

Annual Report 2012

FORTH CORPORATION PUBLIC COMPANY LIMITED



**SUSTAINABLE >
GROWTH**



Awards of Pride



2009

National Innovation Award Winner in 2009 from the 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)

2010

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

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

2011

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

The Best Supplier Awards from Pioneer Manufacturing (Thailand) Co., Ltd.,
Toshiba Career (Thailand) Co. Ltd. and Western Digital (Thailand) Co., Ltd. in 2011

2012

The Performance Achievement Award from Western Digital (Thailand) Co., Ltd. in 2012

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Message from Chairman of the Board of Directors

The impact of the heavy flood in 2011 has affected the circulation of our products severely both on the public and private section projects. This finally caused the huge reduction of the Company's profit in 2011 but not yet to the deficit level and still can hold the strong basis in production as well as present new products from our brain source (research) of our company continuously.

For the mid-term and long-term policies, our company has a strong will to enhance the strength in research and development unceasingly to reinforce new technology for the advance leading products in the market and ready to move forward to the ASEAN Economic Community - AEC in 2015 when the competition will be more severely. Anyway there will be advantage in the expanding opportunity for ones are ready in man power, management, techniques and capital power which I believe that our company already has strength and readiness in many aspects to move to the competition in the AEC market.

In 2013, I am confident that our company will be able to expand its performance better than the past year due to the world economic trend especially the west: the United States of America and Europe which tend to be in a better situation. The Asian markets ranging from Japan, Korea, and China which are the important markets of Thailand tends to recover to the normal stage (except some treats from the conflict on the Korea Peninsular and the border conflict of China and Japan).

There are many rehabilitation plans for the marginalized countries e.g. Myanmar, Cambodia, Laos and Vietnam which need many supporting factors from Thailand who will benefit from this for many years in the future. However, the problem is the shortage of domestic unskilled labors that will affect the wage and the manufacturing cost of our company.

Finally, On behalf of the Board of Directors (representative of the shareholders), I would like to thank all our supporters both directly and indirectly as well as the executives and all the staff of all levels who have contributed in consistently enhancing the growth and secure advance of the company. Please be assured that the Committee will keep holding on the universal "Corporate Governance" firmly in order to maintain the reliability and the trust from the business society for our company to be acceptable forever.



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

Message from Chief Executive Officer



The operating performance of the Company in 2012 encountered the decrease of sale and net profit. The sale dropped from Baht 8,900 million to Baht 5,900 million and the net profit dropped from Baht 370 million to Baht 93 million. This was caused by the reduction of the manufacturing orders from one major customer; Western Digital, due to the severe flood at the end of 2011 which resulted in the decrease of the orders in the first half year as well as the hard disk market had been slowed down from the global economic situation and the pressure from the technology changing in the near future. Moreover, there was the slow down of the auction telecommunication project of the public sector. However, the strategy on risk diversification to other business e.g. the online top-up business and the technology related business had salvaged the Company from the loss situation.

Nevertheless, since the forth quarter of 2012 to early of 2013, the Company has signed the procurement contracts with some organizations in the public sector with the contract amount of Baht 1,600 million in total. This is the good sign that the turnover in 2013 will tend to be better than the previous year.

In 2013, the Company still concentrates on the auction projects from the public sectors covering research and development on the products using LED technology e.g. LED energy saving light bulbs to replace the ordinary light bulbs used in households and the LED street light bulb certified by the Standard of Industrial Classification Office. The Company will boost the growth of the online top-up business which has started in 2008 and keeps on growing for more than 4 years by targeting to raise the top-up amount to Baht 8,000 million and expand the number of the kiosk up to 10,000 as well as to prepare the subsidiary for registering in the MAI Stock Exchange Market.

Through the long experience of more than 20 years on the entrepreneur operation together with the strength of our research and development department with over 200 staffs who have specialty and long experience in the telecommunication and electronics industry, the appropriated plan and strategies as well as the strong will of the executives and all staffs, the Company can assure that the products of the Company will be acceptable in the domestic level and in ASEAN.

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

On behalf of the Board of Directors, we hereby express our thanks to you all for your trust in our management team, who will take responsible for the continuing growth of the Company same as in the past. The Company will adherence to the good corporate governance principles together with our care for the society.

(Mr. Pongchai Amatanont)
Chief Executive Officer

Financial Highlight

	2012	% change	2011	% change	2010
Statements of comprehensive income (Million Baht)					
Revenues from main business	5,887	-34%	8,870	-23%	11,544
Total revenues	5,938	-33%	8,885	-24%	11,633
Gross profit margin	790	-33%	1,185	40%	847
Profit before finance cost and corporate income tax	245	-55%	541	29%	418
Profit attributable to equity holders of the Company	93	-75%	370	16%	318

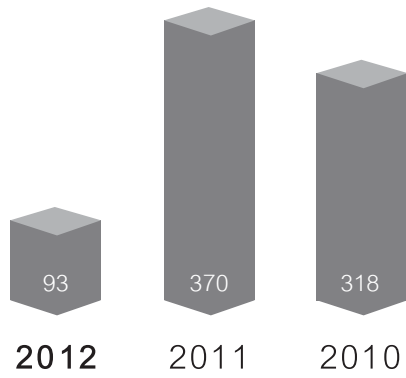
Statements of financial position (Million Baht)

Property, plant and equipment	837	9%	769	8%	715
Total assets	4,448	-19%	5,496	-15%	6,452
Total liabilities	2,993	-26%	4,066	-21%	5,129
Total shareholders' equity	1,455	2%	1,430	8%	1,323

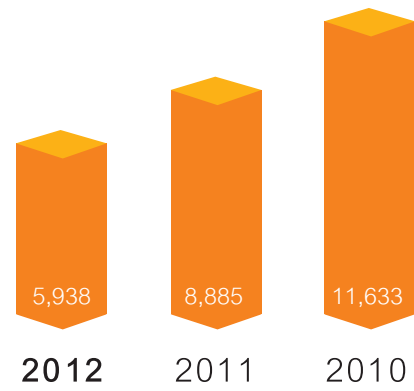
Financial ratios

Issued and paid-up capital (Million shares)	960	0%	960	0%	960
Book value per share (Baht)	1.52	2%	1.49	8%	1.38
Earnings per share (Baht)	0.10	-75%	0.39	16%	0.33
Earnings per share to Total revenues	2%	-62%	4%	52%	3%
Return on Equity	6%	-76%	27%	4%	26%
Return on Assets	4%	-69%	13%	151%	5%
Cash flows from operating activities to Total assets	9%	-24%	12%	25%	10%
Debt to Equity ratio	2.06	-28%	2.84	-27%	3.88

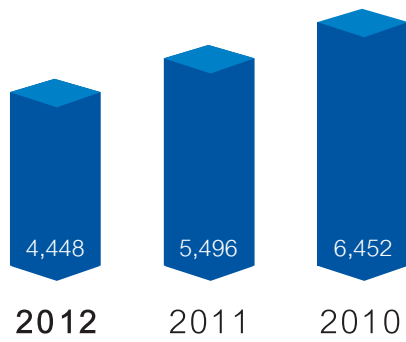
Net profit (Million Baht)



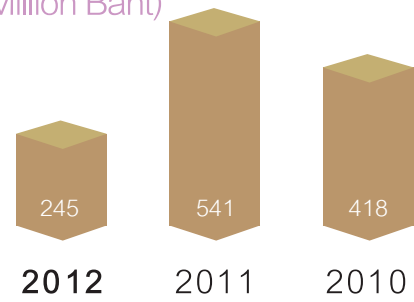
Total revenues (Million Baht)



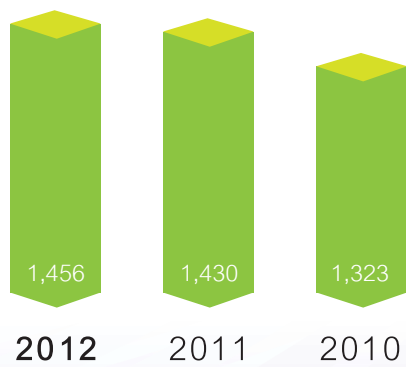
Total assets (Million Baht)



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



Total shareholders' equity (Million Baht)



Board of Directors



Mr. Sanit Vorapanya

Chairman of the Board of Directors /
Chairman of the Audit Committee
Independent Director



Mr. Sutham Malila

Director /
Audit Committee /
Independent Director



Ms. Nongram Laohaareedilok

Director /
Audit Committee /
Independent Director



Mr. Pongchai Amatanont

Director /
Executive Director /
Chief Executive Officer



Mrs. Rangri Lertripinyo

Director /
Executive Director /
Senior Executive Vice President



Mr. Kaelic Amatanont

Director



Mrs. Matinee Wandeepirom

Director



Mr. Boonya Tantipanichaphan

Director /
Executive Director



Ms. Chonticha Siripongpreeda

Director

Management



Mr. Pongchai Amatanont

- Chief Executive Officer



Mrs. Rangsi Lertripinyo

- Senior Executive Vice President



Mr. Chatchavin Pipatchotitham

- Executive Vice President /
- Vice President of Administration



Mr. Sawat Erbchokchai

- Vice President of Research & Development



Mr. Pramote Pantina

- Vice President of Production



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.

“We are fully committed to providing high quality electronic and telecommunication products”

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.

The Business Structure of the Group



The Group's major business is categorized into 4 areas as follows:




1 Electronics Manufacturing Service business

1.1 Business of assembling and manufacturing circuit boards and electronic and telecommunication parts under the customers' trademark

The business is operated by Forth Corporation Public Company Limited in the factory of over 16,000 square meters which is located on Phuttamonthon 5 Road in Nakornpathom province with modern manufacturing machines, professional engineers and teamwork of long experience who are ready to serve the customers with full integrated services which started from designing in cooperation with the customers, manufacturing in form of consigns and turnkey projects. The main customers are companies who sell leading electronic appliance and telecommunication equipment e.g. Western Digital (Thailand) Company Limited, Pioneer Electronic 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 (the 100% owned subsidiary) under trademark of . It is the distributor of semiconductor electronic parts which is raw material to produce print circuit boards e.g. IC, Transistor, Diode, Semiconductor, optoelectronics, Display Device, Relay Battery, Connector, Buzzer, Electronic Switch, EMC Filter, Thermal Printer, Capacitor, Resistor, Crystal Oscillator and etc.




2 Telecommunication business

2.1 Business of full integrated telecommunication solution

The business is operated by Forth Corporation Public Company Limited who has designed the Next Generation Network (NGN) to serve both Narrowband (voice related services) and Broadband (Internet related services) through both copper wire and optical fiber cable network by our engineer team with over 10-year experience. The Company also distributes telecommunication exchange equipment under the  trademark to major telecommunication operators in Thailand for more than 1 million subscribers. With our capable project management team, we delivered more than 100 projects to our customers timely and successfully ranging down from the one at the amount of Baht 19,000 million, respectively e.g. MSAN, DWDM and etc.

2.2 Business of manufacturing and distributing telecommunication products

The business is operated by Forth Corporation Public Company Limited under the  Trademark. We distribute various products and the main products covers equipment for the 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 system, Nurse Call, the Multi-interface Broadband Router and etc.



3 Technology related business



3.1 Business of traffic light manufacturing and distributing

It is operated by Genius Traffic System Company Limited which is the 100% owned subsidiary under the trademark of **FORTH**. It manufactures, distributes and turnkey on installing the traffic system as well as the related equipment e.g. LED full color Screen, Variable Message Screen (VMS), HID Electronic Ballast, LED Traffic Light, Traffic Signal Controller, smart LED Pedestrian Sign for Vehicle, Area Traffic Control System (ATC), Pedestrian Countdown Display for Vehicle, Decorated LED light on building, Solar Power Traffic Flashing Light and etc.



3.2 Business of electronic sign manufacturing and distributing

It is also operated by Genius Traffic System Company Limited under the Trademark of **FORTH**. The core product consists of Full Color LED Screen, Variable Message Sign for both indoor and outdoor purpose (Moving Sign Board/Variable Message Sign: VMS), LED warning Flash Light including system maintenance and etc.



3.3 Business of advertising fee collection from smart traffic boards

The business is operated by Joint Venture Genius (JV Genius). The 80% of the joint venture capital is held by Genius Traffic System Company Limited and 20% of the joint venture capital is held by the Company. JV Genius is assigned from Bangkok Metropolitan Administration (BMA) to install smart traffic boards including maintenance and 40 control stations. Moreover, it received right to derive benefit from the smart traffic boards for 9 years (3 years per one contract and renew 2 times per contract).



3.4 Business of tracking system manufacturing and distributing

The business is operated by Forth Tracking System Company Limited (a 34% of shares 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 vehicle controllers (when drivers go out off the route or drive with over speed). Therefore, the controllers can manage the vehicle usage more efficiently.



3.5 Business of electronic meters manufacturing and distributing

The business is operated by Genius Electronic Meter Company Limited (a 45% of share owned associate and another 55% of equity interest are not connected persons) under trademark of **FORTH**. The main products are kWh meter both 1 Phase and 3 Electronics Phase including linkage of processing automatic system through RS485 interface, LAN or Ethernet. It then accesses billing program at the Company's exchange station. Moreover, the 1 phase kWh Meter (RFID value refilled) and water supply meter connected to the automatic processing system together with the kWh meter can be the additional equipment to transfer data in wireless system to provide water report automatically.

3.6 Business of enterprise resource planning service

This business is operated by Forth Corporation Public Company Limited and/or Forth Consulting Company Limited (a 70% of share owned associate and another 30% of equity interest are not connected persons). The main products aim to provide enterprise resource planning service. Major targets are public sector and state enterprises e.g. Metropolitan Electricity Authority, State Railway of Thailand, Thai Airways International Plc. etc.



4 Retail business



Boonterm 7-Eleven



Boonterm Tesco Lotus

4.1 Domestic business of online top-up service

The business is operated by Forth Smart Services Company Limited (a 61% owned subsidiary and 39% shares are owned by the unconnected persons) under trademark of **บมบอเคียม**. It provides value added top up or online payment through kiosk system. Customers can make self-service transaction by the convenient and fast service. At present, Kiosk's service covers topping up for mobile phones and online game, facility billing payment, telephone postpaid billing payment for AIS, credit card payment for AEON, Tesco and First Choice, song downloading, purchasing of internet hours and international calling card. The kiosk system also supports other business activities in the future e.g. vending machine.



4.2 Oversea business of online top-up service

The Company has expanded business line throughout South East Asia as well as designed and developed software system to support the need of those countries. In 2009, the Company expanded its business to the Philippines by establishing Mindmap Commtech Inc. under the trademark of **ULOAD**. The Company holds 40% of its registered capital (another 60% of equity interest are held by unconnected persons). At this moment, there are 1,700 kiosks installed and be ready for operation. In 2012, the Company has invested in Vietnam by establishing an associate named FPT Payment Technology JSC of which 30% of shares held by the Company and another 70% held by the unconnected persons.

1989-2003



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

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



2008-2009

2005

- Develop Access Network Product

2007

- IP PBX, IP Phone
- VoIP Gateway

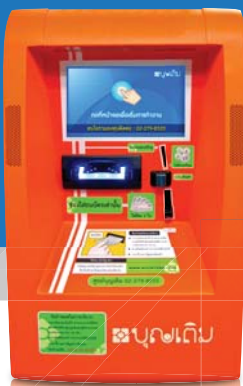
2006

- Implement DLC to TOT (TDM-Voice)



2010-2011

- Forth WDM
- Access Switch
- Top UP Machine



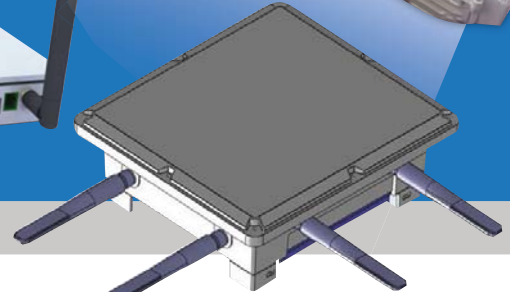
2012

- Vending Top Up
- + Vending Machine



2013

- Android Tablet
- Electronic Meter
- Smart IP Phone
- Wi-Fi Outdoor
- LED Streetlight
- ONU



Corporate Social Responsibility

Our Corporate Social Responsibility (CSR) activities do not only contribute to the communities in all aspects, but also help promoting the morale and ethics of our employees and staff as well as improve the corporate image. The Company aims to create self sustaining economic activities in the society as well as encourage our staffs to participate in our CSR activities. Therefore, our corporate social responsibility programs take a long-term approach under 3 themes: 1) Development of society, life and environment, 2) Development of education and learning promotion, 3) Enhancing religion and culture.

