

รายงานประจำปี 2553
Annual Report

201 

The Communicative Innovation



Forth Corporation Public Company Limited



FRIT

มูลนิธิวิจัยเทคโนโลยีสารสนเทศ

Foundation for Research in Information Technology

รางวัลเจ้าฟ้าไอที รัตนราชสุดาสารสนเทศ ครั้งที่ 5

รางวัลชนะเลิศประเภทบุคคลทั่วไป
ผลงานระบบชุมสายโทรศัพท์และอินเทอร์เน็ตความเร็วสูงโครงข่ายยุคใหม่

MSAN NGN Network (Multi Service Access Node for Next Generation Network)

บริษัทฟอร์ท คอร์ปอเรชั่น จำกัด (มหาชน)



เป็นเทคโนโลยีล่าสุดผ่านระบบไอพีเน็ตเวิร์ก
ที่สามารถให้บริการผู้ใช้ต่างๆ เช่น โทรศัพท์บ้าน
โทรศัพท์สาธารณะ อินเทอร์เน็ตบรอดแบนด์
ความเร็วสูง (ADSL) ระบบไฟเบอร์ออปติก (FTTH)
วงจรเช่า (Lease Line) รวมถึงบริการอื่นๆ ที่ใช้
เทคโนโลยีขั้นสูงของชุมสายในอนาคต โดยได้มีการ
นำไปทดลองใช้ในเครือข่ายโทรศัพท์ของบริษัท
ทีโอที จำกัด (มหาชน) แล้ว 4-5 แสนเลขหมาย
ซึ่งสามารถช่วยลดการนำเข้าอุปกรณ์ระบบ
โทรคมนาคมจากต่างประเทศได้ ถึงปีละ 2,000
ล้านบาท รวมถึงสามารถสร้างงานและรายได้ให้
กับผู้ประกอบการในส่วนภายในประเทศเป็นจำนวนมาก



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Message from The Chairman of Board of Directors



In 2011, the telecommunication and electronic industry will continue to grow in the same direction of increasing global demand as well as recovery of world economy. Forth Corporation Public Co., Ltd achieved the highest net profit over past 5 years by reached sales target and stepping into international investment, despite the political uncertainty, sharp appreciation of the Baht as well as economic crisis in European Union and United States. Nevertheless, the Company could overcome those difficulties through efficient management and cooperative endeavor of all related parties ranging from the Board of Directors, the management and all employees who jointly worked with remarkable endurance. Those are the proud of the Company.

For operation results of the Company and its subsidiaries in 2010, the Company generated highest net profit comparing to last year. The executives and employees have devoted their efforts to operate business for building the confidence and prosperity to every shareholders. In 2011, the Company has already initiated many projects to support economic growth along with expanding overseas investment in this region.

Over the past couple years, several of Forth's products, not only offered the excellent service and recognized by public and international private sectors, but also greatest achievement in obtaining the outstanding innovation awards from various prestige institutes in Thailand for examples award-winning on outstanding 5th IT Princess Award in 2010, the best award from National Research Council of Thailand in 2010 and other awards.

On behalf of the Board of Directors and the executives, I would like to express my sincere appreciation to all shareholders and all sponsors for their continually

supporting the Company's operation that motivated the Company to overcome all the crisis throughout the year. In addition, I would like to thank all of our Board of Directors, management and employees for their devoted remarkable efforts.

At last, I pledge to adhere the principles of corporate governance to maximize of shareholders' wealth and protects of shareholders' interests as well as continually drive the Company forward with sustainable growth and prosperity.


(Mr. Sanit Vorapanya)

Chairman of the Board of Directors

Message from Chief Executive Officer



In 2010, the Company has greatest successful not only won the mega project auctions from private and public sectors but also expanded overseas investment as target, as well as awards-winning from several prestige institutions in Thailand. The Company and its subsidiaries generated sales of Baht 11,536 million increasing from 2009 with amount of Baht 1,532 million. The Company achieved a record of net profit of Baht 318 million increasing from 2009 with amount of Baht 246 million. As the result of the Company won several mega project auctions from government with value over Baht 2,400 million for example, the signing agreement with TOT Plc. on installation and procurement of Multi-Service Access Network (MSAN) and the installation of CCTV. For the private sector, the Company also manufactured PCBA, component of hard disk, for Western Digital (Thailand) Company Limited amounting to Baht 8,000 million.

I am confident in 2011 that the Company would have extensive growth in all aspects of business not only turnkey projects which has orders whole year but also the mega projects that the Company procures and installs system for private and public sectors. The Company has already won many auctions and on the process of signing contract for instance, installation of CCTV, ERP Application project for Thai Airway International Plc., Fiber To The Home installation for TOT Plc. and etc. In addition, The Company expects to acquire more mega projects for instance; Installation of MSAN projects with TOT Plc. from this year onward. As well as top up service business has started since 2009. Currently, annual top up amount through these kiosks are worth over Baht 1,000 million. Next year, the Company forecasts the annual domestic top up value shall be over Baht 4,000 million. Nevertheless, the Company will

continually strive to enlarge Top up Kiosk's business throughout this region. After starting operation in Philippines in 2010, the Company will move forward our business to Indonesia, Vietnam and other countries in 2011.

The business direction of the Company in 2011 will focus on restructuring organization, aggressive cost reduction programs, launching new products to market for supporting emerging technology as well as seeking new overseas joint ventures for business expansion. However the Company still focuses on fully integrated management through the research and development, procurement of raw materials, manufacturing, high technology market as well as diversify risk of revenue sources to other business as mentioned. The Company also aims to increase competitive bid of mega projects from public sector. In addition, the Company is firmly committed to promote the good quality of products to our clients by priority focus on human resources development as a key factor in production process to enhance our productivity and achieve desired standard of clients.

In this occasion, I and the Board of Directors would like to thank everybody for their faith and trust on the Company's potential in all aspect of business as well as continually supporting the business all along.

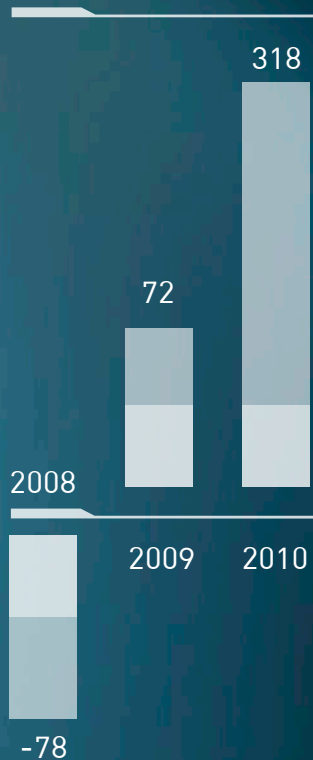
(Mr. Pongchai Amatanont)

Chief Executive Officer

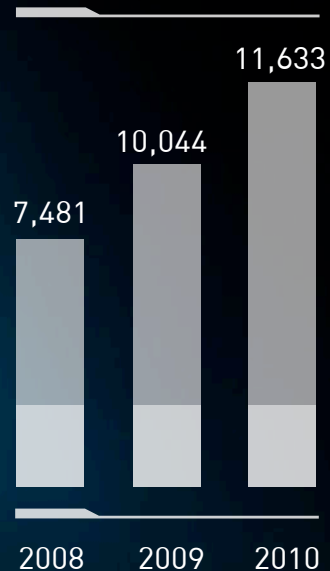
Financial Highlight

	2010	% Change	2009	% Change	2008
Income Statements (THB Million)					
• Sales Revenues	9,619	3%	9,309	47%	6,312
• Service Revenues	293	182%	104	-29%	146
• Project Revenues	1,624	175%	591	-42%	1,011
• Total Revenues	11,633	16%	10,044	34%	7,481
• Cost of sales and expenses	11,220	14%	9,867	33%	7,443
• EBITDA	413	132%	178	368%	38
• Net profit (loss) (Part of the Company)	318	342%	72	192%	-78
Balance Sheets (THB Million)					
• Propessty, plant and equipment	715	10%	648	5%	618
• Total assets	6,452	19%	5,426	29%	4,219
• Total liabilities	5,129	19%	4,295	35%	3,171
• Total shareholders' equity	1,323	17%	1,131	8%	1,048
Financial Ratios					
• Outstanding shares (Million shares)	960	0%	960	0%	960
• Book value per share (Baht)	1.38	17%	1.18	8%	1.09
• Earning (loss) to total sevenues (Baht)	0.33	313%	0.08	200%	-0.08
• Net Profit (loss) per share (%)	2.73	279%	0.72	166%	-1.04
• Return on equity (%)	25.59	285%	6.64	196%	-6.94
• Return on assets (%)	5.34	256%	1.50	177%	-1.96
• EBITDA to total assets (%)	9.40%		6.10%		4.35%
• Debt to Equity Ratio	3.88		3.80		3.03

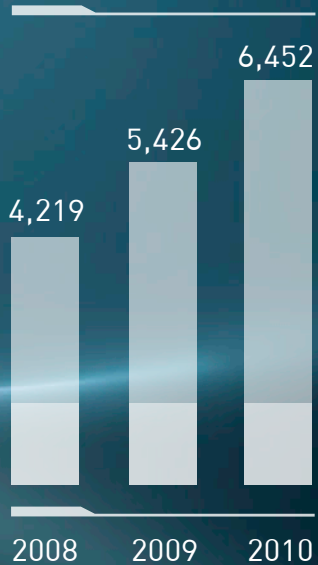
Net Profit (Loss)
(Million Baht)



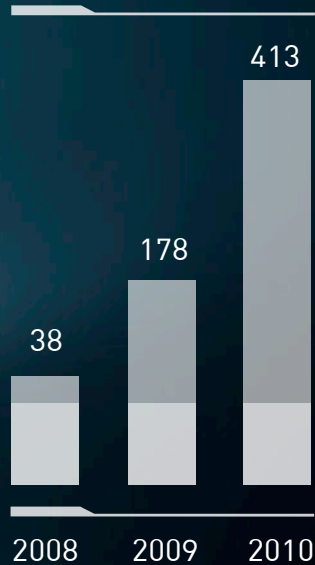
Total Revenues
(Million Baht)



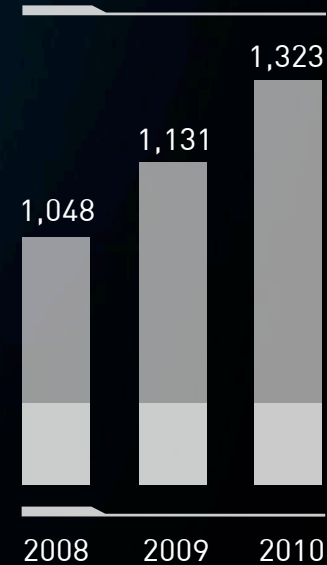
Total Asset
(Million Baht)



EBITDA
(Million Baht)



Total Shareholders' Equity
(Million Baht)



Board of Directors



► **Mr. Sanit Vorapanya**

Chairman of BOD / Audit Committee / Independent
Director



► **Mr. Sutham Malila**

Director / Chairman of 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

Executive Team



► **Mr. Pongchai Amatanont**

Chief Executive Officer



► **Mrs. Rangsi Lerttripinyo**

Senior Executive Vice President



► **Mr. Chatchavin Pipatchotitham**

Executive Vice President



► **Mr. Sawat Erbachokchai**

VP of Research & Development



► **Mr. Pramote Pantina**

VP of Production



► **Mr. Arin Jamnaree**

VP of Finance & Accounting

Vision

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

Mission

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



Business Structure

Business of Print Circuit Boards Assembling and Manufacture

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

Business of Telecommunication Equipment Manufacture and Distribution

It is operated by Forth Corporation Public Company Limited under trademark of **FORTH**. We distribute various products such as Multi Access Node Service (MSAN), Digital Loop Carrier (DLC), Digital Subscriber Line Access Multiplexer (DSLAM), Forth WDM Access Switch, Internet Protocol Phone (IP Phone), Internet Protocol Digital Subscriber Line Access Multiplexers (IP DSLAM), Internet Protocol Private Branch Exchange (IP-PBX), Inverter and Charger, Call Center, Nurse Call, Solar Energy System Equipment.





Business of Electronic sign manufacture and Distribution

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

Business of Online Service Top-Up

It is operated by Forth Smart Service Company Limited (a 51% owned subsidiary and the remain shareholders are not connected persons. under trademark of **FORTH**). It provides value added or online payment through kiosk system. Customers can make self-service transaction with convenience and fast service. At present, Kiosk's service offeres top up mobile phone service and online game, utilities billing payment, postpaid billing payment, credit card payment for AEON, Tesco and First Choice, song downloading, purchasing of internet hour and international calling card. The Company will develop Kiosk to support other business activities in the future for example vending machine. In addition, the Company has expanded business line throughout this region by establishing Mindmap Commtech in Philippines. The Company held 40% of its registered capital (another 60% of equity interest are not held by connected persons).



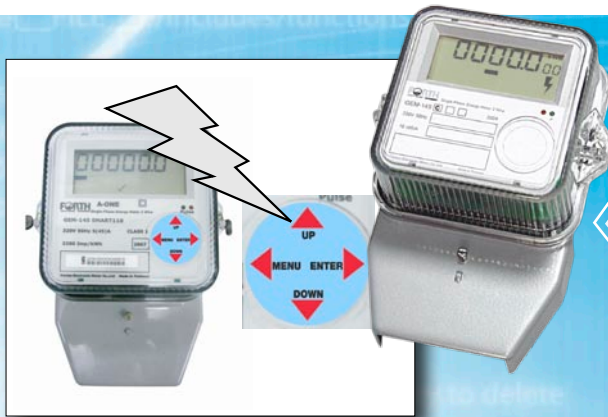
Business of Traffic Light Manufacture and Distribution

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



Business of advertising fee collection on Genius Traffic Boards

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



Business of Electronic Meters Manufacture and Distribution

It is operated by Genius Electronic Meter Company Limited (a 45% owned associate and another 55% of equity interest are not connected persons) under trademark of **FORTH**. The main products are kWh meter both 1st Phase and 3rd Electronics Phase including linkage of processing automatic system through RS485 interface, LAN or Ethernet. It then accesses billing program at the Company's branch stations. Moreover, the 1st phase kWh Meter (RFID value refilled) and water supply meter can connect with the processing system of kWh.

Business of Tracking System Manufacture and Distribution

It is operated by Forth Tracking System Company Limited (a 34% owned associate and another 66% of equity interest are not connected persons) under trademark of **FORTH**. The core business undertakes manufacture and distribution of vehicle tracking system which recorded vehicle usage through GPS system (Global Positioning System). The system could report the information of vehicle usage such as positioning of vehicle, traveling map, speed of vehicle, current status report of drivers (when they are not in the traveling plan or they drive with over speed). Therefore, the users are able to manage vehicle usage with more effectiveness.



Business of Electronic Component Sourcing

It is operated by Electronic Source Company Limited (a 100% owned subsidiary) under trademark of **ES**. It is distributor of semiconductor, electronic parts which raw material to produce print circuit boards such as IC, Transistor, Diode, Semiconductor, optoelectronics, Display Device, Replay Battery, Connector, Buzzer, Electronic Switch, EMC, Filter, Thermal Printer, Capacitor, Resistor, and Crystal Oscillator.



Business of Enterprise Resource Planning Service

It is operated by Forth Corporation Public Company Limited since mid of 2005 for providing enterprise resource planning service. Major customers are public sector and state enterprises for example Metropolitan Electricity Authority, Thai Airway International Public Company Limited and etc.

Significant changes and development in 2010

In 2010, the Company and the subsidiaries efficiently provided the products and services to satisfy the customer's demand countrywide. As a consequence, the Company gained trust and support from various private and public sectors. Therefore highlights of the Company and the subsidiaries in 2010 are summarized below.

Forth Corporation Public Company Limited

- In March 2010, a meeting of the Company's Board of Directors had an approval for entering into a share sale agreement of Thai Industrial Water Co., Ltd. (TIW) which is held 70% or 539,000 shares by the Company to Siam Water Resource Company Limited. The Company has already transferred common shares and received payment with value of Baht 55 million (net of related expenses). Thai Industry Water Co., Ltd. therefore has not been a subsidiary of the Company since 30 April 2010.
- In April 2010, the Company has signed turnkey and sale agreement of procurement and installation for Multi-Service Access Network, WDM and maintenances with TOT Plc. in total 3 contracts with amount of Baht 1,900 million.
- In September 2010, the Company paid interim dividend to the shareholders for the operation of first half year of 2010 at Baht 0.12 per share, a total of Baht 115.2 million.
- The Company has expanded business investment to Philippines by establishing Mindmap Commtech Inc. with registered capital of 150 million Peso (150,000 ordinary shares with a par value 1,000 Peso each). Its core business is to provide online top up service and topping up mobile service. The Company holds 40% of its registered capital.
- Achieved outstanding 5th IT princes Award 2010 for outstanding Innovation Recognition from Multi-Service Access Network (MSAN) from Foundation for Research in Information Technology (FRIT).

- The Company won best prize of telecom innovation award by Telecommunications Research and Industrial for Development Institute (TRIDI) from "Forth WDM Access Switch". This new innovation combines Carrier Ethernet Access, aggregation and switching capabilities with WDM for end-to-end service delivery and simplified network management. Moreover the Company also received 2 awards winning from Thailand Embedded Product Award in categories of Living and Life Style, 1st prize on "Nurse call system" was internal communication inside the healthcare industry for direct communicating between patients and nurses at any times. The second awards in the categories of Productivity and Tool - best innovation award on "Forth Android Development Board Tablet" was designed for developing Android operating system on evolution board with limited budget.

Genius Traffic System Company Limited

- Genius Traffic System Company Limited signed 2 contracts for installation of CCTV with Bangkok Metropolitan Administration with value of Baht 333 million.

Forth Smart Service Company Limited

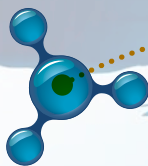
- In November 2010, Forth smart Service Company Limited increased the registered capital from Baht 5 million Baht, consisting of 50,000 ordinary shares with a par value Baht 100 each, to Baht 15 million Baht, consisting of 150,000 ordinary shares with a par value of Baht 100 each, by issuing 10,000 ordinary shares with a par value Baht 100 each.



