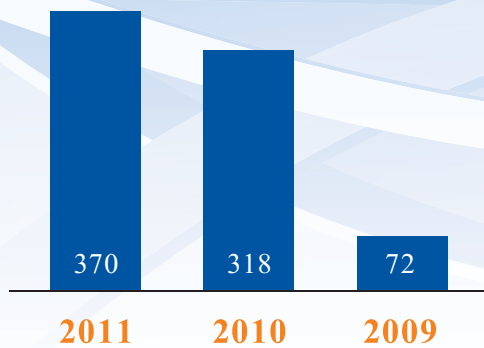
## Statements of financial position (Million Baht)

Property, plant and equipment	769	8%	715	10%	648
Total assets	5,496	-15%	6,452	19%	5,426
Total liabilities	4,066	-21%	5,129	19%	4,295
Total shareholders' equity	1,430	8%	1,323	17%	1,131

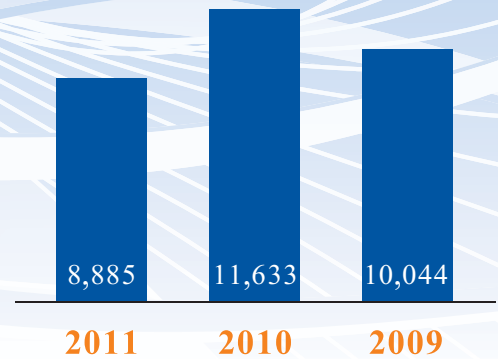
## Financial Ratios

Issued and paid-up capital (Million shares)	960	0%	960	0%	960
Book value per share (Baht)	1.49	8%	1.38	17%	1.18
Profit (loss) per share (Baht)	0.39	16%	0.33	342%	0.08
Net profit (loss) per share to Total Revenues	4%	52%	3%	281%	1%
Return on Equity	27%	4%	26%	292%	7%
Return on Assets	6%	16%	5%	259%	1%
Cash flows from operating activities to Total Assets	12%	25%	10%	51%	6%
Debt to Equity Ratio	2.84	-27%	3.88	2%	3.80

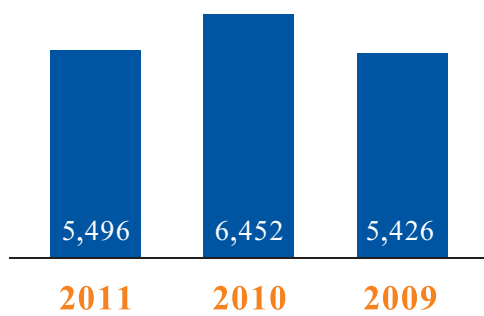
Net profit (loss) (Million Baht)



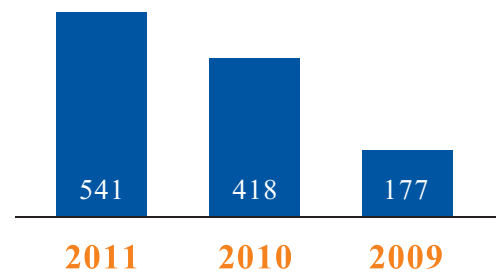
Total revenues (Million Baht)



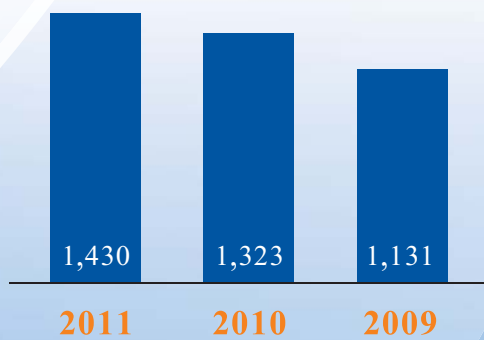
Total assets (Million Baht)



Profit before finance cost and corporate income tax (Million Baht)



Total shareholders' equity (Million Baht)



# Board of Directors



## 1. Mr. Sanit Vorapanya

Chairman of BOD /  
Audit Committee /  
Independent Director

## 2. Mr. Sutham Malila

Director /  
Chairman of Audit Committee /  
Independent Director

## 3. Ms. Nongram Laohaareedilok

Director /  
Audit Committee /  
Independent Director

## 4. Mr. Pongchai Amatanont

Director /  
Executive Director /  
Chief Executive Officer

## 5. Mrs. Rangsi Lerttripinyo

Director /  
Executive Director /  
Senior Executive Vice President





**6. Mr. Kaelic Amatanont**

Director

**7. Mrs. Matinee Wandeepirom**

Director

**8. Mr. Boonya Tantipanichaphan**

Director /  
Executive Director

**9. Ms. Chonticha Siripongpreeda**

Director

# Management



**1 Mr. Pongchai Amatanont**  
Chief Executive Officer

**2 Mrs. Rangsi Lerttripinyo**  
Senior Executive Vice President

**3 Mr. Chatchavin Pipatchotitham**  
Executive Vice President /  
Vice President of Administration

**4 Mr. Sawat Erbchokchai**  
Vice President of Research & Development

**5 Mr. Pramote Pantina**  
Vice President of Production

**6 Mr. Arin Jamnaree**  
Vice President of Accounting and Finance



## 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.

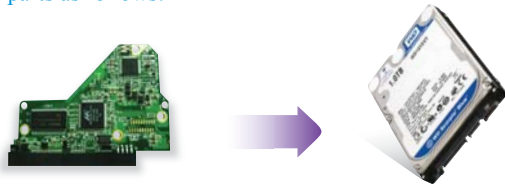


## Mission

- 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, innovations, designs, explorations, 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 sectors.

# Business Structure

The Company Group's business has divided into 4 parts as follows:-




## 1 Electronics Manufacturing Services Business

### 1.1 Business of Print Circuit Boards and telecommunication equipments under the customer's brand

It is operated by Forth Corporation Public Company Limited which has own 16,000 square metre factory. The factory is located on Buddamonthon 5 road, 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 Manufacturing (Thailand) Company Limited and Toshiba Carrier (Thailand) Company Limited and etc.

### 1.2 Business of Electronics Component Sourcing



It is operated by Electronic Source Company Limited (a 100% owned subsidiary) under trademark of . It 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, Crystal Oscillator and etc.


## 2 Telecom Business

### 2.1 Telecommunication Solutions

It is operated by Forth Corporation Public Company Limited. Our experienced engineering team design the Next Generation Network (NGN) equipment to serve both Narrowband (voice related services) and Broadband (Internet related services) on both copper wire and optical fiber cable network. We provide telecommunication solutions under Forth brand to major telecommunication operators in Thailand for more than 1 million subscribers. We deliver more than 100 projects to our customers with our project management team with experiences in telecommunication project management for more than billion baht per project. All projects have been successfully delivered to all customers, such as MSAN, DWDM and etc.

### 2.2 Business of Telecommunication Equipment Manufacture and Distribution



It is operated by Forth Corporation Public Company Limited under trademark of . We distribute various products such as Multi Access Node Service (MSAN), Digital Loop Carrier (DLC), Digital Subscriber Line Access Multiplexer (DSLAM), Forth WDM Access Switch, 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, Multi-Interface Broadband Router and etc.

# 3 Technology Related Business

## 3.1 Business of Traffic Light Manufacture and Distribution

It is operated by Genius Traffic System Company Limited (a 100% owned subsidiary) under trademark of **FORTH**. It distributes and traffic system contractors such as full color LED screen, Variable Message Screen (VMS), HID Electronic Ballast, Traffic Light, Traffic Signal Controller, Pedestrian Sign for Vehicle, Area Traffic Control System (ATC), Pedestrian Countdown Display for Vehicle, Decorated light on building, Solar Power Traffic Flashing Light and etc.



## 3.2 Business of Electronic Sign Manufacture and Distribution

It is also operated by Genius Traffic System Company Limited 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), LED Flashing Light, maintenance service and etc.

## 3.3 Business of Advertising Fee Collection on Genius Traffic Boards

It is 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).



### 3.4 Business of Tracking System Manufacture and Distribution



It is operated by Forth Tracking System Company Limited (a 34% owned associate and another 66% of equity interest are not connected persons.) 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.

### 3.5 Business of Electronic Meters Manufacture and Distribution

It is operated by Genius Electronic Meter Company Limited (a 45% owned associate and another 55% of equity interest are not connected persons.) under trademark of **FORTH**. The main products are kWh meter both 1<sup>st</sup> Phase and 3<sup>rd</sup> 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, there are the 1<sup>st</sup> phase kWh Meter, type refilled card via RFID and water Meter that connects to the automatically processing system of kWh. Forthmore



it can transmit data via wireless system for automatically reaching water bill.

### 3.6 Business of Enterprise Resource Planning Service



It is operated by Forth Corporation Public Company Limited and/or Forth Consulting Company Limited under trademark **FORTH**. The main business is to provide enterprise resource planning service. Major customers are public sector and state enterprises for example Metropolitan Electricity Authority, Thai Airway International Public Company Limited and etc.



# 4 Retail Business

## 4.1 Domestic Business of Online Service Top-Up

It is operated by Forth Smart Services Company Limited (a 51% owned subsidiary and the remain shareholders are not connected persons.) under trademark of **ซบุงเดิม**. It provides value added or online payment through kiosk system. Customers can make self-service transaction with convenience and fast service. At present, Kiosk's service offeres top up mobile phone service and online game, utilities billing payment, postpaid billing payment, credit card payment for AEON, Tesco and First Choice, song downloading, purchasing of internet hour and international calling card. The Company will develop kiosk to support other business activities in the future for example vending machine.



Boonterm  
7-Eleven



Boonterm  
Tesco Lotus

## 4.2 Oversea Business of Online Service Top-Up



The Company has expanded business line throughout Southeast Asia as well as designed and developed software system in accordance to those country. In 2009, the Company expanded its business to Philippine by establishing Mindmap

Commtech Inc. under the trademark **ULOAD**. The Company held 40% of its registered capital ( another 60% of equity interest are not held by connected persons). At this moment, there are over 1,000 kiosks that ready for operation.

1989  
-2003



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

2005

- Develop Access Network Product

2006

- Implement DLC to TOT (TDM-Voice)



2007

- IP PBX, IP Phone  
VoIP Gateway





# 2008-2009



- NGN Network
- MSAN
- Mini - MSAN
- FTTx Access

# 2010

- Forth WDM
- Access Switch
- Top UP Machine

# -2011



# 2012



- Top Up Machine
- + Vending Machine

# Corporate Social Responsibility

Our corporate social responsibility programs not only provide benefit to communities in a wide range of ways, but also raise the morale of our employees and improve our corporate image. In addition, we aim to build self-sustaining economic activities in society and encourage our staff to participate our activities. During the year, the Company has dedicated to a healthier society by crafting its approach after thoroughly examining all the social issues that have arisen in Thai's society.

Therefore the Company's corporate social responsibility programs take a long-term approach under three themes:

- Development of society, life and environment
- Education development and learning promotion
- Enhancing religion and culture

## 1 Development of society, life and environment

The Company recognizes the importance of society, community and environment's development with community's cooperation. Therefore the Company launches different projects to support this following activities;



### • Developed community landscape to commemorate Her Majesty The Queen's Birthday

This activities aims to commemorate the Auspicious Occasion of Her Majesty the Queen's Birthday Anniversary on August 12<sup>th</sup>. This project has been operated every year. The Company received fully supports from the Company's staffs and also local community to clean up park and drainage canal surrounding the Company. This project aims to remove toxic waste, enrichment of ecosystem and better living in community.



### • Blood donation Activities

The Company's staffs voluntary donated blood to Blood bank at Siriraj hospital. This project aims to assist patients in Siriraj Hospital. This project has been done every year.



### • Assisted flood victim activities

Due to recent flood crisis in many areas in Bangkok and many provinces, the Company has realized those problems. Therefore the Company immediately dispatched engineer teams to support TOT Plc. to recover all the telephone network in flooded area. Hence affected people and businesses could normally resume telecommunication service and achieve enhanced operational efficiency. In addition, the Company also donated food supplies, financial support, aids bags and safe life jacket through government agencies and private sector as well.



• **Assisting unprivileged student in remote areas**

The Company recognized the importance of children who are future of our country. Therefore during Children Day, the Company donated and sponsored scholarship, educational material and equipment as well as sport equipment to the schools in remote area.

**2 The development education and learning promotion**

The Company believes that youth generation is the nation's future. Our aims to cultivate global competencies in tomorrow's youth. Therefore, we focus on youth development and learning promotion projects by providing financial supports and other technical assistances to many institutes and university for example,

- **Main** sponsor for TESA Top gun rally to find the most capable group of embedded system engineers.
- **Main** sponsor for CE Smart Camp by King Mongkut's Institute of Technology Lardkrabang.
- **Be** guest speaker at King Mongkut's Institute of Technology Lardkrabang about telecommunication business in Thailand.



- **Providing** opportunity for students from TESA Hyper Camp to visiting and give lecture on production and assemble electronic board and electronic equipment as benefit to them in the future.

**3 Enhancing religion and culture**



The Company recognizes the importance of inherited religious activities. Therefore the Company arranges religion and culture activities for example offering Buddha Lent Candles and merit marking ceremony in Buddhist Lent Day at Wat Yansakawan or given food offerings to monks during New Year event and etc.

In 2012, the Company will continue to carry out its community outreach programs, as well as to seek ways to improve the scope and methods of such support. Furthermore, it will continue to come up with new projects that best represent the uniqueness of a leading telecommunication group.

# Future projects

## 1. The research and development projects of Forth Corporation Public Company Limited

According to National Broadband policy of Thai government aims to develop basic telecommunication industry which Thai people should be able to universally an equitably access internet and to develop the broadband network to provide access to at least 80 percent of the population by 2015 and at least 95 percent by 2020 as well as the users' demand to have communication without limited times, location and content. Therefore the Company must develop system and product to support unlimited demand of users and service providers. There are several of the Company's products are supported this policy for example Multi-Service Access Network. With experience in basic network of telecommunication, the Company is confidence to provide efficient network with reasonable price than import from aboard. During past several years the Company's products have been used in TOT Plc. for example Multi service Access network (MSAN ), WDM Access Switch, Fiber To The x (FTTx) and etc.

In 2012, The Company plans to develop MSAN to support new technology as well as new applications for example expansion of bandwidth to 10 Gb for faster transmission varies of data in both picture, sound or VDO or supporting Wi-Fi Access point that might be happened in the near future.



### • Wi-Fi public hotspot

Nowadays Wi-Fi public hotspot is quite popular in public area. The users are more convenience in access hi-speed internet via wireless network access point. Accordingly, the Company has initiative to develop outdoor Wi-Fi router to meet

the growing demand. The users are able to communicate quickly with cost saving and also provide opportunity in term of times and place to connect the network.



ONU Router



Outdoor WIFI

### • Android Tablet

The Company has applied technology from award winning of Thailand embedded Product on “Forth Android development board tablet” in 2010. This tablet was designed to develop Android operating system on evolution board and could be applied as one component of tablet. It aims to promote or assist students or software developers to explore new technology with limited budget.



However, the Company's research and development team continues to implement android board to be applied with many applications, supporting extensive demands and also any projects of private and public sector for example VDO conference tablet and also developed android system to support public sector's activities.

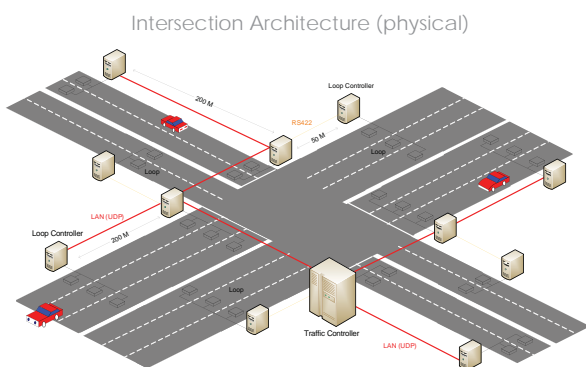
• Nurse call



The Company's nurse call is very popular in both leading private and public hospital. In 2012, the Company plans to implement the new system of nurse call to be easier installation and facilitate to patients and users. The newly system will connect through IP Phone for increasing the efficiency of existing communication. In addition, it will response to patient in normal or emergency situation by display location and basic information via this device.

2. The traffic system and CCTV project

• Smart junction



The traffic congestions creates problem of travelling delay. As a result from inefficiency traffic control system management on the traffic condition. That why the Company has researched and developed program to increase efficiency traffic controller system or called "smart junction" system. The device is designed to control system at single intersection that could adjust signal timing to match with actual traffic flow. The process data is measured by using inductive loop vehicle detector at intersection by ratio of actual traffic flow and the degree of saturation.

• The project of increasing an efficient maintenance of traffic signal



Most of traffic problems, that frequently occur, are malfunction of devices that couldn't access operation of system. That causes traffic congestion. In order to solve this problem, the Company has researched and implemented program to enhance the efficient maintenance of traffic signal and also immediately solving problems, by adding new device to detect light signal. If it found any failure in system, the system will alert to system administrator at controlling center. Then they will aware the problems and immediately resolve it. In 2012, The Company will be continue phases' expansion by transmitted data through fiber optic of Bangkok Metropolitan Administration. These will increase speed, give accurate data and more stability, cost effective way and also unnecessary to rent the private telephone network.

• LED technology

• LED lighting



Nowadays, Thailand has continued to develop transportation system. The most significant issue is the development of main roads which have highest rate of usage. The development, improvement and constructing new roads aim to provide convenience and highest safety for the users. In order to optimizing the use of ground transportation, it can be installed lighting to enhance the visibility of users.

The installation of electric lightings increase, not only energy consumption but also repair and maintenance cost. In addition, it causes the environmental pollution because material for producing

electric tube, emits toxic chemical to environment. The above mentioned problem has enormously affected to the economy and environment. The Company has recognized those problem.



Then we have researched and implemented LED lighting bulb for replacement of traditional lighting which has shorten life span and heat loss. The new designed of LED, not only save 40% of energy consumption but also offer over 10 years life span. The Company has varieties of models and size of bulb with ranging from 35W- 220W that could replace traditional bulb which had high energy consumption and shorten life span than LED. At the present, there are over 1 million nationwide public lights, the Company prospects to gain more profit in this project in the near future.

### - LED High Bay light



In 2012, The Company has researched and developed LED High Bay light for superior lighting efficient. LED High Bay light is designed to replace traditional H.I.D. (High Intensity Discharge) lamps. It can, not only save about 50% of energy consumption but also has 50,000 hours life span which can reduce the maintenance costs. In addition, it also reduces energy imports and global warming as major worldwide problem at this moment. Furthermore LED High Bay light offers superior lighting efficient than traditional neon or HID. Light can be scattered to cover demanded area and mainly used at high ceiling lighting such as factory production floors, warehouses, petrol stations, supermarkets, sports stadiums, convention center halls or any place required more lighting.

### - Warning sign

With the specialty of LED light is save energy, long life span and environmental friendly. That why LED light is quite popular, particularly traffic lights which are necessary to activate all the times. As those reason, it leads to new innovation by applying LED with any warning signs for saving energy. Furthermore this new innovation is clearly readable sign and illuminate at night and to enhance safety for motorists and pedestrians.



In 2012, Bangkok Metropolitan Administration has continous project to change warning signs in Bangkok area to be LED warning sign for safety energy, lower maintenance cost and be modern.

### - Variable Message Sing (VMS) and controlling system



The Company was assigned to produce and install 4 sets of color variable message sign at Highway No. 7 as well as implemented the VMS controlling system. The VMS and system will be operated in upcoming year 2012.

· Matrix Sign (MS) and Controlling system



In 2012, the Company will produce and install 44 Matrix signs (MS) on expressway No. 7 (Motor way) as well as implemented sign controlling system. MS sign would benefit in determining appropriate speed control for drivers and also travel safety.