1) Development of society, life and environment

The Company recognizes the importance of the development of the society, community and environment with the community's cooperation. Therefore, the Company launches the following activities to support the CSR programs.

- **Blood donation activity**

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



- **Assisting the unprivileged student in remote areas**

The Company has 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 areas.



2) Education development 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 e.g.

- To be main sponsor for TESA Top gun rally to find the most capable group of embedded system engineers.
- To be main sponsor for CE Smart Camp.
- To be guest speaker at King Mongkut's Institute of Technology, Lardkrabang about telecommunication business in Thailand.
- Providing opportunity for students from the TESA Hyper Camp Project to visit and give lecture on production and assemble electronic board as benefit to them in the future.



3) Enhancing religion and culture

The Company recognized 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 Yannawet-sakawan or given food offerings to Monks during New Year event and etc.



Future projects

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

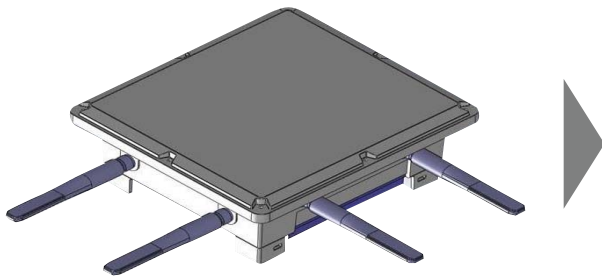
Android tablet



The Android Tablet system is designed by the Company with the latest technology e.g. Dual-Quad Core CPU and IPS Display to apply with many formats ranging from the media for elementary education from the government to the Tablet for the government officials for integrating with the IT system. Apart from that, it is integrated in the Video IP Phone, POS Machine and the new Boonterm Kiosk top-up system.

Video IP Phone

The Video IP Phone is developed to replace the old telephone system and it can cover both the video and audio operation. The system is designed to function as the video conference system and the call center system to replace the previous communication system and enhance the efficiency of organizations.



Wi-Fi access point

The Company has developed a system to provide Wi-Fi service in full integrated system both for the outdoor service as the Public Wi-Fi and for operation as the end device in the FTTH (ONT Access Point).

Broadband Core & Access Network



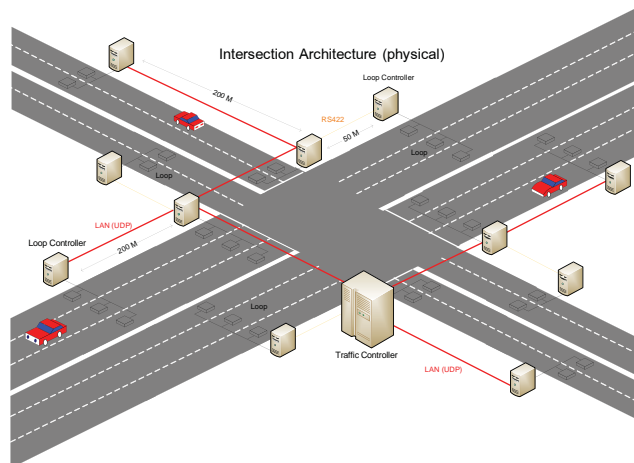
It is the project to enhance the efficiency of the MSAN, FTTH to support the high speed broadband project in the future.

2. The research and development of Genius Traffic System Company Limited

Traffic work

Smart Junction

The company has pursued the study research and development programs to enhance the traffic light control called "the Smart Junction System". The device is designed to control the lighting system at a single intersection that could adjust signal timing to match the actual traffic load. The processing data is measured by the inductive loop vehicle detector at intersection by ratio of actual traffic flow and the degree of saturation (DS).



In upcoming 2013, many provinces including Bangkok have policy to increase the installation of the Smart Junction System. The Bangkok Metropolitan Administration plans to install not less than 20 intersections. The system will report on the traffic load, the traffic light in each phase and the delay occurred at each intersection in real-time which is the useful data for the traffic management at intersections. The system contains Map Editor Program which is the program to enhance the visualizing of the physical condition of the intersection and the intersection management.

The project to enhance the efficiency on the maintenance of traffic signals

The company has researched and implemented program to enhance the efficient maintenance of traffic signals in order to immediately solve the problems on the damages of devices that cause the malfunction of the system by adding new device to detect light signal. In case of any error found in the system, the device will send alarm signal to system administrator at controlling center to help them aware of the problem and immediately solve the problems.



In 2013, the company will keep on expanding the project to the next phases by transmitted data through fiber optic of the Bangkok Metropolitan Administration. This will enhance more speed, more, accuracy and more stability as well as more economic because no need to rent the telephone network from the private provider and also enhance more efficiency in the Smart Crossroad system.

LED technology

LED Energy Saving Lights

In 2013, the company plans to develop the LED light bulb products to replace the traditional light bulbs being used now in the households e.g. the Edison Socket light bulb (E27), the Halogen bulb (MR16) and the fluorescent (T8). The LED technology will help to save energy up to 80 % with longer life and less heat than the normal light bulb.



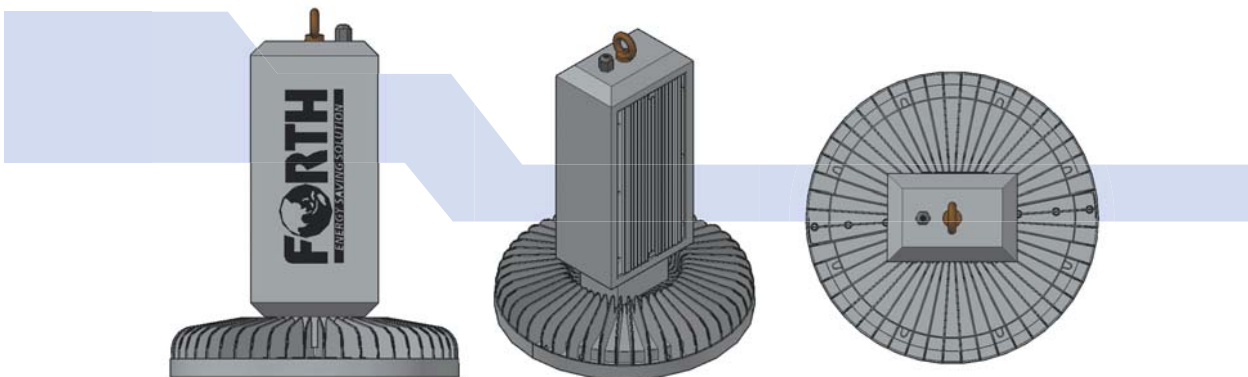
The LED Street Light



Nowadays, Thailand has kept on developing the transportation system. The most significant thing is the development of main roads which is the important part because of the highest volume of transportation. This results in the developing, improving and constructing more roads to provide convenience and highest safety for the people by increasing more efficiency in the transportation e.g. installing electric lightings to increase more visibility. But the lighting installed not only affect the increase of the energy but also the cost on the maintenance as well. In addition, it causes more environmental pollution because the material for producing electric tube emits toxic chemical to environment. The problem mentioned above has enormously affected to the economy and environment in Thailand.

Being aware of those problems, the company have been researching and implementing the LED lighting products to replace the traditional lighting of which useful life is shorter and energy power loss is higher. The new designed of LED, not only save up to 40% of energy consumption but also offer over 10 years useful life. The LED products of the company cover many models, many size ranging from 20W - 220W and they can replace the traditional light bulbs of which disadvantage are the higher consumption of energy and the shorter useful life than the LED light. At present, there are more than 1 million of the public lights all over the country, thus this is the large market that gives opportunity to the company to gain high profit in the near future.

LED High Bay



In 2013, the company plans to research and develop the LED light for the big load lighting, the LED High Bay lamps. It is the LED innovation that will replace the HID lamps to reduce the power consumption more than 50% with the useful life of longer than 50,000 hours. This enhance less capital, less maintenance cost and less imported energy from abroad as well as reduce the global heat situation which is the essential global problem at the moment. Moreover, the LED High Bay light provides better quality of light than the general fluorescent or incandescent lamps and can distribute light to cover all over the area. The new LED High Bay lamps suit the building with high ceiling e.g. factories, warehouses, gas stations, supermarkets, sport stadiums or places that need more lighting.

Warning Sign



With the specification of the LED light on energy saving, long operating life and environmental friendliness, the LED lamps are more and more popular, particularly in the traffic lighting which needs to operate all devices for a long time. This leads to the innovation to integrate the LED lamps with the traffic warning signs for energy saving. Furthermore, this new innovation enhances the clarity and sharpness of the warning signs. It obviously helps to illuminate roads during the night and give more safety to the motorists and pedestrians.

In 2013, the Bangkok Metropolitan Administration plans to continue project on changing the warning signs in the Bangkok area to LED Warning Sign to save energy, maintenance cost and to look modern, neat and tidy as well.

Close Circuit Camera System for safety and to report traffic condition



Apart from traffic condition and accident happenings, the close circuit system is still necessary for the safety operation. In 2013, the Bangkok Metropolitan Administration and other organizations plan to install more close circuit camera systems in the school area and risky places.

3. Online Top-up Service and Mobile Prepaid Service



Forth Smart Service Company Limited is the leader in the online top-up service provider under the brand of “Boonterm” which is developed under the concept of providing more convenience, self service and 24 hours service under the slogan of “Easy and Fast Top-up, do it with Boonterm.” At present, Boonterm provides service on the prepaid mobile telephone top-up, internet game online top-up, cash code purchase, Wi-Fi code purchase, fortune telling, monthly AIS Bill payment. Boonterm online top-up system also supports many other services in the future.

At present, there are 20,000 of Boonterm kiosks installed nationwide especially in the modern shops, convenient shops e.g. Tesco Lotus Express, Seven Eleven, BTS Station or the educational institutes, etc.

In the past year, the amount of accumulated top-up amount from the Boonterm service had reached Baht 4,400 million. In 2013, the Company aims to increase the accumulated top up to Baht 8,000 million and to install more of the Boonterm kiosks to 10,000 as well as to prepare Forth Smart Service Company Limited for the registration in the Market of Alternative Investment.

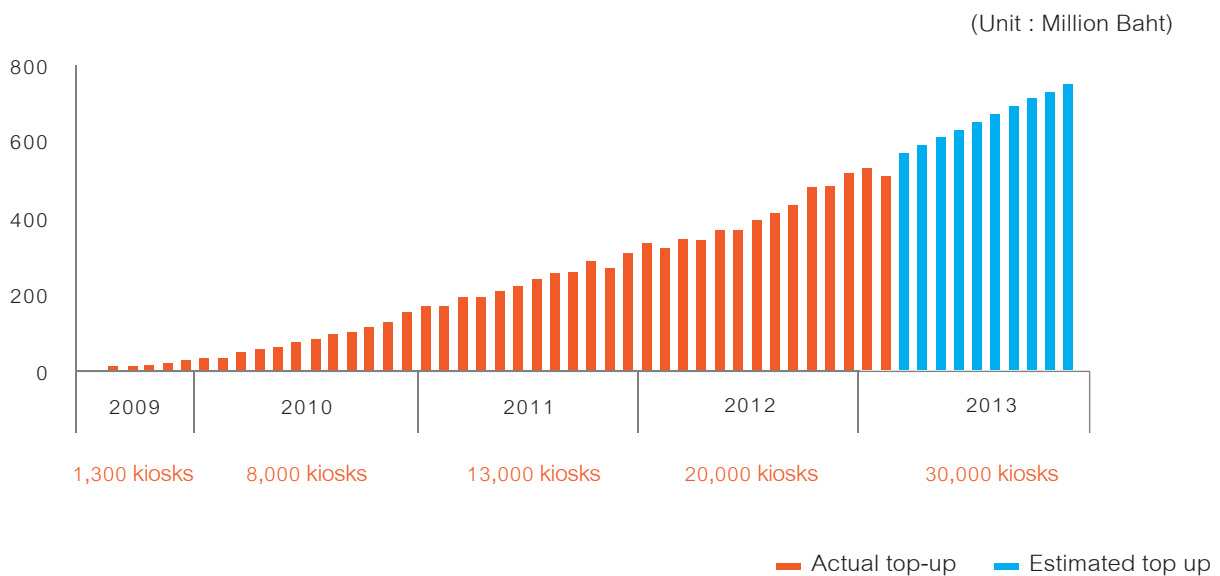


Photo: Estimated and actual top-up amounts in each month since 2010 to 2013

Boonterm's Strength



For the online top-up business abroad, in 2012, the Company had invested in FPT Payment Technology JSC, a registered company in Vietnam with the investment proportion of 30%. In 2013, the Company still concentrates on the ASEAN region because of the markets that resemble the ones of Thailand in size and type and the number of the prepaid mobile telephone users is larger than the one of the postpaid and the Company is considering to get a joint investor in Indonesia.



Innovation Center

Innovation center of the Company is the center for electronic technology research by bringing the wide range of information technology together with the limited resources available and applying for the telecommunication industry. Being engrossed in researching to determine the direction of new products and challenge new areas of innovation. Furthermore, the Company focuses on strengthening to Thai telecommunication and electronic industry in order to be able to catch up in competition with other nations.



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

The Company has continuously kept on investing in the research and development department. Currently, there is over 200 research staff with the research budget over Baht 100 million per year.

The outstanding research projects during 2012 are as follows:

- Development of Android Tablet prototype to support the developer in educational institute that leads to the development of Android Tablet to be utilized in the business sector
- Installation of the Public Free WIFI system of ICT
- Vending machine for drinking water, condom and coin exchange
- Full integrated communication system of MSAN, IP PBX, IP nurse call

Board of Directors

Mr. Sanit Vorapanya

Age 74 years old

Chairman of BOD / Chairman of Audit Committee / Independent Director

Company's Shares Possession (%)

as of 8 March 2013: -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 / Audit Committee / Independent Director

Company's Shares Possession (%)

as of 8 March 2013: -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
- 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 59 years old

Director / Audit Committee / Independent Director

Company's Shares Possession (%)

as of 8 March 2013: -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 49 years old

Director / Executive Director / Chief Executive Officer

Company's Shares Possession (%)

as of 8 March 2013: -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 52 years old
 Director/Executive Director/Senior Executive Vice President
 Company's Shares Procession (%)
 as of 8 March 2013 -6.14

Education and Training Background

- BBA, Ramkhumhaeng 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 57 years old
 Director
 Company's Shares Procession (%)
 as of 8 March 2013: -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

- Director of Electronics Source Company Limited

Mrs. Matinee Wandeepirom

Age 51 years old
 Director
 Company's Shares Procession (%)
 as of 8 March 2013: -2.58-

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 51 years old
 Director/Executive Director
 Company's Shares Procession (%)
 as of 8 March 2013: -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 Procession (%)
 as of 8 March 2013: -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 49 years old

Chief Executive Officer

Company's Shares Possession (%)

as of 8 March 2013: -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 52 years old

Senior Executive Vice President

Company's Shares Possession (%)

as of 8 March 2013: -6.14

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 40 years old

Executive Vice President/Vice President of Administration

Company's Shares Possession (%)

as of 8 March 2013: -None-

Education and Training Background

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

Mr. Sawat Erbachokchai

Age 45 years old

Vice President of Research & Development

Company's Shares Possession (%)

as of 8 March 2013: -None-

Education and Training Background

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

Pramote Pantina

Age 44 years old

Vice President of Production

Company's Shares Possession (%)

as of 8 March 2013: -None-

Education and Training Background

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

Mr. Arin Jamnaree

Age 40 years old

Vice President of Accounting and Finance

Company's Shares Possession (%)

as of 8 March 2013: -None-

Education and Training Background

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

Significant Changes and Development

In 2012, the Company has significant changes and development as follows:

Forth Corporation Public Company Limited

- The Company has expand its investment to Vietnam by establishing a subsidiary named FPT Payment Technology Joint Stock Company with the registered share capital of Dong 42,000 million (4,200,000 ordinary shares with a par value of Dong 10,000 each). Its core business is the online top-up and mobile phone top-up service and the Company holds 30% of that company's registered share capital. The cost of this investment amounted to Baht 18.5 million.
- The Company had purchased 15,000 ordinary shares of Forth Smart Service Co. Ltd. (FSS) from one of the shareholders of FSS with the par value of Baht 100 per share amounting to Baht 1.50 million. This caused the ratio of shareholding in FSS increase from 51% to 61%. Besides, the Company had purchased its shares to increase the capital according to the proportion of shareholding of the Company by 1,453,500 shares together with the shares given up the purchase right of 285,000 shares. The total shares acquired by the Company is 1,738,500 shares with the par value of Baht 100 per share amounted to Baht 173.85 million and total investment in this company amounted to Baht 175.35 million.

