



FORTH CORPORATION PUBLIC CO.,LTD.

## Annual Report 2017







**FORTH**  
FORTH CORPORATION PUBLIC CO., LTD.



# Awards of Pride



**2014-2015** **Award for Good Cooperation**  
Pioneer Manufacturing (Thailand) Co., Ltd.

**2012** **Performance Achievement Award**  
Western Digital (Thailand) Co., Ltd.

**2011** **The Best of National Innovation Award for Science & Technology**  
from the National Research Council of Thailand (NRCT)  
Product: Multi Service Access Network (MSAN)  
**Best Supplier Award**  
from Pioneer Manufacturing (Thailand) Co., Ltd.,  
Toshiba Career (Thailand) Co. Ltd. and Western Digital (Thailand) Co., Ltd.

**2010** **Forerunner of 5 : IT Princess Award (Nationwide IT)**  
from the Foundation for Research and Information Technology  
(Presided over by Her Royal Highness Princess Maha Chakri Sirindhorn)  
Product: Multi Service Access Network (MSAN)  
**Telecom Innovation Award**  
from the Telecommunications Research and Industrial Development Institute (TRIDI)  
Product: FORTH X-TRAMS WDM Access Switch

**2009** **National Innovation Award Winner**  
from the National Innovation Agency (NIA)  
Product: Mini Multi Service Access Network (Mini-MSAN)  
**Forerunner of Telecom Innovation Award**  
from the National Telecommunication Commission (NTC)  
Product: Multi Service Access Network (MSAN)



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# Message from the Chairman

Due to the World Bank's forecast, the Thai economy is growing with the global economy growth and the recovery from drought. In the overview of the year 2017 it will grow approximately 3.5%. In addition, in the era of Thailand 4.0, the government recognizes the importance of the digital economy. The progress of the digital economy is currently changing the face of Thailand. Information and Communication Technology (ICT) development, creativity, innovation, and high quality service will help drive Thailand to become a country of digital economy.

The Group's business operations during the year 2017 will continue to focus on research and development to expand the scope of innovation to develop to a business model that provides consumers with convenient access to a wide range of services. The operating result of the Group is at a satisfactory level. The information can be considered as proposed in the annual report.

However, with the broad vision of the management team and the commitment of the business sector to be part of driving Thailand to step up into a digital economy relentlessly without being susceptible to circumstances by studying, planning and preparing in production capacity, funding sources and product and service development to be competitive.

Finally, I would like to present my thanks to all shareholders and all those who supported the business of the Group as well as management team and all employees who have devoted to help drive the Company and its affiliated group to be able to grow. The Board of Directors will continue to maintain the corporate governance for stable and sustainable business.



A handwritten signature in black ink, appearing to read 'Sanit Vorapanya'.

**Sanit Vorapanya**

Chairman of the Board of Directors

# Message from CEO

Although the Thai economy in 2017 will grow slightly but it still fluctuated. There are still restrictions on the operation of some businesses of the Group. However, considering the overall business operation of the Company, it can still maintain steady result. The Company's core revenue comes from top-up kiosk business or Boonterm business as in the past year.

In 2018, the Company will operate the business strategies as follows:

- The Electronics Manufacturing Services (EMS) business has stable growth trend, so the Company will concentrate on developing the production process and cost management to be more effective in order to enhance the competitive advantages.
- The telecommunication and related technology businesses, the main revenue will stem from bidding projects for the government sector and state enterprise, which was relatively in recession in the previous year. The Company has initiated and developed innovative products as well as focus on solving various problems along with generating profits and most business opportunities which are expected to grow in 2018.
- Online service top-up business for retail customers has constant growing trend, as can be seen from the record-breaking profits for numerous quarters consecutively of Forth Smart Service Public Company Limited ("FSMART"), which the Company holds 45.75% of its registered share capital. The goal in the year 2018 will focus on kiosk location with the average revenue per unit (ARPU) management. The Company will also set up the goal to expand Boonterm kiosk, improve service quality continuously and create new platforms in response to technological change by launching electronic wallet application called "BeWallet" which customers will be able to use a variety of services through their smartphones.

Throughout 29 years, the Company has continued to strive for success by a team of Thai engineers with expertise in product design, research and development by creating new technologies and innovations to keep up with and respond to the changing world of today and tomorrow. We also offer a full range of services to our customers and take into account cost control for maximum efficiency to enhance the company's revenue and profit potential.

On behalf of the Board of Directors of the Company, I would like to present my thanks to you all for the trust in the management team who will consistently maintain the corporate governance with the corporate social responsibility and will lead the Company to steady growth and sustainability.