FORTH

Technovation

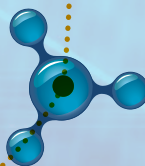
1989-2003



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



2005



- Develop Access Network Product

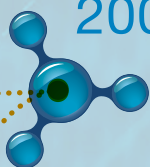
2006



- Implement DLC to TOT (TDM - Voice)



2007



- IP PBX, IP Phone, VoIP Gateway



2008-2009



- NGN network MSAN, Mini - MSAN, FTTx Access



2010



- Forth WDM Access Switch and Top Up Machine



Corporate Social Responsibility

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. By cultivating the moral values and ethic to employees as well as the way of life along with fundamental philosophy of sufficiency economy advises people to aware of social responsibility (Corporate Social Responsibilities). This philosophy aims to support

organization and society for sustainable business enterprises.

During 2010, the Company pursued CSR policy by constantly implementing various projects. Therefore the Company has set up 3 CSR directions : 1) Development of society, life and environment, 2) Development of education and learning promotion, 3) Enhancing religion and culture.



Development of society, life and environment

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

- Environmental conservation's campaign along drainage and garden development project

This activity is annually arranged by the Company and municipality government in Nakhon Pathom. The Company's volunteers cleaned up rotten garbage and toxic-waste disposal inside drainage and surrounding area near factory. It aims to create better life for community.

- Planting project to commemorate His Majesty The King's Birthday.

This activity aims to commemorate the Auspicious Occasion of His Majesty King's Birthday Anniversary on December 5th. The Company received fully support from the Company's volunteers and also local community in planting trees surrounding the Company. This project aims to increase green area and enrichment of ecosystem in community. Trees also absorbed carbon dioxide in atmosphere.

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 Yansakawan or given food offerings to Monks during New Year Eve and etc.



Assisting unprivileged student in remote areas

The Company recognized the importance of children who are going to be adult and vital force for country development in the future particularly unprivileged students in remote area because youth today is the future of our country. Therefore during children day, the Company donated and sponsored scholarship, educational material and equipment as well as sport equipment to the schools in remote area.



Blood donation activities

The Company promoted and encouraged voluntary blood donation by employees. The blood donation aims to assist patients in Siriraj Hospital.

Education development and learning promotion

During past several years, the Company has continually supported many education and learning promotion projects by providing financial support and other technical assistances to many institutes and university for example CE Smart Camp by King Mongkut's Institute of Technology, Lardkrabang, training MSAN product to TOT officers as well as site visiting by students or others.

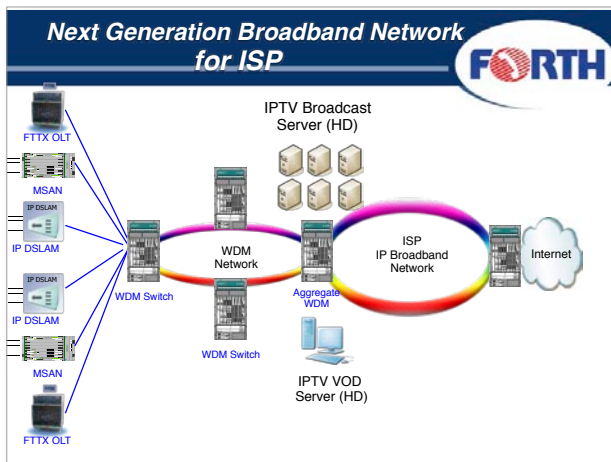


Future Projects

1) The research and development of Forth Corporation Public Company Limited

The prospect of telecommunication industry will be fixed wire and wireless technology which the Company has more experiences from the development of Multi Service Access Node (MSAN) and Hi-speed internet technology. Therefore the Company has developed many new products to improve more efficiency in transmitting data. One of new innovation is "FORTH WDM Access Switch". This new innovation is an Access Switch for Broadband Service Providers that connects MSAN through high Bandwidth core network as well as accumulating a lot of data through WDM system for rapidly transmitting over 400 Gbps in single fiber optic. The new system would increase speed of internet through MSAN network and also reduce cost of relying on Foreign system.

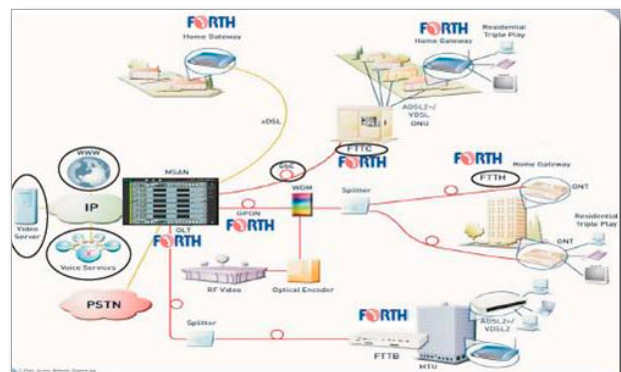
Forth WDM Access Switch



The demand of bandwidth internet is dramatically increasing, particularly high-speed broadband services, video on demand, IPV and VoIP through fiber optic. This is driving force for telecom industry to increase demand of Fiber to The Home in Broadband Access Network. PON (Passive Optical Network) is the most competitive network for FTTH Broadband because of meet the needs of carriers worldwide. Nowadays there are many types of PON technology depended on Bandwidth and process packet for example APON, BPON, EPON and GPON. Therefore the Company plans to launch GPON and GEAPON within this

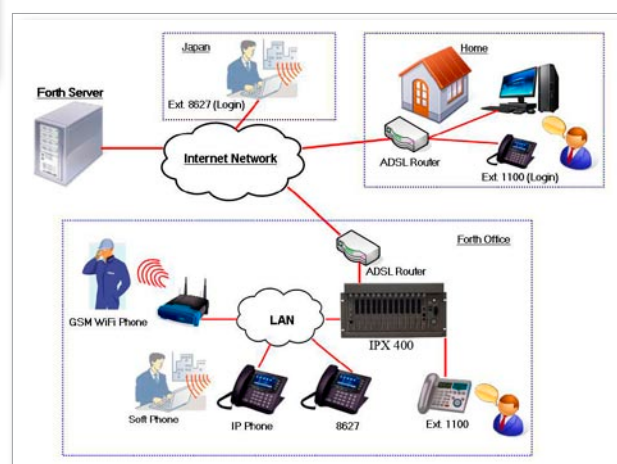
year to serve market demand as well as implementing new feature of Multi Service Access Node for supporting FTTH. GPON offers higher bandwidth 1.25 - 2.5 Gbps, efficiency using larger, variable-length packets, long transmission distance and system reliability.

FTTH - GPON



In 2011, the Company plans to launch new innovative product to response rapid growth of technology especially Telecommunication Industry for instances, Wireless Nurse Call which is designed to use wireless technology to offer assistance to patients in any points of service and times. As well as new feature of IPBX Telephone is designed to support DSP System and also offered over 256 lines for VDO Conference and up to 456 ports of incoming call as well.

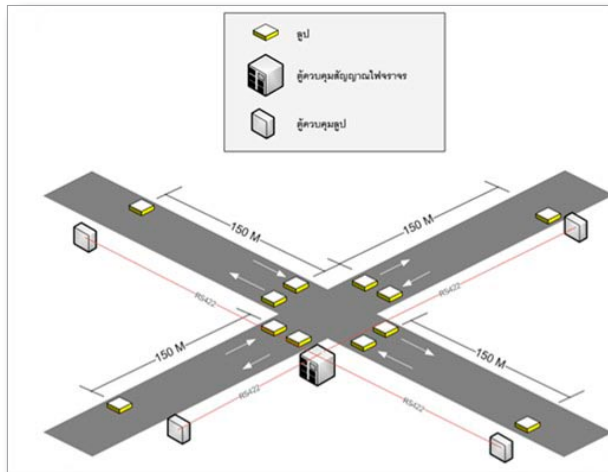
IPX Series : IPX-400



2) The traffic signal system project and CCTV Project

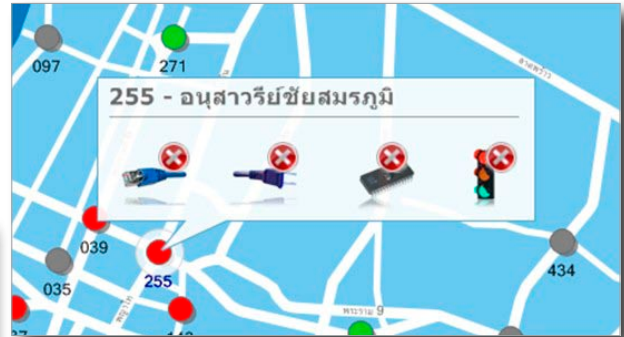
Traffic works

• Smart Junction



The smart junction or ATC is traffic signal control system that has potential in adaptive control signal related to traffic situation by detecting the data processing at the intersection. In 2010, the government has planed to increase the installation of smart junction in many provinces. Particularly, Bangkok Metropolitan Administration (BMA) has planed to install additional systems in 14 junctions of Bangkok. The latest feature of ATC system that developed by the Company could perform manual mode which polices could self organized traffic light control as well as count down traffic signal within 10 seconds to indicate the remaining time left for changing of respective phase. The timer also assists drivers in preparation for signal's changing.

• The project of efficient maintenance



The efficient maintenance traffic signal system is one of research and development by the Company in response to the BMA's policy that requested any malfunction of traffic signals should be repaired immediately. Therefore the designed system could be figured out and alerted rapidly to respective personnel or controlling center for immediately repairing upon electrical malfunctions or mechanical damages were detected. In 2010, the Company continues to extend additional phrases. The new phrase would increase speed and stability of transmitting data through fiber optic of BMA system. This new transmitting system could economize the budget as unnecessary to rent private's telephone networks for data transmission.

LED Technology

• LED Street Light



The Company has researched and developed LED lighting bulbs for replacement of traditional light source which has shorten lift span and heat loss. The new designed of LED lamps are not only save 40% of energy consumption but also offer long service life over 10 years.

The Company launched many models and sizes of bulbs with ranging power from 72W – 400W that could replace traditional bulbs for example compact fluorescent light bulbs, High Pressure Sodium Bulbs (HPS), Metal Halide Bulbs (MH), Mercury Vapor Bulbs. Currently, there are over one million bulbs installed in public areas across country, therefore this market has high profit potential.

• **LED warning signs**



The innovation of warning and traffic sign by using LED bulbs that provided clearly signal and illuminated during the night times as well as enhanced the safety for driver and pedestrians.

In 2011, Bangkok Metropolitan Administration has planed to change all traffic warning signs in Bangkok area to be LED warning sign for energy-saving and modernization.

• **FORTH Electronics Ballast HID**



FORTH Electronics Ballast HID was designed by using High Technology Chip IC. which verified by Thai Industrial Standard, UL as well as CE standard. In addition, the ballast is 25 - 30% energy saving as well as lightweight because of using high intensity discharge lamp. The ballast is easy to install for both indoor and outdoor building for example factory, convention center, highway, billboard in sport stadium and etc.

• **Closed Circuit Television System (CCTV) for security and traffic**



In this several years, traffic situation, traffic accident as well as political demonstration have affected national, economic and human security. Therefore Bangkok Metropolitan Administration (BMA) has allocated budget for CCTV installation projects to response this circumstance. Since 2010, BMA assigned the Company to install CCTV inside Bangkok Metropolitan area with value of Baht 400 million. The CCTV could rapidly detect current traffic situation and accidents and also generate precisely report. In 2011, the Company prospects to acquire many projects from government sector with value up to Baht 1,000 million.

3) The project of vehicle tracking equipment via satellite transmission



Snap shot of passengers inside vehicles



FTS 3

The Company has continually researched and developed new products to market. In 2011, the Company plans to launch the new vehicle tracking system, model of FTS3. The new model is designed to be smaller size but high efficiency in tracking signal with reasonable price to serve customer's demand.

Since the Company has already changed tracking system from Global Positioning System (GPS) to be Assisted Global Positioning System (AGPS). The new system provides tracking system despite no signal area for example parking areas.

For Model FTS 5 was designed to support the snapshots from CCTV inside vehicles. This model was widely accepted in public transportation for example public bus, van and etc. However latest marketing analysis on customer's satisfaction demonstrated that the installation of

CCTV inside vehicles would enhance to detect more accurate and precise particularly on logistic system and public transportation system. The system could transmit the accurate report to demonstrate specific location, speed, acceleration and distance for investigating driver's behavior. In addition, the new feature used ball floating in fuel tank to detect fuel smuggling as well as developed devices to increase snapshot's efficiency inside the vehicle.

Nevertheless, the Company still continues to research and development more efficient devices to support growth of tracking market in the future which expects to use navigator data as evidence for any organization.

4) The research and development of electronic meter under the trademark of FORTH

Genius Electronic Meter Company Limited (GEM) has researched and developed electronic meter since 2005 which widely accepted in both private and public sectors such as the Metropolitan Electricity Authority and Provincial Electricity Authority.

AMR Prepaid



Wireless Water Meter

The researched products are granted the privileges of investment promotion from the Board of Investment (BOI) for Prototype Design and Certificated of IEC 62053-21 and IEC 62052-11 from the Institute of Parkside Laboratory, New Zealand. Therefore the GEM's product could meet the provision of Metropolitan Electricity Authority and Provincial Electricity Authority. In addition, GEM is certified ISO 9001 from the institute of MASCI in the design, development and manufacture of electronic meter measures of alternating current and the application system of Automatic Meter Reading.

The new feature of Smart touch electronic meter is designed to measure in term of kWh, Watt (W), Current (A), Pressure (U) and Power Factor (PF) and also offered the built in controlling program inside machine which could display the function on LCD as well as reset kWh on demand. The Company plans to launch within this year.

Besides, Smart touch electronic meter, the Company will launch Wireless meter. The new feature is designed to be Automatic Meter Reading for facilitating the users to access data through fixed line and wireless to response wireless technology at this moment.

5) The project of online Top-Up service and prepaid mobile phone topping up

In 2010, Forth Smart Service Company Limited (FSS), service provider of Top-Up prepaid mobile phone and online payment through Kiosk system named "Boonterm", which located at countrywide. Many department stores or convenience stores, for example Tesco Lotus, 7-11 convenience stores or sky train stations, trusted and currently installed Boonterm kiosk in their branches. Furthermore, the Company has implemented new feature of Boonterm Kiosk, not only to support online top up and payment service, but also used as public telephone in cooperation with TOT plc. and currently installed over 900 kiosks.

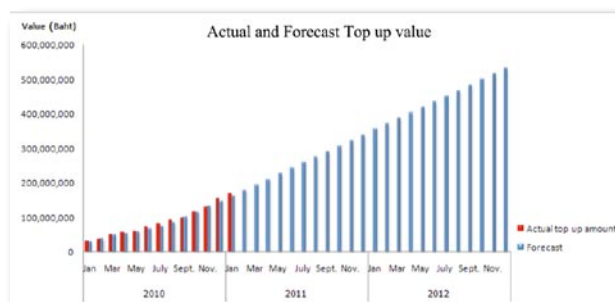


New feature Boonterm's kiosk as public telephone

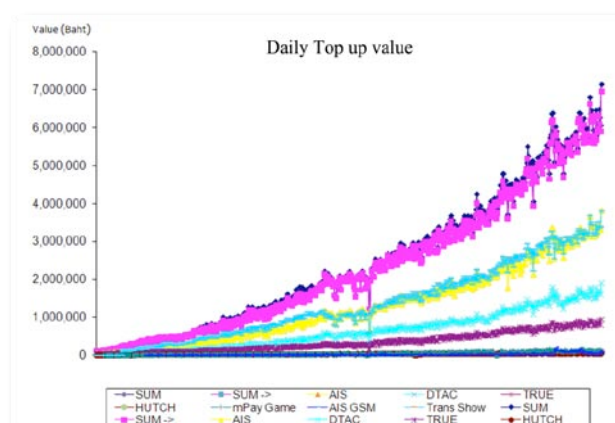
As rapid growth in this industry, the Company considers to enlarge investment throughout country. At this present, 7,500 kiosks were fully installed and functioned with total accumulated top up service value at the end of 2010 was Baht 1,000 million.



Accumulated top up value since Aug 09 - Feb 11



Actual and Forecast top up value



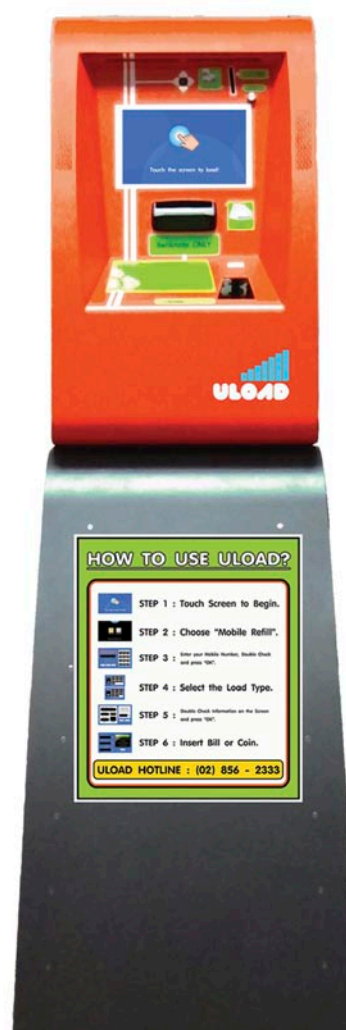
Daily top up value

In addition, development of computer system is the top priority in this business in order to support continuous increasing daily usages as well as builds confidence to users on prepaid service system. At this present, the Company has over 7 million monthly transactions or 250,000 daily transactions. The Company prospects number of monthly transactions in 2011 will be reached 13 million transactions or average 420,000 daily transactions. Monthly top up value will be Baht 350 million at the end of 2011 and Baht 600 million at the end of 2012.

Besides, top up prepaid and online payment service, the Company plans to develop Boonterm system to support other business transactions as well as increasing business channels in 2011 for example commercial advertisement on Kiosk and etc.

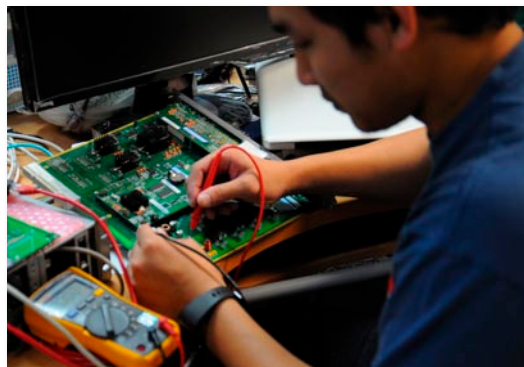
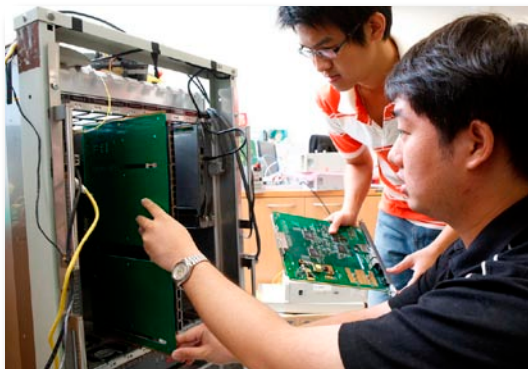
For the prospect of overseas investment in this year, the Company plans to invest in South East Asia first as similarity of market to Thailand. The Company has

already started up this business in Philippines in 2010. Therefore the Company anticipates to have successful business negotiation with partners in Vietnam, Indonesia and Malaysia in 2011 as well.