Forth Smart Service Company Limited (FSS)

- Forth Smart Service Company Limited has increased the registered share capital from Baht 15 million (consisting of 150,000 ordinary shares with the par value of Baht 100 each) to Baht 300 million (consisting of 3,000,000 ordinary shares with the par value of Baht 100 each) by an issuance of 2,850,000 newly ordinary shares with the par value of Baht 100 each.

Entities that own, directly and indirectly,

10% or more of the total issued shares.

Item No.	Business name/Location	Business type	Share type	No. of Outstanding shares	No. of Shareholding	Percentage of 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	Manufacture and Distribution of Traffic Light	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	Distribution of Electronic Parts	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	3,000,000	1,829,997	61.00%
5	Forth Consulting Co., Ltd. 226/12, 13, 16 Phaholyothin Road, Samsen-nai, Phayathai, Bangkok 10400 Tel : 0-2615-0600, Fax : 0-2615-0615	Provision of consulting service for information management and computer	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	software management Distribution of Vehicle Tracking System	Common	200,000	67,994	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%
9	FPT Payment Technology JSC 408 Dien bien Phu, Ward 11 , District 10, Ho Chi Minh City, Vietnam	Online Top-Up Services and Automatic Prepaid Mobile Phone Top-Up	Common	4,200,000	1,260,000	30.00%

Revenue Structure of the Company and its subsidiaries

	2012		2011		2010	
	(Million THB)	%	(Million THB)	%	(Million THB)	%
Revenues from main business						
Electronics Manufacturing Services business						
- Manufacturing and distribution of telecommunication and electronics equipments under customer brands	3,209	54.03	4,760	53.57	8,251	70.92
- Distribution of electronics parts	739	12.45	701	7.89	735	6.31
Telecommunication business	480	8.08	1,636	18.41	1,782	15.31
Technology related business						
- Manufacturing, distribution and installation of traffic light system and related equipment, CCTV and electronic signs	518	8.71	793	8.93	593	5.10
- Development and implementation of ERP system	367	6.18	611	6.88	15	0.17
- Others	21	0.35	28	0.31	31	0.25
Online top-up service and topping-up prepaid mobile phone	553	9.31	341	3.84	137	1.17
Total revenues from main business	5,887	99.11	8,870	99.83	11,544	99.23
Other income	51	0.89	15	0.17	89	0.76
Total revenues	5,938	100.00	8,885	100.00	11,633	100.00

Risk Factors

The Group has reviewed and assessed significant risks on regular basis and has implemented a comprehensive risk framework to help controlling the risks to the acceptable level. In addition, the Group has diversified risks to other business lines apart from the main business for example the manufacturing and distributing of telecommunication products, telecommunication solution, the traffic light system, electronic boards, electronic parts, electronic meter, vehicle tracking system, enterprise resources planning consulting service and online top-up services and etc. The Group has assessed the main risks that can affect the business operation as follow:

1. Risk of the EMS 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 customers' brand which is 67% (53% in 2011) of total revenues which reflects significance that has effects on the overall operating results. Especially, one major customer named Western Digital (Thailand) Co., Ltd which is significant partner that generated 49% of total revenues (52% in 2011) which was the high revenue proportion of the Company. 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. This promoted the product orders from Western Digital constantly during the last 4 years until now. With the quality of worldwide standard that brought the Company to receive "Best Supplier Award" from Western Digital (Thailand) Co., Ltd. and many other leading electronic companies such as Toshiba Co., Ltd. and Pioneer Co., Ltd. etc.

However, realizing about the fluctuation in the business, the Company sought to find new customers' base by consistently launching new products with high quality and competitive price. With the performance of our strong R&D teamwork, the Company could constantly produce modern and interesting products to the market. Moreover, the advantage on the production cost could attract new customers and also enlarge the market to obtain projects from the public sector including marking in the new industries. The new products launched to the market in 2012 were Forth WDM Access Switch and GPON etc.

2. Risk of telecommunication business

2.1 Risk from the liquidity of distribution to public sector

The target customers of the Group are public sectors which the payment terms are longer than the private customers. This group has 60 days of average account receivable turnover depending on the budget of each department. The Group expected to acquire more revenue from them through auctions and also contractors. The Group therefore needed to manage efficiently liquidity system to support public sector's project.

However, the Group has gained experience and expertise from public projects for a long time and this enhances the professional liquidity management for the customers of the public sector and the ones of the long credit duration. The Group especially holds a circulating capital sufficient for supporting the long-term cash flow of those specific customers. Apart from that the Group also reserves 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 of 3-5 months to 2 years depending upon project size. If the Group fails to deliver the project on the due date stated in the contract, the Group may be fined or lose credibility to the project operator. The penalty will affect the profitability of each project. Therefore the Group has policy to closely and carefully 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 customers and manufactures in order to solve problems in a timely manner.

3. Risk of technology related business

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

The rapid change of technology does not have effect only on the models and features but also the qualifications of products, therefore the manufacturers must be ready to develop technology to response to the new trends. For future success, the Group constantly prepares to meet such challenges by investing for new machine, researching and developing new products on a timely and cost-effective basic to response to customers' needs. In addition, the Group focuses on quality control, on-time delivery and assistance to new customers in order to sustain long business relationship with these electronic customers. That is why the Group could maintain existing customers and cope effectively with the changing technology.

3.2 Risk from under target collection of advertising revenue from the smart traffic boards

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 smart traffic boards. Each contract has a 3-year term with 2 times of renewals so totally 9 years of contract. JV Genius must pay monthly usage right fee and annual fee with amounting to approximately Baht 5 million to BMA. If JV Genius could not obtain revenue from the advertising board to cover the cost, the JV Genius's operating results could be impacted. JV Genius has considered an impairment loss from the right of Baht 27 million. However, JV Genius has the solution to solve in this problem by launching more new services including seeking new advertising agency alliances for enlargement revenue in the future.

4. Risk of the business of mobile top-up services

4.1 Risk from severe competition in mobile top-up service market

As the rapid growth of prepaid mobile service has a big rapid growth lately as well as the increasing of users' needs for the fast and easy recharging mobile channels, the competition in the mobile top-up service market is obviously aggressive particularly in the pricing strategy to fight for the customer base. The situation impacts the revenue risk and entrepreneur status in mobile top-up service 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 its affiliates and business partners for example 7-eleven, TESCO Lotus, BTS and others to enlarge customers and to reach every group of customers. FSS also offers additional services such as advertising space on kiosk, online game top-up and utilities billing payment, fortuneteller etc. FSS has continually

implemented kiosk in order to be differentiate form other service providers. In addition, the Company has expanded its investment to South East Asia region 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 distributing. 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 Group has foreign exchange risk comparing to Baht currency. Therefore the Group hedged its transactional exposure to manage foreign exchange risk and entered into forward exchange contracts and closely monitor situation. Moreover, the Group could adjust purchased prices with customer in accordance with the exchange rate. The balance of liabilities denominated in foreign currency as at 31 December 2012, which was not hedging exchange rate risk, was disclosed in note 28.1 to the financial statements.

5.2 The risk from interest rate fluctuation

The Group takes risk on loan interest rate relating to the loan which affects the volatility of their financial costs of the Group. However, the loan interest rate of the Group is floating rate or fixed rate that is close to current market rate. Thus, the risk of the interest rate of the Group is still low. The Group has concerned with interest rate risk and therefore financial derivative for hedging such risk may be used. The details of loan interest rate were disclosed in notes 14 and 16 to the financial statements.

6. Risk of the management and shareholding

6.1 The risk from reliance on the executives

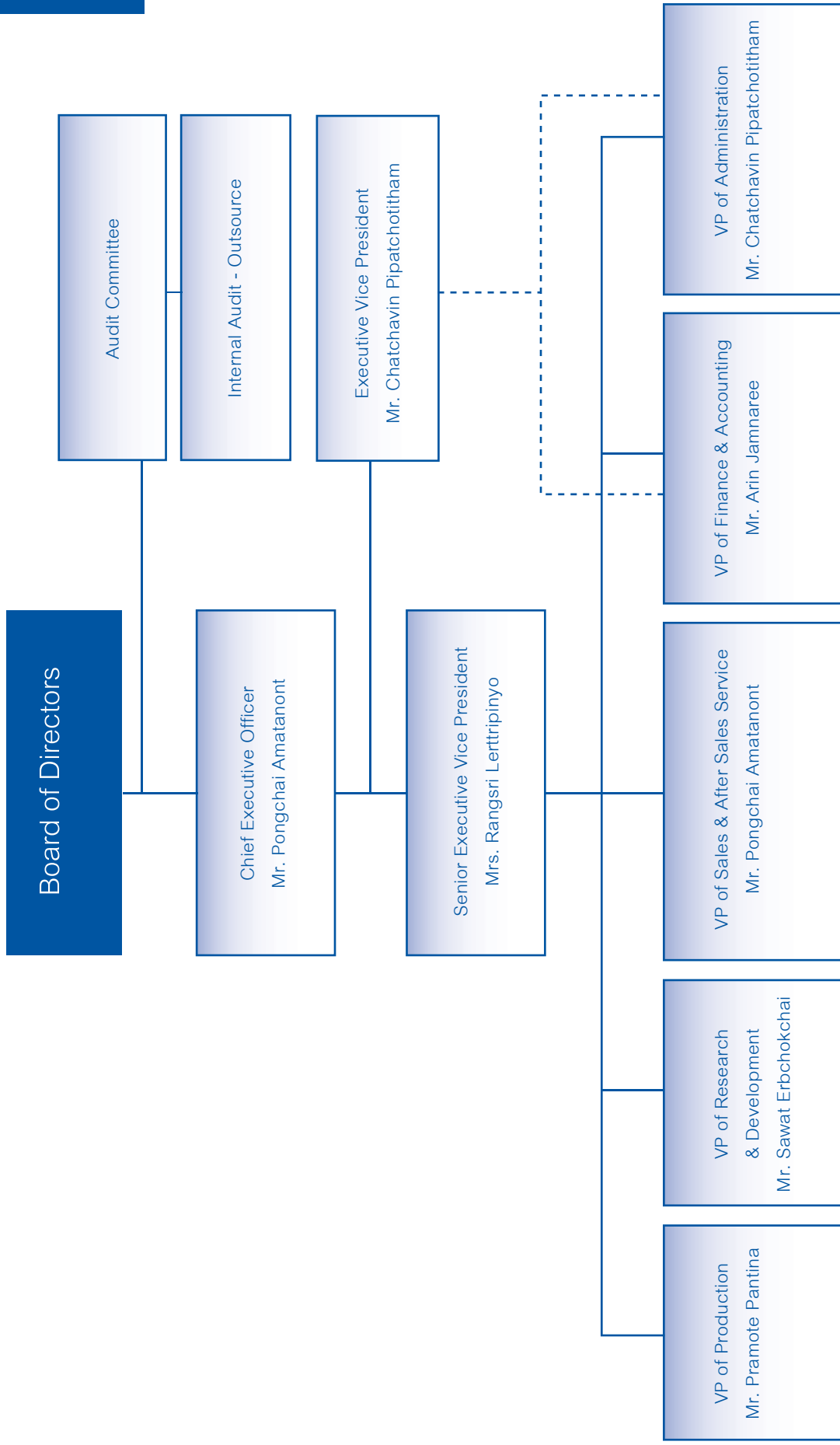
Mr. Pongchai Amatanont is the founder and Chief of Executive of the Company with experience in the business for a long times. With his vision as well as direct responsibility for policy making and the Company's direction, if there are any changes to the Executive, the Company may confront with the business operation problems. The Company then established the organizational structure for decentralization by appointing professional boards with more working experiences as well as authorizing the deputy executives' level to participate in decision making and planning for future of the Company. 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 while other executives are responsible for their business operations in depth. This aims to reduce risk reliance on the Executives.

6.2 The risk from major shareholding group

In 2012, 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 with a majority votes, exempt the matter related to law or article of association, which required at least three fourth votes of shareholders in meeting. As a result, it is impossible for minor shareholders to gather vote and check and balance of power on the matter proposed by major shareholders. However, the Company has appointed the Audit Committee to joint the Board of Directors to check and approve every agenda before proposing to the shareholders in order to increase more confidence on the internal management with transparency.

Organization Structure

As at 31 December 2012



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 at 31 December 2012

No.	Name	Position
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 Lertripinyo	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 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 Lertripinyo, or Mrs. Matinee Wandeepirom with the Company's seal.

Duties and responsibilities for 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 the 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 Annual General Meeting of the Shareholders for consideration and approve.
5. Ensure that the Company shall vest the representative person with full authority of the Board of Directors with respect to specific matters delegated and approve by the board. The Board of Directors 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 the meeting of shareholders, 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 Securities and Exchange Commission, the Stock Exchange of Thailand and the related law and regulation.
8. Consider the management structure, appoint the Board of Executive Directors, Chief Executive Officer and other sub-committee, as well as evaluate the performance of Chief Executive Officer in order to follow up the progress of achievement of the Company's objectives.
9. To ensure that the board 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 shares that the board held in the related companies.

The 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 Annual General Meeting of Shareholders.

Board of Executive Directors

As at 31 December 2012, there are 3 members of the Board of Executive Directors which are as follows:

No.	Name	Position
1.	Mr. Pongchai Amatanont	Chairman of Executive Director
2.	Mrs. Rangsi Lertripinyo	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 the shareholders' 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 Board, 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 resource management and any operating plans.
7. Review and approve organization structure and management, the human resources policies, management development plans regarding to recruitment, moving, and termination as well as remuneration policy.
8. The Board of Directors selects any other board members in whom they vest certain duties responsibilities and authorities to operate in any normal business or any appropriated activities within specified periods. 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 Annual General Meeting of Shareholders for consideration and approval according to any related regulations.

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 above 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 at 31 December 2012, 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 term of the Audit Committee member is 2 years. The Company has determined the qualifications of the Audit Committee as follows:

1. Each member of the Audit Committee shall be an independent director.
2. Not being a director assigned by the Board of Directors to decide on the operation of the Company, parent company, subsidiaries, associates same-level subsidiaries or entities may have any conflict of interest.
3. Not being a director of the parent company, subsidiaries, and same-level subsidiaries.
4. At least one member of the Audit Committee shall have sufficient knowledge and experience to review the reliability of financial statements.

As at 31 December 2012, there are 3 members of the Audit Committee 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. 3rd is knowledgeable and sufficient experience to review the reliability of financial statements.

Duties and responsibilities for Audit Committees

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.

3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information.
 - (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 Exchange'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 committee member,
 - (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; and
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.
8. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the audit committee shall report it to the board of directors for rectification within the period of time that the audit committee thinks fit:
 - (1) a transaction which causes a conflict of interest;
 - (2) any fraud, irregularity, or material defect in an internal control system; or
 - (3) an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business.

Management Team

As at 31 December 2012, there are 6 persons in the management team.

No.	Name	Position
1.	Mr. Pongchai Amatanont	Chief Executive Officer / President of FORTH's affiliates / Vice President of Sale and After Sale and Service
2.	Mrs. Rangsri Lerttripinyo	Senior Executive Vice President/Company Secretary
3.	Mr. Chatchavin Pipatchotham	Executive Vice President/ VP of Administration
4.	Mr. Pramote Pantina	Vice President of Production
5.	Mr. Sawat Erbchokchai	Vice President of Research & Development
6.	Mr. Arin Jamnaree	Vice President of Accounting and Finance

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 Annual General Meeting 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 Chief Executive Officer

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' meeting/the Board of Directors' meeting/the Executive Directors' meeting.
3. To have the power to appoint and/or authorize any person to act on behalf of the Company in conducting activities within specific limitation of the power of attorney and/or to comply with regulations or orders of the Board of Directors of the Company and/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 directors for approval.
6. 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 Directors and 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 Annual General Meetings of Shareholders on 30 March 2011, were summarized below:

Meeting Allowance	Per each meeting attendance/ Baht
Chairman of the Board of Directors	33,000
Member of the Board of Directors	22,000
Chairman of the Audit Committee	49,500
Member of the Audit Committee	46,200

Annual gratuity

The amount of gratuity is not over Baht 1.0 million and shall be allocated to the non-executive directors and/or independent directors.