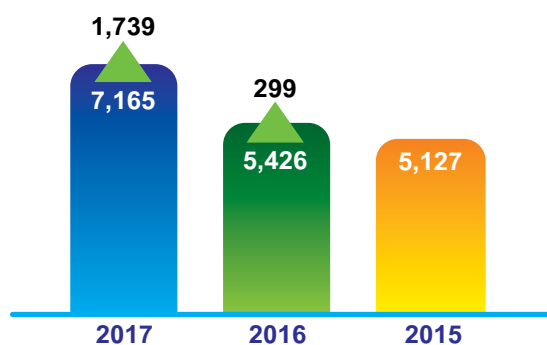


**Mr. Pongchai Amatanon**  
Chief Executive Officer

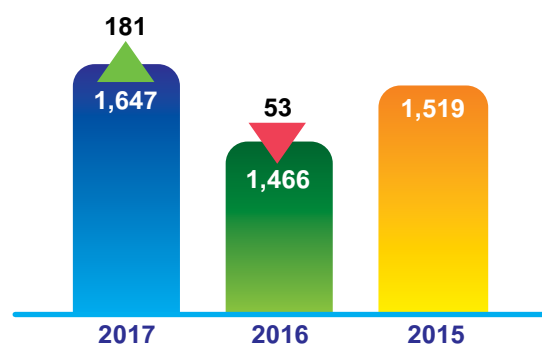


# Financial Highlights

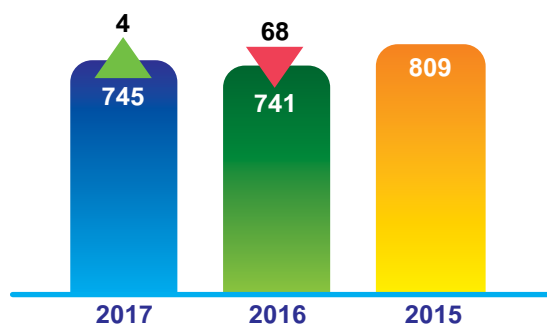
**Total revenues (Million THB)**



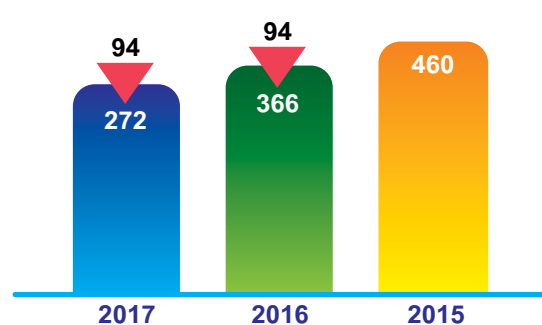
**Gross profit margin (Million THB)**



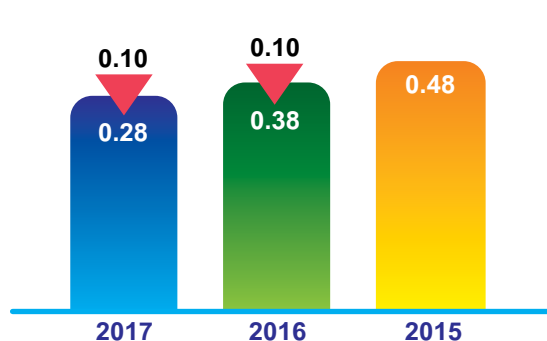
**Profit before finance cost and income tax expense (Million THB)**



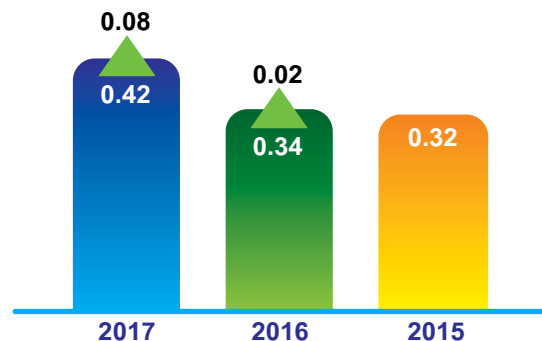
**Net profit (Million THB)**



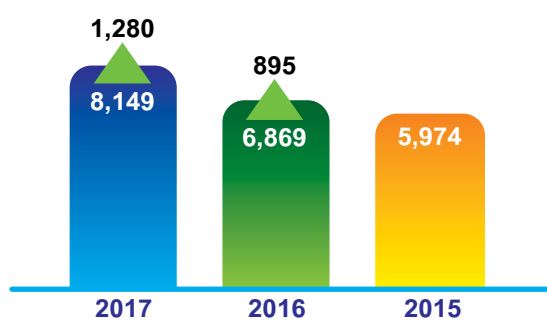
**Earnings per share (THB)**



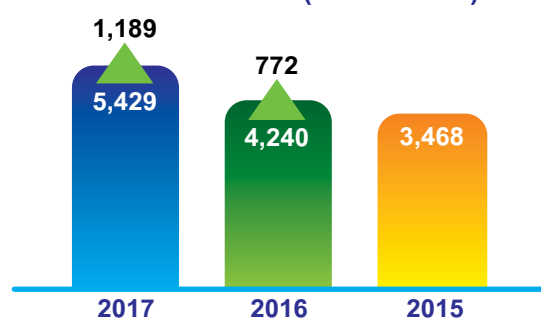
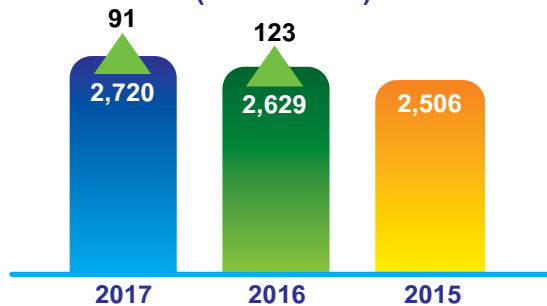
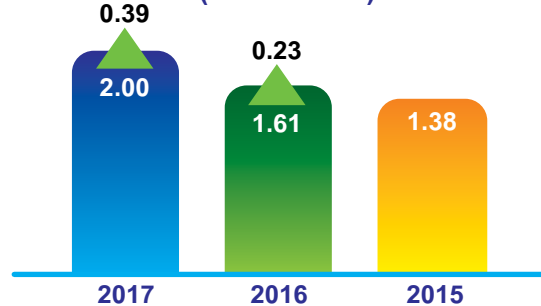
**Dividend per share (THB)**