· Smart traffic sign on expressway



As a result in 2011, the Company has undertaken to produce and install 12 signs of the smart traffic sign which have reported road and traffic condition on the 1<sup>st</sup> stage of expressway. Then in 2012, the Company is assigned to produce and install the traffic signs on the 2<sup>nd</sup> stage of express way, for example 4 signs to report traffic condition and 8 signs of VMS for report traffic condition and any important message as well as press message to user of the 1<sup>st</sup> and the 2<sup>nd</sup> stages of expressway.

· Safety close circuit and report traffic condition

Apart from traffic condition and accident as well as



the political demonstration have affected the national security, economic and human security. That why Government must allocate more budget on security and inspection. Therefore in 2012, the Company prospects to acquire more projects from government agencies.

### 3. Vehicle tracking system

Forth Tracking System Co., Ltd. has continually researched and developed products with modern and precise technology for example vehicle tracking system, model of FTS3 was designed to be smaller size but high efficiency in tracking signal with Assisted Global Positioning System (A-GPS), despite no signal in parking area. For Model FTS 5 are widely recognized in public transportation for example public bus, van and etc. with increased function and support to any accessories.

In addition, the Adtrax vehicle tracking products has been certified by TCAT and also PETC on electromagnetic emission test which guaranteed its product won't be harmful to humans and environment. In 2011, there were over 20,000 vehicles have been installed our tracking system. In 2012, the company plans to focus on safety and care of family member as target customers as well as supports "new vehicle project" of Thai government that might be launched in the near future.

## 4. Advance Metering Infrastructure (AMI) under the trademark of “FORTH”

The Genius Electronic Meter Co.,Ltd. has been researched and developed electronic meter since 2005 until now. The products of the company are widely recognized by both private and public sector for example electric meter, RS485 automatic water meter and wireless water meter. Those product are currently installed at Metropolitan Electronic Authority and Provincial Electricity Authority and other places as well as continuous ordered every year.



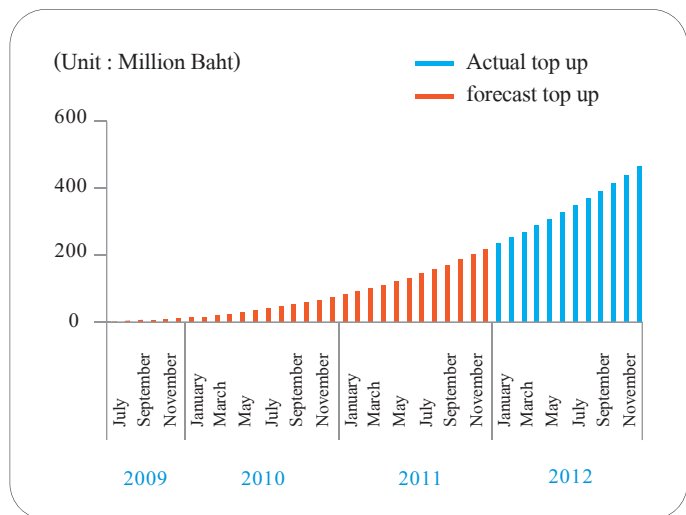
In 2011, the company has researched and developed new products for example prepaid electronic meter with RS485 interface, RFID base prepaid electronic meter, RF module base water meter, GPRS/GSM modem for AMI project, RS485 /Ethernet adapter for AMI project as well. In 2012, the company will develop smart meters for automatic reading system including all telecom device via PLC net work, software and database system.

## 5. Business of Top up service

Forth Smart Service Co., Ltd. is the service provider for top up prepaid mobile phone and online financial payment with fast and convenience through kiosk system called “Boonterm” which developed by Thai R&D team.

The kiosk is currently located in nationwide, particularly at modern trade such as Tesco express, Tesco lotus, 7-11, BTS, educational institutions and etc. In addition, with an cooperation from TOT Plc., the Company has implemented “Boonterm Kiosk” as public telephone.

Boonterm is not only using modern technology and computer systems, user friendly with touch screen as well as the fast service to connect with service provider but also can develop any applications to serve customer demands. At this moment, “Boonterm” offers unlimited online service without any boundary throughout country. The franchisee will monitor kiosk and provide service to customers all the times.



**1,300 kiosks**      **6,000 kiosks**      **13,000 kiosks**      **25,000 kiosks**

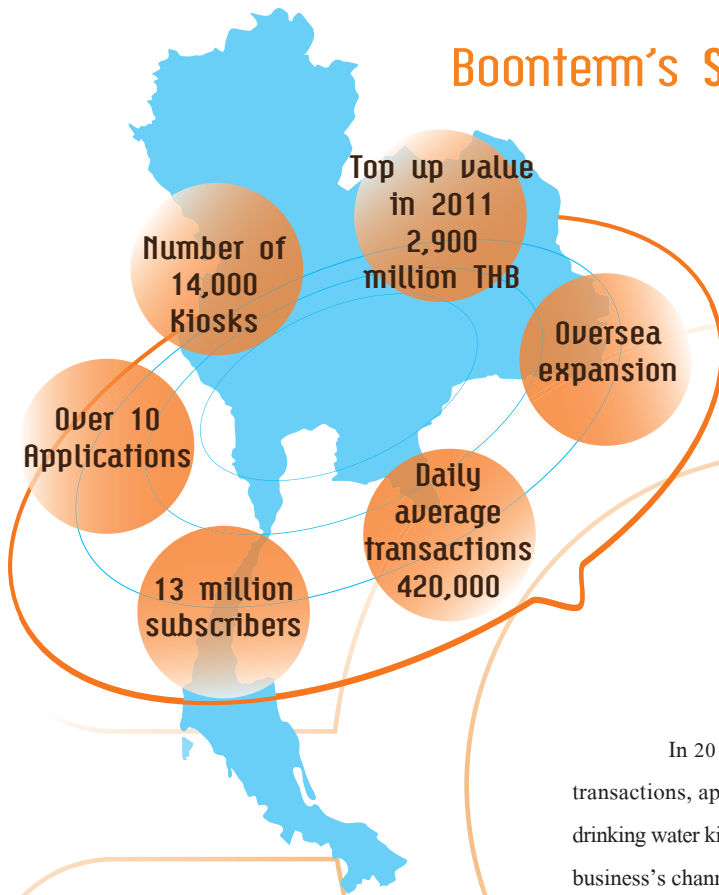
Photo: Accumulated monthly top up since 2009-2012

The Company has expanded its investment by increasing volume of kiosks in nationwide. The Company currently has completely installed and ready for operation over 13,500 kiosks with total accumulated top up at the end of year 2011 was over Baht 4,000 million.





## Boontem's Strength



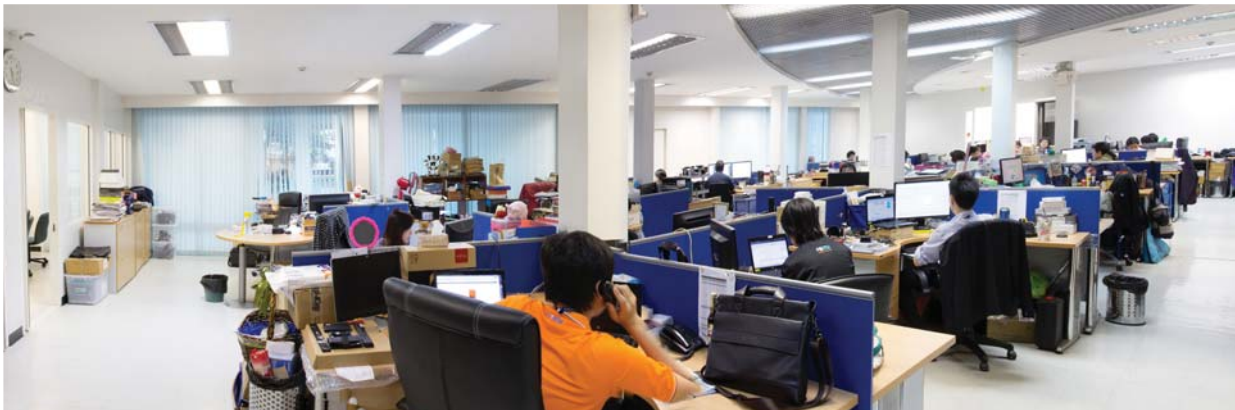
In addition, development of computer system is the top priority of our business in order to support daily increasing transaction as well as to build customers's confidence on our top up service. Nowadays total monthly transaction is over 10 million transactions or daily average 400,000 transactions. In 2012, the Company prospects monthly transaction will be 20 million or 660,000 daily transactions with monthly top up at the end of 2012 to be Baht 600 million.

In 2012, the Company will implement Boontem to do other business transactions, apart from top up and payment online for example retail kiosk, drinking water kiosk, commercial advertising and etc. Those features aim to increase business's channel.



Direction of overseas investment, the Company still focus on Southeast Asia and Asia region as the size and of appurtenance market similar to Thailand and also using prepaid system rather than postpaid. However, The Company has already started up business in Philippine in 2010 and Vietnam in 2011. In 2012, the Company prospects to have successful business deal with Indonesia and Malaysia as well.

# Innovation Center



Innovation center is center for electronic technology research with wide range of information technology .With fully committed to apply limited resources available in the telecommunication industry as well as to determine the direction of new product and challenge new areas of innovation. Furthermore ,Forth focus on strengthening to Thai telecommunication and electronic industry in order to have equally competed with other nations.

During 2011, Forth Continued to increase its R&D investment , we have over 200 engineers engaged in R&D department with annual budget over 100 million Bt



We believed that if Thai people could access to high technology and also be the owner of the product which developed by Thai engineer, these would enable us to design products to meet users' needs in Thailand. Furthermore any experience and knowledge could be further developed variety of high technology 's products . In addition, it would reduce cost of production , imported products and also facilitate users in their operation.

### The outstanding research projects during 2011 are as follow

- Next Generation Network ( NGN)
- MSAN network to provide high speed internet and other services on Next Generation Network which currently installed and operated over 1 millions port in Thailand as well as exported its products to many nations.
- OLT network : Multi-PON for provide Fiber To The Home on fiber optic
- Ultra High Speed Ethernet over DWDM is the world latest technology to incorporate with Metro Ethernet and DWDM transmission. These project has been currently installed and operated in 300 networks in Thailand and etc.

# Board of Directors

## Mr. Sanit Vorapanya

Age 73 years old

Chairman of BOD / Audit Committee / Independent Director

Company's Shares Possession (%)

as of 9 September 2011: -None-

### Education and Training Background

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

### The relevant important positions of other companies

- Chairman of Audit Committee of Thai Summit Harness Public Company Limited
- Director of Southeast Insurance Company Limited
- Director of Southeast Life Insurance Company Limited
- Director of Southeast Capital Company Limited
- Director of Thai Research and Training Company Limited
- Director of Electronic Source Company Limited
- Director of Genius Traffic System Company Limited

## Mr. Sutham Malila

Age 70 years old

Director / Chairman of Audit Committee / Independent Director

Company's Shares Possession (%)

as of 9 September 2011: -None-

### Education and Training Background

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

### The relevant important positions of other companies

- Audit committee of TT&T Public Company Limited
- Chairman of BOD, Nippon Pack (Thailand) Public Company Limited
- Director of TSB Holding Company Limited
- Director of Subpeumphol Construction Company Limited
- Director of Chaengwattana 17 Juristic Person Company Limited
- Director of Sangsin Property Company Limited

## Ms. Nongram Laohaareedilok

Age 58 years old

Director / Audit Committee / Independent Director

Company's Shares Possession (%)

as of 9 September 2011: -None-

### Education and Training Background

- BBA, Ramkhamhaeng University
- Director Accreditation Program (DAP) No. 30/2004 on 15 December 2004, Thai Institute of Directors (IOD)
- Certified Public Accountant

### The relevant important positions of other companies

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

## Mr. Pongchai Amatanont

Age 48 years old

Director / Executive Director / Chief Executive Officer

Company's Shares Possession (%)

as of 9 September 2011: -52.17- (\*)

(\*) 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 on 15 December 2004, Thai Institute of Directors (IOD)

### 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 Forth Consulting Company Limited

## Mrs. Rangsi Lerttripinyo

Age 51 years old

Director/Executive Director/Senior Executive Vice President

Company's Shares Proportion (%)

as of 9 September 2011: -6.10- (\*)

(\*) Including spouses and immature children

### Education and Training Background

- BBA, Ramkhamhaeng University
- Director Accreditation Program (DAP) No. 30/2004 on 15 December 2004, Thai Institute of Directors (IOD)

### The relevant important positions of other companies

- Director of Forth Smart Service Company Limited
- Director of Forth Consulting Company Limited

## Mr. Kaelic Amatanont

Age 56 years old

Director

Company's Shares Proportion (%)

as of 9 September 2011: -6.03-

### Education and Training Background

- Vocational Certificate of Accounting, Chetupon Commercial College
- Director Accreditation Program (DAP) No. 30/2004 on 15 December 2004, Thai Institute of Directors (IOD)

### The relevant important positions of other companies

- Executive Director of Electronics Source Company Limited

## Mrs. Matinee Wandeepirom

Age 50 years old

Director

Company's Shares Proportion (%)

as of 9 September 2011: -2.57-

### Education and Training Background

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

### The relevant important positions of other companies

- Director of Genius Traffic System Company Limited
- Director of Forth Smart Service Company Limited

## Mr. Boonya Tantipanichaphan

Age 50 years old

Director/Executive Director

Company's Shares Proportion (%)

as of 9 September 2011: -2.57- (\*)

(\*) 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 on 15 December 2004, Thai Institute of Directors (IOD)

### The relevant important positions of other companies

- Director of Genius Traffic System Company Limited

## Ms. Chonticha Siripongpreeda

Age 41 years old

Director

Company's Shares Proportion (%)

as of 9 September 2011: -None-

### Education and Training Background

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

### The relevant important positions of other companies

- Deputy Managing Director of Electronics Source Company Limited

# Management

## Mr. Pongchai Amatanont

Age 48 years old

Chief Executive Officer

Company's Shares Possession

as of 9 September 2011: -52.17- (\*)

(\*) 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 on 15 December 2004, Thai Institute of Directors (IOD)

## Mrs. Rangsi Lerttripinyo

Age 51 years old

Senior Executive Vice President

Company's Shares Possession

as of 9 September 2011: -6.10- (\*)

(\*) Including spouses and immature children

### Education and Training Background

- BBA, Ramkhamhaeng University
- Director Accreditation Program (DAP) No. 30/2004 on 15 December 2004, Thai Institute of Directors (IOD)

## Mr. Chatchavin Pipatchotitham

Age 39 years old

Executive Vice President/Vice President of Administration

Company's Shares Possession (%)

as of 9 September 2011: -None-

### Education and Training Background

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

## Mr. Sawat Erbchokchai

Age 44 years old

Vice President of Research & Development

Company's Shares Possession (%)

as of 9 September 2011: -None-

### Education and Training Background

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

## Pramote Pantina

Age 43 years old

Vice President of Production

Company's Shares Possession (%)

as of 9 September 2011: -None-

### Education and Training Background

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

## Mr. Arin Jamnaree

Age 39 years old

Vice President of Accounting and Finance

Company's Shares Possession (%)

as of 9 September 2011: -None-

### Education and Training Background

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

# Significant changes and development in 2011

In 2011, the Company made public its slogan “ Stronger together ”. As we believe that the growth and development together with our partners will strengthen business. Under the slogan the Company pushed forward to attain its business goals. During the past several years, the Company has gained trust and support from various private and public sectors. Therefore highlights of the Company and the subsidiaries in 2011 are summarized below.

## Forth Corporation Public Company Limited

- In May 2011, the Company has established new subsidiary named, Forth Consulting Company Limited. Its core business is to provide consulting service for information management and computer software management with registered capital of Baht 10 million and the Company holds 70% of its registered capital.

- Project of installation and implementation enterprise resources Planning program (ERP), Customer Service System (CSS), and Billing System for Metropolitan Electricity Authority (MEA), was approved by the MEA. In addition, in July 2011, MEA agreed to purchase SAP license for the above system including 1-year maintenance service, total project is approximately Baht 436 million.

- In September 2011, the Company paid interim dividend to shareholders for the operation of first half year of 2011 at Baht 0.12 per share, a total of Baht 115.2 million.

- The Company has expanded top up business to Vietnam by establishing FPT Payment Technology Joint Stock Company with registered capital of 30,000 million Dong (3,000,000 ordinary shares with a par value 10,000 dong each). Its core business is to provide online top up service and topping up mobile service. The Company holds

30% of its registered capital. Presently, it is in the process of preparation of joint venture agreement.

- The Company won 3 consecutive years of best supplier from Pioneer (Thailand) Co., Ltd.

## Joint venture Genius

- In February 2011, the Joint venture Genius signed contract for link signal of CCTV from police station to traffic office and transportation office in metropolitan area with value of Baht 376 million.

## Forth Smart Service Company Limited (FSS)

- Forth Smart Service Co., Ltd. has expanded top up service. At the end of 2011, total Boonterm kiosks were 13,000 kiosks which increased by 2010 with had 5,600 kiosks. There was over 350,000 daily transactions and top up value was Baht 2,750 million.

## Forth Tracking System Company Limited (FTS)

- In February 2011, Forth Tracking System Co., Ltd. increased the registered capital from 10 million, (consisting of 100,000 ordinary shares with a par value Baht 100 each), to Baht 20 million (consisting of 200,000 ordinary shares with a par value of Baht 100 each), by issuing 100,000 ordinary shares with a par value Baht 10 each.



**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	% shareholding
1	Genius Traffic System Co., Ltd. 77 Moo 11 Phuttamonthon 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 Baromrachonnee Road, Arun Amarin, 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 Phaholyothin 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. 1031/1-4 Phaholyothin Road, Samsen-nai, Phayathai, Bangkok 10400 Tel :0-2279-8520-1, Fax : 0-2279-8200	Online Top-Up Services and Automatic Prepaid Mobile Phone Top-Up	Common	150,000	76,500	51.00%
5	Forth Consulting Co., Ltd. 226/12, 13, 16 Phaholyothin Road, Samsen-nai, Phayathai, Bangkok 10400 Tel : 0-2615-0808, Fax : 0-2615-0809	Enterprise Resource planning service	Common	100,000	69,998	70.00%
6	Forth Tracking System Co., Ltd. 226/3, 4, 5 Phaholyothin 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%
7	Genius Electronic Meter Co., Ltd. 228/1 Phaholyothin 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%
8	Mindmap Commtech Inc. 538 Hen. Lacuna cor. Zamora Street, Bangkal, Makati City, Metro Manila, Philippines	Online Top-Up Services and Automatic Prepaid Mobile Phone Top-Up	Common	100,800	40,000	39.68%

## The Company and subsidiaries' revenue structure

	2011		2010		2009	
	(Million Baht)	%	(Million Baht)	%	(Million Baht)	%
<b>Major Revenues</b>						
Electronics Manufacturing Services business	4,760	53.57	8,251	70.92	7,649	76.15
- Manufacturing and distribution of telecommunication and electronics equipments under customer brands						
- Distribution of electronics parts	701	7.89	735	6.31	680	6.77
Telecommunication business	1,636	18.41	1,782	15.31	1,056	10.51
Technology related business						
- Manufacturing, distribution and installation of traffic light system and equipment, CCTV and electronic boards	793	8.93	593	5.10	534	5.32
- The development and implementation of ERP	611	6.88	15	0.17	45	0.45
- Others	28	0.31	31	0.25	26	0.26
Online top-up services and topping-up the prepaid mobile phones	341	3.84	137	1.17	14	0.14
<b>Total revenues from major business</b>	<b>8,870</b>	<b>99.83</b>	<b>11,544</b>	<b>99.23</b>	<b>10,004</b>	<b>99.60</b>
Other income	15	0.17	89	0.76	40	0.40
<b>Total revenues</b>	<b>8,885</b>	<b>100.00</b>	<b>11,633</b>	<b>100.00</b>	<b>10,044</b>	<b>100.00</b>



# Risk Factors

The Group reviews and assess significant risk on regular basis and has implemented a comprehensive risk framework to help and control risks to be within an acceptable level. In addition, the Group has diversified risk through other business lines for example telecommunication product, telecom solution, electronics manufacturing services, the traffic light system and electronic boards, electronic parts distribution, electronic meter distribution, tracking system, consulting service for information management and computer software management and online top-up services and etc. There are principal risks that might affect the Group's business are summarized in the following areas.