Monetary remuneration

Unit: Baht

Name	Board of Directors		Audit Committee	
	2012	2011	2012	2011
Mr.Sanit Vorapanya	132,000	132,000	384,800	518,133
Mr.Sutham Malila	88,000	88,000	398,000	531,333
Ms.Nongram Laohaareedilok	88,000	88,000	384,800	518,133
Mr.Pongchai Amatanont	88,000	88,000	-	-
Mrs.Rangsri Lertripinyo	88,000	88,000	-	-
Mr.Boonya Tantipanichaphan	88,000	88,000	-	-
Mrs.Matinee Wandeepirom	88,000	88,000	-	-
Mr.Kaelic Amatanont	88,000	88,000	-	-
Ms.Chonthicha Siripongpreeda	88,000	88,000	-	-
Total	836,000	836,000	1,167,600	1,567,599

Management Remuneration	2012	2011	2010
Executive Remuneration (Million Baht)	43.43	44.15	36.24
Number of Executive Director (Persons)	11	11	11
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

The Company's securities

As at 31 December 2012, 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 Baht 0.5 each.

The list of shareholders as at 8 March 2013

Top ten shareholders of the Company as at 8 March 2013 were as follows:

No.	Name		No. of shares (shares)	% of shareholding
1	Amatanont family		617,673,500	64.34
	Mr. Pongchai Amatanont	466,744,400		
	Mrs. Rangsi Lertripinyo	58,915,500		
	Mr. Kaelic Amatanont	57,924,000		
	Mrs. Wantana Amatanont	34,089,600		
2	Mr. Poonsak Siripongpreeda		32,931,900	3.43
3	Mr. Boonyong Ninneunnont		27,599,000	2.88
4	Mrs. Matinee Wandeepirom		24,750,400	2.58
5	Mr. Supat Pongrattakul		18,510,300	1.93
6	Mr. Kamthorn Leelattheerakul		15,456,400	1.61
7	Mrs. Malee Vorapanya		14,799,800	1.54
8	Mrs. Tharinee Senjunthichai		13,777,800	1.44
9	Mrs. Wipawan Tantipanichaphan		13,350,000	1.39
10	Mr. Boonya Tantipanichphan		11,361,400	1.18
	Others		169,789,500	17.68
	Total		960,000,000	100.00

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, executives and employees have already accepted and followed up the policies strictly in 2012 as follows:

Section 1 Rights of Shareholders

The Board of Directors recognizes the importance of fundamental rights of shareholders and makes every effort to treat the shareholders equally and legally. The basic legitimated rights of shareholders include the rights to buy, sell, or transfer shares, rights on eligibility to receive dividend payment, the right to receive sufficient information in a timely manner to participate in shareholders' meetings, the right to vote on various businesses agenda, the right to appoint a proxy to participate, the right to vote on the annual appointment of directors and independent 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 2012 according to the regulations of the Stock Exchange of Thailand in accordance with the guidelines issued by the Security Exchange Commission and AGM Checklist. This checklist provides a convenient structured format for evaluating AGM arrangement. In the 2011 AGM, Thai Investor Association assessed the result of AGM of the Company which received the excellent level with scoring 94.50 points out of 100 points.

Meeting venue

Along with the Company's Articles, the Company is required to have an annual general meeting of shareholders within a period of 4 months from the end of the fiscal year. The Annual General Meeting of Shareholders for 2012 was held on Friday, March 30, 2012 at 14.00 a.m., at Victory Room, 2nd Floor, VIC 3 Bangkok, 89 Soi Phaholyothin 3, Phaholyothin Road, Phayathai, 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 at least 7 days prior to the meeting date. The attachment document is prepared to support shareholder decision on the Annual General Meeting of Shareholders' agenda resolution and ensure the full reception on shareholder right, the documents includes:

- Facts and the reasons along with the board comments and suggestion.
- The supporting documents e.g. directors' biography and definition of independent director in the director election agenda, details of remuneration of directors and sub committees for the directors' remuneration agenda.

- Detail of the Annual General Meeting and proxy processes, including a proxy form given to the independent directors identify the shareholder's resolution on voting.
- The Company respect shareholders' right to attend the Annual General Meeting of Shareholder for 2012 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) 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 2012, all directors (9 persons) attended the meeting, representing 100% 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, 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 agenda resolution and voting results.

• **After the meeting date**

In 2012, the Company publicized the resolutions of the Annual General Meeting of Shareholders through the Stock Exchange of Thailand a day after meeting concerning the voting results on each agenda and submitted the minutes of Annual General Meeting of Shareholders which identified name of board committee, and the voting result of agree, disagree, or abstain the vote right on each agenda and informed the key issue on question and answer from shareholders including an explanation in detail from executives to The Stock Exchange of Thailand and related regulators within 14 days as well as post all information in the Company's website (www.forth.co.th).

Section 2

Equitable Treatment of Shareholders

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

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 the Annual General Meeting of Shareholders including proxy forms as an attachment with the notice or the shareholders can download from the Company's website (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 Annual General Meeting 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 the Annual General Meeting agenda form, which can be download on the Company's website (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 the Company's business or operation. If the 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:

1. Having the qualification according to the Public Company Act, Securities and Exchange Act and the Good Corporate Governance.

2. Being knowledgeable, capable, independent, dedicated, and healthy mentally and physically, be of suitable age and be able to perform director's duties with care and loyalty.

3. Devoting time adequately and put effort with full capacities for Company's benefit. It's a must to attend every meeting of Board of Directors

4. Should not serve board positions more than 5 listed companies.

The independent directors will consider those qualified persons to propose in the Annual General Meeting of Shareholders for the resolution. However, if the independent directors do not select those persons to propose in the meeting, those candidates will be proposed in the Annual General Meeting of Shareholders without opinion of directors for final resolution. The documents, which must be attached for the proposal, are (1) the form of director nomination's proposal and (2) the personal information of the person who are proposed to be elected as directors or confirmation agreement from securities/agencies which the data owner must sign off and certify the accuracy of documents. Those documents must be submitted and delivered to the Company with in issued date.

4. Usage of inside information

The Company established regulation to limit the use of inside information to only the directors, executive directors or higher executives which has got involved with department in head office and factory section. The inside information would be discussed among management level only. The Company set penalties for the use of inside information which causes damage to the Company. Directors and executives must report their ownership of the Company's security to the Securities and Exchange Commission.

5. The governance concerning securities trading of insiders

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

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

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. People, who would like to collect the Company's 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

Email : investor@forth.co.th

Section 3 Roles of Stakeholders

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

Shareholders

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

Employees

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

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

The Company aims at process of occupational health and safety management system or OHSAS 18001 (version 2007) 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 9001 standard (version 2008). 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 service call center in order to take care of customer's problems both pre and post sales. The customers can complain, consult, use service of installation and fix products of business communication system. The customers can contact as below address:

Forth Service Call Center

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

Tel: 0-2615-0606

Fax: 0-2615-0606 ext. 2199

Email: service@forth.co.th

Business Partners

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

- Partner selection from price and quality with fairness in competition, symmetry information and transparency
- For business negotiation, the directors, executives and employees must not receive money, gift or any asset from counter parties or business partners which relates to dishonest behavior
- Practice the agreement strictly and make deal payment on time

- Protect information and keep secret between the Company and business partners
- Inform the related law and regulation and practice with honesty and reliability

Loan creditors

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

Government agencies

The Company is committed and ready to follow the principles of corporate governance, legal penalties and standards of conduct of related state agencies.

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 2012 as follows:

- Developed community landscape and planted trees to commemorate Her Majesty The Queen's Birthday
- Blood donation policy
- Offered Buddha Lent Candles and merit marking ceremony in Buddhist Lent Day at Yansakawan temple
- Donated computer equipment to school in remote area

Our factory is verified and certified the ISO 14001 (version 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 company secretary as mentioned address below, and then the company secretary will review and process their appeal to the audit committee, independent directors, or board committee for improvement by

1. The appeal from shareholder will be process to the audit committee or board committee or can contact directly to chairman/audited committee via the Company's address.

2. The appeal from customer counterparty or external person will be process to executive director to solve the problem then report to board committee later.

3. The appeal from creditor will be process to executive director to consider whether to submit appeal for board committee consideration.

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

The Company's secretary

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

Section 4 Disclosure and Transparency

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

During 2012, the Company attended opportunity day activity in March 2012 and arranged 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 the Stock Exchange of Thailand, the Securities and Exchange Commission in annual report and AGM invitation letter to clarify board committee and independent directors the role and duties of the Board of Directors and audit committee, 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 2012

No.	Name	Attendance/Meeting
1.	Mr. Sanit Vorapanya	4/4
2.	Mr. Sutham Malila	4/4
3.	Ms. Nongram Laohaareedilok	4/4
4.	Mr. Pongchai Amatanont	4/4
5.	Mrs. Rangsri Lerttripinyo	4/4
6.	Mr. Kaelic Amatanont	4/4
7.	Mrs. Matinee Wandeepirom	4/4
8.	Mr. Boonya Tantipanichaphan	4/4
9.	Ms. Chonticha Siripongpreeda	4/4

Record of Audit Committee's attendance at meetings in 2012

No.	Name	Attendance/Meeting
1.	Mr. Sanit Vorapanya	4/4
2.	Mr. Sutham Malila	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 Board of Directors who are 3 independent directors, which approximately 1 to 3 times of all members. The qualifications of the Company's independent directors are equivalent to the regulations of the Securities and Exchange Commission. Qualifications of independent director, name list and responsibility of the Board of Directors and selection process have been disclosed in section of "Management structure".

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

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

Sub-committees

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

Code of conduct

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

Risk management policy

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

Company Secretary

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

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

Guide for Remuneration of the Board of Directors

Determination of remuneration for the Board of Directors and executives are taken into consideration their duties and limitation of responsibilities, performance evaluation as well as 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

At the Annual General Meetings of Shareholders in every year, one-third or approximately one-third of the Board of Directors must retire from the position. Directors who retire from the position may be reappointed for another term and the chosen one will be in position from the nominated date until the Annual General Meeting of Shareholders in the next year.

Self-Assessment of the Board of Directors

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

Development of directors and managers

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

Succession Plan

The appointment of new directors and executives, the Company would supply basic company information such as the organization structure, management structure, nature of business, main products, rules and regulation and laws relevant to the Company including the Securities and Exchange Commission and the Stock Exchange of Thailand's regulation and law. This 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 orientation of new directors

The appointment of new directors and executives, the Company would supply basic company information such as the organization structure, management structure, nature of business, main products, rules and regulation and laws relevant to the Company including the Securities and Exchange Commission and the Stock Exchange of Thailand's regulation and law. This 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 the Company's securities 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 the Company's securities. In addition, directors and executives must report the ownership of the Company's securities to the Securities and Exchange Commission regarding the Statement Act B.E. 2535, as well as they acknowledged the punishment pursuant, also required to be disclosed when the change emerged in ownership of securities by a spouse and immature children. The directors and executives must submit 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.

According to the practice of corporate governance in above mentioned along with the result of corporate governance assessment of listed company in 2012 which assessed by Capital Market Development Fund Institute, the Stock Exchange of Thailand and the Securities of Exchange Commission. The Company received an average scoring 82% which was categories as follow:

Section	Scoring		
	The Company	The overall Listed Company	SET50 Index
The Rights of Shareholders	92%	88%	94%
The equitable treatment of shareholders	80%	84%	89%
The Role of Stakeholders	78%	65%	88%
Disclosure and Transparency	92%	88%	95%
The responsibility of Board	66%	63%	78%
Overall average scoring	81%	77%	88%

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

Dividend Policy

The Company has a policy to pay dividends to the shareholders at the rate of not less than 40% of the net profit after corporate income tax and accumulated loss brought forward (if any) in the separate financial statements. However, the Board of Directors may set the rate of dividend payout less than the one mentioned above depending on the operating performance, financial position, liquidity and the need to expand its operations as well as the working capital requirements.

The subsidiaries have policies to pay dividends to the shareholders at the rate of not less than 20% of the net profit 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 2012, the board found it appropriate for the meeting to approve the dividend payments for 2012 at the rate of Baht 0.12 per share, a total of Baht 115.2 million. The dividend will be paid from the net profit for the year ended 31 December 2012 and retained earnings derived from the promoted operations from the Board of Investment, which individual shareholders are not entitled to a tax credit in accordance with Section 47 bis of the Revenue Code.

The record date to determine shareholders' name for the right to receive the dividend is scheduled on 26 April 2013 in respect to Clause 225 of the Securities and Exchange Act. The closing date of shareholders register book will be on 29 April 2013. The dividend shall be paid on 3 May 2013.

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

	Operating results		
	2012 (Proposed)	2011	2010
Common stock (Million Shares)	960	960	960
Net profit (loss) (Million Baht)	102	395	346
Net profit (loss) per share (Baht/Share)	0.11	0.41	0.36
Total dividend per share (Baht/Share)	0.12	0.29	0.27
Interim dividend (Baht/Share)	-	0.12	0.12
Dividend payment's date	-	9 September 2011	10 September 2010
Annual dividend (Baht/Share)	0.12	0.17	0.15
Dividend payment's date	3 May 2013	27 April 2012	6 May 2011
Total dividend payment (Million Baht)	115.2	278.4	259.2
Dividend payment rate (%)	109 ⁽¹⁾	70 ⁽¹⁾	75 ⁽¹⁾

Remark⁽¹⁾ 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 (if any) in the separate financial statements.

Connected Transactions for the year ended 31 December 2012

According to the financial statements for the year ended 31 December 2012, the Company and its subsidiaries have transactions with persons or entities with possible conflicts of interest as follows:

Entities or persons that possibly have conflict of interest	Relationship	Transaction type	Value (Baht) for the year ended 31 December 2012	Description and Conditions of transaction	Audit Committee's opinion regarding necessity and reasonability of transaction
Mr. Pongchai Amatanont	<ul style="list-style-type: none"> Director of the Company The Company's shareholder with 52.17% shareholding (including spouses and immature children) 	Rental expenses	240,000.00	<p>GTS has leased 160 square wah of factory building in the Factory Land located at 66/18, Factory Land from Khun Pongchai Amatanont in order to establish their factory which started by 1 May 2011 to 30 April 2014. The monthly rental fee is amounting to Baht 20,000 and the appraisal price from independent appraiser is equal to Baht 40,000 per month according to the report dated 20 May 2005.</p> <p>GTS has leased 160 square wah of land which located on 66/23-24 Sampran, Nakompathom from Khun Pongchai in order to establish GTS factory which started by 1 January 2012 to 31 December 2014. The monthly rental fee is amounting to Baht 20,000 and the appraisal price from independent appraiser is equal to Baht 38,000 per month accordance with the report dated 14 September 2005.</p>	<p>This transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business transaction with market price reference.</p> <p>This transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business transaction with market price reference.</p>

Entities or persons that possibly have conflict of interest	Relationship	Transaction type	Value (Baht) for the year ended 31 December 2012	Description and Conditions of transaction	Audit Committee's opinion regarding necessity and reasonability of transaction
Mrs. Rangsi Lertripinyo	<ul style="list-style-type: none"> Director of the Company The Company's shareholder with 6.14% shareholding 	Rental expenses	540,000.00	The Company has leased 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 June 2009 to 31 May 2012 with 3 years of rental period. The monthly rental fee is amount of Baht 45,000. The renewal of rental contract started from 1 June 2012 to 31 May 2015 at the same rental charge. The appraisal price from independent appraiser is equal to Baht 96,000 per month according to the report dated 20 May 2005.	The transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported with business transaction with market price reference.
Mr. Poonsak Sirpongpreeda	The Company's shareholder with 3.43% shareholding	Rental expenses	-	Khun Poonsak offered a unit of building on Baan Mo road to ES to use as its office place with gratuitousness.	The transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business transaction with no market price reference.
Genius Electronic Meter Co., Ltd. (GEM)	GEM's shareholder of 45%	Account receivable -Beginning of year -Sold during the year -Value Added Tax -Rental income -Decrease during the year -End of year Account Payable -Beginning of year -Purchased during the year -Value Added Tax -Rental expenses -Decrease during the year -End of year	14,502,622.23 5,783,070.79 404,814.96 720,000.00 <u>(19,025,536.76)</u> <u>2,384,971.22</u> 77,101.58 993,843.52 69,569.05 360,000.00 <u>(1,353,731.86)</u> <u>146,782.29</u>	The regular business transaction and it is compared to market price. 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. 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.