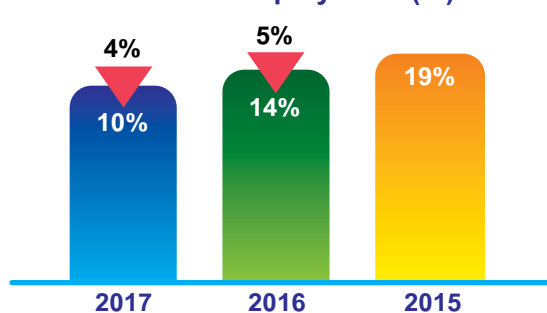
Total assets (Million THB)



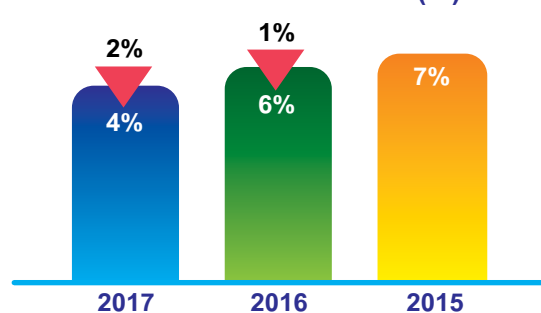
Total liabilities (Million THB)

Total shareholders' equity  
(Million THB)Debt to equity ratio (time)  
(Million THB)

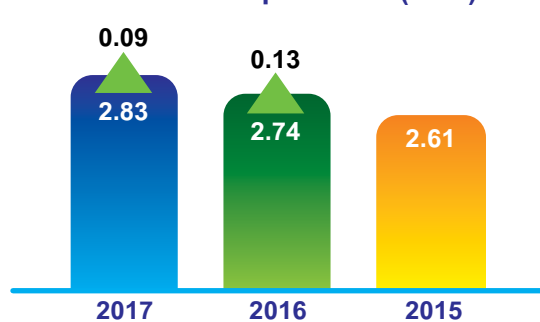
Return of equity ratio (%)



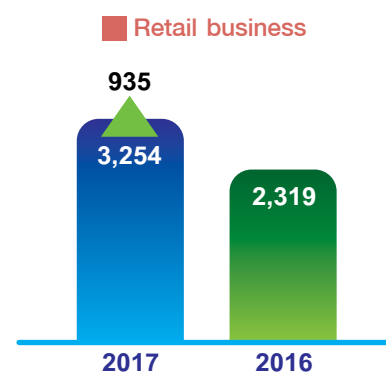
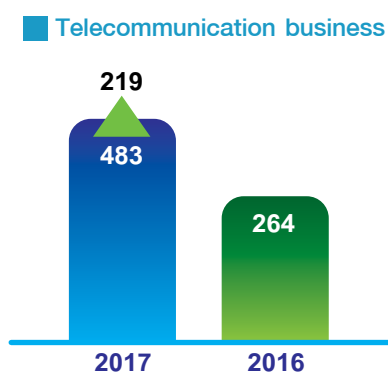
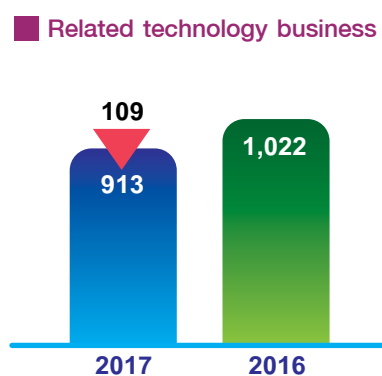
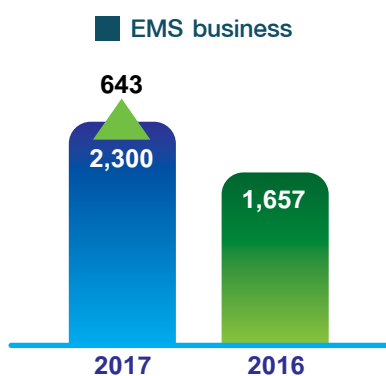
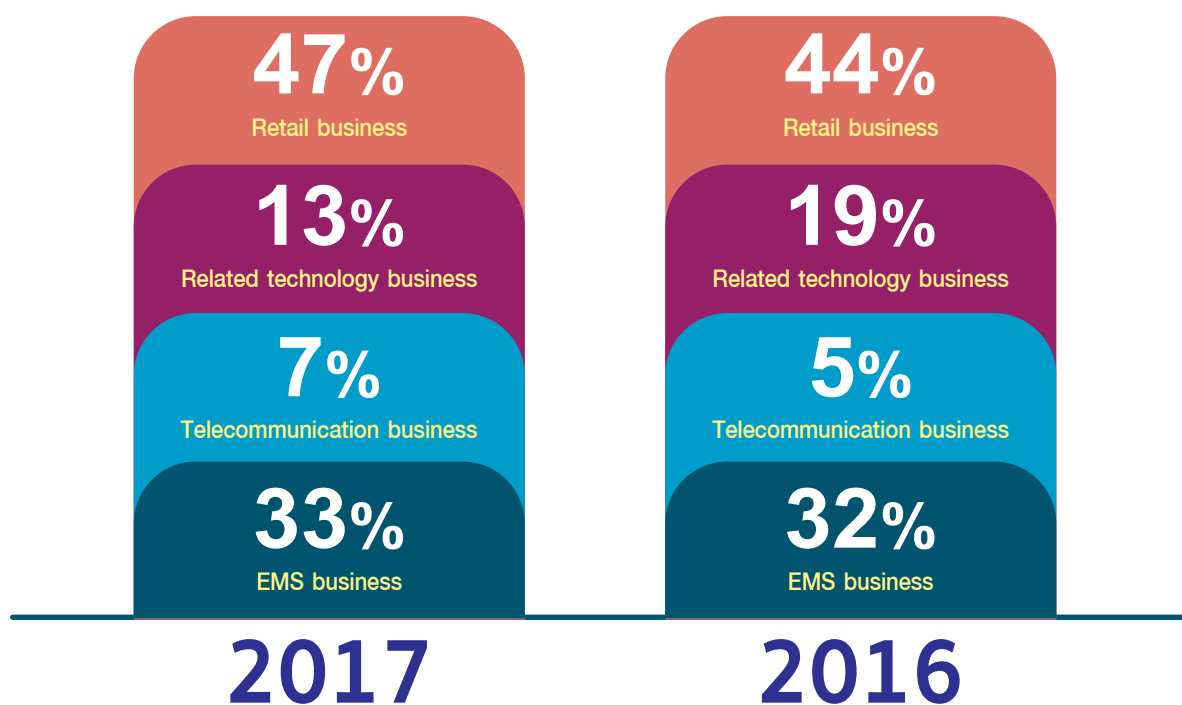
Return of assets ratio (%)