## 1. Risk from Electronics Manufacturing Services business

### 1.1 Risk from relying on major customers

The Company acquires a major part of its revenue from manufacturing print circuit boards and electronic equipment assembling under the customer's brand which represented 53% of total revenues in 2011 (2010: 71%). It has significant effects on overall operating results. Especially, one major customer named Western Digital (Thailand) Co., Ltd (WD) which is significant partner that generated 52% of total revenues of the Company (2010: 69%). Although the world hard disk demand is dramatically increasing and rapid changing production's technology, the Company has high speed 14 SMT lines with annual production 5,000 million points with modern technology. That why the Company has constantly received annual orders from Western Digital during last 4 years until now. With the international quality standard that has been awarded " Best Supplier Award " from Western Digital and leading electronic companies such as Toshiba Co., Ltd. and Pioneer Co., Ltd., to guarantee our products.

However, the Company recognizes this business fluctuation, The Company sought to find new customers by consistently launching new products with high quality and competitive price, under strong R&D teamwork. Therefore the Company could continuously acquire new customers and also enlarge market. The new products were launched in 2011 were Forth WDM Access Switch, wireless water meter, tracking system, GPON and etc.

## 2. Risk from telecommunication business

### 2.1 Risk from the liquidity of distribution to public sector

The target customers of the Company and its subsidiaries are public sectors which the payment terms are longer than the private customers. This group has 60 days of average account receivable turnover depended upon the budget of each department. The Company forecasts to acquire more revenue from them through auctions and also contractors. The Company therefore manages efficiently liquidity system to support public sector's project.

However, the Group has experience and expertise of public project for long times. The Company therefore has expert skill and knowledge in liquidity management. Although the Group has net working capital to support long-term cash flow of those specific customers, the Group also acquires sufficient loan provision and request additional loan from commercial banks to support efficient liquidity management in the long run.

### 2.2 Risk relating to project delivery

The operations of projects by the Group normally have duration 3 months - 2 years depending upon project size. If the Group fails to deliver the project on time as stated in the contract, the Company may be fined or lose credibility. The penalty will affect to the profitability of each project. Therefore the Group has policy to closely monitor and manage projects. In the last 3 years, the Group was fined less than 0.05% of project's value. In order to prevent such risk, the Group always coordinates with clients and vendors in order to solve problems in a timely manner.

### 3. Risk from technology related business

#### 3.1 Risk from the obsolete products that results in changing of manufacturing technology

Now, the rapid change of technology are not only models, feature but also qualifications of products ,therefore the manufacturers must be ready to develop technology for response new trends. To succeed in the future, the Comapny constantly prepares to meet such challenges through investment of new machines, research and develop new products on a timely and cost-effective basic for response to customers' needs. In addition, the Company focuses on quality control, on-time delivery and assistance to customers in order to sustain long working relationship with this group of electronic customers. That's why the Company could maintain existing customers and cope effectively for with changing technology.

#### 3.2 Risk from unable collection of advertising fee from traffic boards as target

As stipulated in the agreement between Bangkok Metropolitan Administration (BMA), and Joint Venture Genius (JV Genius), JV Genius obtained the right to derive benefit from genius traffic boards. Each contract has a 3-year term, renewable 2 times so totally 9 years of contract. JV Genius must pay BMA for the monthly usage right fee and also annual fee with amounting to Baht 5 million to BMA. If JV Genius couldn't afford revenue from the advertising board to cover the cost, The Company's operating results could be impacted. In 2011, JV Genius recorded asset impairment amounting to Baht 16 million. However JV Genius has solution to solve in this problem by offering new service as well as seeking new advertising agency alliances for enlargement revenue in the future.

#### 3.3 Risk from no renewal agreement after termination or denouncement

After JV Genius delivered the genius boards to be the assets of BMA, JV Genius must follow the conditions in agreement for example the maintenance of boards and equipments in controlling center under the term of agreement. If JV Genius fails to comply with the agreement, BMA may not continue the contract with

the Company that unavoidable impacts to major revenue of JV Genius. In addition the total investment of genius traffic boards was Baht 235 million for 3 years and renewal 2 times (9 years totally) which JV Genius has amortised the right amounting to Baht 27 million per year. Therefore, if BMA does not renew the agreement, JV Genius will immediately write off remained capital investment. These will be created more expenses and then it effects on the Company's operating result significantly.

However, JV Genius plans to operate efficiently in order to prevent any incidents by maintaining maintenance plan and sufficient spare parts arrangement for operation as well as JV Genius follows every condition in agreement completely.

### 4. Risk from the business of online mobile top-up service

#### 4.1 Risk from severe competition in online mobile top up market

Since the rapid growth of prepaid mobile service and the increasing of users' needs to recharge mobile channel with more convenience, quick and easy. As the result, there are aggressive competition in the top up machine market. Particularly each entrepreneur grasps the market share through price strategy which impacts to revenue risk and entrepreneur status in online top up market. However Forth Smart Service Co., Ltd. (FSS) has completely studied competitive market and prepared the readiness to establish the competitive advantages through the quality network services to cover countrywide, as well as marketing strategy on customization which could serve different demand of end clients with more efficiency.

Moreover, FSS has cooperated with related companies and business partners for example 7-eleven, TESCO Lotus, BTS and others to enlarge customers and to reach every group of customers. The Company also offers additional services such as advertising

space on kiosk, online game top-up and utilities billing payment, fortuneteller and etc. The Company has continually implemented kiosk in order to be differentiate form other service providers. This year, the Company has developed kiosk to perform other business activities such as vending machine. The Company has expanded its investment to South East area with aims to expand its customer base to cover this region.

## 5. Risk of economy situation and money market

### 5.1 Exchange rate risk

The Company and one subsidiary (Electronic Source Co., Ltd.) have imported oversea electronic parts for manufacturing and distribution. The payments are settled by foreign currencies for example US Dollar, Dollar Hong Kong and Yen but the sale revenues are settled via Baht currency. The Company has foreign exchange risk comparing to Baht currency. Therefore the Company hedged its transactional exposure to manage foreign exchange risk and entered into forward exchange contracts and closely monitor situation. Moreover the Company could adjusting purchased prices with customer relied on the exchange rate. The balance of foreign currency's liability as at 31 December 2011, which wasn't hedging exchange rate risk, was disclosed in note 29.2 to the financial statements.

### 5.2 The risk from interest rate fluctuation

The Company and the subsidiaries take risk on loan interest rate which affects the volatility of their financial costs. However the loan interest rate of the Company and its subsidiaries is floating rate or fixed rate which close to current market rate. The interest rate risk is still low. The Company concerned with interest rate risk and the Company therefore may use financial derivative for hedging such risk. The details of loan interest rate were disclosed in notes 16 and 18 to the financial statements.

## 6. Risk of the management and shareholding

### 6.1 The risk from reliance on the Executive

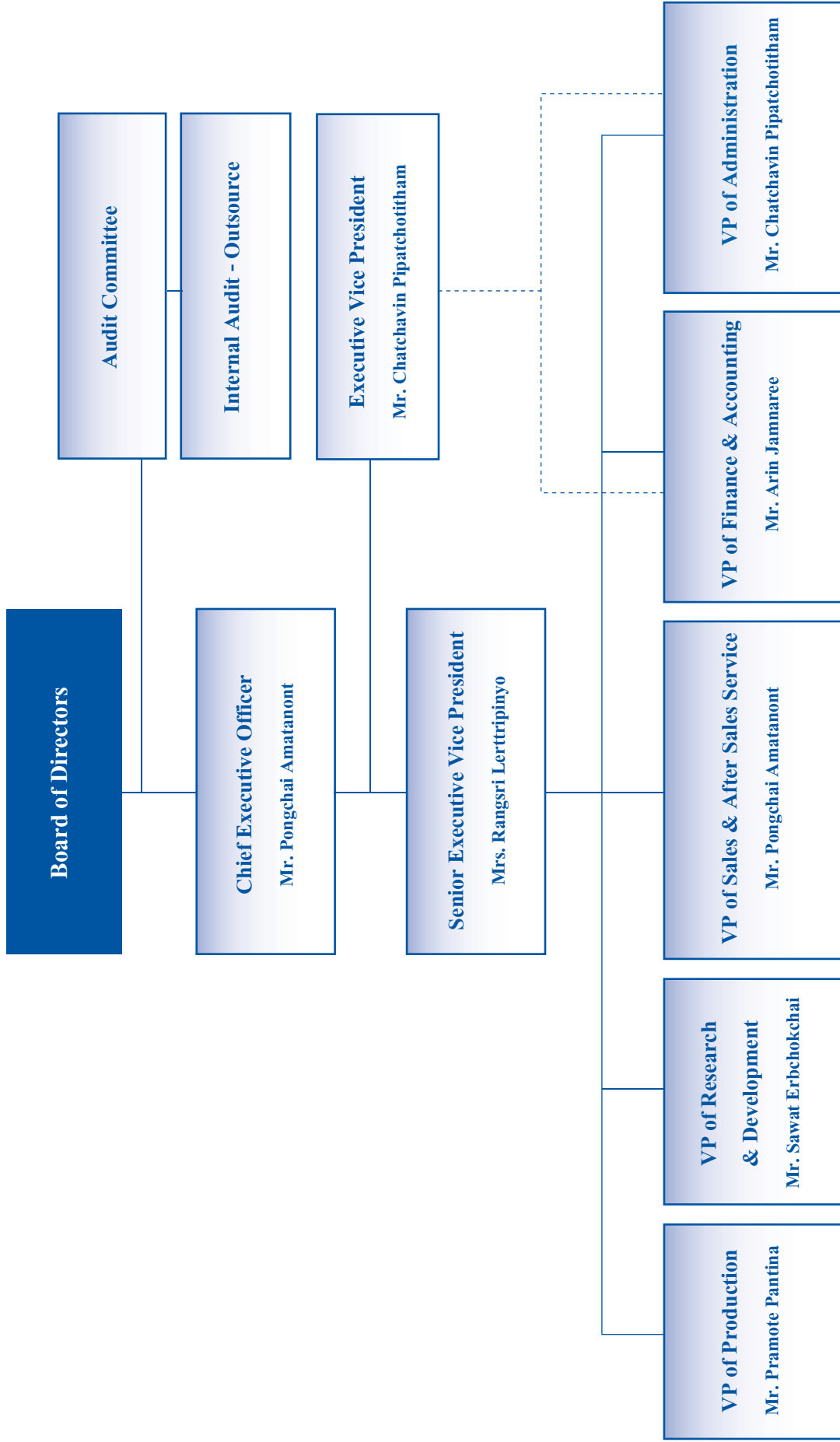
Mr. Pongchai Amatanont is the founder and Chief of Executive of the Company with experience in the business for a long time. He has vision as well as directly responsible for policy making, direction and marketing. Thus, if there are any changes to the Executive, the Company may confront with the business operation problems. The Company then established the organization chart for decentralization by appointing professional boards with more working experiences. As well as, the deputy executives' level could participate for making decision and direction. In addition, the Company decentralized management to subsidiaries and associates. However, he 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. This aims to reduce risk reliance on the Executive.

### 6.2 The risk from major shareholding group

In 2011, Amatanont's family was still the major shareholder of the Company with shareholding over half of the Company's paid-up capital. As a result, this family is able to manipulate the resolution of shareholders' meeting in every agenda; either appointment of directors, 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 votes 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 appointed the audit committee which has independent votes and has responsibilities to check and approve every agenda which are proposed to the shareholders in order to increase more transparency.

# MANAGEMENT STRUCTURE

As of 31<sup>st</sup> December 2011



# Management Structure

The Company's management structure is categorized in 3 groups as follows:

- Board of Directors
- Executive Directors
- Audit Committee

Details of each board are as follows:

## Board of Directors

The Board of Directors has 9 members which are composed with 6 executive directors or 67% of total board members and 3 independent directors or 33% of total board members.

List of board members as of 31 December 2011 was summarized as follows:

No.	Name	ตำแหน่ง
1.	Mr. Sanit Vorapanya	Chairman of the Board of Directors/Audit Committee/Independent Director
2.	Mr. Sutham Malila	Chairman of Audit Committee/Independent Director
3.	Ms. Nongram Laohaareedilok	Audit Committee/Independent Director
4.	Mr. Pongchai Amatanont	Director/Chief of Executive Officer
5.	Mrs. Rangsi Lerttripinyo	Director/Senior Executive Vice President/Corporate Secretary
6.	Mr. Kaelic Amatanont	Director
7.	Mrs. Matinee Wandeepirom	Director
8.	Mr. Boonya Tantipanichaphan	Director/Executive Director
9.	Ms. Chonthicha Siripongpreeda	Director

All members of the board have qualifications as required in the Public Limited Companies Act and/or the Securities and Exchange Act without unauthorized characteristics regarding the law and regulation of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

## Authorized Directors

Authorized directors, who can sign off on behalf of the Company, are Mr. Pongchai Amatanont co-signed with either Mr. Kaelic Amatanont or Mrs. Rangsi Lerttripinyo, or Mrs. Matinee Wandeepirom with the Company's seal.

### Duties and responsibilities of the Board of Directors

1. To ensure 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 the Company.
2. To arrange an Annual General Meeting of Shareholders within 4 months after ending of annual accounting closed period.
3. To provide for Board of Directors' meeting every three months.

4. To certify the Company's annual financial statements audited by its auditors and propose the financial reports to the AGM of Shareholders 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 the Company's 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 share 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 operation to comply with the Securities Exchange Act and the regulations of the Securities and Exchange Commission i.e. connected transactions or acquisition or disposal of assets in accordance with the SET and the related law and regulation.
8. Consider the structure of management, appoint Executive directors, managing director and other committees. Including evaluate the performance of managing director in order to follow up the progress in achievement of objective.
9. To 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 the AGM of Shareholders.

## Executive Directors

As of 31 December 2011, there are 3 executive directors which are as follows:

No.	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 the Company's mission, objectives, policy, regulation, condition, or any mandatory stated by the 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 of Directors for approval an annual capital expenditures budget or any adjustment in budgeting amount for the Company. If deemed appropriate by the Committee, review and recommend to the Board of Directors 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 Baht 20 million 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 the Board of Directors or mentioned in the 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 Baht 50 million.
6. Make recommendations to the Board of Directors regarding revisions to financial policy, marketing strategy, human resources 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. Assign authority to any committee or many committees or other person to perform any activities under the control of executive directors or assigned authority those person on appropriate judgment of Board of Direction in appropriate period. The Board of Directors may terminate, adjust or amend such a delegated authority to any other persons on any appropriate judgment.
9. Operate in other activities regarding to the Board of Directors 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 the AGM of Shareholders for consideration and approval according to any related regulations.

## The Definition of Independent Directors

Independent directors are those not under the influence of major shareholders or group of major shareholders and command the following qualifications:

1. Their shareholdings must not exceed 1% of all shares entitled to voting rights of the Company, the parent company, its subsidiaries, its associates or juristic entities in potential conflict with the Company. In this regard, the shares owned by persons related to them shall be counted as theirs.
2. They must not now be nor ever have been involved as executives, employees, hired workers, salaried consultants or anyone with controlling authority of the Company, the parent company, its subsidiaries, its associates or juristic entities in potential conflict with the Company, unless such association ended no less than 2 years before.
3. They are not independent directors of the group of companies i.e. the parent company, its subsidiaries and the listed companies which the shares held by the Company or its subsidiaries more than 50%.
4. They are not related by blood or registered as being parents, spouses, siblings or spouses of children of the executives, major shareholders, persons with controlling authority, or persons to be nominated as executives or persons of controlling authority in the Company or its subsidiaries.
5. They have no business relations with the Company, the parent company, its subsidiaries, its associates or juristic entities in potential conflict with the Company in ways that might impair their independent judgment. They must also not be nor have been major shareholders, directors other than independent directors, or executives of entities having business relations with the Company, the parent company, its subsidiaries, its associates or juristic entities in potential conflict with the Company, unless such association ended no less than 2 years before.
6. They have no other attributes that obstruct them from expressing opinion regarding the Company's operation independently.

The aboved qualification of independent directors must be equivalent to the qualification stipulated by the Securities and Exchange Commission except article 3 which higher than the regulation concerning the independent director 's qualification of Securities and Exchange Commission .

As of 31 December 2011, the Company's independent directors compose of 3 directors who are selected from 9 members of the 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:

No.	Name	Position
1.	Mr. Sanit Vorapanya	Independent Director
2.	Mr. Sutham Malila	Independent Director
3.	Ms. Nongram Laohaareedilok	Independent Director

## Audit Committee

The Board of Directors have a 2-years term. The Company has determined of the qualifications of the Audit Committee are as follows:

1. Each member must be independent committee
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 2011, there are 3 audit committees as follows:

No.	Name	Position
1.	Mr. Sutham Malila	Chairman of Audit Committee
2.	Mr. Sanit Vorapanya	Audit Committee
3.	Ms. Nongram Laohaareedilok	Audit Committee

The Audit Committee in rank no. 3<sup>rd</sup> is knowledgeable and sufficient experience to audit the reliability of financial statements.

### Duties and responsibilities for Audit Committees

1. To review financial statements in order to ensure that the financial statements are accurate and reliable.
2. To review the effectiveness and appropriateness of the internal control and internal audit system, independence of the internal audit function and endorsement of the appointment, transfer and termination of employment of the Internal Audit or other departments which are responsible to internal audit.



3. To review the firm's operations to see that they are in compliance with Securities and Exchange Act., Stock Exchange of Thailand regulations and standards as well as any regulation that related to business of the Company .
4. To consider selection and recommend to the Board on the appointment of external auditors and annual audit fees of the independent auditors. As well as attending at least one meeting a year with the external auditors without the presence of management.
5. To evaluate the connected transactions, or transactions with possible conflict of interests in relation to compliance with the laws and regulatory requirements, in order to ensure transparency of those transactions.
6. To prepare the Audit Committee's report which must be signed by the Audit Committee's Chairman and consist of at least the following information to be disclosed in the Company's annual report:
  - (1) an opinion on the accuracy, completeness and creditability of the Company's financial report.
  - (2) an opinion on the adequacy of the Company's internal control system,
  - (3) an opinion on the compliance with the law on Securities and Exchange, the SET's regulations, or the laws relating to the Company's business,
  - (4) an opinion on the suitability of an auditor,
  - (5) an opinion on the transactions that may lead to conflicts of interests,
  - (6) the number of the Audit Committee meetings, and the attendance of such meetings by each member of the Audit Committee,
  - (7) an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
  - (8) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
7. To perform any other act as assigned by the Board of Directors with approval of the Audit Committee.
8. If any following actions significantly affect the financial status or performance of the company, the Audit and Compliance Committee shall report to the Board of Directors for further improvement by the suitable time.
  - (1) Transaction that causes the conflict of interest
  - (2) Fraud or any significant irregular events or problems in the internal control system.
  - (3) The violation of Credit Information Law.

## Management Team

As of 31 December 2011, there are 6 members in the management team

No.	Name	Position
1.	Mr. Pongchai Amatanont	Chief Executive Officer/President of FORTH's affiliates/ Vice President of Marketing and after sale department
2.	Mrs. Rangri Lerttripinyo	Senior Executive Vice President/Company Secretary
3.	Mr. Chatchavin Pipatchotham	Executive Vice President/ Director of head office 's administration department
4.	Mr. Pramote Pantina	Vice President of Production Department
5.	Mr. Sawad Aerbchokchai	Vice President of Research & Development Department
6.	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 position of directors and taken into consideration through the AGM of Shareholders. The appointment of director position is 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 the meeting. The shareholders 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. To 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. To 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. To monitor the performance of the Company's plan and policy with regard to risk management policy.