Entities or persons that possibly have conflict of interest	Relationship	Transaction type	Value (Baht) for the year ended 31 December 2012	Description and Conditions of transaction	Audit Committee's opinion regarding necessity and reasonability of transaction
Genius Electronic Meter Co., Ltd. (GEM) (Continued)		Loan receivable and Accrued interest receivable		The Company provided loan to GEM for their circulating capital in case of bank credit shortage for the business operation.	This transaction is financial assistance offered with interest rate reference from the Company's financial cost receiving from the financial institutions and due date of payment on request.
	- Beginning of year	6,513,056.15			
	- Additional loan	10,105,000.00			
	- Interest income	453,617.22			
	- Received payment	<u>(1,866,706.79)</u>			
	- End of year	<u>15,204,966.58</u>			
	Interest income	453,617.22			
Rental income	720,000.00	The Company provides GEM a lease contract of factory building with 1,580 sq.metre of usable area in Factory Land located on 66/350 Sampran, Nakornpathom. The period started from 1 March 2011 to 28 February 2012 with 1 year of rental period. The rental rate is Baht 60,000 per month. The renewal of rental contract started from 1 March 2012 to 28 February 2013 at the same rental charge. The appraisal price from independent appraiser is equal to Baht 55,000 per month accordance with the report dated 20 May 2005.	The transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business transaction with market price reference.		
Rental expense	360,000.00			GTS leases factory building (a part of GEM's area) in Factory Land located on 66/350 Sampran Nakornpathom. The period started from 1 March 2011 to 28 February 2012 with 1 year of rental period. The rental rate is Baht 30,000 per month. The renewal of rental contract started from 1 March 2012 to 28 February 2013 with the same rental charge. The appraisal price from independent appraiser is equal to Baht 55,000 per month accordance with the report dated 20 May 2005.	The transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business transaction with market price reference.

Entities or persons that possibly have conflict of interest	Relationship	Transaction type	Value (Baht) for the year ended 31 December 2012	Description and Conditions of transaction	Audit Committee's opinion regarding necessity and reasonability of transaction
Forth Tracking System Co., Ltd. (FTS)	FTS's shareholder of 34%	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	4,262,205.18 4,115,087.48 288,056.12 <u>(2,875,704.16)</u> <u>5,789,644.62</u> 117,593.00 774,489.71 54,214.28 <u>(473,033.15)</u> <u>473,263.84</u>	The regular business transaction and it is compared to market price. 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. 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)	MCI's shareholder of 40%	Account Receivable - Beginning of year - Sold during the year - Value Added Tax - Decrease during the year - Difference of exchange rate - End of year	18,950,208.37 34,885,022.91 0.00 <u>(44,307,712.77)</u> 320,846.58 <u>9,206,671.93</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 Performance of the Group

Unit: Million Baht

	2012	2011	Increase (decrease)	Variance (%)
Sales	4,151	6,543	(2,392)	(36.56)
Service income	890	545	345	63.32
Revenue from project works	846	1,782	(936)	(52.53)
Other income	51	15	36	240.00
Total revenues	5,938	8,885	(2,947)	(33.17)
Gross profit	790	1,185	(395)	(33.33)
Operating profit	245	555	(310)	(55.86)
Net profit	93	370	(277)	(74.86)

In 2012, the Group has total revenues Baht 5,938 million, decreased by Baht 2,947 million or 33.17% compared to total revenues in 2011 at Baht 8,885 million as the result of the decreasing electronics turkey contract with one major client, Western Digital of 36.57% compared to the same period of the previous year. The revenue from the services increased Baht 345 million or 63.32% due to the expansion of the online top-up business. The revenue from project works decreased by Baht 936 million or 52.53% due to the slowdown of the public sector projects on the telecommunication.

In 2012, the Group has net profit of Baht 93 million compared to the year 2011 of Baht 370 million which is 74.86% decreased due to the slowdown of the electronics circuit boards manufacturing and public sector projects on the telecommunication. As in 2011, the Group had profit from the sale of SAP license to Metropolitan Electricity Authority with the high profit of Baht 223 million.

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 the customer's trademark including distribution of electronics parts.
- (2) Telecommunication business covering manufacturing, distribution and installation of telecommunication and electronics products including integrated telecommunication solution.
- (3) Technology related business for example, manufacturing, distribution and installation of traffic light system and equipment, CCTV, electronic signs, collection of advertising revenue as well as from the development and implementation of ERP system.
- (4) Online top-up services and topping-up the prepaid mobile phones

	2012		2011	
	(Million Baht)	%	(Million Baht)	%
Revenues from main business				
Electronics manufacturing services business				
- Manufacturing and distribution of telecommunication and electronics equipments under customer	3,209	54.03	4,760	53.57
- Distribution of electronics parts	739	12.45	701	7.89
Telecommunication business	480	8.08	1,636	18.41
Technology related business				
- Manufacturing, distribution and installation of traffic light system and equipment, CCTV and electronic signs	518	8.71	793	8.93
- The development and implementation of ERP	367	6.18	611	6.88
- Others	21	0.35	28	0.31
Online top-up services and topping-up the prepaid mobile phones	553	9.31	341	3.84
Total revenues from main business	5,887	99.11	8,870	99.83
Other income **	51	0.89	15	0.17
Total revenues	5,938	100.00	8,885	100.00

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

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

1. The revenue from electronics manufacturing services business

In 2012, the Company generated revenue from EMS business, amounted to Baht 3,948 million which decreased by Baht 1,513 million or 27.72% due to the slowing down of the electronics manufacturing business of our major client, Western Digital. The decrease on the orders for hard disk assembling was affected by the severe floods in many areas at the end of 2011. This resulted in the decrease of manufacturing orders in the first half year. Apart from that the hard disk market had been slowed down by the world economic condition as well as the technological pressure to have a change in the near future.

The Company still can keep the level of the sale and gross profit of the electronic parts closely to the one from the previous year.

2. The revenue from telecommunication business

In 2012, the expansion of the public facility on telecommunication in the public sector had slowed down due to no new auctions from the government. Thus in 2012, the Company has generated revenue from the telecommunication amounted to Baht 480 million which decreased by Baht 1,156 million comparing to the previous year. Most revenue consisted of the revenue from the turnkey projects for installing parts of the telephone and internet system continuing from the previous year amounted to Baht 137 million and the sales of the spared parts and extending the telephone and internet network of TOT Plc.

3. The revenue from the technology related business

In 2012, the Company generated revenue from technology related business, amounted to Baht 906 million which decreased Baht 526 million or 36.80%. The decrease derived from the 2 main areas:

The manufacture, sales and turnkey of installing the traffic light equipment, close circuit cameras, the electronic board system and equipment and its services mainly for Bangkok Metropolitan Authority. The Company generated the revenue amounted to Baht 518 million which decreased Baht 275 million comparing to 2011. Most of the revenue derived from the turnkey projects continuing from the previous year.

The revenue from implementation of ERP system amounted to Baht 367 million in 2012 which decreased Baht 244 million comparing to 2011. The service was provided to 3 public sectors e.g. Metropolitan Electricity Authority, State Railway of Thailand and Thai Airways International Plc. Moreover, in 2011, the Company has generated revenue from the sale of SAP license and maintenance services for Metropolitan Electricity Authority, amounted to Baht 373 million of which the Company did not derive any in 2012.

4. The revenue from retail business

In 2012, the online top-up service business still keep on growing and the Company generated revenue from online top-up service, amounted to Baht 553 million, which increased by Baht 212 million or 62.17% because the number of kiosks has increased from 13,000 kiosks to 19,000 kiosks or increased by 6,000 kiosks. The marketing had brought the revenue of 2012 up to Baht 25,000 per kiosk (2011: Baht 22,000 per kiosk) which is 13.5% increase.

5. Other income

In 2012, the Company generated other income, amounted to Baht 51 million which partly derived from the subsidiary's revenue recognition of long outstanding service fee received in advance amounted to Baht 16 million.

Costs and expenses

Unit: Million Baht

	2012	2011	Increase (decrease)	% Variance
Cost of sales	3,747	5,798	(2,051)	(35.37)
Cost of services	616	388	228	58.76
Cost of project works	733	1,499	(766)	(51.10)
Selling and administrative expenses	604	644	(40)	(6.21)
Financial cost	122	145	(23)	(15.86)
Total expenses	5,822	8,474	(2,652)	(31.30)

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

In 2012, cost of sales was Baht 3,747 million, decreased by Baht 2,051 million or 35.37% in the same direction with declining sale.

The cost of service in 2012 amounted to Baht 616 million which increased Baht 228 million or by 58.76% and it was the increase of the online top-up business that reflect the direction of expansion.

The cost of project works in 2012 amounted to Baht 733 million, decreased by Baht 766 million or by 51.10% in the same direction with declining revenue from the project works.

Selling and administrative expenses

Selling and administrative expenses decreased by Baht 40 million or 6.21% which mainly resulted from the management control on the administrative expenses. Besides, in 2011, the Company had recorded the production cost amounted to Baht 24 million included in the administrative expenses instead of the production cost since the Company had decreased the production line due to the severe floods in 4th quarter of 2011, the. In addition, allowance for doubtful account receivables and other receivables increased by Baht 20 million and also allowance for impairment of the rights to derived benefit from the smart traffic boards increased by Baht 16 million and in 2012 with no cost of that.

Finance cost

In 2012, the finance cost was Baht 122 million, decreased by Baht 23 million or 15.86% which resulted from the loan repayment in succession from the project completed during the year as well as from the repayment of the long-term loan due to the contract. The interest rate was close to the one in 2011.

Financial position

Assets

Unit: Million Baht

	31 December 2012	31 December 2011	Increase (decrease)	% Variance
Current assets	3,488	4,602	(1,114)	(24.21)
Non-current assets	960	894	66	7.38
Total assets	4,448	5,496	(1,048)	(19.07)

As at 31st December 2012, the Group's assets was Baht 4,448 million, decreased by Baht 1,048 million comparing to 2011 due to the decreasing of current assets amounted to Baht 1,114 million. Mainly it resulted from the reduction of account receivables and unbilled receivables because the Company could deliver the work in time due in the contract, this brought in the collection of outstanding debts from the project works and also in 2012, there was no new turnkey project from the public sectors. This caused the outstanding balance of account receivable and unbilled receivables decreased significantly.

The quality of assets

Trade accounts receivable

Trade accounts receivable excluded related parties as at 31 December 2012 and 2011 were Baht 1,343 million and Baht 1,328 million, respectively. The Group has policy on granting 30-90 days credit term for trade accounts receivable which could be categorized according to the due date as follows:

Unit: Million Baht

	Consolidated financial statements	
	31 December 2012	31 December 2011
Not yet due	634	797
Over due		
Less than 1 month	528	213
1-3 months	32	61
3-12 months	42	184
More than 12 months	149	117
Total	1,385	1,372
Less: allowance for doubtful accounts	(42)	(44)
Trade accounts receivable-net	1,343	1,328

As at 31 December 2012 and 2011, the Group recorded an allowance of doubtful accounts amounting to Baht 42 million and Baht 44 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 management of the Group believed that allowance for doubtful accounts was adequate in the current circumstances.

Inventories

Unit: Million Baht

	Consolidated financial statements	
	31 December 2012	31 December 2011
Raw Materials	314	484
Work in process	63	126
Project in process	47	89
Finished goods	452	475
Goods in transit	2	1
Total	878	1,175
Less: Allowance for diminution in inventory value	(163)	(142)
Inventories-net	715	1,033

As at 31 December 2012 and 2011, the Group recorded an allowance for diminution in inventory value amounting to Baht 163 million and Baht 142 million, respectively. The Group had estimated the net realizable value of inventories taking into the account fluctuations of price or cost directly related to events occurring after the end of the year and movements of inventories and the prevailing economic condition. The management of the Group believed that the allowance for diminution of inventory value was adequate in the current circumstances.

The right to derive benefit from smart traffic boards

In 2012, JV Genius reviewed the recoverable amount of the right to derived benefit from smart traffic boards by estimating the future cash flow that was discounted to its present value. A result was that its recoverable amount was higher than its net book value. Therefore, the management of the Group believed that the allowance for impairment loss of Baht 26 million in its accounts was adequate in the current circumstances.

Source of fund

Liabilities

Unit: Million Baht

	31 December 2012	31 December 2011	Increase (decrease)	% Variance
Current liabilities	2,862	3,962	(1,100)	(27.76)
Non-current liabilities	131	104	27	25.96
Total liabilities	2,993	4,066	(1,073)	(26.38)

As at 31 December 2012 and 2011, the Group had total liabilities amounting to Baht 2,993 million and Baht 4,066 million, respectively, which decreased by 20.73% mainly caused by the repayment of short-term loan for the completed turnkey project. Besides, the Group had acquired a long-term loan of Baht 52 million for the circulating fund and asset acquisition as well as the repayment of the long-term loan amounted to Baht 204 million.

The Group could repay loan to meet term agreed upon. The details of loan repayment schedule were listed in the notes 14 and 16 to financial statements.

Shareholders' equity

As at 31 December 2012, the Group shareholders' equity was Baht 1,455 million which increased by Baht 25 million. The increase resulted from the net profit in 2012 amounted to Baht 103 million as well as the fund received from minority shareholders of a subsidiary with amount of Baht 85 million. Meanwhile, the shareholders' equity of the Group decreased due to dividend payment of Baht 163 million.

The appropriate of capital structure

The Group's debt to equity ratio as at 31 December 2012 was 2.1:1 which decreased from 2011 at rate of 2.8: 1 as the result of decreasing of short-term liabilities related to turnkey projects.

Liquidity

Cash flows

Unit: Million Baht

	2012	2011
Cash flows from (used in) operating activities	1,625	239
Cash flows from (used in) investing activities	(277)	(226)
Cash flows from (used in) financing activities	1,265	11

In 2012, the Group's cash flows from operating activities were Baht 1,625 million which resulted from the collection of outstanding debts from the completed projects. A result was the increase of cash flows from operating activities.

The cash flows used in investing activities for 2012 were Baht 277 million. The majority of cash flows used in investing activities were the acquisition of assets for example top-up kiosk and related spare parts of one subsidiary as well as granting additional loan to an associate and investing in investment in the associates.

The cash flows from financing activities for 2012 were Baht 1,265 million. It mainly derived from the cash outflow to repay the short-term loan from financial institutions amounted to Baht 1,035 million, the cash inflows from long-term loan amounted to Baht 52 million and capital fund received from the minority shareholders of a subsidiary amounted to Baht 85 million and the cash outflow to repay the long-term loan amounted to Baht 204 million and the dividend payment to the shareholders amounted to Baht 163 million.

Liquidity ratios

The ratio of the current assets and current liabilities as at 31 December 2012 was 1.2:1 which was equal to the one of 2011 by 1.2:1. This was the result of the changing rate in current assets to current liabilities related in the same direction and also similar proportion.

The liquidity ratio as at 31 December 2012 equaled to 0.6: 1 which trade was higher than the year 2011 caused by the increase of liquidity assets covering cash and cash equivalents as well as trade accounts receivable.

For auctions of public sector's project that required tender guarantee for each project covering the notional amount, advance payment, retention guarantee of each project. Since the Group had good relationship with financial institutes, it would not have any impact on the liquidity of the Group.

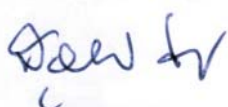
Report of the Audit Committee

The Audit Committee, appointed by the Company's Board of Directors, consists of 3 Independent Directors who have performed their duties in compliance with capability under their responsibility and authority assigned in correspondence with the good practices of the Audit Committee. In 2012, the Audit Committee had held 4 meetings with all 3 Audit Committee members attended all the 4 meetings as well as the external auditors, the management and the internal auditors to present the information and suggestions on related agendas and the resolutions of main discussions were:

1. To review the quarterly and annual financial report of 2012 before proposing to the Board of Directors to certify and approve in consideration of the accounting standards of the financial report and sufficient disclosure of information.
2. To consider the audit plan, acknowledge the auditing result together with the recommendations of the internal auditors relating to the analysis of the internal audit control system and present them to the Board of Directors to for revision as appropriate including follow up the progress of the improvement of deficiencies in order to ensure the efficient internal audit control considering the risk of all factors.
3. To review for ensuring that the Company complied with good practices for listed the practices of the 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 opinions on connected transactions or transactions with conflict of interests as well as consider ensuring the disclosure of the correct and complete information.
5. To assess the independence of the external auditors and consider the appointment and remuneration of auditors for 2012.
6. To conduct a self-assessment for 2012, the result was satisfied and has already reported to the Board of Directors.