Book value per share (THB)



# Revenue Structure





# VISION & MISSION

## 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.

# Board of Directors



**Mr. Sanit Vorapunya**

Chairman of BOD  
Independent Director  
Audit Committee



**Mr. Sutham Malila**

Director  
Independent Director  
Chairman of Audit Committee  
Chairman of Nomination and  
Remuneration Committee



**Mr. Pongchai Amatanon**

Director  
Executive Committee  
Chief Executive Officer  
Risk Management Committee



**Mrs. Rangsee Lerttripinyo**

Director  
Executive Committee  
Senior Executive Vice President  
Nomination and Remuneration Committee  
Risk Management Committee



**Ms. Nongram Laohaareedilok**

Director  
Independent Director  
Audit Committee  
Chairman of Risk Management Committee  
Nomination and Remuneration Committee

# Board of Directors



**Mr. Boonya Tantipanichapun**

Director  
Executive Committee  
Risk Management Committee



**Mr. Kaelic Amatanon**

Director



**Mrs. Matinee Wandeepirom**

Director  
Nomination and Remuneration Committee



**Ms. Chonticha Siripongpreeda**

Director



# Management Team



**Mr. Pongchai Amatanon**

Chief Executive Officer



**Mrs. Rangsee Lerttripingo**

Senior Executive Vice President



**Mr. Chatchavin Pipatchotitham**

Executive Vice President  
Risk Management Committee

# Management Team



**Mr. Pramote Pantina**

Vice President of Production



**Mr. Arin Jamnaree**

Vice President of Accounting and Finance  
Corporate Secretary



**Ms. Nitiya Songprapai**

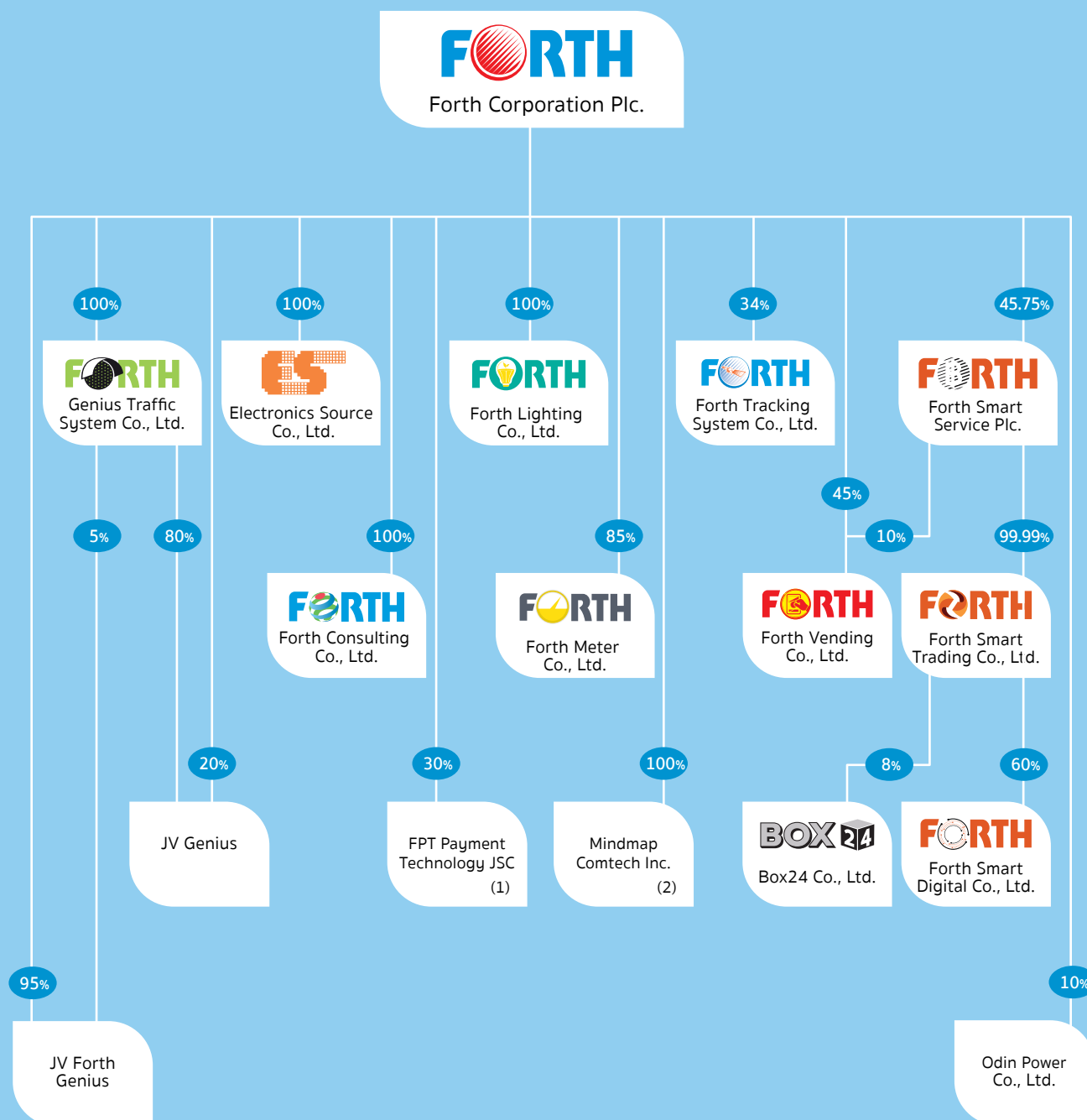
Vice President of Central Administration



**Mr. Katanyoo Wilaikaew**

Vice President of Research and Development

# Shareholding Structure of the Group



(1) Under dissolution process

(2) Dissolution in 2017



# Nature of Business

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


## 1. Electronics Manufacturing Service business

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