5. To 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. To 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.

8. To authorize, regulate, inform, and record the business operation disciplines regarding the Company's policy in order to maintain the conduct in organization.

9. To 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 the subsidiaries 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 the AGM 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 the Company's operation. It is also in line with the remuneration in same industry. The Company set up remunerations for meeting attendance allowance and annual gratuity.

The directors' remunerations, which were approved by the AGM of Shareholders on 8th April 2011, were summarized below:

Meeting Attendance Allowance	Per each meeting attendance/ Baht
Chairman of the Board of Directors	33,000
Director	22,000
Chairman of audit committee	49,500
Audit committee	46,200

### Annual Gratuity

The budget shouldn't over 1 million Baht and allocated to non- executive Director and/or independent committee.

### Monetary Remuneration

Unit: Baht

Name	Board of Directors		Independent Director/Audit Committee	
	2011	2010	2011	2010
Mr.Sanit Vorapanya	132,000	129,000	518,133	511,933
Mr.Sutham Malila	88,000	86,000	531,333	526,833
Ms.Nongram Laohaareedilok	88,000	86,000	518,133	513,993
Mr.Pongchai Amatanont	88,000	86,000	-	-
Mrs.Rangsri Lertripinyo	88,000	86,000	-	-
Mr.Boonya Tantipanichaphan	88,000	86,000	-	-
Mrs.Matinee Wandeepirom	88,000	86,000	-	-
Mr.Kaelic Amatanont	88,000	86,000	-	-
Ms.Chonthicha Siripongpreeda	88,000	86,000	-	-
<b>Total</b>	<b>836,000</b>	<b>817,000</b>	<b>1,567,599</b>	<b>1,554,699</b>

Management Remuneration	2011	2010	2009
Executive Remuneration (Million Baht)	44.15	36.24	29.16
Executive Director (Persons)	11	11	10
Fringe Benefit	Salary, Social Security Fund, Provident Fund, Bonus, gas and car maintenance	Salary, Social Security Fund, Provident Fund, Bonus, gas and car maintenance	Salary, Social Security Fund, Provident Fund, Bonus, gas and car maintenance
Other welfares	Executive transportation and mobile phone	Executive transportation and mobile phone	Executive transportation and mobile phone

Other remuneration -NONE-

# Capital structure

As at 31<sup>st</sup> December 2011, the Company has registered capital of Baht 480 million, consisting of 960 million ordinary shares with a par value of Baht 0.5 each. The Company's issued and paid-up capital is Baht 480 million, consisting of 960 million ordinary shares with a par value of 0.5 Baht each.

## The list of shareholders as at 9 September 2011

Top ten shareholders of the Company as at 9 September 2011 was as follows:

Item	Name		No. of shares (shares)	% of shares
1	Amatanont Family		617,332,000	64.31
	Mr. Pongchai Amatanont	466,744,400		
	Mrs. Rangsi Lerttripinyo	58,515,500		
	Mr. Kaelic Amatanont	57,924,000		
	Mrs. Wantana Amatanont	34,089,600		
2	Mr. Poonsak Siripongpreeda		27,487,800	2.86
3	Mrs. Mathinee Wandeepirom		24,710,400	2.57
4	Mr. Boonyong Ninneunnont		23,889,000	2.49
5	Mr. Supat Pongrattanakul		18,940,000	1.97
6	Mrs. Wipawan Tantipanichaphan		13,350,000	1.39
7	Mr. Kamthorn Leelatheerakul		12,394,900	1.29
8	Mr. Boonya Tantipanichaphan		11,361,400	1.18
9	Mr. Vichai Thiangwatthanatham		10,456,000	1.09
10	Ms. Boonyanit Ninneunnont		10,421,000	1.09
	Others		189,716,000	19.76
	<b>Total</b>		<b>960,000,000</b>	<b>100.00</b>

# Corporate Governance

The Company's 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 conducts under good governance principle regarding the practice of the Stock Exchange of Thailand. The board, management and employees have already accepted and followed up the policies strictly in 2011 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, since fairly registered at the Stock Exchange of Thailand for example, the rights to buy, sell, or transfer shares, rights to receive dividend payment, the right to receive sufficient information in a timely manner, the right 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 auditors, the right to give opinions and enquiry of business matters of the Company during the shareholders' meetings, the right to set up in advance on agenda and nominate any external candidate for director 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 Shareholders

The Company has arranged the Annual General Meeting (AGM) of Shareholders for 2011 according to the regulations of the Stock Exchange of Thailand in accordance with the guidelines issued by the Securities and Exchange Commission and AGM Checklist. This checklist provides a convenient structured format for evaluating AGM arrangement. During 2011, Thai Investor Association assessed the result of AGM of Shareholders which received the excellent level with scoring 98.50 out of 100 scores from 416 listed companies which were assessed.

### Meeting venue

Along with the Company's Articles of Association, Annual General Meeting of Shareholders usually be arranged within 4 months since annual accounting closing date. The AGM of Shareholders for 2011 was held on April 8<sup>th</sup>, 2011 at 14.00 a.m., at Paronoma Ballroom 2, 14<sup>th</sup> Floor, The Emerald Hotel, 99/1 Ratchadapisek Road, Din Daeng, Bangkok.

#### • Before the meeting date

The Company arranged for delivery of the notice to call shareholders' meeting to Thailand Securities Depository Co., Ltd. (TSD), which is the Registrar of the Company. The shareholders received sufficient information on complete set of supporting documents for the meeting for their consideration more than 7 days prior to the meeting date. The attachment document is prepared to support shareholder decision on AGM 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. directors' biography, the definition of independent director in the director election agenda to replace the expired one, the directors' remuneration proposal.

- Detail in AGM of Shareholders processes and the right to attend the meeting, including a proxy form given to the independent directors of the Company identify the shareholders resolution on voting.
- The Company respect shareholders' right to attend AGM of Shareholder for 2011 and the agenda have not added or adjusted immediately without shareholder notice in advance.
- All of the information sent in document form was also posted on the Company's website ([www.forth.co.th](http://www.forth.co.th)) at prior to the meeting date so that shareholders received the information in a convenient and timely manner.

**• At the meeting date**

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 2011, 8 out of 9 directors (9 persons) attended the meeting, as 89% of total board members.
- Arrange to ensure that the agenda sequence is on schedule set up in the meeting notices.
- Offer all shareholders in equity 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 recorded completely.
- Chairmen of the meeting offered all shareholders an adequate time frame and conduct meeting flow appropriately and transparently then allow shareholders 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 vote, the chairman of the meeting should have a casting vote for judgment. Voting of special resolutions is to be complied with the Company's Articles of Association, laws or regulations of related regulators.
- The shareholders, which have special benefits from any agenda, are not permitted to vote on that agenda.
- The Company hired outsource law advisor as 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 2011, the inspector recommended that the Company has transparency in voting process conforming to the related law or regulations.

**• After the meeting date**

In 2011, the Company has announced AGM of Shareholders' agenda through the Stock Exchange of Thailand a day after meeting concerning the voting results on each agenda and reported AGM of Shareholders' 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 management to the Stock Exchange of Thailand and related regulators within 14 days as well as post all information in the Company's website ([www.forth.co.th](http://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:

### **1. 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 Company 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 the Company's website ([www.forth.co.th](http://www.forth.co.th)).

### **2. 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 AGM of Shareholders to propose matters to consider including as agenda items, per specified criteria by:

a) 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 the Company's website ([www.forth.co.th](http://www.forth.co.th)) or contact the Company directly.

b) 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 the Company's website.

### **3. 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:

- Having the qualification according to the Public Company Act, Securities and Exchange Act and the Good Corporate Governance of the Company.
- Being knowledgeable, experience and other qualifications as specified by the Company.
- Devoting time adequately and put effort with full capacities for the Company's benefit. It's a must to attend every meeting of the Board of Directors.
- 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 within specified date.

#### 4. Usage of inside information

The Company established regulation to limit the use of inside information to only for the middle and top management who has got involved with department in head office and factory section. For the approved financial statements will be kept by director of accounting and finance department. The other 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 the Company's business. Director and management must report their ownership of the Company's securities to the Securities and Exchange Commission.

#### 5. 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.

Additional, the directors and the executives must report the change of the Company's securities holding to the Securities and Exchange Commission in accordance with Section 59 of the Securities and Exchange Act B.E. 2535. They acknowledged the punishment pursuant, also required to be disclosed is the change in ownership of assets by a spouse and immature children. The directors and management must send a copy of the notification to the Company on the same date the notification is submitted to the Securities and Exchange Commission. The notification is required to be submitted within 3 working days.

#### 6. 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. Investors, 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 , Telefax : 02-615-0615

website: <http://www.forth.co.th/th/investor>

Email : [investor@forth.co.th](mailto:investor@forth.co.th)

## Section 3 Roles of Stakeholders

The Company always consider the particular emphasis on the equal rights of all stakeholders i.e., shareholders, customers, employees, business partners, debtors, suppliers, and society. The Company treats to the above-mentioned stakeholders as follows:

#### 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 the Company's 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 benefits including the safety of our employees.

- Welfare and fringe benefits 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: 2000 quality standard system which was certified by SGS Standard Institution of Thailand. 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: 0-2615-0600

Fax: 0-2615-0606 ext. 2199

Email: [service@forth.co.th](mailto: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, management 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.

#### **Loan creditors**

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 lenders 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**

Apart from being the manufacturer of telecommunication and electronic products, the Company also recognizes the important of Corporate Social Responsibility for creating sustainable economy and society in Thailand. Moreover the Company arranged activity plan to meet the standard of social responsibility in order to generate the sustainable development into organization. There are many activities which emerged in 2011 as follows:

- Developed community landscape and planted tress to commemorate Her Majesty The Queen's Birthday.
- Blood donation policy.
- Assisted unprivileged students in remote areas's project by donating educational material and equipment to school.
- Offered Buddha Lent Candles and merit marking ceremony in Buddhist Lent Day at Yansakawan temple.
- Donated food supplies and aids bags to flood victim as well as recover all telephone network at flood area.

#### **Environment**

Our factory 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.

#### **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 corporate secretary as mentioned address below, and then the corporate secretary will review and process their appeal to audit committee, independent director, or management for improvement or correction as follows:

1. The appeal from shareholders will be process to audit committee or board committee or can contact directly to chairman/audit committee via the Company's address.
2. The appeal from customers, counterparty or external person will be process to management to solve the problem then report to board committee later.

3. The appeal from creditors will be process to management 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 corporate secretary**

Forth Corporation Public Company Limited  
 226/12,13,16, Phaholyothin Road Samsennai, Phayathai, Bangkok, 10400  
 Tel: 0-2615-0600  
 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 the Company's financial information and operating performance, and non financial by download financial statements, annual report and form 56-1 from related agency website e.g. SET, SEC or the Company's website (www.forth.co.th) that has been periodically update.

During 2011, The Company has arranged the Company visiting for any groups to visit factory for example, shareholders, reporters, financial institutions, customers or educational institutes and etc. In addition, the Company realized the important of information disclosure to investors and stakeholders, so we has develop the effectiveness of the disclosure procedures that always comply with the regulations of SET and SEC in annual report and AGM invitation to clarify the roles and duties of the Board of Directors and audit committees, the number of meetings held and the number of times each director attended board meetings in the previous year including the audit committee recommendation and advice. The board committee responsibility to financial reports has been declared with auditor's reports.

### Record of Director's attendance at meetings in 2011

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. Chonticha Siripongpreeda	4/4
8.	Mr. Sutham Malila	4/4
9.	Ms. Nongram Laohaareedilok	4/4

## Record of Audit Committee's attendance at meetings in 2011

No.	Name	Attendance / Meeting
1.	Mr. Sutham Malila	4/4
2.	Mr. Sanit Vorapanya	4/4
3.	Ms. Nongram Laahaareedilok	4/4

## Section 5 Responsibilities of The Board of Directors

### The Board of Directors' structure

There are 9 members of the 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 SEC law (independent director responsibility name list and duty of the Board of Directors and selection process has clarified in section of "the Management structure of Organization" inside this annual 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 Chief Executive Officer and the qualification and state term of service of each director in detail on the annual disclosure form (form 56-1) which can be download from [www.set.or.th](http://www.set.or.th) the Company's website ([www.forth.co.th](http://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 statements, review the Company's business compliance, review internal control system, reveal inside information disclosure on connected transaction or conflict of interest. The qualification and duty in detail has described in organization structure section in the annual disclosure form (from 56-1).

### Code of conduct

The Board of Directors promoted to arrange the code of conduct of business operation for directors, management and employees for their working practices with promptly responsibilities. The objectives of the 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.

## **Corporate Secretary**

The Board of Directors appointed Mrs. Rangsi Lertripinyo to be the Company's secretary. She is responsible for as follows:

1. Provide basic suggestion to directors which get involved with related laws and regulations including always report the change and the practice of laws and regulations.
2. Arrange the meeting regarding the laws and regulations. Handle and keep the document of meeting including coordination of directors' practices and shareholders resolution with efficiency.
3. Take care of the information disclosure to related units.
4. Provide to arrange new directors' orientation and training session for directors and management.
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 management.

## **Guideline for Remuneration of the Board of Directors and management**

Determination of remuneration for the Board of Directors and/or management 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 the AGM, one third or approximately one third of the Board of Directors of the Company 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 of Shareholders of the next year.

## **Self-Assessment of the Board of Directors**

The Board of Directors arrange their self-evaluation of the work performance to increase the quality and understanding of the joint cooperation of the Board of Directors.

## **Development of directors and management**

The Board of Directors provide the new directors' orientation to facilitate them understand the basic of the Company business operation and related laws and regulations. Besides, the Board of Directors has a policy to encourage all directors, top management and corporate secretary to participate in training relating to good corporate governance. Such training shall be consistently help both internally and by outside institutions such as the Stock Exchange of Thailand, the Securities and Exchange Commission or Thai Institute of Directors (IOD).

## **Succession Plan**

The Board of Directors established the policy, basic of the selection of management and succession plan for emergency case or retirement of the management 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 top management the Company would supply basic company information such as the structure of the organization, operational style, main products, rules, regulations and laws relevant to the Company including the Securities and Exchange Commission and the Stock Exchange of Thailand's regulations and laws. These will 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. In addition, directors and management must report the ownership of the Company's securities to the Securities and Exchange Commission regarding the Securities and Exchange 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 immature children. The directors and management 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.

According to the practice of corporate governance in above mentioned along with the result of corporate governance assessment of listed company in 2011 which assessed by Capital Market Development Fund Institute, the Stock Exchange of Thailand and the Securities and Exchange Commission. The Company received an average scoring 89% which was categories as follow:

Section	Scoring		
	The Company	The overall Listed Company	SET50 Index
The Rights of Shareholders	89%	90%	95%
The equitable treatment of shareholders	92%	85%	88%
The Role of Stakeholders	72%	61%	85%
Disclosure and Transparency	91%	89%	94%
The responsibility of Board	61%	64%	78%
Overall average scoring	82%	77%	88%

The Company will take the above assessment result to develop corporate governance of the Company afterward.

# Human Resource Management and Development

Forth Corporation Public Company Limited has recognized the importance of improving employee quality of life, as employees are the most valuable resource that makes the difference in organization success. Our organization, we put the emphasis on recruitment and selection that we believe it is the first step towards creating the competitive strength and the strategic advantage for the organization.

## The number of employees and remunerations

The number of employees (excluding directors and management) of the Company and its subsidiaries is summarized below:

No.	Operation Center	2011		2010		2009	
		Number (person)	Amount (million Baht)	Number (person)	Amount (million Baht)	Number (person)	Amount (million Baht)
1	Forth Corporation Public Co., Ltd.	1,192	260.75	1,164	255.17	1,130	205.50
2	Electronic Source Co., Ltd.	188	75	144	71.37	145	59.36
4	Genius Traffic System Co., Ltd.	164	46.27	154	39.77	127	30.22
5	JV Genius	33	8.11	65	7.86	54	9.87
6	Forth Smart Service Co., Ltd.	124	25.64	88	16.14	43	3.22
7	Forth Consulting Co.,Ltd.	62	13.35	-	-	-	-
8	Thai Industrial Water Co., Ltd.	-	-	-	-	1	1.15
	<b>TOTAL</b>	<b>1,763</b>	<b>429.12</b>	<b>1,615</b>	<b>390.31</b>	<b>1,500</b>	<b>309.32</b>

During the past 3 years, the Company didn't have any significant labor dispute that would be negative impact to the Company.

## Other remunerations

The Company and its subsidiaries as well as their employees have jointly established provident fund in accordance with the Provident fund Act B.E.2530. The Company and its subsidiaries contribute to the fund monthly at the rate of 3% of basic salary.

## Human Resource Development Policy

The Company not only offers employees a wide spectrum of training programs, consist of personal development program, general seminar as well as specialized training programs to help employees build best competencies, but also focusing on building a great work place. The great work place will further enhance employee satisfaction and increase work efficiency.

# Dividend Policy

The Company has established the policy to pay dividends to the shareholders at the rate of not less than 40% of the net profit after corporate income tax, accumulated loss brought forward (if any) and appropriation of statutory reserve in accordance with the Company's separate financial statements. 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 reserve on circulating capital of the operating of the organization. The subsidiaries hold the policy to pay dividends at the rate of not less than 20% of the net earnings after corporate income tax of their financial statements depending on the investment plan and the expanding of the business of the subsidiaries well as other necessity and propriety.

In 2011, the Company has net profit of the separated financial statements amounting to Baht 394,919,950.90. The Board of Directors have already considered to propose to the shareholders' meeting for dividend payment approval for the year ended 31<sup>st</sup> December 2011 at the rate of Baht 0.29 per share, a total of Baht 278.40 million. It included with an interim dividend payment for the first half year of 2011 at the rate of Baht 0.12 per share. The total amount of interim dividend payment was Baht 115.2 million. Therefore the balance of dividend payment in this period will be paid at the rate of Baht 0.17 per share amounting to Baht 163.2 million.

The record date to determine shareholders' name for the right to receive the dividend is scheduled on 11<sup>th</sup> April 2012 in respect to Clause 225 of the Securities and Exchange Act. The closing date of shareholders register book will be on 12<sup>th</sup> April 2012. The dividend shall be paid on 27<sup>th</sup> April 2012.

Table: The comparison of dividend payment over the past 3 years was as follows.

	Operating results		
	2011 (Proposed)	2010	2009
Number of ordinary shares (Million Shares)	960	960	960
Net profit (loss) (Million Baht)	395	346	122
Net profit (loss) per share (Million Baht)	0.41	0.36	0.13
Total dividend per share (Baht/Share)	0.29	0.27	-
Interim dividend (Baht/Share)	0.12	0.12	-
Dividend payment's date	10 September 2011	10 September 2010	
Annual dividend (Baht/Share)	0.17	0.15	-
Dividend payment's date	27 April 2012	6 May 2011	
Total dividend payment (Million Baht)	278.4	259.2	-
Dividend payment rate (%)	70 <sup>(1)</sup>	75 <sup>(1)</sup>	-

<sup>(1)</sup> Remark The dividend payment rate shall be paid in accordance to the Company's dividend policy at the rate of not less than 40% of the net profit after corporate income tax and accumulated loss brought forward in accordance with the Company's separate financial statements.





# Connected Transactions

According to the consolidated financial statements for the year ended 31 December 2011, the Company and its subsidiaries have business transactions with persons and companies that possibly have conflict of interest as follows:

Companies or persons that possibly have conflict of interest	Relationship	Transaction type	Value (Baht) For the year ended 31 December 2011	Descriptions and Conditions of Items	Audit Committee's opinion regarding necessity reasonability of Items
Mr. Pongchai Amatanont	<ul style="list-style-type: none"> <li>Director of the Company</li> <li>The Company's shareholder with 52.17% shareholding (including spouses and immature children)</li> </ul>	Rental expenses	240,000.00	<p>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 11 to 30 April 14. 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.</p>	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.
Mr. Poonsak Siripongpreeda	The Company's shareholder with 2.86% shareholding	Rental expenses	240,000.00	<p>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 05.</p>	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.
		Rental expenses	-	<p>Khun Poonsak offered ES to use a unit of building on Baan Mo road to be office with gratuitousness.</p>	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 not compared to market price.