Boonterm's kiosk in Philippines

Research and Development



In 2010, the Company has a significant mission to provide our services and products through innovation for achieving customer requirement as well as awards-winning from several prestige institutions in Thailand. Our research and development department is the primary department for researching, developing, promoting, and supporting innovations. Therefore the Company has invested both personnel and also laboratories with equivalent to international standard. That not only testing the quality of materials, tools, and devices but also monitoring reliability and accuracy of measurements with long experience within this telecommunications industry.

The products that created and developed by Thai people under our research and development department were the proudest for Thai people. Those products were currently selected and installed in the network of public and private sector for instances, installation of MSAN in TOT Plc. In addition, the efficiency and quality of products

are equivalent to international standard and also save on oversea import cost with worth over billions Baht per year.

In addition to driving Forth innovative product for commercial purposes, the continuing mission of the Company aims to support, evaluate the telecommunication problem as well as supports technical assistance to public and private sector. Besides that, the Company has provided financial support in research and development to encourage full opportunity for any initiative researchers who created the concrete benefit for country.

The most outstanding research in 2010 are Forth WDM Access Switch, Android Board Development Tablet, MSAN, Wireless water Meter and etc.

The Company still continues to produce and develop new product with an advanced technology service to market for bring the better quality of life and utmost national interests.

Board of Directors

Mr. Sanit Vorapanya Age 72 years

Position : Chairman of BOD / Audit Committee / Independent Director
Company's Shares Procession (%) as of 10 September 2010 : None

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

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 (9 September 2004), Thai Institute of Directors (IOD)

Mr. Sutham Malila Age 69 years

Position : Director / Chairman of Audit Committee / Independent Director
Company's Shares Procession (%) as of 10 September 2010 : None

The relevant important positions of other companies

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

Education and Training Background

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

Mr. Pongchai Amatanont Age 47 years

Position : Director / Executive Director / Chief Executive Officer
Company's Shares Procession (%) as of 10 September 2010 : -52.17- (*)
(*) Including spouses and immature children

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 MCOT Public Company Limited

Education and Training Background

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

Ms. Nongram Laohaareedilok Age 57 years

Position : Director / Audit Committee / Independent Director
Company's Shares Procession (%) as of 10 September 2010 : None

The relevant important positions of other companies

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

Education and Training Background

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

Mrs. Rangsi Lertripinyo Age 50 years

Position : Director / Executive Director / Senior Executive Vice President
Company's Shares Procession (%) as of 10 September 2010 : -6.10- (*)
(*) Including spouses and immature children

The relevant important positions of other companies

- Director of Forth Smart Service Company Limited

Education and Training Background

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

Mr. Kaelic Amatanont Age 55 years

Position : Director
Company's Shares Procession (%) as of 10 September 2010 : -6.03-

The relevant important positions of other companies

- Executive Director of Electronics Source Company Limited

Education and Training Background

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

Board of Directors

Mrs. Matinee Wandeepirom Age 49 years

Position : Director

Company's Shares Procession (%) as of 10
September 2010 : -2.58-

The relevant important positions of other companies

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

Education and Training Background

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

Mr. Boonya Tantipanichaphan Age 49 years

Position : Director / Executive Director

Company's Shares Procession (%) as of 10
September 2010 : -2.57- (*)

(*) Including spouses and immature children

The relevant important positions of other companies

- Director of Genius Traffic System Company Limited

Education and Training Background

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

Ms. Chonticha Siripongpreeda Age 40 years

Position : Director

Company's Shares Procession (%) as of 10
September 2010: None

The relevant important positions of other companies

- Deputy Managing Director of Electronics Source Company Limited

Education and Training Background

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

Executive Team

Mr. Pongchai Amatanont Age 47 years

Chief Executive Officer

Company's Shares Procession as of
10 September 2010 : -52.17- (*)

(*) Including spouses and immature children

Mrs. Rangsi Lertripinyo Age 50 years

Senior Executive Vice President

Company's Shares Procession as of
10 September 2010 : -6.10- (*)

(*) Including spouses and immature children

Mr. Chatchavin Pipatchotitham Age 38 years

Executive Vice President

Company's Shares Procession (%) as of
10 September 2010 : None

Education and Training Background

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

Education and Training Background

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

Education and Training Background

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

Mr. Sawat Erbachokchai Age 43 years

Vice President of Research & Development

Company's Shares Procession (%) as of
10 September 2010 : None

Mr. Pramote Pantina Age 42 years

Vice President of Production

Company's Shares Procession (%) as of
10 September 2010 : None

Mr. Arin Jamnaree Age 38 years

Vice President of Accounting and Finance

Company's Shares Procession (%) as of
10 September 2010 : None

Education and Training Background

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

Education and Training Background

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

Education and Training Background

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

The Company and subsidiaries' revenue structure

Business Characteristics	Operated by	Shareholding (%)	2010		2009		2008	
			Million Baht	%	Million Baht	%	Million Baht	%
Manufacturing and distribution of telecommunication and electronic equipment under brand "FORTH"	Forth Corporation Public Company Limited	-	648	5.57	975	9.71	615	8.22
Manufacturing the print circuit boards and electronic equipment assembling under the customer's brand	Forth Corporation Public Company Limited	-	8,251	70.92	7,649	76.15	5,121	68.46
Enterprise resource planning service	Forth Corporation Public Company Limited	-	15	0.13	45	0.45	-	-
The project of installation of Multi Service Access Node Equipment (MSAN)	Forth Corporation Public Company Limited	-	1,134	9.75	81	0.81	732	9.78
Manufacturing, distribution and installation contractor for equipment, traffic light system, closed circuit television	Genius Traffic System Company Limited	100	520	4.47	485	4.83	367	4.91
Manufacturing and distribution of electric sign board	Genius Traffic System Company Limited	100	65	0.56	49	0.48	27	0.36
Manufacturing and distribution of electronic parts	Electronics Source Company Limited	100	735	6.32	680	6.77	577	7.71
The collection of the advertising fee	Joint Venture Genius	100	31	0.27	26	0.26	30	0.40
The online top-up services and topping-up the prepaid mobile phones	Forth Smart Service Company Limited	51	137	1.18	14	0.14	-	-
Total revenues			11,536	99.17	10,004	99.60	7,469	99.84
Other revenues			97	0.83	40	0.40	12	0.16
Grand total revenues			11,633	100.00	10,044	100.00	7,481	100.00

Risk Factors

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

1.1 Risk from relying on major customers

The Company acquires a major part of its revenues from manufacturing print circuit boards and electronic equipment assembling under the customer's brand which represented 71% of total revenues in 2010 (2009: 76%). It has significant effects on overall operating results. Especially, one major customer named Western Digital (Thailand) Co., Ltd (WD) which generated 69% of total revenues of the Company (2009: 75%). If WD changes manufacturing orders, the Company's total revenues could be impacted. As well as, the industry of electronic parts has strong competition in accordance with the rapid change of technology and also price cutting strategy to attract customers who mainly are international companies or their head quarters were located in overseas. Those international customers focus on supply chain management in order to reduce cost of manufacturing through "Global Sourcing". Our competitors then are neighbors such as China and Vietnam. In Thailand, the industry of the print circuit boards assembling and manufacture probably encounters with this effects if customers change to cheaper manufacturing base or pending orders. Furthermore the strengthen of Baht currency over 10% would impact to total export and the recent financial crisis in Europe would impact to Global economy as well as in this industry.

However, the Company recognizes this business fluctuation, the Company sought to find new customers and lessen its reliance on major end-clients as mentioned by consistently launching new products with high quality with competitive price under strong R&D teamwork. Therefore the Company could continuously acquire new customers and also enlarge market through the projects of public sectors. The new products launched in 2010 were Forth WDM Access Switch, Wireless Meter and IPX phone and etc.

Moreover, the Company has diversified risk through other business lines for example the traffic light system and electronic boards, electronic parts distribution, electronic meter distribution, tracking system and online top-up services. In 2011, the Company plans to expand the online top-up services in other countries of the Southeast Asia after setting up an associate in Philippines in 2010. The Company also developed the kiosk to do other functions for example vending machine function and etc.

1.2 The obsolete products that results in changing of manufacturing technology

Generally, the models, features and qualifications of electronic products are rapidly changed so the manufacturers must develop technology to response new trends. If the Company couldn't develop in times to cope with this changing, the Company might lose customers to competitors who has advanced technology. Therefore, the Company and its subsidiaries is constantly prepared to meet such challenges of technology change through continuous research and development to improve the Company's products and manufacturing process as well as to increase production capacity to meet customer demand and advance technology. In addition, the Company focuses on quality control, on-time delivery and assistance to customers in order to sustain long working relationship with this group of electronic customers. That's why the Company could maintain existing customers and cope effectively with changing technology. Over the past years, the Company had an outstanding performance as well as received award- winning on "Best supplier" from various customers for example Daikin Industry Limited from Japan, Pioneer Manufacturing (Thailand) Co., Ltd. Toshiba Carrier (Thailand) Co.,Ltd. and Western Digital (Thailand) Co., Ltd.

2. The risk from business of installation of MSAN, traffic light, CCTV and electronic boards

2.1 Risk from the liquidity of distribution to public sector

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

However, the Company has experience and expertise of pubic project for long times since the Company operated production. Our portfolios are the traffic light project with Bangkok Metropolitan Administrative, MSAN project and broadband internet service with TOT Plc., ERP project with Metropolitan Electricity Authority. The Company has knowledge and expertise to manage the liquidity for public sector's customers who has long-term credit line. Although the Company has working capital to support long-term cash

flow of those specific customers, the Company also acquire sufficient loan provision and request additional loan from commercial banks to support efficient liquidity management in the long run.

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

3.1 Risk from unable collection of advertising fee from traffic boards as target.

As stipulated in the agreement between Bangkok Metropolitan Administration (BMA), and Joint Venture Genius (JV Genius), JV Genius obtained the right to derive benefit from genius traffic boards. Each contract has a 3-year term, renewable 2 times so totally 9 years of contract. JV Genius must pay BMA for the monthly usage right fee and also annual fee with amounting to Baht 5 million to BMA. If JV Genius couldn't afford revenue from the advertising board to cover the cost, The Company's operation results could be impacted. The economic crisis and political situation occurred in 2008 have been continued and have negative impact to JV Genius. It has already recorded asset impairment amounting to Baht 11 million in 2008. However JV Genius has the solution to solve in this problem in short-term by contract signing with one advertising agency in order to get monthly revenue from advertising. These solution aims to reduce any volatility and uncertainty of revenue. For the long-term solution, JV Genius would offer new service as well as seeking new advertising agency alliances for enlargement revenue in the future.

3.2 Risk from no renewal agreement after termination or denouncement

After JV Genius delivered the genius boards to be the assets of BMA, JV Genius must follow the conditions in agreement for example the maintenance of boards and equipments in controlling center under the term of agreement. If JV Genius fails to comply with the agreement, BMA may not continue the contract with the Company that unavoidable impacts to major revenue of JV Genius. In addition, the total investment of genius traffic boards was Baht 235 million for 3 years and renewal 2 times (9 years totally) which JV Genius has amortised the right amounting to Baht 27 million per year. Therefore, if BMA does not renew the agreement, JV Genius will immediately write off remained capital investment. These will be created more expenses and then it effects on the

Company's operating result significantly.

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

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

In 2004, the Company signed contract to set up the consortium for the project of Enterprise Resource Planning (ERP), Customer Service System (CSS) and Billing System for Metropolitan Electricity Authority (MEA) which is valuing to 549 million Baht. The Company joins 69% of the project's interest or 379 million Baht but the partners deserted their responsibilities so the project must be delayed. Especially, the project must be completed within 28 October 2006. If we cannot delivery on time, the consortium will be fined 0.2% of total project value (with minimum 100 Baht per day and management fee of 5,000 Baht per day after the day of due date).

In August 2009, the Company received waiver notification from MEA and also was requested to expedite the operation to be completed within March 31st, 2010. However MEA reserves right to collect fines, supervision cost as well as additional rights under the contract. The Company has already submitted the final stage of works to MEA. MEA was on the process of work inspection. The impact arising from the issue above was that the Company must bear its expenses in part of 2 joint ventures and also as the manager of this project in order to proceed project until completion. Therefore project cost was higher than revenue of project. Consequently the Company must record the loss provision of whole project until the completion of the project in accordance with accounting standard. Until 2010, the Company recorded loss provision amounting to Baht 624 million (2010 : Baht 116 million, 2009 : Baht 181 million and 2008 : Baht 317 million and 2007 : Baht 10 million). The Company expected to acquire revenues from sale of additional licenses and additional works over the contract and also software maintenance after completion of project in order to compensate any additional cost due to project delay.

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

5.1 Risk from severe competition

Since the growth of top-up machine market, the competition becomes more aggressive. Each entrepreneur grasps the market share through price strategy which impacts to risk factor of revenue and entrepreneur status in online top up market. However Forth Smart Service Co., Ltd. (FSS) has completely studied competitive market and prepared the readiness to establish the competitive advantages through the quality network services to cover countrywide. FSS offers various promotion campaigns in each kiosk installation and innovative linkage system to be customized to serve different demand of end clients with more efficiency.

Moreover, FSS has existing customers to support the manufacture of kiosk machines including business alliances for the enlargement of distribution channels. The Company also offers additional services such as advertising space on kiosk, online game top-up and utilities billing payment which are differentiate from other service providers.

6. Risk of economy situation and money market

6.1 Exchange rate risk

The Company and one subsidiary (Electronic Source Co., Ltd.) have imported oversea electronic parts for manufacturing and distribution. The payments are settled by foreign currencies for example US Dollar, Dollar Hong Kong and Yen but the sale revenues are settled via Baht currency. The Company has foreign exchange risk comparing to Baht currency. Therefore the Company hedged its transactional exposure to manage foreign exchange risk and entered into forward exchange contracts and closely monitor situation. Moreover the Company could adjusting purchased prices with customer relied on the exchange rate. The balance of foreign currency's liability as at 31 December 2010, which wasn't hedging exchange rate risk, was disclosed in note 26.1 to the financial statements.

6.2 The risk from interest rate fluctuation

The Company and the subsidiaries take risk on loan interest rate which affects the volatility of their financial costs. However the loan interest rate of the Company and its subsidiaries is floating rate or fixed rate which close to

current market rate. The interest rate risk is still low. The Company concerned with interest rate risk and the Company therefore may use financial derivative for hedging such risk. The details of loan interest rate were disclosed in notes 15 and 16 to the financial statements.

7. Risk of the management and shareholding

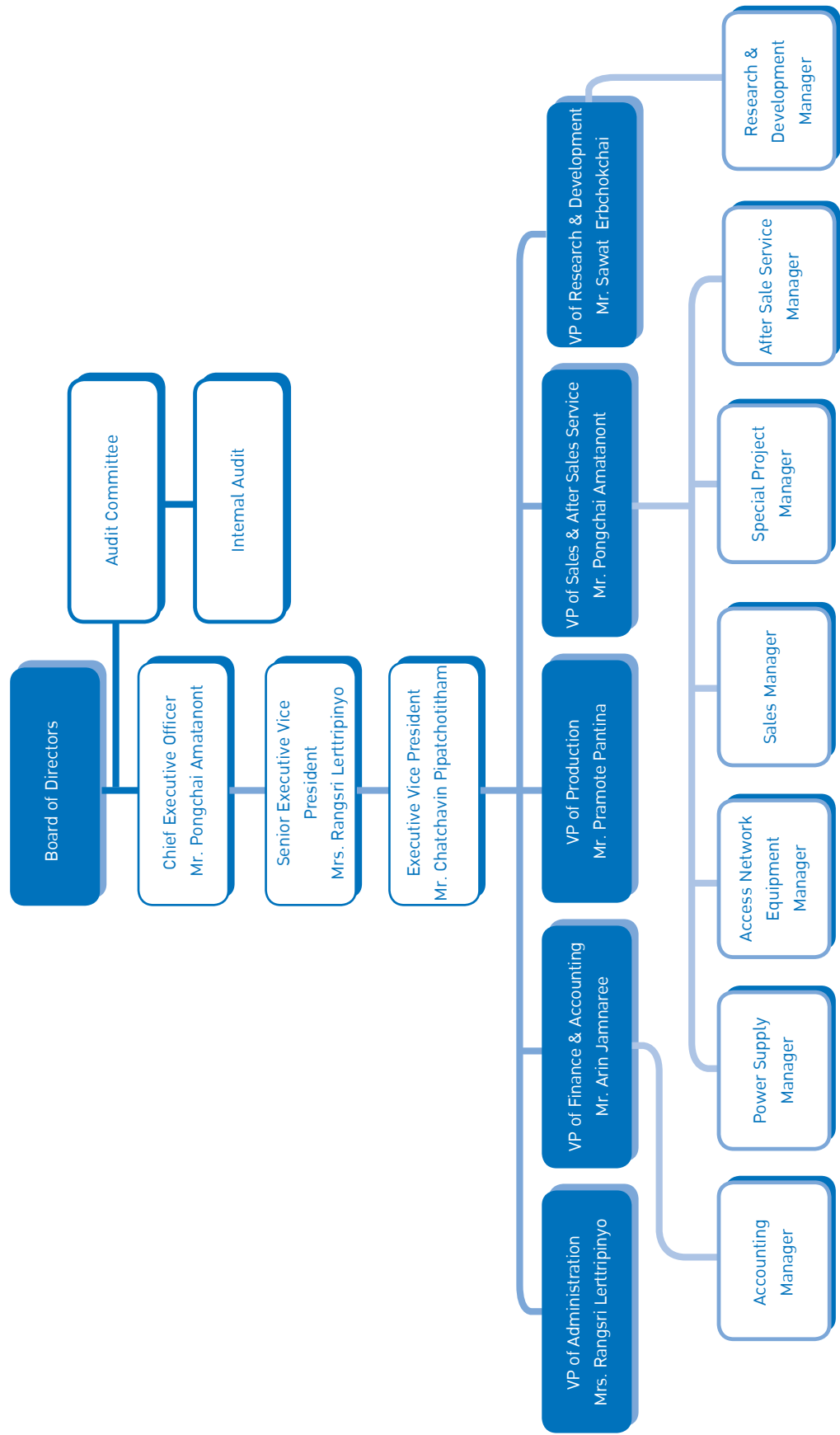
7.1 The risk from reliance on the Executives

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

7.2 The risk from major shareholding group

In 2010, Amatanont's family was still the major shareholder of the Company with shareholding over two third of the Company's paid-up capital. As a result, this family is able to manipulate the resolution of shareholders' meeting in every agenda; either appointment of directors, the approval of other matters, having acquired a majority vote, exempt the matter related to law or article of association, which required at least three fourth votes of shareholders meeting. However it is impossible for minor shareholders to gather vote and check and balance of power on the matter proposed by major shareholders. However, the Company has appointed the audit committee since 2004 which has independent votes and has responsibilities to check and approve every agenda which are proposed to the shareholders in order to increase more transparency.