The business is operated by Forth Corporation Public Company Limited in the factory of over 16,000 square meters which is located on Phuttamonthon 5 Road in Nakhonpathom province with modern manufacturing machines, professional engineers and teamwork of long experience who are ready to serve the customers with full integrated services which started from designing in cooperation with the customers, manufacturing in form of consigns and turnkey projects. The main customers are companies who sell leading electronic appliance and telecommunication equipment e.g. Sanyu Denso (Thailand) Company Limited, Pioneer Manufacturing (Thailand) Company Limited and Toshiba Carrier (Thailand) Company Limited, Fusion Electronics Limited, Invenco Group Limited, Garmin Switzerland and etc.

### 1.2 Business of electronics component sourcing

It is operated by Electronic Source Company Limited (a 100 percent-owned subsidiary).

 It is the distributor of semiconductor electronic parts which is raw material to produce print circuit boards e.g. IC, Transistor, Diode, Semiconductor, optoelectronics, Display Device, Relay Battery, Connector, Buzzer, Electronic Switch, EMC Filter, Thermal Printer, Capacitor, Resistor, Crystal Oscillator and etc.




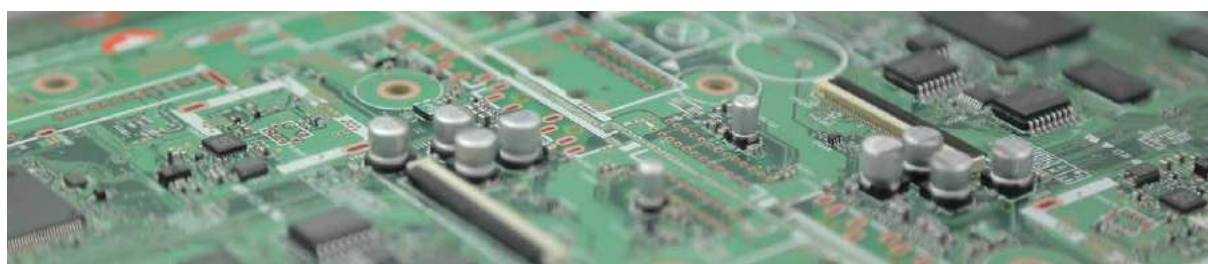
## 2. Telecommunication business

### 2.1 Business of full integrated telecommunication solution

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

### 2.2 Business of manufacturing and distributing telecommunication products

The business is operated by Forth Corporation Public Company Limited under the trademark of  We distribute various products and the main products covers equipment for the Multi Access Node service (MSAN), Digital Loop Carrier (DLC), Digital Subscriber Line Access Multiplexer (DSLAM), Forth WDM Access Switch, Internet Protocol Phone (IP Phone), Internet Protocol Digital Subscriber Line Access Multiplexers (IP DSLAM), Internet Protocol Private Branch Exchange (IP-PBX), Inverter and Charger, Call Center system, Nurse Call, the Multi-interface Broadband Router and etc.