Companies or persons that possibly have conflict of interest	Relationship	Transaction type	Value (Baht) For the year ended 31 December 2011	Descriptions and Conditions of items	Audit Committee's opinion regarding necessity reasonability of items
Mrs. Rangsi Lerttripinyo	<ul style="list-style-type: none"> <li>• Director of the Company</li> <li>• The Company's shareholder with 6.10% shareholding (including spouses and immature children)</li> </ul>	Rental expenses	540,000.00	The Company leases 3 floors building with 3 arched units located on 226/13-15 Phayathai, Bangkok from Khun Rangsi to be the head office of the Company. The period started from 1 Jan 10 to 31 May 12 with 3 years of rental period. The monthly rental fee is amount of 45,000 Baht. 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.
		Rental expenses	180,000.00	The Company leases 3 floors building with 2 arched units located on 1031/3-4 Phayathai, Bangkok from Khun Rangsi 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.
Genius Electronic Meter Co., Ltd. (GEM)	45% shareholding held by the Company	Account receivable <ul style="list-style-type: none"> <li>- Beginning of year</li> <li>- Sold during the year</li> <li>- Value Added Tax</li> <li>- Rental revenues</li> <li>- Decrease during the year</li> <li>- End of year</li> </ul> Account Payable <ul style="list-style-type: none"> <li>- Beginning of year</li> <li>- Purchased during the year</li> <li>- Value Added Tax</li> <li>- Rental expenses</li> <li>- Decrease during the year</li> <li>- End of year</li> </ul>	19,117,584.82 2,695,246.35 188,667.24 720,000.00 (8,218,876.18) <u>14,502,622.23</u>  166,743.51 59,867,894.90 4,190,752.64 360,000.00 (64,508,289.47) <u>77,101,58</u>	The regular business transaction and it is compared to market price.	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.



Companies or persons that possibly have conflict of interest	Relationship	Transaction type	Value (Baht) For the year ended 31 December 2011	Descriptions and Conditions of items	Audit Committee's opinion regarding necessity reasonability of items
Genius Electronic Meter Co., Ltd. (GEM) (Continued)		Loans and interest receivable - Beginning of year - Additional loan - Interest income - Received payment - End of year Interest income Rental revenues	0.00 24,320,726.49 136,026.73 (17,943,697.07) <hr/> 6,513,056.15 <hr/> 136,026.73 720,000.00	<p>The Company provided loan to GEM for their working capital. In case GEM couldn't have enough credit facility for their operation.</p> <p>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 10 to 28 Feb 11 with 1 year of rental period. The rental rate is 60,000 Baht per month. The renewal of rental contract started from 1 March 11 to 28 Feb 12 at the same rental charge. The appraisal price from independent appraiser is equal to 55,000 Baht per month accordance with the report dated 20 May 05.</p> <p>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 10 to 28 Feb 11 with 1 year of rental period. The rental rate is 30,000 Baht per month. The renewal of rental contract started from 1 Mar 11 to 28 Feb 12 with the same rental charge. The appraisal price from independent appraiser is equal to 55,000 Baht per month accordance with the report dated 20 May 05.</p>	<p>This transaction is financial assistant by offered interest rate referenced from the Company's finance cost that received from financial institutes .</p> <p>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.</p> <p>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.</p>



Companies or persons that possibly have conflict of interest	Relationship	Transaction type	Value (Baht) For the year ended 31 December 2011	Descriptions and Conditions of Items	Audit Committee's opinion regarding necessity reasonability of Items
Forth Tracking System Co., Ltd. (FTS)	34% shareholding held by the Company	Account Receivable - Beginning of year - Sold during the year - Value Added Tax - Decrease during the year - End of year Account Payable - Beginning of year - Purchased during the year - Value Added Tax - Decrease during the year - End of year	5,360,952.27 4,618,119.52 323,268.37 <u>(6,040,134.98)</u> 4,262,205.18 40,660.00 110,300.00 7,721.00 <u>(41,088.00)</u> 117,593.00	The regular business transaction and it is compared to market price.	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.
Mindmap Commtech, (MCI)	40% shareholding by the Company	Account Receivable - Beginning of year - Sold during the year - Value Added Tax - Decrease during the year - Unrealised exchange gain (loss) - End of year	2,055,042.00 29,635,438.98 0.00 <u>(13,123,775.96)</u> 383,503.35 <u>18,950,208.37</u>	The regular business transaction and it is compared to market price.	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.

# Management Discussion and Analysis

## Operating results of the Group

Unit :Million Baht

	2011	2010	Increase (decrease)	Variance (%)
Sales	6,543	9,619	(3,076)	(31.98)
Service income	545	301	244	80.26
Revenue from project works	1,782	1,624	158	9.73
Other income	15	89	(74)	(83.15)
Total revenues	8,885	11,633	(2,748)	(23.62)
Gross profit	1,185	847	338	39.91
Operating profit	555	413	142	34.38
Net profit	370	318	52	16.35

In 2011, the Group had total revenues Baht 8,885 million decreased by Baht 2,748 million compared to total revenues in 2010 at Baht 11,633 million as the result of the decreasing electronics turkey contract with one major client, Western Digital (Thailand).

However, the Group had net profit of Baht 370 million in 2011, increased by 16.35% compared to net profit in 2010 of Baht 318 million. Since the increase of net profit was from the sale of SAP license for Metropolitan Electricity Authority (MEA). In 2010, the Company has already recorded loss provision of ERP project of Baht 116 million and the Company didn't liable for loss of such project as this project has already been approved by MEA since the second quarter of 2011.

### Revenues

The structure of the Group's revenues consists of 4 business operations as follows:

(1) Electronics Manufacturing Services business are manufacturing and distribution of telecommunication and electronics equipment under customer brands and also distribution of electronics parts.

(2) Telecommunication business are manufacturing, distribution and installation of telecommunication and electronics's products, and telecommunication solution.

(3) Technology related business are manufacturing, distribution and installation of traffic light system and equipment, CCTV, electronic boards, collection of advertising fee and also the development and implementation of ERP.

(4) Retail business are online top-up services and topping-up the prepaid mobile phones.

	2011		2010	
	(Million Baht)	%	(Million Baht )	%
<b>Major revenues</b>				
Electronics Manufacturing Services business				
- Manufacturing and distribution of telecommunication and electronic equipments under customers' brand	4,760	53.57	8,251	70.92
- Distribution of electronics parts	701	7.89	735	6.31
Telecommunication business	1,636	18.41	1,782	15.31
Technology related business				
- Manufacturing, distribution and installation of traffic light system and equipment, CCTV and electronic boards.	793	8.93	593	5.10
- The development and implementation of ERP	611	6.88	15	0.17
- Others	28	0.31	31	0.25
Online top-up services and topping-up the prepaid mobile phones	341	3.84	137	1.17
<b>Total revenues from major business</b>	<b>8,870</b>	<b>99.83</b>	<b>11,544</b>	<b>99.23</b>
Other income **	15	0.17	89	0.76
<b>Total revenues</b>	<b>8,885</b>	<b>100.00</b>	<b>11,633</b>	<b>100.00</b>

Note \*\* Other income included gain on exchange rate, rental income and etc.

### The analysis of changing revenues classified by business operations as follows:

1. The revenue from telecommunication business

In 2011, the Company generated revenue from telecommunication business, amounted to Baht 1,636 million which decreased by Baht 146 million compared to previous year. Those changing were considered as non significant issue.

2. The revenue from Electronics Manufacturing Services business

In 2011, the Company generated revenue from EMS business, amounted to Baht 5,461 million which decreased by Baht 3,525 million or 39.23% compared to previous year. As one major client, Western Digital has been affected by severe floods in many areas of Thailand during the fourth quarter of 2011. Therefore it has affected to the Company on part of revenues from Western digital amounted to Baht 4,638 million which decreased by Baht 3,432 million or 42.53 % compared to Baht 8,070 million of 2010.

3. The revenue from technology related business

In 2011, the Company generated revenue from technology related business, amounted to Baht 1,432 million which increased Baht 793 million or 124.10%. Mainly derived from sale of SAP license and maintenance services for Metropolitan Electricity Authority, amounted to Baht 394 million as well as revenue from implemented ERP system, and amounted to Baht 212 million for Metropolitan Electricity Authority.

4. The revenue from online top-up services and topping-up the prepaid mobile phones

In 2011, the Company generated revenue from online top up service, amounted to Baht 341 million, which increased by Baht 204 million or 148.91% because the number of kiosks has increased from 8,000 to 13,000 kiosks or increased by 5,000 kiosks.

5. Other income

In 2011, the Company generated other income, amounted to Baht 15 million which decreased by Baht 74 million or 83.15%. In 2010, the Company generated profit from sale of subsidiary, amounted to Baht 30 million and gain on exchange rate amounted to Baht 32 million.

**Costs and expenses**

Unit: Million Baht

	2011	2010	Increase (decrease)	% variance
Cost of sales	5,798	8,978	(3,180)	(35.42)
Cost of services	388	174	214	122.99
Cost of project works	1,499	1,546	(47)	(3.04)
Selling and administrative expenses	644	521	123	23.61
Financial cost	145	76	69	90.79
Total expenses	8,474	11,295	(2,821)	(24.96)

**Cost of sales/Cost of services/Cost of project works**

In 2011, cost of sales/cost of services/cost of project works were Baht 7,685 million, decreased by Baht 3,010 million or 28.16 % in the same direction with declining income. During 2010, the Company recorded loss provision from ERP project, amounted to Baht 116 million. However the Company didn't liable for loss of such project as this project has been already approved by Metropolitan Electricity Authority since the second quarter of 2011.

**Selling and administrative expenses**

Selling and administrative expenses increased by Baht 123 million or 23.61 % which mainly derived from cost of production amounted to Baht 24 million which included administrative cost instead of production cost. As the impact of severe floods in the fourth quarter of 2011, the Company therefore decreased production line. In addition, allowance for doubtful account receivable and other receivable increased by Baht 20 million and also allowance for impairment of the right to derive benefit from the genius traffic boards increased by Baht 16 million.

**Finance cost**

In 2011, finance cost was Baht 145 million, increased by Baht 69 million or 90.79% which derived from increased loan interest rate and also increased loan in working capital.

**Financial position**

**Assets**

Unit: Million Baht

	2011	2010	Increase (decrease)	% variance
Current Assets	4,602	5,558	(956)	(17.20)
Non-current Assets	894	894	-	-
Total Assets	5,496	6,452	(956)	(14.82)

As at 31 December 2011, the Group's assets was Baht 5,496 million, decreased by Baht 956 million compared to 2010 due to the decreasing of current assets amounted to Baht 956 million. Mainly it derived from the account receivable and inventory of turkey project of Western Digital that decreased significantly. When Western Digital affected from severe floods, it would be impacted to the Company to reduce production in response to those situation.

### The quality of assets

#### Accounts receivable

Accounts receivable exclude related parties as at 31 December 2011 and 2010 were Baht 1,328 and 2,055 million, respectively. The Group's policy granted 30-90 days credit term for customers. The following table showed accounts receivable aging in each range:

Unit: Million Baht

	Consolidated financial statements	
	2011	2010
Not yet due	797	1,445
Over due		
Less than 3 month	213	390
3-6 months	61	36
6-12 months	184	92
More than 12 months	117	140
Total	1,372	2,103
Less: allowance for doubtful accounts	(44)	(48)
Net accounts receivable	1,328	2,055

As at 31 December 2011 and 2010, the Group recorded the allowance of doubtful accounts, amounting to Baht 44 million and 48 million, respectively. The Group's policy on allowance for doubtful accounts is based on historical collection's experience, aging debt and also economic situation at that circumstance. The Group believed that allowance for doubtful accounts was adequate in the current circumstances.

#### Inventories

Unit: Million Baht

	Consolidated financial statements	
	2011	2010
Raw Materials	484	651
Work in process	126	258
Project in process	89	614
Finished goods	475	585
Goods in transit	1	12
Total	1,175	2,120
Less: Allowance of diminution in value	(142)	(373)
Net inventories	1,033	1,747



As of 31 December 2011 and 2010, the Group had an allowance of diminution in value amounted to Baht 142 million and Baht 373 million, respectively with consisted of an allowance of diminution in value of other products amounted to Baht 142 million. (2010: allowance of diminution in value of ERP projects amounted to Baht 263 million and also diminution in value of other products amounted to Baht 110 million).

In 2005, the Company signed contract with consortium to develop project of Enterprise Resource Planning (ERP), Customer Service System (CSS) and Billing system for Metropolitan Electricity Authority (MEA) which was valuing to Baht 549 million. The Company had 69% of the project's interests or Baht 379 million but the partners deserted their responsibilities so the project must be delayed over contract agreed upon which be completed within 28<sup>th</sup> October 2007. However the Company received waiver notification from MEA to extend the operation to be operated until 2<sup>nd</sup> June 2010. The impact arising from the issue mentioned above was that the Company must bear project costs in part of 2 joint ventures and also as the manager of this project in order to process project until completion. Therefore project costs were higher than revenue of project. Consequently the Company has to estimate and record loss provision on project until the completion of the project amounted to Baht 624 million. As of December 31<sup>st</sup> 2010, the allowance for diminution of project value and the provision for expected loss was Baht 263 million and Baht 14 million, respectively. However, in the second quarter of 2011, MEA has already approved the projects. The Company therefore recognized revenue, amounted to Baht 212 million, the cost of related project was Baht 454 million as well as reverse diminution in value of above project, amounted to Baht 277 million by recognized deduction of project cost in income statement for 2011.

### The right to derive benefit from the genius traffic boards

In 2011, JV Genius determined the recoverable benefit's rights from genius traffic board by cash flow projection which was calculated by discounted present value. It recognized that its recoverable amount was lower than its book value amounted to Baht 16 million. Therefore, JV Genius recognized asset impairment of Baht 16 million in income statement of 2011.

### Source of Fund

#### Liabilities

Unit: Million Baht

	2011	2010	Increase (decrease)	% Variance
Current Liabilities	3,962	4,960	(998)	(20.12)
Non-current Liabilities	104	169	(65)	(38.46)
Total Liabilities	4,066	5,129	(1,063)	(20.73)

As at 31 December 2011 and 2010, the Group had total liabilities amounting to Baht 4,066 million and Baht 5,129 million, respectively, which decreased by 20.73% . Mainly it derived from decreasing account payable that related to turnkey project of Western Digital in the same direction of decreasing account receivable and also inventory of related turkey project of Western Digital. In addition, the Company received long-term loans, amounted to Baht 350 million for working capital and also asset purchases along with long-term loans repayment with amount of Baht 195 million.

In accordance with long-term loan with one commercial bank required the Company to maintain some financial ratio. Although the Company couldn't maintain those financial ratio as of December 31<sup>st</sup> 2011, the Company requested to waive those condition and the bank agreed to waive in February 2012. In order to comply with generally accepted accounting standard, the Company must record those mentioned loan, amounted to Baht 150 million as current liability as of December 31<sup>st</sup> 2011.

The Group could repay loan to meet term agreed upon. The details of loan repayment schedule were listed in the notes 16 and 18 to financial statements.

### Shareholders' equity

As at 31 December 2011 and 2010, the Group shareholders' equity was Baht 1,430 million and Baht 1,323 million, respectively, increased by Baht 107 million because the net profit in 2011 was Baht 371 million as well as capital received from minority shareholders of a subsidiary with amount of Baht 1 million. Meanwhile, the proportion of the Group's shareholders decreased due to dividend payment of Baht 259 million as well as adjustment of cumulative effect from changing accounting policy of employee's benefit with amount of Baht 6 million.

### The appropriate of capital structure

Debt to equity ratio of the Group in 2011 was 2.8:1 which decreased from 2010 at rate of 3.9: 1 as the result of decreasing of asset and liability that related to turnkey project of Western digital as mentioned above.

## Liquidity

### Cash Flows

Unit: Million Baht

	2011	2010
Cash flow from (used in) operations	239	(953)
Cash flow used in investing	(226)	(207)
Cash flow from (used in) financing	11	1,205

In 2011, the Group's cash flow from operations was Baht 239 million. As the result of severe floods in fourth quarter of 2011 affected to decreasing of production and also decreased demand of working capital which resulted in increasing cash flow from operation.

The Cash flow used in investment of 2011 was Baht 226 million. Majority of cash was spent for asset purchases for example investment in top-up kiosk and spare parts of a subsidiary. As well as granting loan to associates and also increased investment in associated company.

The cash flow from financing for 2011 was 11 million. It mainly derived from cash flow of short-term and long-term loans for working capital were Baht 463 million and increased capital from minority shareholders of a subsidiary amounted to Baht 2 million and repayment of long-term loans amounted to Baht 195 million and also dividend payment amounted to Baht 259 million.

### Liquidity Ratios

The Group's current ratio at the end of 2011 was 1.2: 1, closely similar to previous year's ratio (2010: 1.1: 1) as the result of changing rate in current assets to current liabilities related in the same direction and also similar proportion.

For acid ratio at the end of 2011 equaled to 0.4: 1 was same as year 2010 as result of the changing rate in liquid assets to current liabilities related in the same direction and also similar proportion.

For auctions of public sector's project that required tender guarantee for each project, it wouldn't impact to liquidity of the Group as the Group has good relationship with financial institutes for supporting any tender guarantee.

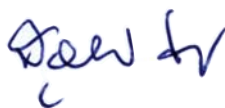
## Audit Committee Report

The Audit Committee, nominated by the Board of Directors, consists of three independent directors. They have performed their role with expertise under their authority, role and responsibility in compliance with good practices of audit committee. In 2011, the audit committee arranged four meetings. All members of audit committee have completely attended meeting with key members of management, external auditors, and compliance to present proposal and recommendation on related agenda that was summarized as follow:

1. To monitor quarterly and annual financial statements for 2011 before proposing to the Board of Directors for certify and approve of its accuracy in accordance with generally accepted accounting standards as well as sufficient disclosure.
2. To review the audit plan and acknowledge the result of audit plan as well as the recommendations from internal audits in related to analysis of internal audit control system. Proposing to the Board of Directors for any implementation as appropriate along with follow up the progressive improvement and implementation for any deficiencies as well as ensure that internal audit controlling was efficiency with considering on the effectiveness of the Company's risk management.
3. To monitor for ensuring that the Company complied with good practices for listed company under the promulgation of the Stock Exchange of Thailand including compliance with regulations and laws related to Company's business.
4. To review and propose opinion on connected transactions or conflict of interest transactions as well as consider the correctness and completion of information disclosure.
5. To assessed the independence of auditors and consider the appointment and remuneration of auditors for 2011.
6. To conduct a self-assessment for 2011. The result was satisfied and has already reported to the Board of Directors.

Overall, the quarterly and annual financial statements including financial reports are arranged in accordance with the generally accepted accounting standards. Including the disclosure of related transactions are correct and sufficient. In addition, the Company provided an internal control system with an efficient auditing mechanism as well as balancing system. Through, the Company seized the practices regarding to the laws and regulations of the Stock Exchange of Thailand, corporate governance, business ethics and related business laws.

According to the financial statements for the year ending 31 December 2012, audit committees proposed Ernst & Young Office Limited to pursue being the Company's auditor same as the prior year since the Office is a reputable auditing firm and also be recognized best practice on auditing standards. The appointment of the Company's auditor will be proposed to the Annual General Meeting of Shareholders for 2012 which will be held in March 2012 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 prepared in accordance with generally accepted accounting principles by consistently conforming to appropriate accounting policy with sufficient information and regular practices including arrangement with prudent judgments and best estimation. The sufficient disclosure of information was provided in the notes to the financial statements for the shareholders and general investors' interests with transparency.