Organization Chart as of December 31, 2010



Management Structure

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 66% of total board members and 3 independent directors or 33% of total board members.

List of Board members as of 31 December 2010

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/or the Securities and Exchange Act without unauthorized characteristics regarding the law and regulation of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

Authorized Directors

Authorized directors, who can sign off on behalf of the Company, are Mr. Pongchai Amatanont co-signed with either Mr. Kaelic Amatanont or Mrs. Rangsi 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 Board of Directors' meeting every three months.
4. To certify the Company's annual financial statements audited by its auditors and propose the financial reports to the AGM for consideration and approve.

5. Ensure that the Company shall vest the representative person with full authority of board executive or board director with respect to specific matters delegated and approve by the member of board committee. Board committee may terminate, adjust or amend such a delegated authority on any appropriate judgment.

The above authorization must not involved the transactions showing a potential conflict with the Company's business interests as well as main transactions with related parties except that transactions were conformed to authorization policy or were approved by the Board of Directors.

6. Review and discuss management's proposed strategy options and approve major decisions in respect of firm direction and policies. An exception to the matter concerning legal issue would be necessary to gain approval from shareholder meeting, for example, the increasing or reducing share capital; sale or transfer of the whole or the substantial part of the Company's business to any other person or purchase or acceptance of transfer of the business of private companies or public companies by the Company; The amendment of the Memorandum of Associations or Articles of Association of the Company.
7. Monitor the Company's operation to comply with the Securities Exchange Act and the regulations of the Securities and Exchange Commission i.e. connected transactions or acquisition or disposal of assets in accordance with the Securities and Exchange Commission and the related law and regulation.
8. Review and approve the human resources policies, management development policy. The Board shall seek and nominate successors to the Chief Executive Officer and the President, as well as appraise their performance.
9. To ensure that the board committee has a proper system in place to communicate effectively with all stakeholders and the public on conflict of interest issue e.g. an increase or decrease in number of share that board hold on related companies.

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

Executive Directors

As of 31 December 2010, there are 3 executive directors which are as follows :

No.	Name	Position
1.	Mr. Pongchai Amatanont	Chairman of Executive Director
2.	Mrs. Rangsri Lerttripinyo	Executive Director
3.	Mr. Boonya Tantipanichaphan	Executive Director

Duties and responsibilities for Executive Directors

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

4. Authority to approve the Company in conducting normal operating transactions up to a limit of Baht 20 million such as purchase of assets, machinery, vehicles except for raw material purchasing. Also, authority to approve the capital investments spending that included in annual budget assigned by the Board of Directors or mentioned in the Board of Directors jurisdiction.
5. Make approval for loan proposals, bond issuance, collateral, personal guarantee on loan and any credit proposal with amount up to a limit of Baht 50 million.
6. Make recommendations to the Board of Directors regarding revisions to financial policy, marketing strategy, human 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 under The Stock Exchange of Thailand and/or Securities and Exchange Commission. The above defined transactions must be proposed to the Board of Directors or annual general meeting for consideration and approval according to any related regulations.

The Definition of Independent 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 Company has determined that the minimum qualifications of Independent Directors must be equivalent to the minimum specifications stipulated by the Securities and Exchange Commission, except clause 3 which higher than the condition of securities and exchange commission and Stock Exchange Of Thailand, and/or Securities and Exchange Commission.

As of 31 December 2010, the Company's independent directors compose of 3 directors who are selected from 9 members of the Board of Directors (calculated 1:3 proportions conformed to good corporate governance according to Securities and Exchange Commission's regulation). The independent directors are listed as follows:

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

Audit Committee

The Board of Directors approved the appointment of the Audit Committee in 2004, each member have a 2-year term. Determinations of the qualifications of the Audit Committee are as follows :

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

As of 31 December 2010, there are 3 audit committees as follows:

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

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

Duties and responsibilities for Audit Committees

1. Review financial statements under consultation with the external auditors in order to ensure that the financial statements are accurate and reliable, and in compliance with accounting standards, laws and standards.
2. Review the effectiveness and appropriateness of the internal control and audit system, independence of the internal audit function and endorsement of the appointment, transfer and termination of employment of the Internal Audit.
3. Review the firm's operations to see that they are in compliance with Securities and Exchange Act., Stock Exchange of Thailand regulations and standards.
4. Consider selection and recommend to the Board on the appointment of external auditors and annual audit fees of the independent auditors. Hold at least one meeting a year with the external auditors without the presence of management.

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

Management Team

As of 31 December 2010, there are 6 members in the management team

No.	Name	Position
1.	Mr. Pongchai Amatanont	Chief Executive Officer/President of FORTH's affiliates/ Vice President of Marketing and after sale department
2.	Mrs. Rangsi Lerttripinyo	Senior Executive Vice President/Company Secretary
3.	Mr. Chatchavin Pipatchotitham ⁽¹⁾	Executive Vice President
4.	Mr. Pramote Pantina	Vice President of Production Department
5.	Mr. Sawad Erbchokchai	Vice President of Research & Development Department
6.	Mr. Arin Jamnaree	Vice President of Accounting and Finance Department

Remark⁽¹⁾ : He was appointed to be management team during 2010.

Nomination of the Board of Directors and the Executives

The Company does not have Nomination Committee; therefore, the nomination process comes from candidates who were nominated for the position of directors and taken into consideration through the AGM of Shareholders. The appointment of director position is determined by majority vote, which complied by good corporate governance.

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

Roles and Responsibilities of Managing Director and the management

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

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

The Remuneration of the Board of Directors and the Management

The Company issued the policy of the Board of Directors and the management's remuneration with publicly and transparently process. The remuneration is considered by directors and high executives based on the duties, responsibilities and performances of each director and executive including the performance of the Company's operation. It is also in line with the remuneration in same industry. The remunerations consist of meeting attendance allowance and annual gratuity.

The directors' remunerations, which were approved by the AGM of Shareholders on 23 April 2010, were summarized below :

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

Annual Gratuity

The budget should not over Baht 1 million and the Board of Directors would allocate by themselves.

Monetary Remuneration

Unit : Baht

Name	Board of Directors		Independent Director/ Audit Committee	
	2010	2009	2010	2009
Mr.Sanit Vorapanya	129,000	120,000	513,933	168,000
Mr.Sutham Malila	86,000	80,000	526,833	180,000
Ms.Nongram Laohaareedilok	86,000	80,000	513,933	168,000
Mr.Pongchai Amatanont	86,000	80,000	-	-
Mrs.Rangsri Lerttripinyo	86,000	80,000	-	-
Mr.Boonya Tantipanichaphan	86,000	80,000	-	-
Mrs.Matinee Wandeepirom	86,000	80,000	-	-
Mr.Kaelic Amatanont	86,000	80,000	-	-
Ms.Chonthicha Siripongpreeda	86,000	80,000	-	-
Total	817,000	760,000	1,554,699	516,000

Management Remuneration	2010	2009	2008
Executive Remuneration (Million Baht)	36.24	29.16	31.18**
Executive Director (Persons)	11	10	12**
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

** Excluding 2 executives which resigned during the year

Other remuneration

-NONE-

Capital structure

As at 31 December 2010, the Company has registered capital of Baht 480 million, consisting of 960 million common 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 common shares with a par value of 0.5 Baht each.

The list of shareholders as at 10 September 2010

Top ten shareholders of the Company as at 10 September 2010 was as follows :

Item	Name		No. of shares (shares)	% of shares
1	Amatanont Family		617,332,000	64.31
	Mr. Pongchai Amatanont	466,744,400		
	Mrs. Rangsi Lerttripinyo	58,174,000		
	Mr. Kaelic Amatanont	57,924,000		
	Mrs.Wantana Amatanont	34,089,600		
	Mr. Pavaris Lerttripinyo	400,000		
2	Mr. Poonsak Siripongpreeda		27,487,800	2.86
3	Mr. Boonyong Ninneunnont		27,226,000	2.84
4	Ms. Mathinee Wandeepirom		24,750,400	2.58
5	Mr. Supat Pongrattanakul		18,325,800	1.90
6	Mrs.Tharinee Senchantichai		14,117,500	1.47
7	Mrs. Wipawan Tantipanichaphan		13,350,000	1.39
8	Ms. Nilobon Arunyapaak		11,528,600	1.20
9	Mr. Boonya Tantipanichaphan		11,361,400	1.18
10	Ms. Boonyanit Ninneunnont		10,621,000	1.11
	Others		183,899,500	19.16
	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 2010 as follows :

Section 1 Rights of Shareholders

The Board of Directors recognizes the importance of shareholders; then makes every effort to treat the shareholders equally and legally, as specified under the Articles of Association of the regulations and related laws. The basic legitimated rights of shareholders include the rights to buy, sell, or transfer shares, rights on eligibility to receive dividend payment, the right to receive sufficient information in a timely manner to participate in shareholders' meetings, the right to vote on various businesses agenda, the right to appoint a proxy to participate, the right to vote on the annual appointment of board committee and independent auditors, the right to give opinions and 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 2010 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. During the last year, Thai Investor Association assessed the result of AGM of the Company which received the excellent level with scoring 100 points and recognized as good example. The Company was 1 of 63 listed companies that received excellent level on assessment and recognized as good example from 476 listed companies which were assessed.

Meeting venue

Along with the Company's Articles, Annual General Meeting of Shareholders usually be arranged within 4 months since annual accounting closing date. The AGM of Shareholders for 2010 was held on April 23rd, 2010 at 10.00 a.m., at Keang Duan Restaurant, 39/5 Moo 12, Phuttamonton 5 Road, Raikhing, Sampran, Nakornprathom, which is located near the Company's factory. Since management had an intention to invite shareholders who were interested to visit our factory after finished meeting. In order to facilitate those shareholders attended the meeting, the Company has provide transportation for transferring shareholders between head office at Sanampao to the mentioned meeting venue.

Before the meeting date

The Company arranged for delivery of the notice to call shareholders' meeting to Thailand Securities Depository Co., Ltd. (TSD), which is the Registrar of the Company. The shareholders received sufficient information on complete set of supporting documents for the meeting for their consideration more than 7 days prior to the meeting date. The attachment document is prepared to support shareholder decision on AGM of Shareholders' agenda resolution and ensure the full reception on shareholder right, the documents includes:

- Facts and the reasons along with Board committee comments and suggestion.
- The supporting documents e.g. directors' biography, the definition of independent Director in the director election agenda to replace the expired one, the directors' remuneration proposal.
- Detail in AGM of Shareholders processes and the right to attend the meeting, including a proxy form given to the independent directors of the Company identify the shareholders resolution on voting.

- The Company respect shareholders' right to attend AGM of Shareholder for 2010 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 2010, all directors (9 persons) attended the meeting, as 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 the shareholder documents or proxy attendant, ensure the accuracy of vote counting procedure with the Company regulating or chairman announcement, collecting voting card process and review agenda resolution and voting results. In 2010, the inspector recommended that the Company has transparency in voting process conforming to the related law or regulations.

After the meeting date

In 2010, the Company has announced AGM of Shareholders' agenda through the Stock Exchange of Thailand a day after meeting concerning the voting results on each agenda and reported AGM of Shareholders' minute which identified name of board committee, and the voting result of agree, disagree, or abstain the vote right on each agenda and informed the key issue on question and answer from shareholders including an explanation in detail from executives to The Stock Exchange of Thailand and related regulators within 14 days as well as post all information in company website (www.forth.co.th).

Section 2 Equitable Treatment of Shareholders

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

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 firm appointed to participate in voting on behalf of the shareholders. The assigned shareholder must submit proxy forms with voting right detail and attach ID card or passport or other identification document to the Company before the day of Annual General Meeting of Shareholders. The Company sent

a notice to call shareholder meeting including proxy forms as an attachment with the notice or the shareholders can download from company website (www.forth.co.th).

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 Shareholders' Meeting, to propose matters to consider including as agenda items, per specified criteria by:

- a) Shareholders who need to propose any additional issue to be included in the agenda items have to attach the information and the reason supporting, facts, and necessary document in proposed AGM agenda form, which can be download on company 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 company business or operation. If the Company's board of directors consider the appropriateness of the agenda proposed by the shareholders, the propose agenda would be included as the meeting agenda together with the specification that the agenda has proposed by shareholder. For the disapproved matters, the Company will inform the shareholders for acknowledgement together on company website.

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

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

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. Since the Company listed, it never breach inside information compliance and prevention of the use of inside information by rigid penalty to the misuse inside information association that negatively affect company business. Director, executive director or higher executives must report their ownership of the Company's securities to the Securities and Exchange Commission.

5. The governance concerning securities trading of insiders

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

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

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 company information, please contact the address below.

Investor Relation Department,**Forth Corporation Public Company Limited**

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

Tel : 0-2615-0600

Email : investor@forht.co.th

Section 3 Roles of Stakeholders

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

Shareholders :

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

Employees :

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

• Welfare and fringe benefit of employees

1. Accident insurance
2. Life and health insurance
3. Provident Fund
4. Scholarship of employee's children

5. Subsidy money for the death of employee and their parents, spouse and children
6. Employee's uniform and sport field for employee activities
7. Annual New Year Party, Outing Trip and Sport Day

• **Safety policy of employees**

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

Customers :

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

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

Business Partners :

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

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

Creditor :

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

Government agencies :

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

Corporate social responsibilities :

Apart from being the manufacturer of telecommunication and electronic products, the Company also recognizes the important of Corporate Social Responsibility for creating sustainable economy and society in Thailand.

Moreover the Company arranged activity plans to meet the standard of social responsibilities in order to generate the sustainable development into organization. There are many activities which emerged in 2010 as follows:

- Environmental conservation's campaign along drainage and garden development project
- Planting project to commemorate His Majesty The King's Birthday
- Assisting unprivileged students in remote areas 's project by donating educational material and equipment to school at Kanchanaburi province
- Offering Buddha Lent Candles and merit marking ceremony in Buddhist Lent Day at Yansakawan temple
- Money donation to flood victim to Thep Aumnua foundation
- Money donation to Thai Rath newspaper foundation under the program "Yod Namjai Su Yaowachon"

Environment

Our factory is verified and certified the ISO 14001: 2004 from the SGS Standard Institution of Thailand which accreditation of UKAS and NAC in order to operate business according the Thai law of Environment. In 2010, the Company appointed the Personnel Responsible for Energy (PRE) and obtained the training from the Ministry of Energy of Thailand. He is now responsible for energy improvement in factory for energy preservation.

The mechanism of stakeholders' complaint

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

1. The appeal from shareholder will be process to audited committee or board committee or can contact directly to chairman/audited committee via company address
2. The appeal from customer counterparty or external person will be process to executive director to solve the problem then report to board committee later
3. The appeal from creditor will be process to executive director to consider whether to submit appeal for board committee consideration

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

The company secretary

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

Section 4 Disclosure and Transparency

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

During year 2010, The Company has 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 Statement of Corporate Governance Principles from SET and SEC in annual report and AGM invitation to clarify board committee and independent board the role and duties of the Board of Directors and 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 Directors's attendance at meetings in 2010

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

Record of Audit Committee's attendance at meetings in 2010

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

Section 5 Responsibilities of Board Directors

The Board of Directors' structure

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

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

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

Sub-committees

The Board of Directors has established a sub-committee, being the 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 organization structure section in this report.

Code of conduct

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

Risk management policy

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

Company Secretary

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

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

Guide for Remuneration of The Board of Directors

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

State term of service

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

Self-Assessment of the Board of Directors

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

Development of directors and managers

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

Succession Plan

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

The orientation of new directors

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

The Meeting of Non-Executive Directors

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

The policy of internal information usage

The Company established a policy to prohibit employees and management from gaining access to internal information relating to the Company's operation, as well as the buying and selling of company assets from the date information is known until the date the information is made public. Information that should not be disclosed can not be circulated for the purpose of increasing the value of assets. In addition, The directors and executives must report the ownership of the Company's securities to the Securities and Exchange Commission regarding the Statement Act B.E. 2535, as well as they acknowledged the punishment pursuant, also required to be disclosed when the change emerged in ownership of assets by a spouse and

children who have not reached the age of majority. The directors and managers must submit a copy of the notification to the Company on the same date the notification is submitted to Securities and Exchange Commission. The notification is required to be submitted within 3 working days.

According to the practice of corporate governance in above mentioned along with the result of corporate governance assessment of listed company in 2010 which assessed by Capital Market Development Fund Institute, the Stock Exchange of Thailand and Securities of Exchange Commission. The Company received an average scoring 91% which was categories as follow :

Section	Scoring		
	The Company	The overall Listed Company	SET50 Index
The Rights of Shareholders	95%	91%	95%
The equitable treatment of shareholders	92%	84%	87%
The Role of Stakeholders	100%	74%	92%
Disclosure and Transparency	98%	88%	95%
The responsibility of Board	73%	63%	79%
Overall average scoring	91%	80%	89%

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

Human Resources Management

The Company believes that prosperity of an organization primarily depends on cooperative and professional qualification of employees. Therefore they are epicenter for sustainable growth of the Company.

The number of employees and remunerations

The number of employees of the Company and its subsidiaries is summarized below :

NO.	Operation Center	2010		2009		2008	
		Number (person)	Amount (million Baht)	Number (person)	Amount (million Baht)	Number (person)	Amount (million Baht)
1.	Forth Corporation Public Co., Ltd.	1,164	255.17	1,130	205.50	987	202.92
2.	Electronic Source Co., Ltd.	144	71.37	145	59.36	144	57.74
3.	Genius Traffic System Co., Ltd.	185	39.77	127	30.22	77	31.23
4.	JV Genius	65	7.86	54	9.87	54	9.42
5.	Forth Smart Service Co., Ltd.	88	16.14	43	3.22	-	-
6.	Thai Industrial Water Co., Ltd.	-	-	1	1.15	1	0.09
	TOTAL	1,646	390.31	1,500	309.32	1,263	301.4

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

The other remunerations

The Company established provident fund to employees since April 2001. The employees contributes 3% of basic salaries while the Company contributes at the rate of 3% per month of salary for employees.