The Audit Committee has expressed their opinion that the quarterly and annual financial statements and financial report were conducted in accordance with Thai Financial Reporting Standards as well as the disclosure of the complete, correct and sufficiently detailed connected transactions. In addition, the Company has provided an internal control system with an efficient auditing mechanism as well as effective balance system. Moreover, the Company has kept a strong hold on the practices regarding to the laws and regulations of the Stock Exchange of Thailand, corporate government, business ethics and related business laws.

According to the financial statements for the year ending 31 December 2013, the Audit Committee has proposed for appointing Ernst & Young Office Limited to pursue the Company's auditors same as the prior year since the Office is a reputable auditing firm and also is recognized best practice on auditing standards widely accepted. The appointment of the Company's auditor will be proposed to the Annual General Meeting of Shareholders for 2013 which will be held in April 2013 for next approval.



(Mr. Sutham 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 has considered the financial statements of Forth Corporation Public Company Limited and its subsidiaries including the financial information disclosed in the annual report and deemed that the financial statements have been prepared in accordance with Thai Financial Reporting Standards, using appropriate accounting policies consistently employed by the Company, as well as applying careful judgments and best estimation. The sufficient and transparent disclosure of important information was provided in the notes to the financial statements for the benefit of the shareholders and general investor.

The Board of Directors has arranged and maintained an efficient internal control system to ensure that accounting records are correct, complete and adequate to protect the Company's assets and uncover weakness to prevent fraud or materially irregular operations.

The Board of Directors has appointed an audit committee comprising of independent directors whose qualification have met requirement of the Stock Exchange of Thailand. They are responsible for the quality of financial statements and internal control system, whose comments on these issues are stated in the Audit Committee Report which has been attached in the annual report.

The Board of Directors opined that the consolidated financial statements of Forth Corporation Public Company Limited and its subsidiaries for the year ended 31 December 2012, which the audit committee have already reviewed with the management and the Company's auditors, presented fairly, in all material respects, the financial position and operating results in accordance with Thai Financial Reporting Standards.



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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok: 20 February 2013

Statement of financial position

Forth Corporation Public Company Limited and its subsidiaries

As at 31 December 2012

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
(Unit: Baht)					
Assets					
Current assets					
Cash and cash equivalents		217,518,539	134,617,444	39,345,593	54,496,496
Trade and other receivables	6, 7	1,392,225,703	1,426,907,444	1,351,073,309	1,664,550,277
Short-term loans to related parties	6	15,105,000	6,500,000	254,105,000	251,600,000
Unbilled receivables		909,007,768	1,740,353,306	555,353,594	846,278,921
Inventories	8	715,045,671	1,032,937,644	436,378,039	766,467,212
Other current assets		238,924,752	260,805,760	105,125,746	141,100,315
Total current assets		3,487,827,433	4,602,121,598	2,741,381,281	3,724,493,221
Non-current assets					
Restricted bank deposits	9	17,322,430	10,923,672	-	-
Investments in subsidiaries	10	-	-	309,241,900	130,392,000
Investments in associates	11	46,858,807	22,355,965	65,208,327	46,659,571
Property, plant and equipment	12	837,042,365	769,026,708	422,015,827	434,235,314
Intangible assets	13	41,971,861	69,891,316	10,247,320	11,199,026
Leasehold rights		1,063,102	1,270,832	1,063,102	1,270,832
Other non-current assets		15,955,268	20,543,870	8,686,997	13,048,426
Total non-current assets		960,213,833	894,012,363	816,463,473	636,805,169
Total assets		4,448,041,266	5,496,133,961	3,557,844,754	4,361,298,390

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

Statement of financial position (continued)

Forth Corporation Public Company Limited and its subsidiaries

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	14	1,753,871,081	2,789,181,535	1,433,871,081	2,049,851,535
Trade and other payables	6, 15	701,886,917	619,599,963	554,664,290	563,931,822
Current portion of long-term loans	16	178,820,138	354,115,398	151,678,000	316,888,000
Corporate income tax payable		6,632,342	10,018,339	-	-
Other current liabilities		221,223,067	188,764,508	47,554,596	25,718,822
Total current liabilities		2,862,433,545	3,961,679,743	2,187,767,967	2,956,390,179
Non-current liabilities					
Long-term loans, net of current portion	16	119,030,110	95,345,038	100,060,110	74,218,110
Provision for long-term employee benefits	17	11,825,724	9,147,433	3,986,570	3,111,509
Total non-current liabilities		130,855,834	104,492,471	104,046,680	77,329,619
Total liabilities		2,993,289,379	4,066,172,214	2,291,814,647	3,033,719,798

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

Statement of financial position (continued)

Forth Corporation Public Company Limited and its subsidiaries

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Shareholders' equity					
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	18	48,000,000	48,000,000	48,000,000	48,000,000
Unappropriated		426,594,454	496,684,060	375,472,230	437,020,715
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	-	-
Capital surplus from changes in shareholding					
in subsidiary	10	11,147,333	-	-	-
Equity attributable to owners of the Company		1,369,190,835	1,428,133,108	1,266,030,107	1,327,578,592
Non-controlling interests of the subsidiaries		85,561,052	1,828,639	-	-
Total shareholders' equity		1,454,751,887	1,429,961,747	1,266,030,107	1,327,578,592
Total liabilities and shareholders' equity		4,448,041,266	5,496,133,961	3,557,844,754	4,361,298,390

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

Statement of comprehensive income

Forth Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2012	2011	2012	2011
Profit or loss:					
Revenues					
Sales		4,150,506,613	6,543,082,560	3,577,390,914	5,951,298,730
Services		889,599,064	544,518,704	310,231,837	160,321,855
Revenues from project work		846,575,384	1,782,599,579	450,150,943	1,240,487,844
Other income					
Dividend income		-	-	31,359,520	26,799,160
Gain on exchange		5,247,471	-	1,988,753	-
Others		46,571,394	14,708,114	25,792,700	22,822,223
Total revenues		5,938,499,926	8,884,908,957	4,396,914,667	7,401,729,812
Expenses					
Cost of sales	26	3,747,587,895	5,798,506,035	3,307,413,779	5,318,278,498
Cost of services		615,936,424	387,986,750	179,374,732	103,512,737
Cost of project work	26	733,006,158	1,498,621,659	414,468,359	1,109,415,269
Selling expenses		62,432,661	67,769,191	24,460,569	30,438,873
Administrative expenses		541,399,010	576,705,699	273,522,945	336,180,102
Total expenses		5,700,362,148	8,329,589,334	4,199,240,384	6,897,825,479
Profit before share of profit (loss) from investments in associates, finance cost and corporate income tax		238,137,778	555,319,623	197,674,283	503,904,333
Share of profit (loss) from investments in associates		7,313,966	(14,087,219)	-	-
Profit before finance cost and corporate income tax		245,451,744	541,232,404	197,674,283	503,904,333
Finance cost		(122,372,621)	(144,959,298)	(94,029,758)	(108,984,381)
Profit before corporate income tax		123,079,123	396,273,106	103,644,525	394,919,952
Corporate income tax	20, 21	(20,013,723)	(25,671,660)	(1,993,010)	-
Profit for the year		103,065,400	370,601,446	101,651,515	394,919,952
Other comprehensive income:					
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		103,065,400	370,601,446	101,651,515	394,919,952

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

Statement of comprehensive income (continued)

Forth Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profit attributable to:					
Equity holders of the Company		93,110,754	370,272,907	101,651,515	394,919,952
Non-controlling interests of the subsidiaries		9,954,646	328,539		
		<u>103,065,400</u>	<u>370,601,446</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		93,110,754	370,272,907	101,651,515	394,919,952
Non-controlling interests of the subsidiaries		9,954,646	328,539		
		<u>103,065,400</u>	<u>370,601,446</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company	22	0.10	0.39	0.11	0.41

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

Statement of changes in shareholders' equity

Forth Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements										
	Equity attributable to owners of the Company					Retained earnings of subsidiaries arising from the Company swapping shares of subsidiaries					Total Shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings - Appropriated - statutory reserve	Unappropriated	Capital surplus from changes in shareholding in subsidiary	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total			
Balance as at 1 January 2011	480,000,000	362,557,877	39,926,330	393,684,823	40,891,171	-	1,317,060,201	-	-	1,317,060,201	
Subsidiaries' share capital increase (Note 10)	-	-	-	-	-	-	-	-	1,500,100	1,500,100	
Dividend payment (Note 25)	-	-	-	(259,200,000)	-	-	(259,200,000)	-	-	(259,200,000)	
Total comprehensive income for the year	-	-	-	370,272,907	-	-	370,272,907	-	328,539	370,601,446	
Unappropriated retained earnings transferred to statutory reserve	-	-	8,073,670	(8,073,670)	-	-	-	-	-	-	
Balance as at 31 December 2011	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	
Balance as at 1 January 2012	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	
Subsidiaries' share capital increase (Note 10)	-	-	-	-	-	-	-	-	84,925,100	84,925,100	
Capital surplus from changes in shareholding in subsidiary (Note 10)	-	-	-	-	-	11,147,333	11,147,333	(11,147,333)	-	-	
Dividend payment (Note 25)	-	-	-	(163,200,360)	-	-	(163,200,360)	-	-	(163,200,360)	
Total comprehensive income for the year	-	-	-	93,110,754	-	-	93,110,754	-	9,954,646	103,065,400	
Balance as at 31 December 2012	480,000,000	362,557,877	48,000,000	426,594,454	40,891,171	11,147,333	1,369,190,835	85,561,052	85,561,052	1,454,751,887	

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

Statement of changes in shareholders' equity (continued)

Forth Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total	
			Appropriated - Statutory reserve	Unappropriated		
Balance as at 1 January 2011	480,000,000	362,557,877	39,926,330	309,374,433	1,191,858,640	
Dividend payment (Note 25)	-	-	-	(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)	-	
Balance as at 31 December 2011	480,000,000	362,557,877	48,000,000	437,020,715	1,327,578,592	
Balance as at 1 January 2012	480,000,000	362,557,877	48,000,000	437,020,715	1,327,578,592	
Dividend payment (Note 25)	-	-	-	(163,200,000)	(163,200,000)	
Total comprehensive income for the year	-	-	-	101,651,515	101,651,515	
Balance as at 31 December 2012	480,000,000	362,557,877	48,000,000	375,472,230	1,266,030,107	

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

Cash flow statement

Forth Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before tax	123,079,123	396,273,106	103,644,525	394,919,952
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	177,464,671	145,117,935	73,073,204	83,996,889
Amortisation for intangible assets	28,588,279	27,874,042	1,569,466	915,984
Amortisation for leasehold rights and others	423,730	423,729	207,730	207,729
Write-off of obsolete inventories	5,536,332	-	5,536,332	-
Write-off of withholding tax deducted at sources	334,206	-	-	-
Doubtful debts (reversal)	2,409,546	21,960,587	(348,839)	31,081,710
Write-off of bad debts	886,158	721,844	-	698,022
Decrease of inventories to net realisable value	21,201,442	32,617,154	13,620,733	20,450,421
Reversal of expected loss from project work	-	(277,594,376)	-	(277,594,376)
Impairment loss on right to derive benefit from traffic smart boards	-	15,500,000	-	-
Increase in provision for long-term employee benefits	2,678,291	3,457,341	875,061	694,490
Unrealised loss (gain) on exchange	683,040	(2,461,574)	682,416	(3,116,234)
Loss (gain) on sales of property, plant and equipment	(971,542)	8,060	(188,223)	54,518
Share of loss (profit) from investments in associates	(7,313,966)	14,087,219	-	-
Dividend income from subsidiaries and associates	-	-	(31,359,520)	(26,799,160)
Interest expenses	112,143,932	131,405,855	87,859,562	98,532,209
Profit from operating activities before changes in operating assets and liabilities	467,143,242	509,390,922	255,172,447	324,042,154
Operating assets (increase) decrease				
Trade and other receivables	30,209,243	710,712,070	311,708,525	587,045,981
Inventories	291,154,198	944,989,593	310,932,108	783,992,998
Unbilled receivables	830,405,050	(467,615,133)	290,925,327	(246,474,543)
Other current assets	36,224,207	48,965,949	41,921,383	50,202,086
Other non-current assets	4,372,600	16,050,775	4,361,430	15,956,631
Operating liabilities increase (decrease)				
Trade and other payables	85,715,734	(1,366,765,292)	(6,066,394)	(1,360,062,657)
Other current liabilities	32,392,284	46,773,394	21,835,771	(17,801,076)
Cash flows from operating activities	1,777,616,558	442,502,278	1,230,790,597	136,901,574
Cash paid for interest expenses	(113,814,425)	(74,262,546)	(89,368,063)	(31,661,316)
Cash paid for corporate income tax	(63,879,775)	(129,601,223)	(27,640,344)	(97,118,479)
Cash receipts from withholding tax deducted at sources	25,544,883	-	19,442,752	-
Net cash flows from operating activities	1,625,467,241	238,638,509	1,133,224,942	8,121,779

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

Cash flow statement (continued)

Forth Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from investing activities				
Increase in restricted bank deposits	(6,398,758)	(6,828,672)	-	-
Proceeds from sales of property, plant and equipment	1,560,120	188,694	533,282	781,254
Acquisition of property, plant and equipment	(246,068,906)	(197,709,555)	(61,198,777)	(24,739,804)
Acquisition of computer software	(668,824)	(3,382,417)	(617,760)	(2,816,911)
Cash receipts from dividend of subsidiaries and associates	1,359,880	6,799,400	31,359,520	26,799,160
Increase in short-term loans to related parties	(10,105,000)	(24,320,727)	(362,455,000)	(668,820,727)
Cash receipts from short-term loans to related parties	1,500,000	17,820,726	359,950,000	685,220,726
Increase in investments in subsidiaries	-	-	(177,349,900)	(3,499,900)
Increase in investments in associates	(18,548,756)	(18,100,547)	(18,548,756)	(18,100,547)
Net cash flows used in investing activities	(277,370,244)	(225,533,098)	(228,327,391)	(5,176,749)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(1,035,310,454)	113,310,462	(615,980,454)	56,780,462
Cash receipts from long-term loans	52,000,000	350,000,000	22,000,000	350,000,000
Repayments of long-term loans	(203,610,188)	(194,960,339)	(161,368,000)	(159,781,515)
Dividend paid	(163,200,360)	(259,200,000)	(163,200,000)	(259,200,000)
Proceeds from non-controlling interests of the subsidiaries for increase in the subsidiaries' share capital	86,425,100	1,500,100	-	-
Acquisition of non-controlling interests of the subsidiaries	(1,500,000)	-	(1,500,000)	-
Net cash flows from (used in) financing activities	(1,265,195,902)	10,650,223	(920,048,454)	(12,201,053)
Net increase (decrease) in cash and cash equivalents	82,901,095	23,755,634	(15,150,903)	(9,256,023)
Cash and cash equivalents at beginning of year	134,617,444	110,861,810	54,496,496	63,752,519
Cash and cash equivalents at end of year	217,518,539	134,617,444	39,345,593	54,496,496

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 year ended 31 December 2012

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, assembly electronic parts and project work relating to design and install telecommunication equipment. 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	
			2012	2011	2012	2011
			%	%	(Thousand Baht)	
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	61	51	300,000	15,000
Forth Consulting Co., Ltd.	Consulting service for information management and computer software management	Thailand	70	70	10,000	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 statement of financial position 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".

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. 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

Financial Reporting Standard:

TFRS 8	Operating Segments
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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 management of the Company and its subsidiaries 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 TAS 12 Income Taxes detailed below.

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. The management of the Company and its subsidiaries expects the adoption of this accounting standard to have the effect of increasing the Company and its subsidiaries' brought-forward retained earnings of the year 2013 by approximately Baht 202 million (the Company only: approximately Bath 90 million).