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 in accordance with SEC regulations. They are responsible for financial statements' quality and internal control system. Their opinions of audit committees appeared in the report of audit committees which was attached in annual report.

The Board of Directors believed that the consolidated financial statements for the year ended 31 December 2011, which the audit committees have already reviewed with the management and the Company's auditors, demonstrated the financial position and operating results accurately in accordance with generally accepted accounting principles.



(Mr. Sanit Vorapanya )  
Chairman of the Board of Directors



(Mr. Pongchai Amatanont)  
Chief of Executive Officer

# Report of Independent Auditor

To the Shareholders of Forth Corporation Public Company Limited

I have audited the accompanying consolidated statement of financial position of Forth Corporation Public Company Limited and its subsidiaries as at 31 December 2011, and the related consolidated statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and have also audited the separate financial statements of Forth Corporation Public Company Limited for the same period. 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 audit. The consolidated financial statements of Forth Corporation Public Company Limited and its subsidiaries and the separate financial statements of Forth Corporation Public Company Limited as at 31 December 2010 and for the year then ended, as presented herein for comparative purposes, were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under her report dated 25 February 2011, expressed an unqualified opinion on those financial statements.

I conducted my audit 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 statement presentation. I believe that my audit provides 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 2011, and the results of their operations, and cash flows for the year then ended in accordance with generally accepted accounting principles. Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 to the financial statements. During the current year, the Company and its subsidiaries adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of the financial statements.



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok: 20 February 2012

# Statements of financial position

## Forth Corporation Public Company Limited and its subsidiaries

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	134,617,444	110,861,810	54,496,496	63,752,519
Trade and other receivables	8, 9	1,426,907,444	2,132,114,698	1,664,550,277	2,255,180,717
Short-term loans to related parties	8	6,500,000	-	251,600,000	268,000,000
Unbilled receivables		1,740,353,306	1,272,738,173	846,278,921	599,804,378
Inventories	10	1,032,937,644	1,747,450,015	766,467,212	1,307,816,256
Other current assets		260,805,760	294,629,696	141,100,315	185,087,378
<b>Total current assets</b>		<b>4,602,121,598</b>	<b>5,557,794,392</b>	<b>3,724,493,221</b>	<b>4,679,641,248</b>
<b>Non-current assets</b>					
Restricted bank deposits	11	10,923,672	4,095,000	-	-
Investments in subsidiaries	12	-	-	130,392,000	126,892,100
Investments in associates	13	22,355,965	25,179,844	46,659,571	28,559,024
Property, plant and equipment	14	769,026,708	715,063,358	434,235,314	492,759,645
Right to derive benefit from traffic boards	15	55,494,700	97,550,302	-	-
Computer software		14,396,616	14,907,187	11,199,026	11,872,647
Leasehold rights		1,270,832	472,500	1,270,832	472,500
Other non-current assets		20,543,870	36,810,642	13,048,426	29,005,057
<b>Total non-current assets</b>		<b>894,012,363</b>	<b>894,078,833</b>	<b>636,805,169</b>	<b>689,560,973</b>
<b>Total assets</b>		<b>5,496,133,961</b>	<b>6,451,873,225</b>	<b>4,361,298,390</b>	<b>5,369,202,221</b>

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

# Statements of financial position (continued)

## Forth Corporation Public Company Limited and its subsidiaries

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	16	2,789,181,535	2,675,871,073	2,049,851,535	1,993,071,073
Trade and other payables	8, 17	619,599,963	1,984,961,044	563,931,822	1,923,635,829
Current portion of long-term loans	18	354,115,398	125,425,428	316,888,000	89,862,000
Corporate income tax payable		10,018,339	18,028,983	-	-
Provision for expected loss	10	-	14,500,000	-	14,500,000
Other current liabilities		188,764,508	141,303,251	25,718,822	42,832,035
<b>Total current liabilities</b>		<b>3,961,679,743</b>	<b>4,960,089,779</b>	<b>2,956,390,179</b>	<b>4,063,900,937</b>
<b>Non-current liabilities</b>					
Long-term loans, net of current portion	18	95,345,038	168,995,347	74,218,110	111,025,625
Provision for long-term employee benefits	19	9,147,433	-	3,111,509	-
<b>Total non-current liabilities</b>		<b>104,492,471</b>	<b>168,995,347</b>	<b>77,329,619</b>	<b>111,025,625</b>
<b>Total liabilities</b>		<b>4,066,172,214</b>	<b>5,129,085,126</b>	<b>3,033,719,798</b>	<b>4,174,926,562</b>

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

# Statements of financial position (continued)

## Forth Corporation Public Company Limited and its subsidiaries

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Shareholders' equity</b>					
Share capital					
Registered					
960,000,000 ordinary shares of Baht 0.5 each		480,000,000	480,000,000	480,000,000	480,000,000
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					
Appropriated - statutory reserve	20	48,000,000	39,926,330	48,000,000	39,926,330
Unappropriated		496,684,060	399,412,721	437,020,715	311,791,452
Retained earnings of subsidiaries arising from the Company swapping shares of subsidiaries at a price lower than net book value of the subsidiaries as at the acquisition date		40,891,171	40,891,171	-	-
Equity attributable to owners of the Company		1,428,133,108	1,322,788,099	1,327,578,592	1,194,275,659
Non-controlling interests of the subsidiaries		1,828,639	-	-	-
<b>Total shareholders' equity</b>		<b>1,429,961,747</b>	<b>1,322,788,099</b>	<b>1,327,578,592</b>	<b>1,194,275,659</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,496,133,961</b>	<b>6,451,873,225</b>	<b>4,361,298,390</b>	<b>5,369,202,221</b>

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



# Statements of comprehensive income

## Forth Corporation Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		6,543,082,560	9,619,286,991	5,951,298,730	9,077,029,637
Services		544,518,704	301,100,100	160,321,855	134,540,290
Revenues from project work		1,782,599,579	1,624,387,656	1,240,487,844	1,148,973,920
Other income					
Dividend income		-	-	26,799,160	19,999,760
Gain on exchange		-	32,179,099	-	23,404,872
Gain on sale of investment	12	-	30,215,629	-	27,892,709
Others		14,708,114	26,271,971	22,822,223	29,621,387
<b>Total revenues</b>		<b>8,884,908,957</b>	<b>11,633,441,446</b>	<b>7,401,729,812</b>	<b>10,461,462,575</b>
<b>Expenses</b>					
Cost of sales		5,765,888,881	8,968,981,366	5,297,828,077	8,589,085,619
Loss on diminution in value of inventories	10	32,617,154	9,256,878	20,450,421	10,700,293
Total cost of sales		5,798,506,035	8,978,238,244	5,318,278,498	8,599,785,912
Cost of services		387,986,750	174,114,019	103,512,737	45,194,852
Cost of project work		1,776,216,035	1,430,879,055	1,387,009,645	1,011,662,218
Expected loss from project work (reversal)	10	(277,594,376)	115,700,000	(277,594,376)	115,700,000
Total cost of project work		1,498,621,659	1,546,579,055	1,109,415,269	1,127,362,218
Selling expenses		67,769,191	81,656,682	30,438,873	46,152,049
Administrative expenses		576,705,699	439,576,178	336,180,102	243,702,374
<b>Total expenses</b>		<b>8,329,589,334</b>	<b>11,220,164,178</b>	<b>6,897,825,479</b>	<b>10,062,197,405</b>
<b>Profit before share of profit (loss) from investments in associates, finance cost and corporate income tax</b>		<b>555,319,623</b>	<b>413,277,268</b>	<b>503,904,333</b>	<b>399,265,170</b>
Share of profit (loss) from investments in associates		(14,087,219)	4,477,220	-	-
<b>Profit before finance cost and corporate income tax</b>		<b>541,232,404</b>	<b>417,754,488</b>	<b>503,904,333</b>	<b>399,265,170</b>
Finance cost		(144,959,298)	(76,372,004)	(108,984,381)	(53,186,566)
<b>Profit before corporate income tax</b>		<b>396,273,106</b>	<b>341,382,484</b>	<b>394,919,952</b>	<b>346,078,604</b>
Corporate income tax	22, 23	(25,671,660)	(28,323,449)	-	-
<b>Profit for the year</b>		<b>370,601,446</b>	<b>313,059,035</b>	<b>394,919,952</b>	<b>346,078,604</b>
<b>Other comprehensive income:</b>					
<b>Other comprehensive income for the year</b>		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>370,601,446</b>	<b>313,059,035</b>	<b>394,919,952</b>	<b>346,078,604</b>

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

# Statements of comprehensive income (continued)

## Forth Corporation Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Profit attributable to:</b>					
Equity holders of the Company		370,272,907	317,967,221	<u>394,919,952</u>	<u>346,078,604</u>
Non-controlling interests of the subsidiaries (loss)		<u>328,539</u>	<u>(4,908,186)</u>		
		<u><b>370,601,446</b></u>	<u><b>313,059,035</b></u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		370,272,907	317,967,221	<u>394,919,952</u>	<u>346,078,604</u>
Non-controlling interests of the subsidiaries (loss)		<u>328,539</u>	<u>(4,908,186)</u>		
		<u><b>370,601,446</b></u>	<u><b>313,059,035</b></u>		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company	24	<u>0.39</u>	<u>0.33</u>	<u>0.41</u>	<u>0.36</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 2011 and 2010

(Unit: Baht)

### Consolidated financial statements

	Equity attributable to owners of the Company							Equity attributable to non-controlling interests of the subsidiaries	Total Shareholders' equity
	Retained earnings		Share premium	Retained earnings of subsidiaries arising from the Company swapping shares of subsidiaries at a price lower than net book value of the subsidiaries as at the acquisition date		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries		
	Issued and fully paid-up share capital	Appropriated - statutory reserve		Unappropriated	Unappropriated				
<b>Balance as at 31 December 2009</b>	480,000,000	362,557,877	22,622,400	213,949,430	40,891,171	1,120,020,878	10,712,649	1,130,733,527	
Additional investment in subsidiary (Note 12)	-	-	-	-	-	-	4,900,000	4,900,000	
Sale of investment in subsidiary (Note 12)	-	-	-	-	-	-	(10,704,463)	(10,704,463)	
Dividend payment (Note 27)	-	-	-	(115,200,000)	-	(115,200,000)	-	(115,200,000)	
Total comprehensive income for the year	-	-	17,303,930	317,967,221	-	317,967,221	4,908,186	313,059,035	
Unappropriated retained earnings transferred to statutory reserve	-	-	17,303,930	(17,303,930)	-	-	-	-	
<b>Balance as at 31 December 2010</b>	480,000,000	362,557,877	39,926,330	399,412,721	40,891,171	1,322,788,099	-	1,322,788,099	
<b>Balance as at 31 December 2010</b>	480,000,000	362,557,877	39,926,330	399,412,721	40,891,171	1,322,788,099	-	1,322,788,099	
Cumulative effect of changes in accounting policy relating to employee benefits (Note 3)	-	-	-	(5,727,898)	-	(5,727,898)	-	(5,727,898)	
Additional investment in subsidiary (Note 12)	-	-	-	(259,200,000)	-	(259,200,000)	1,500,100	(259,200,000)	
Dividend payment (Note 27)	-	-	-	370,272,907	-	370,272,907	328,539	370,601,446	
Total comprehensive income for the year	-	-	8,073,670	(8,073,670)	-	-	-	-	
Unappropriated retained earnings transferred to statutory reserve	-	-	8,073,670	(8,073,670)	-	-	-	-	
<b>Balance as at 31 December 2011</b>	480,000,000	362,557,877	48,000,000	496,684,060	40,891,171	1,428,133,108	1,828,639	1,429,961,747	

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 2011 and 2010

(Unit: Baht)

### Separate financial statements

	Issued and fully paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - Statutory reserve	Unappropriated	
<b>Balance as at 31 December 2009</b>	480,000,000	362,557,877	22,622,400	98,216,778	963,397,055
Dividend payment (Note 27)	-	-	-	(115,200,000)	(115,200,000)
Total comprehensive income for the year	-	-	-	346,078,604	346,078,604
Unappropriated retained earnings transferred to statutory reserve	-	-	17,303,930	(17,303,930)	-
<b>Balance as at 31 December 2010</b>	480,000,000	362,557,877	39,926,330	311,791,452	1,194,275,659
<b>Balance as at 31 December 2010</b>	480,000,000	362,557,877	39,926,330	311,791,452	1,194,275,659
Cumulative effect of changes in accounting policy relating to employee benefits (Note 3)	-	-	-	(2,417,019)	(2,417,019)
Dividend payment (Note 27)	-	-	-	(259,200,000)	(259,200,000)
Total comprehensive income for the year	-	-	-	394,919,952	394,919,952
Unappropriated retained earnings transferred to statutory reserve	-	-	8,073,670	(8,073,670)	-
<b>Balance as at 31 December 2011</b>	480,000,000	362,557,877	48,000,000	437,020,715	1,327,578,592

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 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Cash flows from operating activities</b>				
Profit before tax	396,273,106	341,382,484	394,919,952	346,078,604
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	145,117,935	123,669,836	83,996,889	89,853,923
Amortisation for leasehold rights and others	1,742,169	1,301,340	1,123,713	1,124,863
Amortisation for right to derive benefit from traffic boards	26,555,602	26,555,603	-	-
Doubtful debts	22,682,431	3,179,127	31,779,732	1,645,009
Decrease of inventories to net realisable value	32,617,154	9,256,878	20,450,421	10,700,293
Expected loss from project work (reversal)	(277,594,376)	115,700,000	(277,594,376)	115,700,000
Impairment loss on right to derive benefit from traffic smart boards	15,500,000	-	-	-
Increase in provision for long-term employee benefits	3,457,341	-	694,490	-
Unrealised loss (gain) on exchange	(2,461,574)	8,897,832	(3,116,234)	8,605,407
Loss (gain) on sales of property, plant and equipment	8,060	(150,685)	54,518	(691,655)
Share of loss (profit) from investments in associates	14,087,219	(4,477,220)	-	-
Gain on sale of investment in subsidiary	-	(30,215,629)	-	(27,892,709)
Dividend income from subsidiaries and associates	-	-	(26,799,160)	(19,999,760)
Interest expenses	131,405,855	65,540,443	98,532,209	45,294,748
Profit from operating activities before changes in operating assets and liabilities	509,390,922	660,640,009	324,042,154	570,418,723
Operating assets (increase) decrease				
Trade and other receivables	710,712,070	481,126,365	587,045,981	316,533,814
Inventories	944,989,593	(510,765,520)	783,992,998	(306,472,066)
Unbilled receivables	(467,615,133)	(817,939,218)	(246,474,543)	(599,804,378)
Other current assets	48,965,949	(146,312,772)	50,202,086	(90,973,218)
Other non-current assets	16,050,775	(4,239,740)	15,956,631	(4,232,431)
Operating liabilities increase (decrease)				
Trade and other payables	(1,366,765,292)	(562,538,013)	(1,360,062,657)	(546,903,242)
Other current liabilities	46,773,394	60,022,801	(17,801,076)	2,890,075
Cash flows from (used in) operating activities	442,502,278	(840,006,088)	136,901,574	(658,542,723)
Cash paid for interest expenses	(74,262,546)	(66,197,713)	(31,661,316)	(46,029,536)
Cash paid for corporate income tax	(129,601,223)	(46,906,543)	(97,118,479)	(20,315,681)
<b>Net cash flows from (used in) operating activities</b>	<b>238,638,509</b>	<b>(953,110,344)</b>	<b>8,121,779</b>	<b>(724,887,940)</b>

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 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits	(6,828,672)	(4,095,000)	-	-
Proceeds from sales of property, plant and equipment	188,694	1,381,241	781,254	2,257,278
Acquisition of property, plant and equipment	(197,709,555)	(228,939,127)	(24,739,804)	(48,820,412)
Acquisition of computer software	(3,382,417)	(11,416,330)	(2,816,911)	(8,484,937)
Payment of prepaid building rental Cash receipts from dividend of subsidiaries	-	(5,400,000)	-	-
Increase in short-term loans to related parties	6,799,400	-	26,799,160	19,999,760
Increase in investment in associates	(24,320,727)	-	(668,820,727)	(449,000,000)
Cash receipts from loans to related parties	17,820,726	-	685,220,726	251,000,000
Increase in investments in subsidiaries	-	-	(3,499,900)	(5,100,000)
Increase in investment in associates	(18,100,547)	(13,900,000)	(18,100,547)	(13,900,000)
Cash receipts from sale of investment in subsidiary	-	55,191,861	-	55,192,709
<b>Net cash flows used in investing activities</b>	<b>(225,533,098)</b>	<b>(207,177,355)</b>	<b>(5,176,749)</b>	<b>(196,855,602)</b>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans from financial institutions	113,310,462	1,139,323,785	56,780,462	992,072,787
Cash receipts from long-term loans	350,000,000	247,000,000	350,000,000	150,000,000
Repayments of long-term loans	(194,960,339)	(70,434,850)	(159,781,515)	(66,968,000)
Dividend paid	(259,200,000)	(115,200,000)	(259,200,000)	(115,200,000)
Proceeds from non-controlling interest of the subsidiaries for increase in the subsidiaries' share capital	1,500,100	4,900,000	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>10,650,223</b>	<b>1,205,588,935</b>	<b>(12,201,053)</b>	<b>959,904,787</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>23,755,634</b>	<b>45,301,236</b>	<b>(9,256,023)</b>	<b>38,161,245</b>
Cash and cash equivalents at beginning of year	110,861,810	65,560,574	63,752,519	25,591,274
<b>Cash and cash equivalents at end of year</b>	<b>134,617,444</b>	<b>110,861,810</b>	<b>54,496,496</b>	<b>63,752,519</b>

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 2011 and 2010

### 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. The registered office of the Company is at 226/12, 13 and 16, Phaholyothin Road, Samsennai, Phayathai, Bangkok. The factory of the Company is at 77 Moo 11, Phuttamonton 5 Road, Raikhing, Sampran, Nakornpratom.

### 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 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

#### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Forth Corporation Public Company Limited (“the Company”) and the following subsidiaries (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholdings		Paid-up capital	
			2011 (%)	2010 (%)	2011 (Thousand Baht)	2010
Electronics Source Co., Ltd.	Trading of electronic parts	Thailand	100	100	50,000	50,000
Genius Traffic System Co., Ltd.	Sale and installation of light boards and traffic systems	Thailand	100	100	50,000	50,000
Joint Venture Genius	Concession for traffic board project	Thailand	100*	100*	71,050	71,050
Forth Smart Service Co., Ltd.	Payment service via automatic teller machines	Thailand	51	51	15,000	15,000
Forth Consulting Co., Ltd.	Consulting service for information management and computer software management	Thailand	70	-	5,000	-

\* 20% held by the Company and 80% held by Genius Traffic System Co., Ltd.

b) Subsidiaries are fully consolidated as from 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 using the same significant accounting policies as the Company.

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

e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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 financial statements under the caption “Retained earnings of subsidiaries arising from the Company swapping shares of subsidiaries at a price lower than net book value of the subsidiaries as 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 are summarised as follows:

Joint Venture	Nature of business	Percentage owned by the 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 of 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 and associates under the cost method, have been prepared solely for the benefit of the public.

### 3. Adoption of new accounting standards during the year

During the current year, the Company and its subsidiaries adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

#### Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share



TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

**Financial reporting standards:**

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

**Financial Reporting Standard Interpretations:**

TFRIC 15	Agreements for the Construction of Real Estate
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**Accounting Standard Interpretations:**

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the accounting standard relating to employee benefits.

**TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of increasing the profit of the Company and its subsidiaries for the year 2011 by Baht 3 million and immaterial decreasing the earnings per share (Separate financial statement: decreasing the profit by Baht 1 million and immaterial decreasing the earnings per share). The cumulative effect of the changes in the accounting policy has been separately presented in the statement of changes in shareholders' equity.