Human Resources Development Policies

The Company arranged proper training course to all levels of employee. Therefore they are trained to be well versed in knowledge and competence requisite for the Company's business conduct in order to build efficiency and safety facility. The Company continually arranged orientation and training to enhance positive attitude toward organization. In addition, the Company also encourages all the personnel's continuous pursuit of self-study, self-development and effective problem solving.



Dividend Policy

The Company has established the policy to pay dividends to the shareholders at the rate of not less than 40% of the net earnings after corporate income tax, accumulated loss brought forward (if any) and appropriation of statutory reserve. However, the Board of Directors may set the rate of dividend less than the one mentioned above depending on the operating results, financial situation, liquidity and the necessity to expand the operation as well as the reserve on circulating capital of the operating of the organization. The subsidiaries hold the policy to pay dividends at the rate of not less than 20% of the net earnings after corporate income tax of their financial statements depending on the investment plan and the expanding of the business of the subsidiaries well as other necessity and propriety.

In 2010, the Company has net profit of the separated financial statements amounting to Baht 346,078,604.80. The Board of Directors have already considered to propose to the shareholders' meeting for dividend payment approval for the year ended 31st December 2010 at the rate of Baht 0.27 per share, a total amount of Baht 259.2 million. It included with an interim dividend payment for the first half year of 2010 at the rate of Baht 0.12 per share. The total amount of interim dividend payment was Baht 115.2 million. Therefore the balance of dividend payment in this year will be paid at the rate of Baht 0.15 per share amounting to Baht 144.0 million.

The record date to determine shareholders' name for the right to receive the dividend is scheduled on 21st April 2011 in respect to Clause 225 of the Securities and Exchange Act. The closing date of shareholders register book will be on 22nd April 2011. The dividend shall be paid on 6th May 2011.

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

	Operating results		
	2010 (Proposed)	2009	2008
Common stock (Million Shares)	960	960	960
Net profit (loss) (Million Baht)	346	122	(22)
Net profit (loss) per share (Million Baht)	0.36	0.13	(0.02)
Total dividend per share (Baht/Share)	0.27	-	-
Interim dividend (Baht/Share)	0.12	-	-
Dividend payment's date	10 September 2010		
Annual dividend (Bath/Share)	0.15	-	-
Dividend payment's date	6 May 2011		
Total dividend payment (Million Baht)	259.2	-	-
Dividend payment rate (%)	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 in accordance with the Company's separate financial statements.

Connected Person Transactions

According to the financial statements for the year ended 31 December 2010, The Company and its subsidiaries have business transactions with persons and companies that possibly have conflict of interest as follows :

Companies or persons that possibly have conflict of interest	Relationship	Transaction Type	Value (Baht) For the year ended 31 December 2010	Descriptions and Conditions of items	Audit Committee's opinion regarding necessity reasonability of items
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	GTS leases 160 square wah of factory building in Factory Land located on 66/18 in Factory Land from Khun Pongchai in order to establish the factory which started by 1 May 08 to 30 April 11. The monthly rental fee is amounting to 20,000 Baht and the appraisal price from independent appraiser is equal to 40,000 Baht per month accordance with the report dated 20 May 05.	This transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price.
			240,000.00	GTS leases 160 square wah of land which located on 66/23-24 Sampran, Nakornpathom from Khun Pongchai in order to establish GTS factory which started by 1 Jan 09 to 31 Dec 11. The monthly rental fee is amounting to 20,000 Baht and the appraisal price from independent appraiser is equal to 38,000 Baht per month accordance with the report dated 14 Sep 2005.	This transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price.

Companies or persons that possibly have conflict of interest	Relationship	Transaction Type	Value (Baht) For the year ended 31 December 2010	Descriptions and Conditions of items	Audit Committee's opinion regarding necessity reasonability of items
Mrs. Rangsi Lertriripinyo	<ul style="list-style-type: none"> Director of the Company The Company's shareholder with 6.10% shareholding (including spouses and immature children) 	Rental expenses	540,000.00	The Company leases 3 floors building with 3 arched units located on 226/13-15 Phayathai Bangkok from Khun Rangsi to be the head office of the Company. The period started from 1 Jan 10 to 31 May 12 with 3 years of rental period. The monthly rental fee is amount of 45,000 Baht. The appraisal price from independent appraiser is equal to 96,000 Baht per month accordance with the report dated 20 May 05.	The transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price.
			72,000.00	The Company leases 3 floors building with 1 arched units located on 226/10 Phayathai Bangkok from Khun Rangsi to be the office of the Company. The period started from 1 July 07 to 30 June 10 with 3 years of rental period. The monthly rental fee is amounting to 12,000 Baht. There is no appraisal price from independent appraiser but it can refer the appraisal of 226/13 building amounting to 32,000 Baht per month.	The transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price.
			1,080,000.00	The Company leases 3 floors building with 2 arched units located on 1031/3-4 Phayathai Bangkok from Khun Rangsi to be the office of the Company. The period started from 9 Feb 08 to 8 Feb 11 with 3 years of rental period. The monthly rental fee is amounting to 90,000 Baht.	The transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business item which is not compared to market price.

Companies or persons that possibly have conflict of interest	Relationship	Transaction Type	Value (Baht) For the year ended 31 December 2010	Descriptions and Conditions of items	Audit Committee's opinion regarding necessity reasonability of items
Mr. Poonsak Siripongpreeda	The Company's shareholder with 2.86% shareholding	Rental expenses	-	Khun Poonsak offered ES to use a unit of building on Baan Mo road to be office with gratuitousness.	The transaction is short term lease of real estate which is not over 3 years rental period and it is regular supported business item which is not compared to market price.
Genius Electronic Meter Co., Ltd. (GEM)	45% shareholding held by the Company	Account receivable - Beginning of year - Sold during the year - Value Added Tax - Rental revenues - Decrease during the year - End of year	15,648,231.94 4,994,073.97 349,585.18 720,000.00 (2,594,306.27) <u>19,117,584.82</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.
		Account Payable - Beginning of year - Purchased during the year - Value Added Tax - Rental expenses - Decrease during the year - End of year	395,812.91 1,782,794.69 124,795.63 360,000.00 (2,496,659.72) <u>166,743.51</u>		

Companies or persons that possibly have conflict of interest	Relationship	Transaction Type	Value (Baht) For the year ended 31 December 2010	Descriptions and Conditions of items	Audit Committee's opinion regarding necessity reasonability of items
Genius Electronic Meter Co., Ltd. (GEM) (Continued)		Rental revenues	720,000.00	The Company provides GEM a lease contract of factory building with 1,580 sq.metre of usable area in Factory Land located on 66/350 Sampran Nakornpathom. The period started from 1 Mar 09 to 28 Feb 10 with 1 year of rental period. The rental rate is 60,000 Baht per month. The renewal of rental contract started from 1 March 10 to 28 Feb 11 at the same rental charge. The appraisal price from independent appraiser is equal to 55,000 Baht per month accordance with the report dated 20 May 05.	The transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price.
		Rental 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 Mar 09 to 28 Feb 10 with 1 year of rental period. The rental rate is 30,000 Baht per month. The renewal of rental contract started from 1 Mar 10 to 28 Feb 11 with the same rental charge. The appraisal price from independent appraiser is equal to 55,000 Baht per month accordance with the report dated 20 May 05.	The transaction is short-term lease of real estate which is not over 3 years rental period and it is regular supported business item which is compared to market price.

Companies or persons that possibly have conflict of interest	Relationship	Transaction Type	Value (Baht) For the year ended 31 December 2010	Descriptions and Conditions of items	Audit Committee's opinion regarding necessity reasonability of items
Forth Tracking System Co., Ltd. (FTS)	34% shareholding held by the Company	Account receivable - Beginning of year - Sold during the year - Value Added Tax - Decrease during the year - End of year	6,391,583.77 4,523,897.05 316,672.79 (5,871,201.34) <u>5,360,952.27</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.
		Account Payable - Beginning of year - Purchased during the year - Value Added Tax Decrease during the year - End of year	0.00 533,900.00 37,373.00 (530,613.00) <u>40,660.00</u>		
Mindmap Commtech, (MCI)	40% shareholding by the Company	Account Receivable - Beginning of year - Purchased during the year - Value Added Tax - Decrease during the year - End of year	0.00 1,920,600.00 134,442.00 (0.00) <u>2,055,042.00</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			
	2010	2009	Increase (decrease)	Variance (%)
Sales	9,619	9,309	310	3.33
Service income	293	104	189	181.73
Revenue from project works	1,624	591	1,033	174.79
Other Income	97	40	57	142.50
Total Revenue	11,633	10,044	1,589	15.82
Gross Profit	847	576	271	47.05
Operating Profit	413	178	235	132.02
Net Profit	318	72	246	341.67

In 2010, the Group had total revenues Baht 11,633 million increased by Baht 1,589 million comparing to total revenues in 2009 at Baht 10,044 million. Major revenues were derived from increasing of electronic turnkey contract with major client, Western Digital (Thailand), revenue from installation and procurement of MSAN projects with TOT Plc. as well as revenue from the top-up mobile service of a subsidiary.

However, the Group had net profit of Baht 318 million in 2010, increased by 342% compared to net profit in 2009 of Baht 72 million. Since the increasing of gross profit related to increasing of revenues, gain from disposal of investment in subsidiary of Baht 30 million and also reducing the loss provision of ERP project with MEA due to the Company has already submitted the final phase of work to Metropolitan Electricity Authority and on the process of inspection.

The operating results during 2010-2009

Revenues

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

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

Operating Performance of the Group

	2010		2009	
	Million Baht	%	Million Baht	%
Revenue Structure				
1. Revenue from manufacturing and sale telecommunication equipment and electronic equipment under "FORTH" trademark	648	5.57	975	9.71
2. Revenue from print circuit board and electronic equipment assembling under the customer brand				
2.1 Consign Parts	107	0.92	47	0.46
2.2 Turnkey	8,144	70.00	7,602	75.69
Total revenue from consigns and Turnkey part	8,251	70.92	7,649	76.15
3. Revenue from manufacturing, sale and installation traffic light system and equipment	520	4.47	485	4.83
4. Revenue from manufacturing and sale Electric Billboard	65	0.56	49	0.48
5. Revenue from distribution of electronic parts	735	6.32	680	6.77
6. Revenue from advertising collection on the genius traffic billboards	31	0.27	26	0.26
7. Revenue from developing and implementing ERP	15	0.13	45	0.45
8. Revenue from MSAN projects	1,134	9.75	81	0.81
9. Revenues from online Top-up services and topping-up the prepaid mobile phones	137	1.18	14	0.14
Total Revenues from main business	11,536	99.17	10,004	99.60
Other income **	97	0.83	40	0.40
Total Revenues	11,633	100.00	10,044	100.00

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

The Group's major revenues came from the manufacturing of electronic circuit boards of telecommunication and electronic equipment under customer's brand. In 2010, those revenues had 70.92% of total revenues (2009: 76.15%) which decreased from last year to compensate with revenues from the increase of installation and procurement of MSAN.

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

1. Revenues from the manufacturing and Sale of telecommunication and electronic equipment under "FORTH" trademark

In 2010, the revenues from the manufacturing and Sale of telecommunication and electronic equipment under trademark of "FORTH" was Baht 648 million, decreased by Baht 327 million or 33.54% compared to prior year due

the increase of revenue portion from installation of MSAN project. Overall, total revenues came from the manufacturing and distribution of telecommunication and electronic equipment under "FORTH" trademark and contractor project, especially Access Node Equipment for example MSAN and Mini MSAN and etc. The revenues from retail projects, project sales and contractor projects increased Baht 726 million comparing to 2009. Major customers of those projects consisted of public sector and/or state enterprise or private sector who had public sector or state enterprise' customer as target.

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

The revenues from print circuit boards and electronic equipment assembling under the customer brand such as home appliance, computer equipment, telecommunication equipment and other electronic devices. The revenues were categorized to be consigned parts and turnkey part. The consigned parts, the customers provided raw materials. For turnkey part, the Company provides raw materials and manufacture to serve the customers with whole procedures.

In 2010, the revenues of print circuit boards assembling and telecommunication and electronic devices were Baht 8,251 million, increased by Baht 602 million. Major revenues came from the orders of Western Digital which the Company delivered products amounting to Baht 8,070 million, increased by Baht 513 million or 6.79% compared to Baht 7,557 million of 2009.

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

In 2010, Genius Traffic System Company Limited ("GTS") had revenues from the manufacturing, distribution and contractor of equipment installation and traffic light system amounting to Baht 520 million, increased by Baht 35 million, compared to Baht 485 million of 2009. Due to GTS had signed off contracts of CCTV installation for one public sector amounting to Baht 333 million (2009: Baht 306 million).

4. Revenues from the manufacture and distribution of electronic boards

In 2010, GTS had revenues from the manufacturing and distribution of electronic boards amounting to Baht 65 million, increased by Baht 16 million compared to Baht 49 million of 2009. Due to the installation of Variable Message Sign (VMS) boards' contract in 2010 was Baht 40 Million and last year was Baht 32 million.

5. Revenues from the distribution of electronic parts

In 2010, Electronic Source Company Limited ("ES") has revenues from the distribution of electronic parts amounting to Baht 735 million, increased by Baht 55 million compared to Baht 680 million of 2009 in response with upward of electronic industry.

6. Revenues from the collection of advertising fee

In 2010, Joint Venture Genius ("JV Genius") has revenues from the collection of advertising fee amounting to Baht 31 million, slightly increased comparing to Baht 26 million of 2009.

7. Revenues from the development and implementation of ERP

In 2010, the Company recognized revenues from the ERP project for one public sector with the value of Baht 15 million. In 2009, the Company recognized revenues from MEA's project with value of Baht 45 million. In 2010, the Company has already submitted the final stage of work to MEA and MEA was on the process of inspection. Therefore the Company couldn't recognize remaining revenues from this project.

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

In 2010, the Company had revenues from Installation and procurement of MSAN project amounting to Baht 1,134 million; increased by Baht 1,053 million because most of projects were mega projects with total value of whole project were Baht 1,900 million with 1 year project's term. For the contractor project of 2009 were small to medium size of project with value in range of Baht 1 million to Baht 100 million and 90-180 days project's term.

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

Forth Smart Service Company Limited (FSS) has generated revenue from online top-up services and topping-up the prepaid mobile phones since May 2009. In 2010, FSS generated Baht 137 million, increased by Baht 123 million compared to Baht 14 million of 2009. Since the numbers of kiosks have dramatically increased from prior year, numbers of operated kiosks were 7,000 kiosks (2009: 1,400 kiosks) at the end of 2010.

Costs and expenses

	Unit : Million Baht			
	2010	2009	Increase (decrease)	% variance
Cost of sales	8,969	8,678	291	3.35
Cost of services	174	64	110	171.87
Cost of project works	1,546	687	859	125.04
Selling and administrative expenses	530	438	92	21.00
Financial cost	76	88	(12)	(13.64)
Total expenses	11,295	9,955	1,340	13.46

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

Cost of sales in 2010 was Baht 8,969 million, increased by Baht 291 million or 3.35% compared to 2009 which was related to the increase of sale revenues.

Cost of services of 2010 was Baht 174 million, increased by Baht 110 million or 171.87 % compared to 2009 which was related to the increase of service revenues.

Cost of project works for 2010 is amounting to Baht 1,546 million, increased by Baht 859 million or 125.04 % compared to 2009 which was related to the increase of revenues from project works. However, the loss provision of ERP project decreased from Baht 181 million to Baht 116 million because the Company has already submitted final work to MEA and it is in the process of work inspection.

Financial cost

Financial cost for 2010 was Baht 76 million, decreased by Baht 12 million or 13.64%. This is due to loan interest rate of 2010 was lower than 2009 despite the Company increased use of working capital.

Financial position

Assets

	Unit : Million Baht			
	2010	2009	Increase (decrease)	% variance
Current Assets	5,558	4,614	944	20.46
Non-current Assets	894	812	82	10.10
Total Assets	6,452	5,426	1,026	18.91

As at 31 December 2010, the Group's assets were Baht 6,452 million, increased by Baht 1,026 million compared to 2009 due to the increasing of current assets amounting to Baht 944 million and non-current assets amounting to Baht 82 million.

Most of current assets came from unbilled receivables of MSAN project with TOT and CCTV installation compensating with the decreasing of accounts receivable. As the result of revenue from turnkey project with Western Digital in 4th quarter of 2010 decreased comparing to same quarter in 2009 and also decreased the balance of accounts receivable. In addition, non-current assets increased Baht 82 million due to asset purchase which mainly derived from the increase of number of mobile top-up kiosks of Forth Smart Service Co.,Ltd. including land purchasing by Electronic Source Co., Ltd., assets depreciation with amount of Baht 124 million as well as amortization of rights to derived benefit on genius boards of Baht 26 million.

The Quality of Assets

Accounts receivables

Accounts receivable exclude related parties as at 31 December 2010 and 2009 was Baht 2,055 million and Baht 2,545 million, respectively. The Group's granted 30-90 days credit term for customers.

The following table showed accounts receivable aging in each range :

	Unit : Million Baht	
	Consolidated financial statements	
	2010	2009
Not yet due	1,445	1,906
Over due		
Less than 1 month	328	436
1-3 months	62	51
3-12 months	128	47
More than 12 months	140	149
Total	2,103	2,589
Less : Allowance for doubtful accounts	(48)	(44)
Accounts receivable - net	2,055	2,545

As at 31 December 2010 and 2009, the Group recorded the allowance of doubtful accounts, amounting to Baht 48 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 Group believed that allowance for doubtful accounts is adequate in the current circumstances.