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

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

The management of the Company and its subsidiaries has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, and TFRIC 12 are not relevant to the business of the Company and its subsidiaries. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 4 and TFRIC 13 and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenues recognition

Sales of goods

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

Rendering of services

Service revenue is recognised when services have been rendered taking into account 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.

4.2 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.

4.3 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.

4.4 Trade accounts receivable

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

4.5 Inventories

Finished goods and work in process are valued at the lower of cost (first-in, first-out method) and net realisable value. Cost 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.

4.6 Investments

a) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.

b) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method less allowance for impairment (if any).

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.

4.7 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:

Land improvement	20	years
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.

4.8 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.

Intangible assets with finite useful lives are as follows:

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

4.9 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.

4.10 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.

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

4.11 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.12 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.

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 previously recognised impairment loss is reversed and recognised in profit or loss.

4.13 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 have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat 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.

4.14 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.

4.15 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.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards 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.

Litigation

The Company has contingent liabilities as a result of litigation. The management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

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

(Unit: Million Baht)

	Transfer pricing policy	For the years ended 31 December			
		Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Purchases of raw materials	Compared to market price	-	-	84	129
Sales of goods	Compared to market price	-	-	278	315
Service income	Agreed price	-	-	7	5
Other income	Agreed price	-	-	2	2
Interest income	Interest at 3.80 - 5.50% per annum	-	-	11	9
Rental income	Agreed price	-	-	3	3
Selling and administrative expenses	Agreed price	-	-	3	2
Service expenses	Agreed price	-	-	66	25
<u>Transactions with associates</u>					
Purchases of raw materials	Compared to market price	-	60	-	59
Sales of goods	Compared to market price	43	36	42	35
Service income	Agreed price	-	1	-	1
Other income	Agreed price	2	1	1	1
Rental income	Agreed price	1	1	1	1
Selling and administrative expenses	Agreed price	1	-	-	-
<u>Transactions with directors and related individuals</u>					
Rental expenses	Agreed price	1	1	1	1

The balances of the accounts as at 31 December 2012 and 2011 between the Company, its subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Trade and other receivables - related parties (Note 7)				
Subsidiaries	-	-	434,166	678,557
Associates	17,480	37,728	17,288	37,709
Total	17,480	37,728	451,454	716,266
Trade and other payables - related parties (Note 15)				
Subsidiaries	-	-	64,207	117,668
Associates	620	675	279	-
Directors	1,038	-	558	-
Total	1,658	675	65,044	117,668

Short-term loans to related parties

As at 31 December 2012 and 2011, the balance of short-term loans to related parties and the movement are as follows:

		(Unit: Thousand Baht)			
		Consolidated financial statements			
		Balance		Decrease	Balance
		as at	Increase	during the year	as at
Relationship		31 December 2011	during the year	during the year	31 December 2012
Genius Electronic Meter Co., Ltd.	Associate	6,500	10,105	(1,500)	15,105
		6,500	10,105	(1,500)	15,105
		(Unit: Thousand Baht)			
		Separate financial statements			
		Balance		Decrease	Balance
		as at	Increase	during the year	as at
Relationship		31 December 2011	during the year	during the year	31 December 2012
Genius Traffic System Co., Ltd.	Subsidiary	130,000	80,000	(210,000)	-
Forth Smart Service Co., Ltd.	Subsidiary	84,000	215,000	(78,000)	221,000
Joint Venture Genius	Subsidiary	31,100	57,350	(70,450)	18,000
Genius Electronic Meter Co., Ltd.	Associate	6,500	10,105	(1,500)	15,105
		251,600	362,455	(359,950)	254,105

Directors and management's benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Short-term employee benefits	45,195	46,354	29,006	30,366
Post-employment benefits	239	203	239	203
Total	45,434	46,557	29,245	30,569

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Notes 16 and 27.3 to the financial statements.

7. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<u>Trade accounts receivable - related parties</u>				
Age on the basis of due dates				
Not yet due	1,478	556	41,321	62,228
Past due				
Up to 3 months	409	19,285	66,858	123,311
3 - 6 months	9,297	1,805	92,669	89,733
6 - 12 months	768	871	46,406	158,357
Over 12 months	4,163	15,154	200,464	261,362
Total trade accounts receivable - related parties	16,115	37,671	447,718	694,991

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
<u>Trade accounts receivable - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	634,078	797,122	341,955	586,563
Past due				
Up to 3 months	527,658	212,669	453,581	103,336
3 - 6 months	31,629	60,895	16,620	29,743
6 - 12 months	42,821	184,482	24,668	179,373
Over 12 months	149,577	117,019	72,346	20,378
Total	1,385,763	1,372,187	909,170	919,393
Less: Allowance for doubtful debts	(42,562)	(44,113)	(11,071)	(13,640)
Total trade accounts receivable - unrelated parties, net	1,343,201	1,328,074	898,099	905,753
Total trade accounts receivable - net	1,359,316	1,365,745	1,345,817	1,600,744

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Accrued income	30,385	24,144	1,082	6,072
Less: Allowance for doubtful debts	(800)	-	-	-
Accrued income - net	29,585	24,144	1,082	6,072
Advances to unrelated parties	24,535	43,727	24,535	43,727
Less: Allowance for doubtful debts	(24,096)	(24,096)	(24,096)	(24,096)
Advances to unrelated parties - net	439	19,631	439	19,631
Other receivables - unrelated parties	3,740	17,330	2,220	16,828
Less: Allowance for doubtful debts	(2,220)	-	(2,220)	-
Other receivables unrelated parties - net	1,520	17,330	-	16,828
Advances to related parties	97	44	140	2,129
Other receivables - related parties	1,169	-	2,600	-
Interest receivables from related parties	99	13	996	19,146
Total other receivables - net	32,909	61,162	5,257	63,806
Total trade and other receivables - net	1,392,225	1,426,907	1,351,074	1,664,550

As at 31 December 2012, the balances of trade accounts receivable in the consolidated financial statements included an account receivable of Baht 42 million (2011: Baht 70 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 (2011: Baht 17 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.

The Company and two counterparties entered into a Baht 549 million enterprise resources planning service agreement with Metropolitan Electricity Authority (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 periods, however, the Company received a letter from the MEA granting an extension to submit the work on 2 June 2010. During the year 2011, the MEA received the work.

Since the Company performed the work under this service agreement on behalf of the two counterparties, the Company recorded service income of Baht 115 million for the two counterparties in its trade and other receivables. Subsequently, the Company had received payments from the MEA, which were portion of the two parties, in December 2011, May 2012 and January 2013 of Baht 85 million, Baht 12 million and Baht 18 million.

In March 2012, the Company was sued for Baht 55 million by one of the counterparties in a civil suit, in respect of its share of certain service fees. This counterparty claimed that it carried out the work under an agreement with the MEA and delivered the work to the Company. In May 2012, the Company lodged a plea and a countersuit with the civil court, denying the indictment and countering to force the counterparty to pay the amount of Baht 157 million that the Company paid on the counterparty's behalf for completion of work under the agreement with the MEA. At present, the case is being considered by the civil court. Management of the Company believes that no significant loss will be incurred as a result of the case and therefore no provision is required.

8. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2012	2011	2012	2011	2012	2011
Raw materials	314,591	484,237	(64,472)	(56,343)	250,119	427,894
Work in process	63,428	126,211	(18,990)	(7,841)	44,438	118,370
Finished goods	452,111	475,169	(80,066)	(78,143)	372,045	397,026
Goods in transit	1,910	1,212	-	-	1,910	1,212
Project in progress	46,533	88,436	-	-	46,533	88,436
Total inventories	878,573	1,175,265	(163,528)	(142,327)	715,045	1,032,938

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2012	2011	2012	2011	2012	2011
Raw materials	285,813	456,869	(57,524)	(48,820)	228,289	408,049
Work in process	35,012	106,976	(1,982)	(493)	33,030	106,483
Finished goods	164,186	195,190	(28,664)	(25,237)	135,522	169,953
Goods in transit	265	-	-	-	265	-
Project in progress	39,272	81,982	-	-	39,272	81,982
Total inventories	524,548	841,017	(88,170)	(74,550)	436,378	766,467

9. Restricted bank deposits

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

10. 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	
	2012	2011	2012	2011
Electronics Source Co., Ltd.	54,976	54,976	30,000	10,000
Genius Traffic System Co., Ltd.	50,056	50,056	-	10,000
Joint Venture Genius	14,210	14,210	-	-
Forth Smart Service Co., Ltd.	183,000	7,650	-	-
Forth Consulting Co., Ltd.	7,000	3,500	-	-
Total investments in subsidiaries	309,242	130,392	30,000	20,000

10.1 On 22 May 2012, the Extraordinary General Meeting No.1/2012 of the shareholders of Forth Smart Service Company Limited, one of the subsidiaries, approved an increase in its registered capital of Baht 15 million (150,000 ordinary shares with a par value of Baht 100 each) to Baht 300 million (3,000,000 ordinary shares with a par value of Baht 100 each), through the issuance of 2,850,000 new ordinary shares with a par value of Baht 100 each, amounting to Baht 285 million. This subsidiary registered the capital increase with the Commerce Ministry on 29 June 2012 and called up 100% of the value of the additional shares.

One of the shareholders of Forth Smart Service Company Limited wished to sell all of his shares and to waive his rights to subscribe to the newly issued shares of the subsidiary. The Company therefore purchased 15,000 ordinary shares with a price of Baht 100 each, amounting to Baht 1.5 million, from the shareholder and also acquired the rights to subscribe to 285,000 newly issued shares that he surrendered. In addition, the Company exercised its own right to subscribe to 1,453,500 newly issued shares. As a result, the Company held a total of 1,830,000 shares with its shareholding in this subsidiary increasing from 51% to 61%. The Company recognised the differences of Baht 11 million between the cost and book value of its interest in this subsidiary under the caption of "Capital surplus from changes in shareholding in subsidiary" in shareholders' equity.

10.2 In 2012, Forth Consulting Company Limited increased the called up portion of the share value from 50% to 100%. Thus, at 31 December 2012, the company has paid-up share capital of Baht 10 million.

11. Investments in associates

11.1 Details of associates:

Company's name (Nature of business)	Country of incorporation	Shareholding percentage		Consolidated financial statements				Separate financial statements					
		2012	2011	Cost		Carrying amounts based on equity method		Allowance for impairment of investments		Carrying amounts based on cost method			
		(%)	(%)	2012	2011	2012	2011	2012	2011	2012	2011		
Genius Electronic Meter Co., Ltd. (Distribution of electronic meter)	Thailand	45	45	18,000	18,000	3,490	-	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	28,601	8,207	10,659	28,601	28,601	-	-	28,601	28,601
FPT Payment Technology JSC (Payment service via automatic teller machines)	Vietnam	30	-	18,549	-	17,492	-	18,549	-	-	-	18,549	-
Forth Tracking System Co., Ltd. (Distribution of vehicle tracking equipment)	Thailand	34	34	6,799	6,799	17,669	11,697	6,799	6,799	-	-	6,799	6,799
Total				71,949	53,400	46,858	22,356	71,949	53,400	(6,741)	(6,741)	65,208	46,659

11.2 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:

Company's name	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	Share of profit (loss) from investments in associates during the years		Dividend received during the years	
	2012	2011	2012	2011
Genius Electronic Meter Co., Ltd.	3,489	-	-	-
Mindmap Commtech Inc.	(2,451)	(17,191)	-	-
FPT Payment Technology JSC	(1,056)	-	-	-
Forth Tracking System Co., Ltd.	7,332	3,104	1,360	6,800
Total	7,314	(14,087)	1,360	6,800

11.3 Summarised financial information of associates

Company's name	(Unit: Million Baht)									
	Paid-up capitals at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profit (loss) for the years ended 31 December	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Genius Electronic Meter Co., Ltd.	40	40	49	44	41	39	59	90	2	12
Mindmap Commtech Inc.	100.8	100.8	97	81	52	24	143	13	(15)	(13)
	(Million Pesos)	(Million Pesos)								
FPT Payment Technology JSC	42,000	-	40	-	1	-	7	-	(9)	-
	(Million Vietnamese Dong)									
Forth Tracking System Co., Ltd.	20	20	75	56	24	20	81	60	20	11

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.

During the year 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.

During the year 2012, the Company invested in 1,260,000 shares of FPT Payment Technology JSC (30% of that company's capital) at the par value of VND 10,000, or a total of approximately VND 12,600 million, or approximately Baht 18.5 million.

Share of loss from investments in Mindmap Commtech Inc. and FPT Payment Technology JSC amounting to Baht 2 million (2011: Baht 17 million), and Baht 1 million (2011: Nil), respectively, was calculated from the financial statements prepared by the management of those companies and not audited by their auditors. However, the management believes that the financial statements would not be materially different if they had been audited by the auditors of those associates.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements									
	Land	Land improvement	Building	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	Total	
Cost										
As at 1 January 2011	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	
As at 31 December 2011	209,502	-	239,497	618,505	478,341	125,651	91,532	6,317	1,769,345	
Additions	-	-	911	58,453	27,387	18,718	21,150	119,449	246,068	
Disposals	-	-	-	(4,798)	(1,739)	(3,697)	(5,739)	-	(15,973)	
Transferred in/ (Transferred out)	-	516	2,240	-	119,998	-	-	(122,754)	-	
As at 31 December 2012	209,502	516	242,648	672,160	623,987	140,672	106,943	3,012	1,999,440	
Accumulated depreciation										
As at 1 January 2011	-	-	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)	
As at 31 December 2011	-	-	119,726	559,348	178,556	73,718	68,970	-	1,000,318	
Depreciation for the year	-	11	15,960	36,391	97,413	18,509	9,181	-	177,465	
Depreciation on disposals	-	-	-	(4,798)	(1,631)	(3,399)	(5,557)	-	(15,385)	
Transferred in/ (Transferred out)	-	-	-	-	-	-	-	-	-	
As at 31 December 2012	-	11	135,686	590,941	274,338	88,828	72,594	-	1,162,398	
Net book value										
As at 31 December 2011	209,502	-	119,771	59,157	299,785	51,933	22,562	6,317	769,027	
As at 31 December 2012	209,502	505	106,962	81,219	349,649	51,844	34,349	3,012	837,042	
Depreciation for the years										
2011 (Baht 57 million included in manufacturing cost, and the balance in selling and administrative expenses)									145,118	
2012 (Baht 59 million included in manufacturing cost, and the balance in selling and administrative expenses)									177,465	

(Unit: Thousand Baht)

	Separate financial statements										Total	
	Land	Land improvement	Building	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction				
Cost												
As at 1 January 2011	194,295	-	232,547	591,404	102,185	85,162	59,850	1,174	1,266,617			
Additions	-	-	1,315	-	10,657	10,119	643	2,006	24,740			
Disposals	-	-	-	(3,952)	(5,786)	(27,758)	(433)	-	(37,923)			
Transferred in/ (Transferred out)	-	-	(976)	-	-	2,570	-	(424)	1,170			
As at 31 December 2011	194,295	-	232,886	587,452	107,062	70,093	60,060	2,756	1,254,604			
Additions	-	-	571	45,356	7,644	7,627	-	-	61,198			
Disposals	-	-	-	(4,798)	(1,626)	(2,289)	(1,059)	-	(9,772)			
Transferred in/ (Transferred out)	-	516	2,240	-	-	-	-	(2,756)	-			
As at 31 December 2012	194,295	516	235,697	628,010	113,080	75,431	59,001	-	1,306,030			
Accumulated depreciation												
As at 1 January 2011	-	-	99,662	498,612	77,402	57,269	40,912	-	773,857			
Depreciation for the year	-	-	15,734	39,262	12,625	9,897	6,479	-	83,997			
Depreciation on disposals	-	-	-	(3,952)	(5,702)	(26,997)	(440)	-	(37,091)			
Transferred in/ (Transferred out)	-	-	(394)	-	-	-	-	-	(394)			
As at 31 December 2011	-	-	115,002	533,922	84,325	40,169	46,951	-	820,369			
Depreciation for the year	-	11	15,232	32,054	10,512	10,440	4,824	-	73,073			
Depreciation on disposals	-	-	-	(4,798)	(1,540)	(2,030)	(1,059)	-	(9,427)			
Transferred in/ (Transferred out)	-	-	-	-	-	-	-	-	-			
As at 31 December 2012	-	11	130,234	561,178	93,297	48,579	50,716	-	884,015			
Net book value												
As at 31 December 2011	194,295	-	117,884	53,530	22,737	29,924	13,109	2,756	434,235			
As at 31 December 2012	194,295	505	105,463	66,832	19,783	26,852	8,285	-	422,015			
Depreciation for the years												
2011 (Baht 56 million included in manufacturing cost, and the balance in selling and administrative expenses)									83,997			
2012 (Baht 53 million included in manufacturing cost, and the balance in selling and administrative expenses)									73,073			

As at 31 December 2012, certain plant and equipment items of the Company and its subsidiaries had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 696 million (2011: Baht 602 million) (The Company only: Baht 629 million (2011: Baht 529 million)).