### 3. Related technology business

#### 3.1 Business of traffic light manufacturing and distributing

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

#### 3.2 Business of electronic sign manufacturing and distributing

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



#### 3.3 Business of advertising fee collection from smart traffic boards

The business is operated by Joint Venture Genius (JV Genius). The 80% of the joint venture capital is held by Genius Traffic System Company Limited and 20% of the joint venture capital is held by the Company. JV Genius is assigned from Bangkok Metropolitan Administration (BMA) to install smart traffic boards including maintenance and 40 control stations. Moreover, it received right to derive benefit from the smart traffic boards for 9 years (3 years per one contract and renew 2 times per contract). The joint venture has already renewed the agreement twice, and the agreement terminated in 2015. In 2016, the BMA considered to extend the agreement annually. Currently, the concession of smart traffic boards has ended.



### 3.4 Business of tracking system manufacturing and distributing

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



### 3.5 Business of electronic meters manufacturing and distributing

The business is operated by Forth Meter Company Limited (a 85-percent owned subsidiary and another 15% of equity interest are not connected persons) under trademark of **FORTH**. The main products are kWh meter both 1 Phase and 3 Electronics Phase including linkage of processing automatic system through RS485 interface, LAN or Ethernet. It then accesses billing program at the Company's exchange station. Moreover, the 1 phase kWh Meter (RFID value refilled) and water supply meter connected to the automatic processing system together with the kWh meter can be the additional equipment to transfer data in wireless system to provide water report automatically.



### 3.6 Business of enterprise resource planning service

This business is operated by Forth Corporation Public Company Limited and/or Forth Consulting Company Limited (a 100 percent-owned subsidiary). The main products aim to provide enterprise resource planning service. Major target customers are public sector and state enterprises e.g. Metropolitan Electricity Authority, State Railway of Thailand, Thai Airways International Public Company Limited etc.

### 3.7 Business of lamps and lighting equipment manufacturing and distributing

The business is operated by Forth Lighting Company Limited (the 100 percent-owned subsidiary) under trademark of **FORTH**. It produces and distributes LED light bulb and variety of lighting equipment i.e. LED street light, LED high bay light which are suitable for the building with high ceiling e.g. factories, warehouses, gas stations, supermarkets, sport stadiums or places that need more lighting, the Edison Socket light bulb (E27), the Halogen bulb (MR16) and the fluorescent (T8). The LED technology will help to save energy up to 80% with longer life and less heat than the normal light bulb.



## 4. Retail business


### 4.1 Domestic business of online service top-up

The business is operated by Forth Smart Service Public Company Limited, (a 45.75 percent-owned subsidiary and another 54.25% of equity interest are not connected persons) under trademark of **บมม**. It provides service for electronic payment, pre-paid mobile phone top-up and online bill payment through automatic machine or “Boonterm kiosk” in the franchise system through agents as well as Boonterm kiosk co-management system with business partners in various projects e.g. 7-Eleven, Tesco Lotus, FamilyMart, Tops Supermarket, BTS and etc. In order to expand customer base and “Boonterm” network covering all regions over Thailand.

In addition, Forth Smart Service Public Company Limited has established Forth Smart Trading Company Limited as a 99.99-percent owned subsidiary in order to operate business on selling products and services relating to Boonterm kiosk e.g. Boonterm Counter Service, weighting scale and water vending and top-up machine.




#### 4.2 Oversea business of online services top-up

The Company had expanded its online top-up business in Southeast Asia and had designed and developed the system to support their operations. In the year 2010, the Company had started the business in the Philippines by establishing a joint venture, Mindmap Commtech Inc., an associate company that holds 40%. (60% held by non-connected parties) under trademark of . On May 14, 2015, the Company's Board of Directors passed a resolution to approve of buying all shares from shareholders of Mindmap Commtech Inc. On September 20, 2016, the Company bought 90,000 of such shares from the shareholders with a price of 500 Philippine Pesos each, which total 45 million Philippine Pesos (approximately Baht 33 million). As a result, the Company holds 100% of shares, and the status of Mindmap Commtech Inc. has been changed from an associate to a subsidiary. Subsequently, in November 2017, the Board of Directors' meeting passed a resolution approving the cease of operation of the such company because its operation did not meet the plan.

In 2012, the Company invested in Vietnam by establishing a joint venture company, FPT Payment Technology JSC, which is a 30 percent-owned subsidiary (70% held by non-related person). Subsequently, in May 2013 the Board of Directors has approved the dissolution of such company due to the unfavorable conditions of prepaid mobile market. Consumers still prefer to use scratch cards over top-up machine. The company is currently in the process of dissolving the company.

The Company is interested in investing in online top-up business in Indonesia because the market size is about 4 times bigger than Thailand, which is currently in the process of finding a joint venture.

#### 4.3 Vending Machine Management Business

In 2015, the Company, Forth Smart Services Plc., and Singha Corporation Group jointly established Forth Vending Co., Ltd. with initial capital of Baht 80 million (8 million ordinary shares with a par value of Baht 10 each). In February 2017, Forth Vending Company Limited increased its registered capital to Baht 320 million (32,000,000 ordinary shares with a par value of Baht 10 each). The Company and Forth Smart Services Plc. hold share in such company of 45% and 10%, respectively, under the trademark , to operate the Vending Machine business with mobile prepaid service and online payment service via automatic top-up service of Boonterm.