Inventories

	Unit : Million Baht	
	Consolidated financial statements	
	2010	2009
Raw Materials	651	355
Work in process	258	294
Project in process	614	498
Finished goods	585	360
Goods in transit	12	102
Total	2,120	1,609
Less : Allowance of diminution in value	(373)	(253)
Inventory - net	1,747	1,356

As of 31 December 2010 and 2009, the Group's inventory had an allowance of diminution in value amounting to Baht 373 million and Baht 253 million, respectively. These consists of an allowance of diminution in value of ERP project amounting to Baht 263 million (2009: Baht 153 million) and an allowance of diminution in value of other products amounting of Baht 110 million (2009: Baht 100 million). In 2004, the Company signed contract with consortium to develop project of Enterprise Resource Planning (ERP), Customer Service System (CSS) and Billing system for Metropolitan Electricity Authority (MEA) which is valuing to Baht 549 million. The Company had 69% of the project's interests or Baht 379 million but the partners deserted their responsibilities so the project must be delayed over contract agreed upon which be completed within 28 October 2006. In August 2009, the Company received waiver notification from MEA and also requested to expedite the operation to be completed within 31 March 2010. However, MEA reserves right to collect fines, supervision cost as well as additional rights under the contract. The Company has already submitted the final work to MEA. MEA is in the process of work inspection. The impact arising from the issue mentioned above was that the Company must bear project costs in part of 2 joint ventures and also as the manager of this project in order to process project until completion. Therefore project costs were higher than revenue of project. Consequently the Company has to estimate and record the future loss on project until the completion of the project in accordance with accounting standard. Until 2010, the Company recorded loss provision amounting Baht 624 million (2010: Baht 116 million, 2009: Baht 181 million, 2008: Baht 317 million, and 2007: Baht 10 million). The Company expected to acquire additional revenue from sale of licenses and work over the contract and also maintenance works to compensate any additional cost incurred due to project delay.

The right to derive benefit from the genius traffic boards

In 2008, JV Genius determined the recoverable benefit's rights from genius traffic board by cash flow projection which was calculated by discounted present value. It recognized that its recoverable amount was lower than its book value amounting to Baht 11 million. Therefore, JV Genius recorded asset impairment in the income statement for 2008. Nevertheless, JV Genius annually reviewed asset impairment by utilizing the same criteria and method of prior year. It recognized that asset impairment of Baht 11 million was adequate.

Source of Fund

Liabilities

	Unit : Million Baht			
	2010	2009	Increase (decrease)	% variance
Current Liabilities	4,960	4,232	728	17.20
Non- Current Liabilities	169	63	106	168.25
Total Liabilities	5,129	4,295	834	19.41

As at 31 December 2010 and 2009, the Group had total liabilities amounting to Baht 5,129 million and Baht 4,295 million, respectively, which increased by 19.41% . Mainly deriving from increasing of short-term loans was Baht 1,139 million as the result of revolving credit of the Group for projects in 2010. Meanwhile trade accounts payable decreased by Baht 552 million as the result of the purchase orders of raw material, good and services in 4th quarter of 2010 decreased comparing to 4th quarter of 2009. In addition, the Group obtained long-term loans amounting to Baht 247 million for working capital and asset purchase along with long-term loan repayment with amount of Baht 70 million.

Shareholders' equity

As at 31 December 2009 and 2010, the Group shareholders' equity was Baht 1,323 million and Baht 1,131 million, respectively, increased by Baht 192 million because the net profit in 2010 was Baht 313 million as well as capital received from minority shareholders of a subsidiary with amount of Baht 5 million. Meanwhile, the proportion of the Group's

shareholders decreased due to dividend payment of Baht 115 million as well as disposal of investment in a subsidiary with amount of Baht 11 million.

The appropriate of capital structure

Debt to equity ratio of the Group in 2010 was 3.9:1 which slightly increasing from 2009 at rate of 3.8: 1

Liquidity

Cash Flows

	Unit : Million Baht	
	2010	2009
Cash flow from (used in) operations	(953)	191
Cash flow used in investing	(207)	(131)
Cash flow from (used in) financing	1,205	(40)

In 2010, the Group's cash flow used in operations was Baht 953 million due to expansion of the Group's business by having cash flow from buying and purchasing inventories, billing and collection, bill payment and etc.

Cash flow used in investment of 2010 was Baht 207 million. Majority of cash was spent for asset purchase for example investment in top-up kiosk of FSS, land purchase for future expansion of ES with amount of Baht 229 million. On the contrary, receiving cash from investment derived from disposal of investment in a subsidiary with amount of Baht 55 million.

The cash flow from financing in 2010 was Baht 1,205 million which mainly derived from short-term and long-term loans for working capital were Baht 1,386 million. The expenditure of this part was derived from repayment of long-term loans amounting to Baht 70 million and also dividend payment amounting to Baht 115 million.

Liquidity Ratios

The Group's current ratio in 2010 was 1.1:1, same as 2009 ratio because the rate of change in current assets to current liabilities related in the same direction and also similar proportion.

For acid ratio in 2010 equaled to 0.4:1, slightly decreased from 2009, which was 0.8:1. Since most of assets were less liquidity for example stocks and unbilled receivables comparing to prior year due to increasing of project contractor of the Group.

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

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

Currently, the Group could repay loan to meet term agree upon. The details of loan repayment schedule were listed in the notes 15 and 16 to financial statements.

Audit Committee Report

The Audit Committee, nominated by the Board of Directors, consists of three independent directors. They have performed their roles with expertise under their authorities, roles and responsibilities in compliance with good practices of audit committee. In 2010, the audit committee chairpersons arranged four interim meetings. All members of audit committee have completely attended meeting with key members of management, external auditors, and compliance to present proposal and recommendation on related agenda that was summarized as follow:

1. To monitor quarterly and annual financial statements for 2010 before proposing to the Board of Directors for certify and approve of their accuracy in accordance with generally accepted accounting standards as well as sufficient disclosure.
2. To review the audit plan and acknowledge the result of audit plan as well as the recommendations from internal audits in related to analysis of internal audit control system. Proposing to the Board of Directors for any implementation as appropriate along with follow up the progressive improvement and implementation for any deficiencies as well as ensure that internal audit controlling was efficiency with considering on the effectiveness of the Company's risk management.
3. To monitor for ensuring that the Company complied with good practices for listed company under the promulgation of the Securities and Exchange Commission ("SEC") including compliance with regulations and laws related to Company's business.
4. To review and propose opinion on related transactions or conflict of interest transactions as well as consider the correctness and completion of information disclosure.
5. To assessed the independence of auditors and consider the appointment and remuneration of auditors for 2010.
6. To conduct a self-assessment for 2010. The result was satisfied and has already reported to the Board of Directors.

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

According to the financial statements for the year ending 31 December 2011, Audit committees proposed Ernst & Young Office Limited to pursue being the Company's auditor same as the prior year since the Office is a reputable auditing firm and also be recognized best practice on auditing standards. The appointment of the Company's auditor will be proposed to the Annual General Meeting of Shareholders for 2011 which will be held in April 2011 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 considered the financial statements of Forth Corporation Public Company Limited and its subsidiaries including the financial information which demonstrated in annual report. The board deems that the financial statements are prepared in accordance with generally accepted accounting principles by consistently conforming to appropriate accounting policy with sufficient information and regular practices including arrangement with prudent judgments and best estimation. The sufficient disclosure of information was provided in the notes to the financial statements for the shareholders and general investors' interests with transparency.

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

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

The Board of Directors believed that the consolidated financial statements for the year ended 31 December 2010, which the audit committees have already reviewed with the management and the Company's auditors, demonstrated the financial position and operating results accurately in accordance with generally accepted accounting principles.



(Mr. Sanit Vorapanya)

Chairman of the Board of Directors



(Mr. Pongchai Amatanont)

Chief Executive Officer

Report of Independent Auditor

To the Shareholders of Forth Corporation Public Company Limited

I have audited the accompanying consolidated balance sheets of Forth Corporation Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholder's equity and cash flows for the years then ended, and the separate financial statements of Forth Corporation Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forth Corporation Public Company Limited and its subsidiaries and of Forth Corporation Public Company Limited as at 31 December 2010 and 2009, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.



Siraporn Ouuanunkun

Certified Public Accountant (Thailand) No. 3844

Balance Sheets

Forth Corporation Public Company Limited and its subsidiaries
As at 31 December 2010 and 2009

		(Unit : Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	6	110,861,810	65,560,574	63,752,519	25,591,274
Trade accounts receivable - related parties	7, 8	26,533,579	22,039,816	484,633,863	310,175,396
Trade accounts receivable - unrelated parties - net	8	2,054,990,388	2,544,751,730	1,712,729,695	2,210,921,340
Short-term loans to subsidiaries	7	-	-	281,381,390	78,379,712
Inventories - net	9	1,747,450,015	1,355,863,991	1,307,816,256	1,121,967,101
Unbilled receivables		1,277,937,112	459,588,485	599,804,378	-
Other current assets		340,021,488	166,574,714	229,523,147	118,698,022
Total current assets		5,557,794,392	4,614,379,310	4,679,641,248	3,865,732,845
Non-current assets					
Restricted bank deposits	10	4,095,000	-	-	-
Investments in subsidiaries	11	-	-	126,892,100	149,092,100
Investments in associates	12	25,179,844	6,802,624	28,559,024	14,659,024
Property, plant and equipment - net	13	715,063,358	647,832,028	492,759,645	535,358,779
Right to derive benefit from traffic boards - net	14	97,550,302	124,105,905	-	-
Computer software - net		14,907,187	4,567,197	11,872,647	4,377,573
Leasehold rights - net		472,500	607,500	472,500	607,500
Other non-current assets		36,810,642	27,260,902	29,005,057	24,772,626
Total non-current assets		894,078,833	811,176,156	689,560,973	728,867,602
Total assets		6,451,873,225	5,425,555,466	5,369,202,221	4,594,600,447

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

Balance Sheets (Continued)

Forth Corporation Public Company Limited and its subsidiaries
As at 31 December 2010 and 2009

		(Unit : Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	15	2,675,871,073	1,536,547,288	1,993,071,073	1,000,998,286
Trade accounts payable - related parties	7	1,267,404	1,375,812	105,172,447	71,905,792
Trade accounts payable - unrelated parties		1,936,535,027	2,488,166,837	1,799,156,286	2,351,886,707
Current portion of long-term loans	16	125,425,428	54,468,000	89,862,000	54,468,000
Provision for expected loss from project	9	14,500,000	8,722,618	14,500,000	8,722,618
Other current liabilities					
Accrued expenses		47,158,613	51,197,856	19,307,096	39,204,542
Corporate income tax payable		18,028,983	8,987,831	-	-
Deposits from customers		11,479,912	27,037,488	11,479,912	26,677,015
Retention payables		64,545,060	13,377,500	-	-
Others		65,278,279	41,553,084	31,352,123	13,952,807
Total current liabilities		4,960,089,779	4,231,434,314	4,063,900,937	3,567,815,767
Non-current liabilities					
Long-term loans, net of current portion	16	168,995,347	63,387,625	111,025,625	63,387,625
Total non-current liabilities		168,995,347	63,387,625	111,025,625	63,387,625
Total liabilities		5,129,085,126	4,294,821,939	4,174,926,562	3,631,203,392

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

Balance Sheets (Continued)

Forth Corporation Public Company Limited and its subsidiaries
As at 31 December 2010 and 2009

(Unit : Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
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 of subsidiaries arising as a result of the Company swapping shares of subsidiaries at a price lower than the net book value of the subsidiaries at the acquisition date					
		40,891,171	40,891,171	-	-
Retained earnings					
Appropriated - statutory reserve	17	39,926,330	22,622,400	39,926,330	22,622,400
Unappropriated		399,412,721	213,949,430	311,791,452	98,216,778
Equity attributable to the Company's shareholders					
		1,322,788,099	1,120,020,878	1,194,275,659	963,397,055
Minority interest - equity attributable to minority shareholders of subsidiaries					
		-	10,712,649	-	-
Total shareholders' equity		1,322,788,099	1,130,733,527	1,194,275,659	963,397,055
Total liabilities and shareholders' equity		6,451,873,225	5,425,555,466	5,369,202,221	4,594,600,447

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

Income statements

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2010 and 2009

		(Unit : Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Revenues					
Sales		9,619,286,991	9,309,125,229	9,077,029,637	8,683,300,679
Services		292,643,231	104,228,675	134,540,290	68,310,881
Revenues from project work		1,624,387,656	591,385,915	1,148,973,920	127,671,067
Other income					
Dividend income		-	-	19,999,760	21,359,640
Gain on exchange		32,179,099	16,334,942	23,404,872	13,723,629
Gain on sale of investment	11	30,215,629	-	27,892,709	-
Others		34,728,840	23,859,338	29,621,387	20,655,576
Total revenues		11,633,441,446	10,044,934,099	10,461,462,575	8,935,021,472
Expenses					
Cost of sales		8,968,981,366	8,677,800,681	8,589,085,619	8,187,436,470
Cost of services		174,114,019	63,745,375	45,194,852	18,710,315
Cost of project work		1,430,879,055	852,009,420	1,011,662,218	473,374,249
Expected loss from project work	9	115,700,000	181,000,000	115,700,000	181,000,000
Reversal of provision for expected loss from project work for the portion that recognised as cost	9	-	(346,105,335)	-	(346,105,335)
Total cost of project work		1,546,579,055	686,904,085	1,127,362,218	308,268,914
Selling expenses		81,656,682	61,127,021	46,152,049	33,765,673
Administrative expenses		410,221,758	348,495,801	228,726,463	177,653,123
Management benefit expenses		38,611,298	29,157,893	25,676,204	17,868,703
Total expenses		11,220,164,178	9,867,230,856	10,062,197,405	8,743,703,198

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

Income statements (Continued)

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2010 and 2009

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Income before share of income (loss) from investments in associates, finance cost and corporate income tax		413,277,268	177,703,243	399,265,170	191,318,274
Share of income (loss) from investments in associates		4,477,220	(756,355)	-	-
Income before finance cost and corporate income tax		417,754,488	176,946,888	399,265,170	191,318,274
Finance cost		(76,372,004)	(88,490,468)	(53,186,566)	(69,505,040)
Income before corporate income tax		341,382,484	88,456,420	346,078,604	121,813,234
Corporate income tax	19	(28,323,449)	(19,208,829)	-	-
Net income for the year		313,059,035	69,247,591	346,078,604	121,813,234
Net income (loss) attributable to:					
Equity holders of the parent		317,967,221	72,391,200	346,078,604	121,813,234
Minority interests of the subsidiaries		(4,908,186)	(3,143,609)		
		313,059,035	69,247,591		
Basic earnings per share	21				
Net income attributable to equity holders of the parent		0.33	0.08	0.36	0.13
Weighted average number of ordinary shares (shares)		960,000,000	960,000,000	960,000,000	960,000,000

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

Statements of changes in shareholders' equity

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2010 and 2009

Consolidated financial statements								(Unit : Baht)
Equity attributable to the parent's shareholders								
Note	Issued and fully paid-up share capital	Share premium	Retained earnings of subsidiaries arising as a result of the Company swapping shares of subsidiaries at a price lower than the net book value of the subsidiaries at the acquisition date	Retained earnings		Total equity attributable to the parent's shareholders	Minority interestequity attributable to minority shareholders of subsidiaries	Total
				Appropriated statutory reserve	Unappropriated			
Balance as at 31 December 2008	480,000,000	362,557,877	40,891,171	17,453,096	146,727,534	1,047,629,678	496,498	1,048,126,176
Net income (loss) for the year	-	-	-	-	72,391,200	72,391,200	(3,143,609)	69,247,591
Total income (expenses) for the year	-	-	-	-	72,391,200	72,391,200	(3,143,609)	69,247,591
Unappropriated retained earnings transferred to statutory reserve	-	-	-	5,169,304	(5,169,304)	-	-	-
Additional investments in subsidiaries	-	-	-	-	-	-	13,359,760	13,359,760
Balance as at 31 December 2009	480,000,000	362,557,877	40,891,171	22,622,400	213,949,430	1,120,020,878	10,712,649	1,130,733,527
Balance as at 31 December 2009	480,000,000	362,557,877	40,891,171	22,622,400	213,949,430	1,120,020,878	10,712,649	1,130,733,527
Net income (loss) for the year	-	-	-	-	317,967,221	317,967,221	(4,908,186)	313,059,035
Total income (expenses) for the year	-	-	-	-	317,967,221	317,967,221	(4,908,186)	313,059,035
Sale of investment in subsidiary	11	-	-	-	-	-	(10,704,463)	(10,704,463)
Additional investments in subsidiaries	-	-	-	-	-	-	4,900,000	4,900,000
Dividend payment	24	-	-	-	(115,200,000)	(115,200,000)	-	(115,200,000)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	17,303,930	(17,303,930)	-	-	-
Balance as at 31 December 2010	480,000,000	362,557,877	40,891,171	39,926,330	399,412,721	1,322,788,099	-	1,322,788,099

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

Statements of changes in shareholders' equity (Continued)

Forth Corporation Public Company Limited and its subsidiaries

For the years ended 31 December 2010 and 2009

Separate financial statements						(Unit : Baht)
	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
				Appropriated Statutory reserve	Unappropriated (deficit)	
Balance as at 31 December 2008		480,000,000	362,557,877	17,453,096	(18,427,152)	841,583,821
Net income for the year		-	-	-	121,813,234	121,813,234
Total income for the year		-	-	-	121,813,234	121,813,234
Unappropriated retained earnings transferred to statutory reserve		-	-	5,169,304	(5,169,304)	-
Balance as at 31 December 2009		480,000,000	362,557,877	22,622,400	98,216,778	963,397,055
Balance as at 31 December 2009		480,000,000	362,557,877	22,622,400	98,216,778	963,397,055
Net income for the year		-	-	-	346,078,604	346,078,604
Total income for the year		-	-	-	346,078,604	346,078,604
Dividend payment	24	-	-	-	(115,200,000)	(115,200,000)
Unappropriated retained earnings transferred to statutory reserve		-	-	17,303,930	(17,303,930)	-
Balance as at 31 December 2010		480,000,000	362,557,877	39,926,330	311,791,452	1,194,275,659

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

Cash Flows Statements

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2010 and 2009

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities				
Income before tax	341,382,484	88,456,420	346,078,604	121,813,234
Adjustments to reconcile income before tax to net cash provided by (paid from) operating activities :				
Depreciation	123,669,836	101,801,349	89,853,923	82,899,365
Amortisation for leasehold rights and others	1,301,340	764,451	1,124,863	753,756
Amortisation for right to derive benefit from traffic board	26,555,603	26,555,603	-	-
Doubtful accounts (reversal)	3,179,127	10,473,536	1,645,009	(306,382)
Loss on diminution in value of inventories (reversal)	9,256,878	15,644,319	10,700,293	(1,072,811)
Expected loss from project work	115,700,000	181,000,000	115,700,000	181,000,000
Reversal of provision for expected loss from project work for the portion that recognised as cost	-	(346,105,335)	-	(346,105,335)
Unrealised loss (gain) on exchange	8,897,832	(9,289,254)	8,605,407	(9,572,276)
Gain on sales of property, plant and equipment	(150,685)	(526,201)	(691,655)	(526,201)
Share of loss (income) from investments in associates	(4,477,220)	756,355	-	-
Gain on sale of investment in subsidiary	(30,215,629)	-	(27,892,709)	
Dividend income from subsidiaries and associates	-	-	(19,999,760)	(21,359,640)
Interest expenses	65,540,443	80,496,614	45,294,748	63,452,404
Income from operating activities before changes in operating assets and liabilities	660,640,009	150,027,857	570,418,723	70,976,114