A subsidiary has mortgaged its land, with a total net book value as at 31 December 2012 of approximately Baht 15 million (2011: Baht 15 million), with bank to secure its long-term loan.

As at 31 December 2012, the Company and its subsidiaries had motor vehicles and equipment under finance lease agreements with net book value amounting to Baht 9 million (2011: Baht 13 million) (the Company only: Baht 7 million (2011: Baht 10 million)).

13. Intangible assets

	(Unit: Thousand Baht)			
	Consolidated financial statements			Separate financial statements
	Right to derive benefit			
	from smart traffic boards	Computer software	Total	Computer software
Cost				
As at 1 January 2011	234,865	18,533	253,398	15,401
Additions	-	3,382	3,382	2,817
Write-off	-	(2,830)	(2,830)	(2,830)
As at 31 December 2011	234,865	19,085	253,950	15,388
Additions	-	669	669	618
As at 31 December 2012	234,865	19,754	254,619	16,006
Amortisation				
As at 1 January 2011	126,430	3,626	130,056	3,529
Amortisation during the year	26,555	1,319	27,874	916
Amortisation on write-off	-	(256)	(256)	(256)
As at 31 December 2011	152,985	4,689	157,674	4,189
Amortisation during the year	26,555	2,033	28,588	1,570
As at 31 December 2012	179,540	6,722	186,262	5,759
Allowance for impairment loss				
As at 1 January 2011	10,885	-	10,885	-
Increase during the year	15,500	-	15,500	-
As at 31 December 2011	26,385	-	26,385	-
Increase during the year	-	-	-	-
As at 31 December 2012	26,385	-	26,385	-
Net book value				
As at 31 December 2011	55,495	14,396	69,891	11,199
As at 31 December 2012	28,940	13,032	41,972	10,247

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

In 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 year 2011.

In 2012, the joint venture performed impairment review of the right. The management of joint venture believes that the allowance for impairment loss of Baht 26 million in its accounts is adequate in the current circumstances.

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

	Interest rate (% per annum)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Bank overdrafts	MOR	12,565	6,460	12,565	6,460
Short-term loans from financial institutions	MMR, refer to MLR	1,667,000	2,615,282	1,347,000	1,875,952
Trust receipts	MMR, refer to MLR	74,306	167,440	74,306	167,440
Total		1,753,871	2,789,182	1,433,871	2,049,852

Bank overdrafts and credit facilities of the Company and its subsidiaries with 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 27.3 to the financial statements.

15. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Trade payables - related parties	620	675	51,868	109,023
Trade payables - unrelated parties	625,383	559,685	465,514	430,201
Accrued expenses - unrelated parties	74,846	59,240	24,106	16,063
Accrued expenses - related parties	-	-	12,618	8,645
Accrued expenses - directors	1,038	-	558	-
Total trade and other payables	701,887	619,600	554,664	563,932

16. Long-term loans

Loan	Borrower	Lender	Loan Facility (Million Baht)	Interest rate	Repayment schedule	(Unit: Thousand Baht)			
						Consolidated financial statements		Separate financial statements	
						2012	2011	2012	2011
(1)	The Company	Local bank	61	Rates ranging from 4.6% to MLR per annum	108 monthly installments (ending in 2014)	8,298	13,746	8,298	13,746
(2)	The Company	Local bank	30	MLR - 1.00% per annum	60 monthly installments (ending in 2013)	500	6,500	500	6,500
(3)	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)	37,500	87,500	37,500	87,500
(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 2014)	100,200	133,400	100,200	133,400
(5)	The Company	Local bank	200	MLR - 0.75% per annum	36 monthly installments (ending in 2014)	83,240	149,960	83,240	149,960
(6)	The Company	Local bank	160	First year: MLR- 1.25% per annum Second to fourth years: MLR - 1.00% per annum	16 quarterly installments (ending in 2017)	22,000	-	22,000	-
(7)	Electronics Source Co., Ltd.	Local bank	12	MLR - 1.00% per annum	60 monthly installments (ending in 2015)	6,400	8,800	-	-
(8)	Electronics Source Co., Ltd.	Local bank	30	3.00% per annum	36 monthly installments (ending in 2015)	24,990	-	-	-
(9)	Forth Smarth Service Co., Ltd.	Local bank	85	MLR - 0.75% per annum	30 monthly installments (ending in 2013)	14,722	49,554	-	-
Total						297,850	449,460	251,738	391,106
Less: Current portion of long-term loans						(178,820)	(354,115)	(151,678)	(316,888)
Long-term loans - net of current portion						119,030	95,345	100,060	74,218

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.

The loan no. (7) of its subsidiary is secured by the mortgage of the subsidiary's land described in Note 12 to the financial statements.

The loan no. (8) of its subsidiary is secured by the Company.

The loan no. (9) of its subsidiary is secured by the Company, the subsidiary's shareholders and a fixed deposit account, as described in Note 9 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.

As at 31 December 2012, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 138 million.

17. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Provision for long-term employee benefits at beginning of year	9,147	5,728	3,112	2,417
Current service cost	2,466	3,111	741	590
Interest cost	396	308	134	105
Benefits paid during the year	(183)	-	-	-
Provision for long-term employee benefits at end of year	<u>11,826</u>	<u>9,147</u>	<u>3,987</u>	<u>3,112</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current service cost	2,466	3,111	741	590
Interest cost	396	308	134	105
Total expense recognised in selling and administrative expenses in profit or loss	<u>2,862</u>	<u>3,419</u>	<u>875</u>	<u>695</u>

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(% per annum)		(% per annum)	
Discount rate	3.4 - 3.7	3.4 - 3.7	3.5	3.5
Future salary increase rate	5.0	5.0	5.0	5.0
Staff turnover rate (depending on age of employee)	0.0 - 40.0	0.0 - 40.0	7.0 - 40.0	7.0 - 40.0

18. 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% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

19. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: ThousandBaht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Salaries and wages and other				
employee benefits	508,041	470,908	295,822	288,910
Depreciation	177,465	145,118	73,073	83,997
Amortisation	30,476	29,476	1,777	1,124
Raw materials and consumables used	3,395,824	5,265,489	3,137,391	4,953,207
Changes in finished goods and work				
in progress	184,131	739,561	145,678	707,318

20. Corporate income tax

The Company was not liable to corporate income tax for the year because the Company has loss 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.

21. 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 from the date the promoted operations commenced generating revenues (August 2006) 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 (January 2005 and September 2005, respectively).

	(Unit: ThousandBaht)					
	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Sales	195,797	277,753	3,954,710	6,265,330	4,150,507	6,543,083
Services	-	-	889,599	544,519	889,599	544,519
Revenues from						
project work	61,565	415,625	785,010	1,366,975	846,575	1,782,600
Other income	-	-	51,819	14,708	51,819	14,708
Total revenues	<u>257,362</u>	<u>693,378</u>	<u>5,681,138</u>	<u>8,191,532</u>	<u>5,938,500</u>	<u>8,884,910</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Sales	385,289	495,749	3,192,102	5,455,550	3,577,391	5,951,299
Services	-	-	310,232	160,322	310,232	160,322
Revenues from project work	37,831	327,126	412,320	913,362	450,151	1,240,488
Other income	-	-	59,141	49,621	59,141	49,621
Total revenues	<u>423,120</u>	<u>822,875</u>	<u>3,973,795</u>	<u>6,578,855</u>	<u>4,396,915</u>	<u>7,401,730</u>

22. 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.

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Profit for the year (Thousand Baht)	93,111	370,273	101,652	394,920
Weighted average number of ordinary shares (Thousand shares)	960,000	960,000	960,000	960,000
Earnings per share (Baht per share)	0.10	0.39	0.11	0.41

23. Segment information

The Company and its subsidiaries' business operations involve 4 principal segments: electronics manufacturing service business, telecommunication business, technology related business, and retail business. 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 2012 and 2011 by segment.

Unit: (Million Baht)

Consolidated financial statements for the years ended 31 December

	Electronics		Telecommunication		Technology related		Retail business		Elimination of inter-		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from external customers	3,948	5,523	480	1,574	906	1,433	553	340	-	-	5,887	8,870
Intersegment revenues	133	177	236	272	295	120	-	-	(664)	(569)	-	-
Total revenues	4,081	5,700	716	1,846	1,201	1,553	553	340	(664)	(569)	5,887	8,870
Segment operating profit	268	226	151	325	232	546	139	88	-	-	790	1,185
Unallocated income and expenses:												
Other income											51	15
Selling expenses											(62)	(68)
Administrative expenses											(541)	(576)
Share of profit (loss) from investments in associates											7	(14)
Finance cost											(122)	(145)
Corporate income tax											(20)	(26)
Profit for non-controlling interests of the subsidiaries											(10)	(1)
Profit for the years attributable to equity holders of the Company											93	370
Other information:												
Property, plant and equipment											837	769
Unallocated assets and others											3,611	4,727
Total assets											4,448	5,496

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

24. Provident fund

The Company, 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 a rate of 3% 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 2012, the Company and its subsidiaries contributed Baht 6 million (2011: Baht 4 million) (the Company only: Baht 4 million (2011: Baht 3 million)) to the funds.

25. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht per share)
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
Final dividends for 2011	Annual General Meeting of the shareholders on 30 March 2012	163	0.17
Total for 2012		163	0.17

26. Cost of sales / Cost of project work

Cost of sales for the years ended 31 December 2012 and 2011 is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Cost of sales	3,726,387	5,765,889	3,293,794	5,297,828
Loss on diminution in value of inventories	21,201	32,617	13,620	20,450
Total	3,747,588	5,798,506	3,307,414	5,318,278

Cost of project work for the years ended 31 December 2012 and 2011 is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Cost of project work	733,006	1,776,216	414,468	1,387,009
Reversal of expected loss from project work	-	(277,594)	-	(277,594)
Total	733,006	1,498,622	414,468	1,109,415

27. Commitments and contingent liabilities

27.1 Service commitments

As at 31 December 2012, the Company had commitments of totaling Baht 39 million (2011: Baht 95 million) in respect of service costs for project work, which the Company had already entered into agreements.

27.2 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 were as follows:

	(Million Baht)	
	As at 31 December	
Payable within :	<u>2012</u>	<u>2011</u>
1 year	11	13
2 to 5 years	11	5
Over 5 years	1	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.

Future minimum lease payments required under the operating leases agreement were as follows:

	(Million Baht)	
	As at 31 December	
Payable within:	<u>2012</u>	<u>2011</u>
1 year	4	7
2 to 3 years	5	9

- c) In December 2012, a subsidiary entered into an agreement with a government agency to receive the right to construct, maintain and derive benefits from 125 advertising billboards. The term of the agreement is 9 years which ends in 2021.

Future minimum lease payments required under the agreement were as follows:

	(Million Baht)	
	As at 31 December 2012	
Payable within:		
1 year	3	
2 to 5 years	16	
More than 5 years	9	

27.3 Guarantees

- a) The Company has guaranteed loan and credit facilities of its subsidiaries amounting to Baht 764 million (2011: Baht 920 million).
- b) As at 31 December 2012, there were outstanding bank guarantees amounting to approximately Baht 920 million (2011: Baht 595 million) issued by banks on behalf of the Company and its subsidiaries, of which Baht 505 million (2011: Baht 439 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.

28. Financial instruments

28.1 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 loans. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade 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 management believes 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 statement 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 loans which bear interest. 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.

Significant financial assets and liabilities 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.

	(Million Baht)						
	Consolidated financial statement as at 31 December 2012						
	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial assets							
Cash and cash equivalents	-	-	-	82	136	218	0.13- 0.75
Trade and other receivables	-	-	-	-	1,392	1,392	-
Unbilled receivables	-	-	-	-	909	909	-
Restricted bank deposits	12	-	-	5	-	17	0.75- 3.50
Short-term loans to related parties	15	-	-	-	-	15	4.00
	<u>27</u>	<u>-</u>	<u>-</u>	<u>87</u>	<u>2,437</u>	<u>2,551</u>	

(Million Baht)

Consolidated financial statement as at 31 December 2012

	Fixed interest rates					Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing		
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	1,754	-	1,754	MOR, MMR, refer to MLR
Trade and other payables	-	-	-	-	702	702	-
Long-term loans	-	25	-	273	-	298	3.00, refer to MLR
	-	25	-	2,027	702	2,754	

(Million Baht)

Consolidated financial statement as at 31 December 2011

	Fixed interest rates					Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing		
Financial assets							
Cash and cash equivalents	-	-	-	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	
Financial liabilities							
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 as at 31 December 2012

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	31	8	39	0.13 - 0.75
Trade accounts and other receivables	-	-	-	-	1,351	1,351	-
Unbilled receivables	-	-	-	-	555	555	-
Short-term loans to related companies	254	-	-	-	-	254	3.80 - 5.50
	<u>254</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>1,914</u>	<u>2,199</u>	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	1,434	-	1,434	MOR, MMR, refer to MLR
Trade and other payables	-	-	-	-	555	555	-
Long-term loans	-	-	-	252	-	252	Refer to MLR
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,686</u>	<u>555</u>	<u>2,241</u>	

(Million Baht)

Separate financial statement as at 31 December 2011

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	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>	
Financial liabilities							
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 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate as at 31 December	
	2012 (Million)	2011 (Million)	2012 (Million)	2011 (Million)	2012 (Baht per 1 foreign currency unit)	2011
US dollar	0.9	2.3	1.8	1.7	30.6316	31.6912
Hong Kong dollar	-	-	0.2	0.3	3.9510	4.0795
Japanese yen	-	-	30.2	0.8	0.3545	0.4084
Vietnamese dong	1.2	-	1.0	-	0.0015	-

Foreign exchange contracts outstanding are summarised below:

As at 31 December 2012		
Foreign currency	Bought amount	Contractual exchange rate of bought amount
	(Million)	(Baht per 1 foreign currency unit)
US dollar	0.5	30.7000 - 30.8370

The foreign exchange contracts mature in the first quarter of 2013.

As at 31 December 2011		
Foreign currency	Bought amount	Contractual exchange rate of bought amount
	(Million)	(Baht per 1 foreign currency unit)
US dollar	0.06	31.8230

The foreign exchange contracts matured in the first quarter of 2012.

28.2 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.

29. 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 2012, the Group's debt-to-equity ratio was 2.1:1 (2011: 2.8:1) and the Company's was 1.8:1 (2011: 2.3:1).

30. Contingent liabilities

- The Company has been sued, as described in Note 7 to the financial statements, but management of the Company believes that no significant loss will be incurred with respect to this litigation. The Company has therefore not provided for the contingent losses in its accounts.
- 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.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2013.

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 with a par value of Baht 0.5 each)
Nature of Business	<ul style="list-style-type: none"> • Manufacturing and distribution of telecommunication and electronic equipment under trademark of "FORTH" • Manufacturing of print circuit board and electronic equipment under the customer brands • Manufacturing, distribution and contractor for the installation of equipment, traffic light system and closed circuit television • Manufacturing and distribution of electronic sign board • The collection of the advertising fee from text message and images on smart traffic board • The Enterprise Resource Planning service • The online top-up services and topping-up the prepaid mobile phones
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 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	www.forth.co.th
Telephone	0-2615-0600
Facsimile	0-2615-0615

References

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Auditors	<ol style="list-style-type: none"> 1. Mr. Supachai Phanyawattano CPA (Thailand) No. 3930 or 2. Mr. Narong Puntawong CPA (Thailand) No. 3315 or 3. Ms. Thipawan Nananuwat CPA (Thailand) No. 3459 Ernst & Young Office Limited 193/136-137, 33rd Floor, Lake Rajada Office Complex Rajadapisek Road, Klongtoey, Bangkok , 10110 Tel: 0-2264-0777 Fax: 0-2264-0790



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