#### 4.4 E-Marketplace for online trading and e-Commerce businesses

In 2017, Forth Smart Trading Co., Ltd. invested in a new company, Forth Smart Digital Co., Ltd., with registered and paid-up capital of Baht 100 million (10,000,000 ordinary shares with a par value of Baht 10 each) under the trademark , to operate business as a central market in online trading (e-Marketplace), under the name BeMall, and to support the expansion of e-Commerce-related businesses.





## Research and Development Project

### IP Nurse Call

The IP Nurse Call is the inter communication system in the hospital between the nurses and the patients in order that the patients can talk to the nurses whenever they want with no need of telephone. With only one button, they can talk like they are in the same room. The IP Nurse Call device is further developed to increase the capability as well as the security of the existing Nurse Call system of the Company by operating via the Internet Protocol (IP) which enhances more efficiency for nursing, contentment and trust from the patients and relatives especially whenever patients are in emergency, they can call for help all the time.



### Electric Vehicle Charging Station

The Company has researched and developed the Electric Vehicle Charging Station which is wall type for charging battery of electric vehicles which supports the fuel nozzle in the standard of J1772 Type 1 (for vehicles from America and Japan) and of 62192-2 Type 2 (for vehicles from Europe). The electric car charging stations can be classified into 2 versions; sale version with standalone automatic charging and pay-per-use version which order and pay through the BeWallet application to meet today's technological advances.



## Research and Development Project

### Electronic Monitoring Device

The Company has designed and researched electronic devices or electronic monitoring for use in court processing to control and track the provisional release of the accused or defendants who has insufficient securities to reduce the number of inmates and reduce social inequality. This device can track, monitor and limit the travel of the person by wearing it around the ankle. This enables the location and delivery of the transient co-ordinate data every 2 minutes, including real-time alerts on equipment such as shredding, cutting or disassembly without permitting.



### Glass Front Vending Machine

Other than vending machines of locker type, the Company also researched and developed vending machines of clear glass type. The products to be sold in the vending machine can be in a variety of forms, such as in cups, boxes, bottles and cans, etc., and this clear glass machine can store more goods than the locker vending machine since it is equipped with elevator system to receive products without damaging them and a cooling system. This cabinet is connected to the vending machine same as the locker vending machines.



### Locker Vending Machine

The Company has researched and developed vending machines of the locker type which can sell a variety of products. That machine is connected to the automatic vending machine so that it can share the touch screen and payment system together. This enhances cost saving and increase the variety of products in the automatic vending machine. The machine accepts payments in cash and electronic money through QR Code scanning in the BeWallet application.

# FORTH Technovation

- Develop Access Network Product

2007

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



- Implement DLC to TOT (TDM-Voice)

2008

- IP PBX, IP Phone
- VoIP Gateway

2009



- Forth WDM Access Switch
- Top UP Machine

2010-2011



- Android Tablet • Wi-Fi Outdoor
- Smart IP Phone • WiFi Indoor
- Speaker • LED Streetlight
- ONU

2012-2013



- Counter Service
- Set Top Box
- Wifi EasyPass
- Antenna Indoor / Outdoor
- E27 / MR 16 / Downlight
- Mini IPX



- BOONTERM 10"
- Weight Scale
- หลอด LED T8
- Water Vending & Top-up Machine
- Vending Machine
- LED Streetlight ECO-S
- Golf Caddie



- Online Gasoline Vending Machine
- Passive Optical Network GPON-8 for High Speed Internet



- Electronic Monitoring Device





## Corporate Social Responsibility Activities

Providing Toilets and utilities to the Army Chakrapong Pithayalai School, Prachinburi



Providing utilities to Ban Kaeng Chet Khwae School, Phitsanulok



Blood donation to the Medical Council of Thailand, Siriraj Hospital



## FORTH Direction in 2018

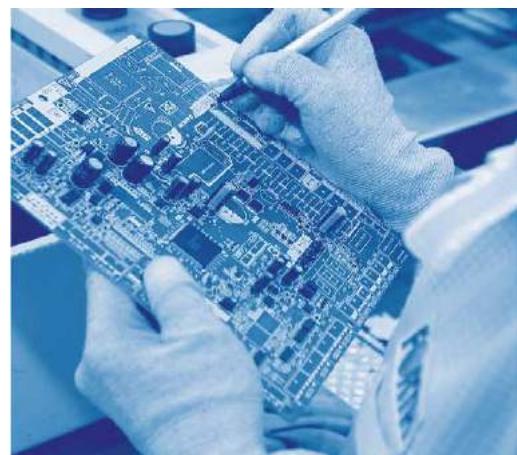
### On the 3-year target (2018-2020) the business continues to grow.

This is because the Company has a mission to focus on innovative production and services using modern technology to reduce production costs and meet the needs of customers effectively. Therefore, we would like to summarize the directions or guidelines for operation, divided into 3 main areas as follows:

#### • EMS (Electronics Manufacturing Services) Business

The Company has a factory of 16,000 square meters up producing electronic and telecommunication products with a standardized system. It has 3 main production lines (14 lines of SMT, 3 lines of Manual Insertion 3 lines and 2 lines of Final Assembly. The Company continues to develop and improve its production technology. The Company concentrates on maximizing production capacity. In the year 2017, the Company has a production capacity of 2,335 million electronic circuits, with a real production capacity of about 42%.