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

Cash Flows Statements (Continued)

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2010 and 2009

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
(Unit : Baht)				
Operating assets (increase) decrease				
Trade accounts receivable - related parties	(4,493,763)	3,105,400	(174,458,467)	(41,146,685)
Trade accounts receivable - unrelated parties	485,620,128	(1,048,650,301)	495,993,959	(1,047,956,273)
Inventories	(510,765,520)	(34,747,477)	(306,472,066)	(52,312,547)
Unbilled receivables	(817,939,218)	(260,885)	(599,804,378)	355,111,607
Other current assets	(146,312,772)	(4,128,632)	(90,973,218)	27,207,750
Other non-current assets	(4,239,740)	(21,677,062)	(4,232,431)	(21,511,686)
Operating liabilities increase (decrease)				
Trade accounts payable - related parties	919,114	(1,747,315)	33,266,655	(1,214,778)
Trade accounts payable - unrelated parties	(560,201,053)	1,234,354,582	(561,007,239)	1,178,537,603
Accrued expenses	(3,256,074)	(1,440,579)	(19,162,658)	(3,064,841)
Deposits from customers	(15,557,576)	20,410,789	(15,197,103)	20,326,982
Retention payables	51,167,560	13,377,500	-	-
Other current liabilities	24,412,817	7,794,538	18,087,178	(4,168,162)
Cash flows from (used in) operating activities	(840,006,088)	316,418,415	(653,541,045)	480,785,084
Cash paid for interest expenses	(66,197,713)	(82,411,144)	(46,029,536)	(65,127,342)
Cash paid for corporate income tax	(46,906,543)	(42,588,880)	(20,315,681)	(25,637,105)
Net cash flows from (used in) operating activities	(953,110,344)	191,418,391	(719,886,262)	390,020,637
Cash flows from investing activities				
Increase in restricted bank deposits	(4,095,000)	-	-	-
Proceeds from sales of property, plant and equipment	1,381,241	733,067	2,257,278	733,067
Acquisition of property, plant and equipment	(228,939,127)	(132,205,079)	(48,820,412)	(79,492,279)
Acquisition of computer software	(11,416,330)	(1,338,281)	(8,484,937)	(1,137,961)

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

Cash Flows Statements (Continued)

Forth Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2010 and 2009

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Payment of prepaid building rental	(5,400,000)	-	-	-
Cash receipts from dividend of subsidiaries and associates	-	1,359,880	19,999,760	21,359,640
Increase in short-term loans to subsidiaries	-	-	(455,517,373)	(82,660,703)
Cash receipts from loans to subsidiaries	-	-	252,515,695	113,550,000
Increase in investments in subsidiaries	-	-	(5,100,000)	(28,640,000)
Increase in investment in associate	(13,900,000)	-	(13,900,000)	-
Cash receipts from sale of investment in subsidiary	55,191,861	-	55,192,709	-
Net cash flows used in investing activities	(207,177,355)	(131,450,413)	(201,857,280)	(56,288,236)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	1,139,323,785	(8,300,201)	992,072,787	(283,849,203)
Cash receipts from long-term loans	247,000,000	-	150,000,000	-
Repayments of long-term loans	(70,434,850)	(35,712,000)	(66,968,000)	(35,712,000)
Decrease in short-term loans and advances from related parties	-	(9,125,419)	-	-
Dividend paid	(115,200,000)	-	(115,200,000)	-
Proceeds from increase in share capital from minority shareholders	4,900,000	13,359,760	-	-
Net cash flows from (used in) financing activities	1,205,588,935	(39,777,860)	959,904,787	(319,561,203)
Net increase in cash and cash equivalents	45,301,236	20,190,118	38,161,245	14,171,198
Cash and cash equivalents at beginning of year	65,560,574	45,370,456	25,591,274	11,420,076
Cash and cash equivalents at end of year	110,861,810	65,560,574	63,752,519	25,591,274

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

Notes to consolidated financial statements

Forth Corporation Public Company Limited and its subsidiaries

For the years ended 31 December 2010 and 2009

1. Corporate information

Forth Corporation Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of telecommunication equipment, electronic equipment and assembly electronic parts. The registered office of the company is at No. 226/12, 13 and 16 Phaholyothin Road, Samsennai, Phayathai, Bangkok. The factory of the Company is at No. 77 Moo 11, Phuttamonton 5 Road, Raikhing, Sampran, Nakronpratom.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from 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) These 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		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			2010 [%]	2009 [%]	2010 [Thousand Baht]	2009 [Thousand Baht]	2010 [%]	2009 [%]	2010 [%]	2009 [%]
Electronics Source Co., Ltd.	Trading of electronic parts	Thailand	100	100	50,000	50,000	7	10	6	7
Genius Traffic System Co., Ltd.	Sale and installation of light boards and traffic systems	Thailand	100	100	50,000	50,000	16	15	5	5
Joint Venture Genius	Concession for traffic board project	Thailand	100*	100	71,050	71,050	2	4	-	1
Thai Industrial Water Co., Ltd.	Distribution raw water for industrial use	Thailand	-	70	-	39,000	-	1	-	-
Forth Smart Service Co., Ltd.	Payment service via automatic teller machines	Thailand	51	51	15,000	5,000	5	3	1	-

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

On 30 April 2010, the Company sold all shares of Thai Industrial Water Company Limited to a company. Thai Industrial Water Company Limited is thus no longer a subsidiary of the Company (Note 11 to the financial statements).

- 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) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
- f) The excess of book value of net assets acquired in subsidiaries under common control over the price at which they were exchanged is presented in shareholders' equity in the consolidated balance sheet under the caption "Retained earnings of subsidiaries arising as a result of the Company swapping shares of subsidiaries at a price lower than the net book value of the subsidiaries at the acquisition date".
- g) Together with certain contract partners, a subsidiary has established joint ventures to distribute goods and provide equipment installation services, whereby responsibilities under contracts are to be divided between the parties to the joint venture agreement according to the ability and expertise of each. These joint ventures' operated in the manner of operations under joint control and in the ordinary course of business, and are summarised as follows :

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

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

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

3. Adoption of new accounting standards

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

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective) :

Framework for the Preparation and Presentation of Financial Statements

(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

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

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

TAS 19 Employee Benefits

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

TAS 12 Income Taxes

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

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

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

At present, the management is evaluating the impact on the financial statements in the years when these three standards are adopted.

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 balance sheets.

Dividends

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

4.2 Cost of project work / Expenses

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.

Other expenses are recognised on an accrual basis.

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.

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 as income or expenses in the income statement.

4.7 Property, plant and equipment and depreciation

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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

4.8 Intangible assets and amortisation

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

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

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

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

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 other payables, while the interest element is charged to the income statements over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in the income statement 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 balance sheet date, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are

corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

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

4.13 Employee benefits

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

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 generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Allowance for doubtful accounts

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

Allowance of diminution in value of inventories

In determining an allowance of diminution in value of inventories, the management makes judgment and estimates net realisable value of inventories based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly related to events occurring after the end of the period. The management also makes judgments and estimates expected loss from stock obsolescence based upon 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 salvage values of the Company and its subsidiaries' plant and equipment and to review estimate useful lives and salvage values when there are any changes.

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

Intangible assets

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.

6. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	7,077,126	711,834	710,000	310,000
Bank deposits	103,784,684	64,848,740	63,042,519	25,281,274
Total	110,861,810	65,560,574	63,752,519	25,591,274

(Unit : Baht)

As at 31 December 2010, bank deposits in saving accounts and fixed deposits carried interests between 0.50 and 0.75 percent per annum (2009: between 0.50 and 0.75 percent per annum).

7. Related party transactions

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

(Unit : Million Baht)

Pricing policy		For the years ended 31 December			
		Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
Purchases of raw materials	Compared to market price	-	-	106.3	74.6
Sales of goods	Compared to market price	-	-	309.1	124.1
Service income	Compared to market price	-	-	3.0	2.9
Sales of equipments	Agreed price	-	-	1.8	-
Other income	Contract price	-	-	1.6	1.3
Interest income	Interest at 2.00-5.50% per annum	-	-	6.5	1.6
Rental income	Contract price	-	-	4.3	3.0
Selling and administrative expenses	Contract price	-	-	1.0	3.6
Transactions with related parties					
Purchases of raw materials	Compared to market price	2.1	0.6	0.7	0.4
Sales of goods	Compared to market price	11.4	9.4	11.2	9.2
Rental income	Contract price	0.7	0.7	0.7	0.7
Rental expenses	Contract price	0.4	0.4	-	-
Selling and administrative expenses	Contract price	0.3	-	0.1	-
Transactions with directors and related individuals					
Rental expenses	Contract price	2.2	1.8	1.7	1.8
Interest expenses	Interest at 4.50-5.00% per annum	-	0.3	-	-

The balances of the accounts as at 31 December 2010 and 2009 between the Company and those related parties are as follows:

(Unit : Baht)

Relationship		Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
Trade accounts receivable - related parties					
Electronics Source Co., Ltd.	Subsidiary	-	-	426,790	387,936
Genius Traffic System Co., Ltd.	Subsidiary	-	-	248,011,289	241,661,592
Forth Smart Service Co., Ltd.	Subsidiary	-	-	201,953,037	43,378,574
Thai Industrial Water Co., Ltd.	Subsidiary	-	-	-	668,692
Joint Venture Genius	Subsidiary	-	-	7,721,472	2,130,481
Genius Electronic Meter Co., Ltd.	Associate	19,117,585	15,648,232	19,105,281	15,678,048
Mindmap Commtech Inc.	Associate	2,055,042	-	2,055,042	-
Forth Tracking System Co., Ltd.	Associate	5,360,952	6,391,584	5,360,952	6,270,073
Total		26,533,579	22,039,816	484,633,863	310,175,396

		(Unit : Baht)			
		Consolidated financial statements		Separate financial statements	
	Relationship	2010	2009	2010	2009
Short-term loans to subsidiaries					
Genius Traffic System Co., Ltd.	Subsidiary	-	-	220,230,253	50,258,319
Forth Smart Service Co., Ltd.	Subsidiary	-	-	61,151,137	28,121,393
Total		-	-	281,381,390	78,379,712
Trade accounts payable - related parties					
Electronics Source Co., Ltd.	Subsidiary	-	-	103,544,446	69,294,647
Forth Smart Service Co., Ltd.	Subsidiary	-	-	-	726,000
Genius Traffic System Co., Ltd.	Subsidiary	-	-	1,592,691	-
Joint Venture Genius	Subsidiary	-	-	-	1,584,000
Genius Electronic Meter Co., Ltd.	Associate	166,744	395,812	-	301,145
Forth Tracking System Co., Ltd.	Associate	40,660	-	35,310	-
Others		1,060,000	980,000	-	-
Total		1,267,404	1,375,812	105,172,447	71,905,792

During 2010, movements of short-term loans to related parties were as follow :

(Unit : Baht)				
	Balance as at	During the year		Balance as at
	1 January 2010	Increase	Decrease	31 December 2010
Short-term loans to subsidiaries				
Genius Trafic System Co., Ltd.	50,258,319	384,971,934	(215,000,000)	220,230,253
Forth Smart Service Co., Ltd.	28,121,393	70,545,439	(37,515,695)	61,151,137
Total	78,379,712	455,517,373	(252,515,695)	281,381,390

Directors and management's benefits

In 2010 the Company and its subsidiaries had salaries, bonus, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 38.6 million (the Company only: Baht 25.7 million) (2009: Baht 29.2 million, the Company only: Baht 17.9 million).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 25.3 to the financial statements.

8. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Trade accounts receivable - related parties				
<u>Age of receivables</u>				
Not yet due	3,378,554	4,453,239	82,031,766	29,869,294
Past due				
Less than 1 month	124,150	132,802	4,564,763	15,209,576
1 - 3 months	1,252,263	269,375	68,219,495	18,419,373
3 - 12 months	5,075,429	5,436,905	130,118,859	61,440,514
Over 12 months	16,703,183	11,747,495	199,698,980	185,236,639
Total trade accounts receivable-related parties	26,533,579	22,039,816	484,633,863	310,175,396
Trade accounts receivable - unrelated parties				
<u>Age of receivables</u>				
Not yet due	1,445,505,357	1,906,033,117	1,287,235,958	1,772,288,167
Past due				
Less than 1 month	328,040,447	436,577,807	283,265,422	373,851,302
1 - 3 months	61,595,713	50,670,126	38,008,303	27,907,024
3 - 12 months	128,378,173	47,130,654	98,360,617	29,242,625
Over 12 months	139,519,227	148,800,019	14,313,895	14,441,713
Total	2,103,038,917	2,589,211,723	1,721,184,195	2,217,730,831
Less : Allowance for doubtful debts	(48,048,529)	(44,459,993)	(8,454,500)	(6,809,491)
Trade accounts receivable - net	2,054,990,388	2,544,751,730	1,712,729,695	2,210,921,340

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

9. Inventories

(Unit : Baht)

Consolidated financial statements

	Cost		Allowance of diminution in value of inventories		Inventories - net	
	2010	2009	2010	2009	2010	2009
Raw materials	651,094,455	355,230,098	(37,228,685)	(28,252,355)	613,865,770	326,977,743
Work in process	257,625,670	293,769,852	(6,855,216)	(8,338,157)	250,770,454	285,431,695
Finished goods	584,569,845	360,240,000	(65,625,981)	(63,862,492)	518,943,864	296,377,508
Goods in transit	12,427,076	101,876,709	-	-	12,427,076	101,876,709
Total	1,505,717,046	1,111,116,659	(109,709,882)	(100,453,004)	1,396,007,164	1,010,663,655
Projects in progress :						
- Project in progress with MEA	574,478,955	464,551,959	(263,094,375)	(153,171,757)	311,384,580	311,380,202
- Other projects	40,058,271	33,820,134	-	-	40,058,271	33,820,134
Total inventories	2,120,254,272	1,609,488,752	(372,804,257)	(253,624,761)	1,747,450,015	1,355,863,991

(Unit : Baht)

Separate financial statements

	Cost		Allowance of diminution in value of inventories		Inventories - net	
	2010	2009	2010	2009	2010	2009
Raw materials	521,983,750	336,495,239	(30,043,415)	(23,550,687)	491,940,335	312,944,552
Work in process	218,003,394	269,848,055	(831,441)	(603,163)	217,171,953	269,244,892
Finished goods	258,926,071	120,689,139	(23,224,385)	(19,245,098)	235,701,686	101,444,041
Goods in transit	11,559,754	96,925,651	-	-	11,559,754	96,925,651
Total	1,010,472,969	823,958,084	(54,099,241)	(43,398,948)	956,373,728	780,559,136
Projects in progress :						
- Project in progress with MEA	574,478,955	464,551,959	(263,094,375)	(153,171,757)	311,384,580	311,380,202
- Other projects	40,057,948	30,027,763	-	-	40,057,948	30,027,763
Total inventories	1,625,009,872	1,318,537,806	(317,193,616)	(196,570,705)	1,307,816,256	1,121,967,101

Movements in the allowance for diminution in value of project in progress with the Metropolitan Electricity Authority (MEA) are summarised below.

(Unit : Baht)

	Consolidated /Separate financial statements	
	2010	2009
Balance as at beginning of year	153,171,757	237,770,479
Add : Increase in allowance for non-recoverable cost of MEA project during the year	115,700,000	181,000,000
Transfer of provision for expected loss on MEA project to allowance for non-recoverable outstanding cost of MEA project	8,722,618	89,229,231
Reversal of allowance for non-recoverable cost of MEA project for the portion that recognised as cost in the income statements	-	(346,105,335)
Balance as at end of year	277,594,375	161,894,375
Balance as at end of year are as follows :		
- Allowance for diminution in value of MEA project	263,094,375	153,171,757
- Provision for expected loss on MEA project	14,500,000	8,722,618
	277,594,375	161,894,375

Included in the balance of inventories as of 31 December 2010 are additional costs, incurred up to 31 December 2010, of enterprise resources planning service project under the agreement made with the Metropolitan Electricity Authority (MEA) amounting to Baht 263 million (2009: Baht 153 million). The Company is in the process of negotiating and requesting for adjustment of the contract value for the additional work with the MEA. However, for the prudent reason, the Company set up allowance of Baht 263 million (2009: Baht 153 million) for non-recoverable project cost in the accounts.

The Company also estimated provision for expected loss for the project, amounting to Baht 14.5 million (2009: Baht 8.7 million).