**4. New accounting standards issued during the years not yet effective**

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

**Accounting standards:**

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

**Accounting Standard Interpretations:**

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

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

**TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

**TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates**

This accounting standard requires an entity to identify its functional currency in accordance with certain conditions in the standard and to record transactions and report its financial position and operating results in this functional currency, which may not be Baht.

At present, the management is still evaluating the impact on the financial statements in the year when these two standards are adopted.

**5. Significant accounting policies**

**5.1 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 the stage of completion.

**Revenues from project work** Revenues from project work are recognised on a percentage of completion basis. The percentage of completion is measured using the proportion of costs incurred to date to the total estimated costs to complete the work. Recognised revenues which are not yet due per the contracts have been presented under the caption of "Unbilled receivables" in the statements of financial position.

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

**5.2 Cost of project work**

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

**5.3 Cash and cash equivalents**

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

**5.4 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 experience and analysis of debt aging.

**5.5 Inventories**

Finished goods and work in process are valued at the lower of cost (first-in, first-out method) and net realisable value. Cost includes all production costs and attributable factory overheads. Raw materials, spare parts and factory supplies are valued at the lower

of cost (first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

#### 5.6 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.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 5.7 Property, plant and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation. Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building	20	years
Machinery	5	years
Motor vehicles	5,10	years
Others	3,5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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

#### 5.8 Intangible assets and amortisation

Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

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

#### 5.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors, and officers with authority in the planning and direction of the Company and its subsidiaries' operations.

#### **5.10 Long-term leases**

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

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

#### **5.11 Foreign currencies**

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

#### **5.12 Impairment of assets**

At the end of each reporting period, 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 profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **5.13 Employee benefits**

##### **Short-term employee benefits**

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

##### **Post-employment benefits**

###### **• Defined contribution plans**

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

• **Defined benefit plans**

The Company and its subsidiaries has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

**5.14 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.

**5.15 Income tax**

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

**6. 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 from these estimates. Significant judgments and estimates are as follows:

**Allowance for doubtful accounts**

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

**Net realisable value of inventories**

The management uses judgement to estimate net realisable value of inventories taking into account fluctuations of price or cost directly related to events occurring after the end of the reporting period and movements of inventories 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 residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

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

### Intangible assets

In determining impairment testing of intangible assets, the management is required 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.

### Estimated cost of project work / Provision for loss on project work

In determining estimated cost of project work, the management is required to make judgment regarding estimate cost and related expenses to be incurred to compete the project, and to review the estimated cost on a regular basis and when it is determined that actual costs materially differ from the estimates.

In addition, the management is required to apply judgment in estimating loss it expects to be realised on project work based on estimated cost of the project. This estimate takes into account project progress, actual cost and the current circumstances.

### Post-employment benefits under defined benefit plans.

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

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	1,709	7,077	410	710
Bank deposits	132,908	103,785	54,086	63,043
Total	134,617	110,862	54,496	63,753

As at 31 December 2011, bank deposits in saving accounts and fixed deposits carried interests between 0.25 and 0.87 percent per annum (2010: between 0.50 and 0.75 percent per annum).

## 8. 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, its subsidiaries and those related parties.

(Unit: Million Baht)

	Transfer pricing policy	For the years ended 31 December			
		Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Transactions with subsidiaries</b> (Eliminated from the consolidated financial statements)					
Purchases of raw materials	Compared to market price	-	-	129	106
Sales of goods	Compared to market price	-	-	315	309
Service income	Agreed price	-	-	5	3
Sales of equipments	Agreed price	-	-	-	2
Other income	Agreed price	-	-	2	2

		(Unit: Million Baht)			
		For the years ended 31 December			
		Consolidated financial statements		Separate financial statements	
<u>Transfer pricing policy</u>		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Interest income	Interest at 2.00 - 5.50% per annum	-	-	9	7
Rental income	Agreed price	-	-	3	4
Selling and administrative expenses	Agreed price	-	-	2	1
Service expenses	Agreed price	-	-	25	-
<b><u>Transactions with related parties</u></b>					
Purchases of raw materials	Compared to market price	60	2	59	1
Sales of goods	Compared to market price	36	11	35	11
Service income	Agreed price	1	-	1	-
Other income	Agreed price	1	-	1	-
Rental income	Agreed price	1	1	1	1
<b><u>Transactions with directors and related individuals</u></b>					
Rental expenses	Agreed price	1	2	1	2

The balances of the accounts as at 31 December 2011 and 2010 between the Company, its subsidiaries and those related parties are as follows:

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Trade and other receivables - related parties (Note 9)</b>					
Subsidiaries		-	-	678,557	471,494
Associates		<u>37,728</u>	<u>26,534</u>	<u>37,709</u>	<u>26,521</u>
<b>Total</b>		<u><u>37,728</u></u>	<u><u>26,534</u></u>	<u><u>716,266</u></u>	<u><u>498,015</u></u>
<b>Trade and other payables - related parties (Note 17)</b>					
Subsidiaries		-	-	117,668	105,138
Associates		<u>675</u>	<u>1,267</u>	<u>-</u>	<u>35</u>
<b>Total</b>		<u><u>675</u></u>	<u><u>1,267</u></u>	<u><u>117,668</u></u>	<u><u>105,173</u></u>

#### Short-term loans to related parties

As at 31 December 2011 and 2010, the balance of short-term loans to related parties and the movement are as follows:

		(Unit: Thousand Baht)			
		Consolidated financial statements			
<u>Relationship</u>	<u>Balance as at 31 December 2010</u>	<u>Increase during the year</u>	<u>Decrease during the year</u>	<u>Balance as at 31 December 2011</u>	
Genius Electronic Meter Co., Ltd.	Associate	<u>-</u>	<u>24,321</u>	<u>(17,821)</u>	<u>6,500</u>
		<u>-</u>	<u>24,321</u>	<u>(17,821)</u>	<u>6,500</u>

(Unit: Thousand Baht)

Separated financial statements

	Relationship	Balance	Increase	Decrease	Balance
		as at 31 December 2010	during the year	during the year	as at 31 December 2011
Genius Traffic System Co., Ltd.	Subsidiary	207,000	467,000	(544,000)	130,000
Forth Smart Service Co., Ltd.	Subsidiary	61,000	146,400	(123,400)	84,000
Joint Venture Genius	Subsidiary	-	31,100	-	31,100
Genius Electronic Meter Co., Ltd.	Associate	-	24,321	(17,821)	6,500
		<u>268,000</u>	<u>668,821</u>	<u>(685,221)</u>	<u>251,600</u>

**Directors and management's benefits**

During the years ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term employee benefits	46,354	38,611	30,366	25,676
Post-employment benefits	203	-	203	-
Total	<u>46,557</u>	<u>38,611</u>	<u>30,569</u>	<u>25,676</u>

**Guarantee obligations with related parties**

The Company has outstanding guarantee obligations with its related parties, as described in Note 28.3 to the financial statements.

**9. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Trade accounts receivable - related parties</b>				
Age on the basis of due dates				
Not yet due	556	3,335	62,228	76,875
Past due				
Up to 3 months	19,285	1,376	123,311	72,784
3 - 6 months	1,805	2,291	89,733	78,048
6 - 12 months	871	2,785	158,357	52,071
Over 12 months	15,154	16,703	261,362	199,699
Total trade accounts receivable - related parties	<u>37,671</u>	<u>26,490</u>	<u>694,991</u>	<u>479,477</u>



	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Trade accounts receivable - unrelated parties</b>				
Age on the basis of due dates				
Not yet due	797,122	1,445,506	586,563	1,287,236
Past due				
Up to 3 months	212,669	389,636	103,336	321,274
3 - 6 months	60,895	36,062	29,743	12,940
6 - 12 months	184,482	92,316	179,373	85,420
Over 12 months	117,019	139,519	20,378	14,314
Total	1,372,187	2,103,039	919,393	1,721,184
Less: Allowance for doubtful debts	(44,113)	(48,049)	(13,640)	(8,454)
Total trade accounts receivable - unrelated parties, net	1,328,074	2,054,990	905,753	1,712,730
Total trade accounts receivable - net	1,365,745	2,081,480	1,600,744	2,192,207
<b>Other receivables</b>				
Advances to unrelated parties	43,727	42,215	43,727	42,215
Less: Allowance for doubtful debts	(24,096)	-	(24,096)	-
Advances to unrelated parties - net	19,631	42,215	19,631	42,215
Advances to related parties	44	44	2,129	5,157
Interest receivables from related parties	13	-	19,146	13,381
Accrued income	24,144	5,199	6,072	-
Other receivables	17,330	3,177	16,828	2,221
Total other receivables - net	61,162	50,635	63,806	62,974
Total trade and other receivables - net	1,426,907	2,132,115	1,664,550	2,255,181

As at 31 December 2011, the balances of trade accounts receivable in the consolidated financial statements included an account receivable of Baht 70 million (2010: Baht 103 million) from Bangkok Trivision Company Limited. This balance has been outstanding in the subsidiary's book of account for a considerable period of time. The subsidiary has entered into an agreement with such company, whereby it will make monthly repayments to the subsidiary. The subsidiary determined the net realisable value of this account receivable based on the estimated future cash flows, as stipulated in the agreement, discounted them to the present value and recorded an allowance for doubtful debts of Baht 17 million (2010: Baht 26 million) in its accounts.

The management of the Company and its subsidiaries believe that allowance for doubtful debts in the financial statements is adequate in the current circumstances.

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2011	2010	2011	2010	2011	2010
Raw materials	484,237	651,094	(56,343)	(37,229)	427,894	613,865
Work in process	126,211	257,626	(7,841)	(6,855)	118,370	250,771
Finished goods	475,169	584,570	(78,143)	(65,626)	397,026	518,944
Goods in transit	1,212	12,427	-	-	1,212	12,427
<b>Total</b>	<b>1,086,829</b>	<b>1,505,717</b>	<b>(142,327)</b>	<b>(109,710)</b>	<b>944,502</b>	<b>1,396,007</b>
Projects in progress:						
- Project in progress with MEA						
- Software license	-	120,000	-	-	-	120,000
- Others	-	454,479	-	(263,094)	-	191,385
- Other projects	88,436	40,058	-	-	88,436	40,058
<b>Total inventories</b>	<b>1,175,265</b>	<b>2,120,254</b>	<b>(142,327)</b>	<b>(372,804)</b>	<b>1,032,938</b>	<b>1,747,450</b>

(Unit: Thousand Baht)

Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	2011	2010	2011	2010	2011	2010
Raw materials	456,869	521,984	(48,820)	(30,044)	408,049	491,940
Work in process	106,976	218,003	(493)	(832)	106,483	217,171
Finished goods	195,190	258,926	(25,237)	(23,224)	169,953	235,702
Goods in transit	-	11,560	-	-	-	11,560
<b>Total</b>	<b>759,035</b>	<b>1,010,473</b>	<b>(74,550)</b>	<b>(54,100)</b>	<b>684,485</b>	<b>956,373</b>
Projects in progress:						
- Project in progress with MEA						
- Software license	-	120,000	-	-	-	120,000
- Others	-	454,479	-	(263,094)	-	191,385
- Other projects	81,982	40,058	-	-	81,982	40,058
<b>Total inventories</b>	<b>841,017</b>	<b>1,625,010</b>	<b>(74,550)</b>	<b>(317,194)</b>	<b>766,467</b>	<b>1,307,816</b>

Movements of transactions to reduce cost of project in progress with the Metropolitan Electricity Authority (MEA) to net realisable value and provision for expected loss on the project are summarised below.

(Unit: Thousand Baht)

	Consolidated /Separate financial statements			
	Reduce cost to net realisable value		Provision for expected loss	
	2011	2010	2011	2010
Balance as at beginning of year	263,094	153,171	14,500	8,723
Reduce cost of MEA project to net realisable value - increase during the year	-	101,200	-	-
Provision for expected loss - increase during the year	-	-	-	14,500
Transfer of provision for expected loss to reduce cost of MEA project to net realisable value	14,500	8,723	(14,500)	(8,723)
Reduce cost of MEA project to net realisable value - reversal of the portion recognised as cost in profit or loss	(277,594)	-	-	-
Balance as the at end of the year	-	263,094	-	14,500

The Company and two counterparties entered into a Baht 549 million enterprise resources planning service agreement with the MEA, 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 deliver work within the stipulated period; however, the Company received a letter from the MEA granting an extension to deliver work to 2 June 2010. The MEA received the work, and the Company already received its final payment of Baht 127 million in July 2011.

The Company recorded service income of Baht 115 million for the two counterparties under the enterprise resources planning service agreement made with the MEA in trade and other receivables. The Company is in the process of negotiating with the MEA and the two counterparties to receive that service income since the Company performed the work under this service agreement on behalf of the two counterparties. In December 2011, the Company received the payment of Baht 85 million for the two counterparties from the MEA. The management believes that the Company will succeed in the negotiation and receive the outstanding balance of Baht 30 million. Thus, an allowance for doubtful debts of such amounts is not recorded in the accounts.

## 11. Restricted bank deposits

These represent the subsidiaries' fixed deposits pledged with the banks to secure credit facilities.

## 12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements			
	Cost		Dividend received during the years	
	2011	2010	2011	2010
Electronics Source Co., Ltd.	54,976	54,976	10,000	20,000
Genius Traffic System Co., Ltd.	50,056	50,056	10,000	-
Joint Venture Genius	14,210	14,210	-	-
Forth Smart Service Co., Ltd.	7,650	7,650	-	-
Forth Consulting Co., Ltd.	3,500	-	-	-
Total investments in subsidiaries	130,392	126,892	20,000	20,000

12.1 Forth Consulting Company Limited is a company incorporated in Thailand on 20 May 2011 with a registered share capital of Baht 10 million (100,000 ordinary shares with a par value of Baht 100 each) and paid-up share capital of Baht 5 million (100,000 ordinary shares with Baht 50 paid-up each). The subsidiary is principally engaged in providing consulting service for information management and computer software management, computer programming, computer software training, marketing plan and distribution of computer software, documents and any related products. The Company hold 70% of that company's registered share capital. As at 31 December 2011, the Company had commitments of approximately Baht 3.5 million in respect of the uncalled portion of its investment in that company.

12.2 The Extraordinary General Meeting No. 1/2010 of the shareholders of Forth Smart Service Company Limited (the Company's subsidiary), held on 2 November 2010, approved an increase in its registered share capital from Baht 5 million (50,000 ordinary shares with a par value of Baht 100 each) to Baht 15 million (150,000 ordinary shares at a par value of Baht 100 each), through an issuance of 100,000 new ordinary shares with a par value of Baht 100 each, amounting to Baht 10 million. The subsidiary registered the capital increase with the Commerce Ministry on 9 November 2010. The Company invested in an additional 51,000 shares, or a total of Baht 5.1 million, to maintain its existing shareholding.

12.3 The meeting of the Company's Board of Directors No.1/2010 held on 26 February 2010 approved a sale of all shares of Thai Industrial Water Company Limited to a company. The Company received a payment of Baht 55 million from the sale and transferred the shares to that company on 30 April 2010. Thai Industrial Water Company Limited is thus no longer a subsidiary of the Company.

The valuation of the assets and liabilities of Thai Industrial Water Company Limited at the sale date was as follow:

	(Unit: Thousand Baht)
Cash and cash equivalents	1
Other current assets	27
Property, plant and equipment	36,808
Trade accounts payable - related parties	(1,028)
Accrued expenses	<u>(126)</u>
Net assets	<u>35,682</u>
Net asset value attributable to the Company	24,977
Net asset value attributable to non-controlling interests of the subsidiaries	<u>10,705</u>
	<u>35,682</u>
Sale price of investment in Thai Industrial Water Company Limited	55,193
Less: Cash and cash equivalents of Thai Industrial Water Company Limited	<u>(1)</u>
Net cash received from sale of investment in Thai Industrial Water Company Limited	<u>55,192</u>
Sale price of investment in Thai Industrial Water Company Limited	55,193
Less: Net asset value of Thai Industrial Water Company Limited based on shareholding percentage	<u>(24,977)</u>
Gain on sale of investment based on equity method	<u>30,216</u>
Sale price of investment in Thai Industrial Water Company Limited	55,193
Less: Investment in Thai Industrial Water Company Limited based on cost method	<u>(27,300)</u>
Gain on sale of investment based on cost method	<u>27,893</u>



**13. Investments in associates**

13.1 Details of associates:

Company's name (Nature of business)	Country of incorporation	Shareholding percentage		Consolidated financial statements				Separate financial statements					
		2011	2010	Cost		Carrying amounts based on equity method		Allowance for impairment of investments		Carrying amounts based on cost method - net			
		(%)	(%)	2011	2010	2011	2010	2011	2010	2011	2010		
Genius Electronic Meter Co., Ltd. (Distribution of electronic meter)	Thailand	45	45	18,000	18,000	-	-	18,000	18,000	(6,741)	(6,741)	11,259	11,259
Mindmap Commtech Inc. (Payment service via automatic teller machines)	Philippines	40	40	28,601	13,900	10,659	13,149	28,601	13,900	-	-	28,601	13,900
Forth Tracking System Co., Ltd. (Distribution of vehicle tracking equipment)	Thailand	34	34	6,799	3,400	11,697	12,031	6,799	3,400	-	-	6,799	3,400
<b>Total</b>				<b>53,400</b>	<b>35,300</b>	<b>22,356</b>	<b>25,180</b>	<b>53,400</b>	<b>35,300</b>	<b>(6,741)</b>	<b>(6,741)</b>	<b>46,659</b>	<b>28,559</b>

(Unit: Thousand Baht)

### 13.2 Share of profit/loss and dividend received

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates during the years		Dividend received during the years	
	2011	2010	2011	2010
Genius Electronic Meter Co., Ltd.	-	-	-	-
Mindmap Commtech Inc.	(17,191)	(751)	-	-
Forth Tracking System Co., Ltd.	3,104	5,228	6,800	-
<b>Total</b>	<b>(14,087)</b>	<b>4,477</b>	<b>6,800</b>	<b>-</b>

### 13.3 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		Profit (loss) for the years ended	
	31 December		31 December		31 December		31 December		31 December	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Genius Electronic Meter Co., Ltd.	40	40	44	20	39	26	90	20	12	(5)
Mindmap Commtech Inc.	100.8	50.4	81	35	24	2	13	-	(13)	(2)
	(million pesos)	(million pesos)								
Forth Tracking System Co., Ltd.	20	10	56	60	20	25	60	78	11	15

During 2010, the Company invested in 19,998 shares of Mindmap Commtech Inc. (40% of that company's capital) at the par value of PHP 1,000, or a total of PHP 20 million, or Baht 14 million.

During 2011, Mindmap Commtech Inc. additionally issued its shares from PHP 50.4 million (50,400 shares at a par value of PHP 1,000) to PHP 100.8 million (100,800 shares at a par value of PHP 1,000). The Company acquired the additional 20,002 shares at the price of PHP 1,000, or a total of PHP 20 million, or Baht 15 million, to maintain its existing shareholding.

Share of loss from investment in Mindmap Commtech Inc. in the amount of Baht 17 million, (2010: Baht 1 million) was calculated from financial statements prepared by the management of that company and not audited by its auditor. However, the management believe that the financial statements would not be materially different if they had been audited by the auditor of this associate.

The Extraordinary General Meeting No. 1/2011 of the shareholders of Forth Tracking System Company Limited (an associate of the Company), held on 3 February 2011, approved an increase in its registered capital from Baht 10 million (100,000 ordinary shares with a par value of Baht 100 each) to Baht 20 million (200,000 ordinary shares with a par value of Baht 100 each), through the issuance of 100,000 new ordinary shares with a par value of Baht 100 each, amounting to Baht 10 million. The associate registered the capital increase with the Commerce Ministry on 3 February 2011. The Company invested in an additional 33,997 shares, or a total of Baht 3.4 million, to maintain its existing shareholding.