10. Restricted bank deposits

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

11. Investments in subsidiaries

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

(Unit : Baht)

Company's name	Separate financial statements			
	Cost		Dividend received during the year	
	2010	2009	2010	2009
Electronics Source Co., Ltd.	54,975,800	54,975,800	19,999,760	19,999,760
Genius Trafic System Co., Ltd.	50,056,300	50,056,300	-	-
Joint Venture Genius	14,210,000	14,210,000	-	-
Thai Industrial Water Co., Ltd.	-	27,300,000	-	-
Forth Smart Service Co., Ltd.	7,650,000	2,550,000	-	-
Total investments in subsidiaries	126,892,100	149,092,100	19,999,760	19,999,760

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

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

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

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

12. Investments in associates

12.1 Details of associates :

(Unit : Baht)

Company's name	Country of incorporation	Shareholding percentage	Consolidated financial statements					
			Cost		Carrying amounts based on equity method			
			2010	2009	2010	2009	2010	2009
(Nature of business)			(%)	(%)				
Genius Electronic Meter Co., Ltd. (Distribution of electronic meter)	Thailand	45	45	18,000,000	18,000,000	-	-	-
Mindmap Commtech Inc. (Payment service via automatic teller machines)	Philippines	40	-	13,900,000	-	13,149,160	-	-
Forth Tracking System Co., Ltd. (Distribution of vehicle tracking equipment)	Thailand	34	34	3,399,700	3,399,700	12,030,684	6,802,624	
Total				35,299,700	21,399,700	25,179,844	6,802,624	

(Unit : Baht)

Company's name	Country of incorporation	Shareholding percentage	Separate financial statements						
			Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net		
			2010	2009	2010	2009	2010	2009	
(Nature of business)			(%)	(%)					
Genius Electronic Meter Co., Ltd. (Distribution of electronic meter)	Thailand	45	45	18,000,000	18,000,000	(6,740,676)	(6,740,676)	11,259,324	11,259,324
Mindmap Commtech Inc. (Payment service via automatic teller machines)	Philippines	40	-	13,900,000	-	-	-	13,900,000	-
Forth Tracking System Co., Ltd. (Distribution of vehicle tracking equipment)	Thailand	34	34	3,399,700	3,399,700	-	-	3,399,700	3,399,700
Total				35,299,700	21,399,700	(6,740,676)	(6,740,676)	28,559,024	14,659,024

12.2 Share of income/loss and dividend received

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

(Unit : Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates during the year		Dividend received during the year	
	2010	2009	2010	2009
Genius Electronic Meter Co., Ltd.	-	(3,456,649)	-	-
Mindmap Commtech Inc.	(750,840)	-	-	-
Forth Tracking System Co., Ltd.	5,228,060	2,700,294	-	1,359,880
Total	4,477,220	(756,355)	-	1,359,880

12.3 Summarised financial information of associates

(Unit : Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the years ended 31		Net income (loss) for the years ended 31	
	31 December		31 December		31 December		December		December	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Genius Electronic Meter Co., Ltd.	40	40	20	23	26	22	20	18	(5)	(4)
Mindmap Commtech Inc.	50.4 (ล้านปอนด์ ฟิลิปปินส์)	-	35	-	2	-	-	-	(2)	-
Forth Tracking System Co., Ltd.	10	10	60	38	25	18	78	60	15	9

During 2010, the Company invested in 19,998 shares of Mindmap Commtech Inc. (40% of that company's capital) at the par value of PHP 1,000, or a total of PHP 20 million, or Baht 13.9 million.

Share of loss from investment in Mindmap Commtech Inc. in the amount of Baht 0.8 million was calculated from financial statements prepared by the management of that company and not audited by its auditor. However, the management believe that the financial statements would not be materially different if they had been audited by the auditor of this associate.

The Extraordinary General Meeting No. 1/2011 of the shareholders of Forth Tracking System Company Limited (an associate of the Company), held on 3 February 2011, approved an increase of 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) in its registered capital, 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.

Consolidated financial statements

[illegible]

(Unit : Baht)

Separate financial statements

	Land	Building	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	Total
Cost								
31 December 2009	194,295,460	229,905,533	581,073,906	99,521,170	74,756,216	49,618,585	859,888	1,230,030,758
Additions	-	895,304	16,821,504	3,682,165	12,446,655	12,914,386	2,060,398	48,820,412
Disposals	-	-	(6,491,369)	(1,017,653)	(2,041,499)	(2,682,533)	-	(12,233,054)
Transferred in/ (Transferred out)	-	1,746,120	-	-	-	-	(1,746,120)	-
31 December 2010	194,295,460	232,546,957	591,404,041	102,185,682	85,161,372	59,850,438	1,174,166	1,266,618,116
Accumulated depreciation								
31 December 2009	-	82,905,480	459,415,124	65,497,154	49,372,767	37,481,454	-	694,671,979
Depreciation for the year	-	16,756,411	45,688,342	12,557,490	9,147,221	5,704,459	-	89,853,923
Depreciation on disposals	-	-	(6,491,339)	(652,059)	(1,250,704)	(2,273,329)	-	(10,667,431)
31 December 2010	-	99,661,891	498,612,127	77,402,585	57,269,284	40,912,584	-	773,858,471
Net book value								
31 December 2009	194,295,460	147,000,053	121,658,782	34,024,016	25,383,449	12,137,131	859,888	535,358,779
31 December 2010	194,295,460	132,885,066	92,791,914	24,783,097	27,892,088	18,937,854	1,174,166	492,759,645
Depreciation for the years								
2009 (Baht 63.4 million included in manufacturing cost, and the balance in selling and administrative expenses)								89,899,365
2010 (Baht 68.8 million included in manufacturing cost, and the balance in selling and administrative expenses)								89,853,923

As at 31 December 2010, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 552 million (2009: Baht 486 million) (The Company only: Baht 466 million (2009: Baht 450 million)).

A subsidiary has mortgaged its land, with a total net book value as at 31 December 2010 of approximately Baht 15.2 million (2009: Nil), with bank to secure long-term loan.

As at 31 December 2010, the Company and its subsidiaries had motor vehicles and equipment under finance lease agreements with net book value amounting to Baht 17.2 million (the Company only: Baht 15.5 million).

14. Right to derive benefit from traffic boards

(Unit : Baht)		
Consolidated financial statements		
	2010	2009
Cost		
Balance - beginning of year	234,864,713	234,864,713
Balance - end of year	234,864,713	234,864,713
Amortisation		
Balance - beginning of year	99,873,733	73,318,130
Amortisation during the year	26,555,603	26,555,603
Balance - end of year	126,429,336	99,873,733
Allowance for impairment loss		
Balance - beginning of year	10,885,075	10,885,075
Balance - end of year	10,885,075	10,885,075
Net book value	97,550,302	124,105,905

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

The joint venture determined the recoverable amounts of the right based on the estimated future cash flows that were discounted to its present value. As a result, the recoverable amount of the right was Baht 11 million less than its carrying value. The joint venture already recorded allowance for such impairment loss in its accounts.

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

(Unit : Baht)					
Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Bank overdrafts	MOR	-	39,294,073	-	39,225,482
Short-term loans from financial institutions	MMR, MLR-1,2%	2,508,800,000	1,403,480,411	1,826,000,000	868,000,000
Trust receipt	MMR, MLR-2%	167,071,073	93,772,804	167,071,073	93,772,804
Total		2,675,871,073	1,536,547,288	1,993,071,073	1,000,998,286

The Company's bank overdrafts and credit facilities with commercial banks are secured by transfers of most of collection rights for its project work.

The subsidiaries' bank overdrafts and credit facilities with commercial banks are secured by the Company and transfers of most of collection rights for their project work.

16. Long-term loans

Loan	Borrower	Lender	Loan Facility	Interest rate	Repayment schedule	(Unit : Baht)			
						Consolidated financial statements		Separate financial statements	
						2010	2009	2010	2009
(1)	The Company	Local bank	(Million Baht) 61	Rates ranging from 4.5% to MLR per annum.	108 monthly installments (ending in 2014)	23,817,625	30,609,625	23,817,625	30,609,625
(2)	The Company	Local bank	30	MLR - 1.00% percent annum	60 monthly installments (ending in 2013)	12,500,000	18,500,000	12,500,000	18,500,000
(3)	The Company	Local bank	100	First year: MLR - 1.25% per annum Second to third years: MLR - 1.00% per annum	36 monthly installments (ending in 2011)	27,070,000	68,746,000	27,070,000	68,746,000
(4)	The Company	Local bank	150	First year: MLR - 1.25% per annum Second to third years: MLR - 1.00% per annum	12 quarterly installments (ending in 2013)	137,500,000	-	137,500,000	-
(5)	Electronics Source Co., Ltd.	Local bank	12	MLR - 1.00% per annum MLR - 1.00% per annum	60 monthly installments (ending in 2015)	11,200,000	-	-	-
(6)	Forth Smarth Service Co., Ltd.	Local bank	85	MLR - 0.75% per annum	30 monthly installments (ending in 2013)	82,333,150	-	-	-
Total						294,420,775	117,855,625	200,887,625	117,855,625
Less : Current portion of long-term loans						(125,425,428)	(54,468,000)	(89,862,000)	(54,468,000)
Long-term loans - net of current portion						168,995,347	63,387,625	111,025,625	63,387,625

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

The loan no. (5) of its subsidiary is secured by the mortgage of the subsidiary's land described in Note 13 to the financial statements.

The loan no. (6) of its subsidiary is secured by its shareholders and a fixed deposit account, as described in Note 10 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.

17. Statutory reserve

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

18. Expenses by nature

Significant expenses by nature are as follow :

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Salaries and wages and other employee benefits	426,559,567	302,107,785	278,472,701	222,094,785
Depreciation	123,669,836	101,801,349	89,853,923	82,899,365
Amortisation	28,810,043	27,320,054	989,863	753,756
Raw materials and consumables used	8,809,878,104	7,672,927,120	8,419,385,871	7,377,248,616
Changes in finished goods and work in progress	(276,994,891)	698,706,381	(206,349,452)	69,688,552

19. Corporate income tax

Corporate income tax of the Company and its subsidiaries was calculated based on income derived from the operations without tax exemption under BOI promotional privileges, after adding back certain expenses and deducting income which are disallowable for tax computation purposes and including tax loss brought forward from previous years.

20. Promotional privileges

The Company has received various tax privileges under the Investment Promotion Act B.E. 2520 from the Board of Investment (BOI) pursuant to the investment promotion certificates No. 2040(4)/2549 and 3010/Wor/2545. Subject to certain imposed conditions, the privileges include an income tax exemption on net income derived from the promoted operations for a period of 8 years and an exemption from import 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 net income derived from the promoted operations for a period of 8 years.

(Unit : Baht)

Consolidated financial statements

	Promoted operations		Non-promoted operations		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Sales	399,150,320	513,588,798	9,220,136,671	8,795,536,431	9,619,286,991	9,309,125,229
Services	-	-	292,643,231	104,228,675	292,643,231	104,228,675
Revenues from project work	464,489,713	74,877,938	1,159,897,943	516,507,977	1,624,387,656	591,385,915
Other income	-	-	97,123,568	40,194,280	97,123,568	40,194,280
Total revenues	863,640,033	558,466,736	10,769,801,413	9,456,467,363	11,633,441,446	10,044,934,099

(Unit : Baht)

Separate financial statements

	Promoted operations		Non-promoted operations		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Sales	592,312,228	558,044,212	8,484,717,409	8,125,256,467	9,077,029,637	8,683,300,679
Services	-	-	134,540,290	68,310,881	134,540,290	68,310,881
Revenues from project work	420,966,750	23,099,000	728,007,170	104,572,067	1,148,973,920	127,671,067
Other income	-	-	100,918,728	55,738,845	100,918,728	55,738,845
Total revenues	1,013,278,978	581,143,212	9,448,183,597	8,353,878,260	10,461,462,575	8,935,021,472

21. Earnings per share

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

22. Segment information

The Company and its subsidiaries' business operations involve four principal segments: production and sales, turn key production, assembly services and project work. These operations are mainly carried on in Thailand. Below is the consolidated financial information of the Company and its subsidiaries for the years ended 31 December 2010 and 2009 by segment.

(Unit : Baht)

Consolidated financial statements for the years ended 31 December

	Production and sale		Turnkey production		Assembly services		Project work		Elimination of inter-segment revenues		Total		
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	
Revenues from external customers	1,582.4	1,783.6	8,036.9	7,525.5	292.6	104.2	1,624.4	591.4	-	-	11,536.3	10,004.7	
Intersegment revenues	256.7	71.3	160.2	129.3	4.9	6.5	-	56.7	(421.8)	(263.8)	-	-	
Total revenues	1,839.1	1,854.9	8,197.1	7,654.8	297.5	110.7	1,624.4	648.1	(421.8)	(263.8)	11,536.3	10,004.7	
Segment income (loss)	521.0	466.5	129.3	164.8	118.5	40.5	77.8	(95.5)	-	-	846.6	576.3	
Unallocated income and expenses :													
Other income											97.1	40.2	
Selling expenses											(81.6)	(61.1)	
Administrative expenses											(410.2)	(348.5)	
Management benefit expenses											(38.6)	(29.1)	
Share of income (loss) from investments in associates											4.5	(0.8)	
Finance cost											(76.4)	(88.5)	
Corporate income tax											(28.3)	(19.2)	
Net income											313.1	69.3	
Other information :													
Property, plant and equipment											715.1	647.8	
Unallocated assets											5,736.8	4,777.8	
Total assets											6,451.9	5,425.6	

Transfer prices between business segments are as set out in Note 7 to the financial statements.

23. Provident fund

The Company and its subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contribute to the fund monthly at rates of 3 percent of basic salary. The funds, which are managed by TMB Asset Management Company Limited and TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During 2010, the Company and its subsidiaries contributed Baht 3.1 million (2009: Baht 2.4 million) (the Company only Baht 2.4 million (2009: Baht 2.4 million)) to the funds.

24. Dividends

		(Unit : Baht)	
Dividends	Approved by	Total dividends	Dividend per share
Interim dividends paid from net income for the six-month period ended 30 June 2010	The Company's Board of Directors' meeting on 11 August 2010	115,200,000	0.12

25. Commitments and contingent liabilities

25.1 Service commitments

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

25.2 Operating lease and related service commitments

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

Future minimum payments of rentals and service fees under these leases as at 31 December 2010 are as follows :

	Million Baht
Payable within :	
1 year	12.8
2 to 5 years	8.6
5 years	1.2

25.3 Guarantees

- The Company has guaranteed loan and credit facilities of its subsidiaries amounting to Baht 868 million.
- As at 31 December 2010, there were outstanding bank guarantees amounting to approximately Baht 753.0 million (2009: Baht 283.8 million) issued by banks on behalf of the Company and its subsidiaries, of which Baht 650.0 million (2009: Baht 229.5 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.

26. Financial instruments

26.1 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 accounts receivable, loans, investments, trade accounts payable, bank overdrafts, short-term loans and long-term borrowings. The financial risks associated with these financial instruments and how they are managed are described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. 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. This major debtor has honored all obligations and paid accounts in a timely manner, and debtors of project work are the authorities. For the subsidiaries, they have a large customer base. The Company and its subsidiaries' management believe that such concentration of credit risk will have no material impact. The maximum exposure to credit risk is limited to the carrying amounts of trade account receivables as stated in the balance sheet.

Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk primarily with respect to cash at banks, bank overdrafts, short-term loans and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal. (The details of interest rates of cash at banks, bank overdrafts and loans are set out in Notes 6, 15 and 16 to the financial statements)

Foreign currency risk

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

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2010 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate as at 31 December 2010
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	0.92	7.56	30.1513
Hong Kong dollar	-	0.77	3.8742
Japanese yen	-	49.35	0.3705

Forward exchange contracts outstanding at 31 December 2010 are summarised below:

Foreign currency	Bought amount	Contractual exchange rate of bought amount
	(Million)	(Baht per 1 foreign currency unit)
US dollar	1.16	30.26
Euro	0.03	39.88

In addition, the Company has entered into agreements, which have special conditions, with local financial institutions to buy foreign currency. The trigger of these agreements and the amounts of foreign currency to be bought under them depend on conditions stipulated in the agreements, with the maximum amount of foreign exchange totaling USD 1 million at contractual exchange rates of Baht 32.45 per USD 1. The agreements mature within one year.

26.2 Fair values of financial instruments

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

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

27. Capital management

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

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 3.9:1 (2009: 3.8:1) and the Company's was 3.5:1 (2009: 3.8:1).

28. Contingent liabilities

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

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2011.

General Information

Company Name	: Forth Corporation Public Company Limited
Symbol	: FORTH
Company Registration Number	: 01075748000471
Paid-up Capital	480,000,000 Baht (960,000,000 common shares of Baht 0.5 par value)
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 brand - Manufacturing, distribution and contractor for the installation of equipment, traffic light system and closed circuit television - Manufacturing and distribution of electric sign board - The collection of the advertising fee from text message and photo on genius 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	<u>Branch No. 1</u> 66/350 Moo 12 Raikhing, Sampran district, Nakornprathom, 73210 <u>Branch No. 2</u> 77 Moo 11 Phuttamonthon 5th Road, Raikhing, Sampran district, Nakornprathom, 73210 <u>Branch No. 3</u> 66/18 Moo 12 Raikhing, Sampran district, Nakornprathom, 73210 <u>Branch No. 4</u> 282, 284 Phaholyothin Road, Samsennai, Phayathai district, Bangkok, 10400
Website	: www.forth.co.th
Telephone	: 0-2615-0600
Facsimile	: 0-2615-0615

References

Securities Registrar	: Thailand Securities Depository Co., Ltd. 62, The Stock Exchange of Thailand Building Ratchadapisek Road, Klongtoey, Bangkok, 10110 Tel : 0-2229-2800 Fax : 0-2359-1259
Auditors	: <ol style="list-style-type: none"> 1. Ms. Siraporn Ouuanunkun CPA (Thailand) No. 3844 or 2. Mr. Narong Puntawong CPA (Thailand) No. 3315 or 3. Ms. Thipawan Nananuwat CPA (Thailand) No. 3459 Ernst & Young Office Limited 193/136-137, 33rd Floor, Lake Rajada Office Complex Rajadapisek Road, Klongtoey, Bangkok , 10110 Tel : 0-2264-0777 Fax : 0-2264-0790

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

Item No.	Business name/Location	Business type	Share type	No. of outstanding shares	No. of shareholding	% shareholding
1	Genius Traffic System Co., Ltd. 77 Moo 11 Phuttamonthon 5 Road, Raikhing, Sampran, Nakornpathom 73210 Tel : 0-2811-7925 Fax : 0-2811-7935	Equipment of Traffic Light Manufacture and Distribution	Common	500,000	499,994	100.00%
2	Electronics Source Co., Ltd. 7/129 Central Pinklao office building 17 FL. 1702 Room Baromrachonnee Road, Arun Amarin, Bangkok-noi, Bangkok 10700 Tel : 0-2884-9210 Fax : 0-2884-9213-4	Electronic Parts Distribution	Common	500,000	499,994	100.00%
3	Joint Venture Genius 282 Phaholyothin Road, Samsen-nai, Phayathai, Bangkok 10400 Tel : 0-2615-2440, 0-2615-2231-2 Fax : 0-2615-2441	Concession project of Genius Traffic Boards	-	-	-	100.00%
4	Forth Smart Service Co., Ltd. 1031/3,4 Phaholyothin Road, Samsen-nai, Phayathai, Bangkok 10400 Tel :0-2279-8520-1 Fax : 0-2279-8200	Online Top-Up Services and Automatic Prepaid Mobile Phone Top-Up	Common	150,000	76,500	51.00%
5	Forth Tracking System Co., Ltd. 226/3, 4, 5 Phaholyothin Road, Samsen-nai, Phayathai, Bangkok 10400 Tel : 0-2615-0808 Fax : 0-2615-0809	Distribution of Vehicle Tracking System	Common	100,000	33,997	34.00%
6	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%
7	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	50,400	19,998	39.00%



Forth Corporation Public Company Limited

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

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