## 14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land	Building	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	
<b>Cost</b>								
31 December 2009	230,670	234,485	609,480	157,973	112,192	71,180	11,779	1,427,759
Additions	15,206	2,371	18,250	11,376	21,958	19,667	140,111	228,939
Disposals during the year through sale of investment in Thai Industrial Water Company Limited	(36,374)	-	-	(34)	-	-	(406)	(36,814)
Disposals	-	-	(6,491)	(1,280)	(1,483)	(1,428)	(92)	(10,774)
Transferred in/ (Transferred out)	-	1,746	-	133,573	-	-	(135,319)	-
31 December 2010	209,502	238,602	621,239	301,608	132,667	89,419	16,073	1,609,110
Additions	-	1,871	1,548	26,825	18,205	2,883	146,377	197,709
Disposals	-	-	(4,282)	(5,801)	(27,791)	(770)	-	(38,644)
Transferred in/ (Transferred out)	-	(976)	-	155,709	2,570	-	(156,133)	1,170
31 December 2011	209,502	239,497	618,505	478,341	125,651	91,532	6,317	1,769,345
<b>Accumulated depreciation</b>								
31 December 2009	-	86,343	481,620	83,652	73,923	54,390	-	779,928
Depreciation for the year	-	17,665	48,625	35,869	13,490	8,021	-	123,670
Depreciation on disposals during the year through sale of investment in Thai Industrial Water Company Limited	-	-	-	(7)	-	-	-	(7)
Depreciation on disposals	-	-	(6,492)	(697)	(1,223)	(1,132)	-	(9,544)
31 December 2010	-	104,008	523,753	118,817	86,190	61,279	-	894,047
Depreciation for the year	-	16,112	39,875	65,457	15,206	8,468	-	145,118
Depreciation on disposals	-	-	(4,280)	(5,718)	(27,678)	(777)	-	(38,453)
Transferred in/ (Transferred out)	-	(394)	-	-	-	-	-	(394)
31 December 2011	-	119,726	559,348	178,556	73,718	68,970	-	1,000,318
<b>Net book value</b>								
31 December 2010	209,502	134,594	97,486	182,791	46,477	28,140	16,073	715,063
31 December 2011	209,502	119,771	59,157	299,785	51,933	22,562	6,317	769,027
<b>Depreciation for the years</b>								
2010 (Baht 71.7 million included in manufacturing cost, and the balance in selling and administrative expenses)								123,670
2011 (Baht 56.8 million included in manufacturing cost, and the balance in selling and administrative expenses)								145,118





As at 31 December 2011, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 602 million (2010: Baht 552 million) (The Company only: Baht 529 million (2010: Baht 466 million)).

A subsidiary has mortgaged its land, with a total net book value as at 31 December 2011 of approximately Baht 15 million (2010: Baht 15 million), with bank to secure long-term loan.

As at 31 December 2011, the Company and its subsidiaries had motor vehicles and equipment under finance lease agreements with net book value amounting to Baht 13 million (the Company only: Baht 10 million).

## 15. Right to derive benefit from smart traffic boards

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2011	2010
<b>Cost</b>		
Balance - beginning of year	234,865	234,865
Balance - end of year	234,865	234,865
Amortisation		
Balance - beginning of year	126,430	99,874
Amortisation during the year	26,555	26,556
Balance - end of year	152,985	126,430
Allowance for impairment loss		
Balance - beginning of year	10,885	10,885
Increase during the year	15,500	-
Balance - end of year	26,385	10,885
Net book value	55,495	97,550

Joint Venture Genius (“the joint venture”) has received the right to derive benefit from the smart 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.

During 2011, the joint venture determined the recoverable amount of the right by estimating future cash flow that was discounted to its present value. A result was that the recoverable amount of the right was Baht 15 million lower than its net book value. The joint venture therefore recorded impairment loss of Baht 15 million in the profit or loss for the current year.

## 16. Bank overdrafts and short-term loans from financial institutions

	Interest rate (% per annum)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
Bank overdrafts	MOR	6,460	-	6,460	-
Short-term loans from financial institutions	MMR, MLR-1,2%	2,615,282	2,508,800	1,875,952	1,826,000
Trust receipts	MMR, MLR-2%	167,440	167,071	167,440	167,071
Total		2,789,182	2,675,871	2,049,852	1,993,071

Bank overdrafts and credit facilities of the Company and its subsidiaries with commercial banks are secured by transfers of most of collection rights for their project work. In addition, the Company guaranteed the facilities of the subsidiaries as described in Note 28.3 to the financial statements.

## 17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Trade payables - related parties	675	1,267	109,023	105,173
Trade payables - unrelated parties	559,685	1,936,535	430,201	1,799,156
Accrued expenses - unrelated parties	59,240	47,159	16,063	19,307
Accrued expenses - related parties	-	-	8,645	-
Total trade and other payables	619,600	1,984,961	563,932	1,923,636



Loan	Borrower	Lender	Loan Facility (Million Baht)	Interest rate	Repayment schedule	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
						2011	2010	2011	2011
(1)	The Company	Local bank	61	Rates ranging from 4.5% to MLR per annum	108 monthly installments (ending in 2014)	13,746	23,818	13,746	23,818
(2)	The Company	Local bank	30	MLR - 1.00% per annum	60 monthly installments (ending in 2013)	6,500	12,500	6,500	12,500
(3)	The Company	Local bank	100	First year: MLR - 1.25% per annum Second to third years: MLR - 1.00% per annum	36 monthly installments (ending in 2011)	-	27,070	-	27,070
(4)	The Company	Local bank	150	First year: MLR - 1.25% per annum Second to third years: MLR - 1.00% per annum	12 quarterly installments (ending in 2013)	87,500	137,500	87,500	137,500
(5)	The Company	Local bank	150	First year: MLR - 1.25% per annum Second to third years: MLR - 1.00% per annum	12 quarterly installments (ending in 2014)	133,400	-	133,400	-
(6)	The Company	Local bank	200	MLR - 0.75% per annum	60 monthly installments (ending in 2014)	149,960	-	149,960	-
(7)	Electronics Source Co., Ltd.	Local bank	12	MLR - 1.00% per annum	60 monthly installments (ending in 2015)	8,800	11,200	-	-
(8)	Forth Smarth Service Co., Ltd.	Local bank	85	MLR - 0.75% per annum	30 monthly installments (ending in 2013)	49,554	82,333	-	-
Total						449,460	294,421	391,106	200,888
Less: Current portion of long-term loans						(354,115)	(125,426)	(316,888)	(89,862)
Long-term loans - net of current portion						95,345	168,995	74,218	111,026

According to the conditions stipulated in the loan agreements, the Company agrees not to mortgage or otherwise encumber its assets with any other parties throughout the loan period. In addition, the Company has to comply with certain covenants, pertaining to matters such as maintaining certain financial ratios. As at the end of the reporting period, the Company was unable to maintain certain financial ratios as stipulated in the loan agreement no. (6). The Company requested the relaxation for not complying with such covenants from the bank and it received the relaxation in February 2012. The relaxation was received after the end of the reporting period, to comply with generally accepted accounting principles, the Company therefore reclassified the loan as at 31 December 2011 as current liabilities.

The loan no. (7) of its subsidiary is secured by the mortgage of the subsidiary's land described in Note 14 to the financial statements.

The loan no. (8) of its subsidiary is secured by its shareholders and a fixed deposit account, as described in Note 11 to the financial statements. The subsidiary has to comply with certain conditions stipulated in the loan agreement pertaining to matters such as restriction on dividend payment, loan repayment to the Company, creation of liabilities, and changes in the holdings of the major shareholders.

### 19. Provision for long-term employee benefits

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

	Consolidated financial statements	(Unit: Thousand Baht) Separate financial statements
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 3)	5,728	2,417
Current service cost	3,111	590
Interest cost	308	105
Balance at end of year	<u>9,147</u>	<u>3,112</u>

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 3 million (the Company only: Baht 1 million).

Principal actuarial assumption at the valuation date were as follows:

	Consolidated financial statements	Separate financial statements
	<u>2011</u>	<u>2011</u>
	(% per annum)	(% per annum)
Discount rate	3.4% - 3.7%	3.5%
Future salary increase rate	5.0%	5.0%
Staff turnover rate (depending on age of employee)	0.0% - 40.0%	7.0% - 40.0%

### 20. Statutory reserve

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

### 21. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Salaries and wages and other employee benefits	490,908	426,560	288,910	278,473
Depreciation	145,118	123,670	83,997	89,854
Amortisation	29,476	28,810	1,124	990
Raw materials and consumables used	5,265,489	8,809,878	4,953,207	8,419,386
Changes in finished goods and work in progress	739,561	(276,995)	707,318	(206,349)

## 22. Corporate income tax

The Company is not liable to corporate income tax for the year due to tax losses brought forward from previous years in excess of the profit derived from the operations which are not entitled corporate income tax exemption from the Board of Investment, after adding back expenses and deducting income which are disallowable for income tax computation purpose.

Corporate income tax of the subsidiaries was calculated based on profit derived from the operations which are not entitled corporate income tax exemption from the Board of Investment, after adding back certain expenses and deducting income which are disallowable for tax computation purposes and including tax loss brought forward from previous years.

## 23. 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. 2040(4)/2549 and 3010/Wor/2545. Subject to certain imposed conditions, the privileges include an income tax exemption on profit derived from the promoted operations for a period of 8 years and an exemption from import duty on imported raw materials and supplies used in production for export.

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 profit derived from the promoted operations for a period of 8 years.

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Sales	277,753	399,150	6,265,330	9,220,137	6,543,083	9,619,287
Services	-	-	544,519	301,100	544,519	301,100
Revenues from project work	415,625	464,490	1,366,975	1,159,898	1,782,600	1,624,388
Other income	-	-	14,708	88,667	14,708	88,667
Total revenues	<u>693,378</u>	<u>863,640</u>	<u>8,191,532</u>	<u>10,769,802</u>	<u>8,884,910</u>	<u>11,633,442</u>

	(Unit: Thousand Baht)					
	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Sales	495,749	592,312	5,455,550	8,484,718	5,951,299	9,077,030
Services	-	-	160,322	134,540	160,322	134,540
Revenues from project work	327,126	420,967	913,362	728,007	1,240,488	1,148,974
Other income	-	-	49,621	100,919	49,621	100,919
Total revenues	<u>822,875</u>	<u>1,013,279</u>	<u>6,578,855</u>	<u>9,448,184</u>	<u>7,401,730</u>	<u>10,461,463</u>

## 24. Earnings per share

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit for the year (Thousand Baht)	370,273	317,967	394,920	346,079
Weighted average number of ordinary shares (Thousand shares)	960,000	960,000	960,000	960,000
Earnings per share (Baht per share)	0.39	0.33	0.41	0.36



**25. Segment information**

The Company and its subsidiaries' business operations involve 4 principal segments: production and sales, turn key production, assembly services and project work. These operations are mainly carried on in Thailand. Below is the consolidated financial information of the Company and its subsidiaries for the years ended 31 December 2011 and 2010 by segment.

(Unit: Million Baht)

Consolidated financial statements for the years ended 31 December

	Production and sale		Turnkey production		Assembly services		Project work		Elimination of inter-segment revenues		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenues from external customers	1,948	1,582	4,595	8,037	544	301	1,783	1,624	-	-	8,870	11,544
Intersegment revenues	496	257	43	160	30	5	-	-	(569)	(422)	-	-
Total revenues	2,444	1,839	4,638	8,197	574	306	1,783	1,624	(569)	(422)	8,870	11,544
Segment profit	643	512	101	129	157	126	284	78	-	-	1,185	845
Unallocated income and expenses:												
Other income											15	89
Selling expenses											(68)	(82)
Administrative expenses											(576)	(439)
Administrative expenses											(14)	4
Finance cost											(145)	(76)
Corporate income tax											(26)	(28)
Loss (profit) for non-controlling interests of the subsidiaries											(1)	5
Profit for the years attributable to equity holders of the Company											370	318
Other information:											769	715
Property, plant and equipment											4,727	5,737
Unallocated assets and others											5,496	6,452
Total assets												

Transfer prices between business segments are as set out in Note 8 to the financial statements.

## 26. Provident fund

The Company and its subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contribute to the fund monthly at rates of 3 percent of basic salary. The funds, which are managed by TMB Asset Management Company Limited, TISCO Asset Management Company Limited, and American International Assurance Company Limited, will be paid to employees upon termination in accordance with the fund rules. During 2011, the Company and its subsidiaries contributed Baht 4 million (2010: Baht 3 million) (the Company only: Baht 3 million (2010: Baht 2 million)) to the funds.

## 27. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht per share)
Interim dividends paid from profit for the six-month period ended 30 June 2010	The Company's Board of Directors' meeting on 11 August 2010	115	0.12
Total for 2010		115	0.12
Final dividends for 2010	Annual General Meeting of the shareholders on 8 April 2011	144	0.15
Interim dividends paid from profit for the six-month period ended 30 June 2011	The Company's Board of Directors' meeting on 11 August 2011	115	0.12
Total for 2011		259	0.27

## 28. Commitments and contingent liabilities

### 28.1 Service commitments

As at 31 December 2011, the Company had commitments of totaling Baht 95 million (2010: Baht 178 million) in respect of service costs for project work, which the Company had already entered into agreements.

### 28.2 Operating lease and related service commitments

a) The Company and its subsidiaries have entered into several lease agreements in respect of the leases of warehouse, factory and office building space. Commitments relating to the rentals and service fees under these leases as at 31 December 2011 are as follows:

	<u>Million Baht</u>
Payable within :	
1 year	13
2 to 5 years	5
Over 5 years	2

b) A subsidiary entered into a lease agreement in respect of space rental in expressway area with Expressway Authority of Thailand in order to install signboards for advertising, public relations and expressway traffic report. The term of the agreement is 3 years which ends in 2014.

As at 31 December 2011, future minimum lease payments required under the operating leases agreement were as follows:

	<u>Million Baht</u>
Payable within:	
1 year	7
2 to 3 years	9

### 28.3 Guarantees

(a) The Company has guaranteed loan and credit facilities of its subsidiaries amounting to Baht 920 million (2010: Baht 868 million).

(b) As at 31 December 2011, there were outstanding bank guarantees amounting to approximately Baht 595 million (2010: Baht 753 million) issued by banks on behalf of the Company and its subsidiaries, of which Baht 439 million (2010: Baht 650 million) was on behalf of the Company only. These were in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries.

## 29. Financial instruments

### 29.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise cash and cash equivalents, trade and other receivables, unbilled receivables, loans, trade and other payables, bank overdrafts and short-term loans and long-term borrowings. 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 and other receivables and loans. The management manages 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 work. The major debtor has honored all obligations and paid accounts in a timely manner, and debtors of project work are the authorities. For the subsidiaries, they 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 and other receivables and loans as stated in the statements of financial position.

#### Interest rate risk

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

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

	Consolidated financial statement					Total	Interest rate (% per annum)
	Fixed interest rates			Floating interest rate	Non- interest bearing		
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	77	58	135	0.25 - 0.87
Trade and other receivables	-	-	-	-	1,427	1,427	-
Unbilled receivables	-	-	-	-	1,740	1,740	-
Restricted bank deposits	6	-	-	5	-	11	0.25 - 3.50
Short-term loans to related parties	7	-	-	-	-	7	4.00 - 4.25
	13	-	-	82	3,225	3,320	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	2,789	-	2,789	MOR, MMR, refer to MLR
Trade and other payables	-	-	-	-	620	620	-
Long-term loans	-	-	-	449	-	449	Refer to MLR
	-	-	-	3,238	620	3,858	

(Million Baht)

	Separate financial statement					Total	Interest rate (% per annum)
	Fixed interest rates			Floating interest rate	Non- interest bearing		
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalent	-	-	-	53	1	54	0.25 - 0.87
Trade accounts and other receivables	-	-	-	-	1,665	1,665	-
Unbilled receivables	-	-	-	-	846	846	-
Short-term loans to related companies	252	-	-	-	-	252	4.00 - 5.50
	<u>252</u>	<u>-</u>	<u>-</u>	<u>53</u>	<u>2,512</u>	<u>2,817</u>	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	2,050	-	2,050	MOR, MMR, refer to MLR
Trade and other payables	-	-	-	-	564	564	-
Long-term loans	-	-	-	391	-	391	Refer to MLR
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,441</u>	<u>564</u>	<u>3,005</u>	

### 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 appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2011 are summarised below.

Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Average exchange rate
			as at 31 December 2011 (Baht per 1 foreign currency unit)
US dollar	2.3	1.7	31.6912
Hong Kong dollar	-	0.3	4.0795
Japanese yen	-	0.8	0.4084

Foreign exchange contracts outstanding at 31 December 2011 are summarised below:

Foreign currency	Bought amount (Million)	Contractual exchange rate
		of bought amount (Baht per 1 foreign currency unit)
US dollar	0.06	31.8230

The foreign exchange contract mature in the first quarter of 2012.

### 29.2 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 floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position. A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.



### **30. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2011, the Group's debt-to-equity ratio was 2.8:1 (2010: 3.9:1) and the Company's was 2.3:1 (2010: 3.5:1).

### **31. Contingent liabilities**

The Company has entered into an installation of Multi Service Access Node (MSAN), WDM equipment and other related services project agreement with a counterparty, whereby the Company is obliged to deliver work within the period stipulated in the agreement, which is within 360 days after signing the agreement (30 April 2010). At present, the Company has been unable to make delivery a part of the work within the stipulated period and the counterparty is therefore entitled charging a penalty, including expenses and damages caused by the delay, to the Company. However, the management of the Company is in the process of negotiating with the counterparty to request an extension of the deadline for delivery. The management of the Company believed that the Company would successfully negotiate with the counterparty to extend the deadline and regarding any potential penalties in the future because the delay was caused by the delay in the delivery of areas by related agencies.

### **32. Flood impact**

During October to November 2011, major floods devastated many areas in Thailand, including economic and industrial zones. The Company's factory temporarily ceased production from 1 November 2011 to 13 November 2011 in order to implement flood prevention measures. Although, the Company's factory was not damaged by the floods, significantly interrupted the supply chains of various industries and the Company was forced to scale down its production activities during the fourth quarter of 2011.

### **33. Reclassification**

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholders' equity.

### **34. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2012.

## General Information

Company Name	: Forth Corporation Public Company Limited
Symbol	: FORTH
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"> <li>• Manufacturing and distribution of telecommunication and electronic equipment under trademark of “FORTH”</li> <li>• Manufacturing of print circuit board and electronic equipment under the customer brands</li> <li>• Manufacturing, distribution and contractor for the installation of equipment, traffic light system and closed circuit television</li> <li>• Manufacturing and distribution of electric sign board</li> <li>• The collection of the advertising fee from text message and images on genius traffic board</li> <li>• The Enterprise Resource Planning service</li> <li>• The online top-up services and topping-up the prepaid mobile phones</li> </ul>
Head Office’s address	: 226/12,13 and 16 Phaholyothin Road, Samsennai, Phayathai, Bangkok, 10400
Branch’s address	: Branch No. 1 66/350 Moo 12 Raikhing, Sampran district , Nakornprathom, 73210 : Branch No. 2 77 Moo 11 Phuttamonthon 5 <sup>th</sup> Road, Raikhing, Sampran district, Nakornprathom, 73210 : Branch No. 3 66/18 Moo 12 Raikhing, Sampran district, Nakornprathom, 73210 : Branch No. 4 282, 284 Phaholyothin Road, Samsennai, Phayathai district, Bangkok, 10400
Website	: <a href="http://www.forth.co.th">www.forth.co.th</a>
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"> <li>1. Mr. Supachai Phanyawattano CPA (Thailand) No. 3930 or</li> <li>2. Mr. Narong Puntawong CPA (Thailand) No. 3315 or</li> <li>3. Ms. Thipawan Nananuwat CPA (Thailand) No. 3459</li> </ol>

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



FORTH CORPORATION PUBLIC COMPANY LIMITED

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226/12, 13, 16 Phaholyothin Road,  
Samsennai, Phayathai, Bangkok 10400  
Tel: 0-2615-0600 Fax: 0-2615-0615

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[www.forth.co.th](http://www.forth.co.th)