In 2018, the plant aims to increase its capacity to produce with its full efficiency by keeping on inventing innovative products. We aim to develop our team for more knowledge, ability and expertise and to realize the cost-effective and safe use of resources.



#### • Telecommunication business and Related technology business

The Company specializes in the field of SI (System Integration) business covering designing and installation of computer systems, hardware and software as well as networking which are complete installation services. The Company is well equipped with a team of engineers, specialists, finance. The Company understands the rules and regulations of the government due to project bidding of government agencies and state enterprise. In 2017, the performance of this segment was relatively stable and slightly decreased due to the slowdown in overall economy and market. However, considering the economy in 2018, the business tends to be growing as well as the Company continues to develop and innovate its products and services to meet the needs and concentrated on the use of technology or the Internet of Things to solve the problem exactly. Therefore, the Company has got backlog from the government agencies value Baht 2 billion such as the Network Installation Project of the Provincial Electricity Authority, the Camera recorder of the National Police Office and the Electronic Monitoring (EM) of the Department of Probation which is expected that the EM auctions will continue in the future since it is a new innovation with special design by the Company's Research and Development team.

#### • Retail Business or retail service business

The business operation of Forth Smart Services Public Company Limited is a 45.75% subsidiary of the Company. In 2017, the subsidiary's performance is still growing and strong. It still meets the 3-year target which aims to grow at an average of not less than 20% per year (CAGR) and increase Boonterm kiosk not less than 20,000 kiosks per year.

In 2018, the subsidiary will focus and concentrate on quality service points of Boonterm by managing the average revenue per unit (ARPU), especially mobile top-ups to grow not less than 5% from the year 2017 as well as targeting to expand Boonterm network up to 20,000 kiosks so that by the end of the year 2018, there will



be 144,653 kiosks covering all area with the total usage amount through Boonterm not less than 20% from the year 2017. The subsidiary aims to be the leading provider of full payment services in addition to expanding the top-up kiosk into the community down to the village level to provide facility to people to be able to make various transactions in areas that are not convenient to travel. The subsidiary also plans to expand new groups of customers by initiating the E-Wallet application named "BeWallet" with a target of at least 200,000 users which is the new platform of furthering business for customers who are interested in technology and have a regular income since the trend of smartphone usage has continued to increase. The service in this form will cover everything that Boonterm has and there will be some additional services to support the business of being a central market in online trading under the brand name of "BeMall" e-Marketplace as well as support the expansion of e-commerce businesses through the payment via the BeWallet application on the mobile phones on both iOS and Android platform. Moreover, BeMall can also be used to pay for purchases from the Vending Machine.

In addition, Forth Smart Trading Co., Ltd. has purchased preferred shares of Box24 Co., Ltd. to operate the service of sending and depositing goods via locker with the main service is laundry and quick delivery which is an expansion of the service business on a new platform.



# Board of Directors

## Mr. Sanit Vorapunya

Age 79 years old

Chairman of BOD/ Independent Director/ Audit Committee

Company's Shares Procession (%)

As of 28 December 2017: -None-

### Education and Training Background

- MA. (Econ.), University of Wisconsin, USA
- B.A. of Economics, Thammasat University
- Certification of Thailand National Defence College
- Director Accreditation Program (DAP) No. 24/2004 on 9 September 2004, Thai Institute of Directors (IOD)

### The relevant important positions of the other companies

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

## Mr. Sutham Malila

Age 76 years old

Director/ Independent Director/ Chairman of Audit Committee/

Chairman of Nomination and Remuneration Committee

Company's Shares Procession (%)

As of 28 December 2017: -None-

### Education and Training Background

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

### The relevant important positions of the other companies

- Audit Committee of TT&T Public Company Limited
- Director of TSB Holding Company Limited
- Director of Subpeumphol Construction Company Limited

## Ms. Nongram Laohaareedilok

Age 64 years old

Director/ Independent Director/ Audit Committee/

Chairman of Risk Management Committee/ Nomination and Remuneration Committee

Company's Shares Procession (%)

As of 28 December 2017: -None-

### Education and Training Background

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

### The relevant important positions of the other companies

- Deputy Managing Director of AST Master Company Limited
- Certified Public Accountant
- Member of the sub-committee on Tax Accounting, the Federation of Accounting Professions (FAP) of Thailand
- Member of the sub-committee on auditing member service, the Federation of Accounting Professions (FAP) of Thailand

## Mr. Pongchai Amatanon

Age 54 years old

Director/ Executive Committee/ Chief Executive Officer/

Risk Management Committee

Company's Shares Procession (%)

As of 28 December 2017: -41.75- (\*)

(\*) Including spouse and immature children

### Education and Training Background

- B.A. of Engineering, King Mongkut's Institute of Technology Ladkrabang
- Certification of Thailand National Defense College Batch 58
- Top executives program, Capital Market Academy, Batch 14
- Director Accreditation Program (DAP) No. 30/2004 on 15 December 2004, Thai Institute of Directors (IOD)

### The relevant important positions of the other companies

- Director of Forth Smart Service Public Company Limited
- Director of Box24 Company Limited
- Director of Forth Smart Trading Company Limited
- Director of Forth Vending Company Limited
- Director of Forth Lighting Company Limited
- Director of Forth Consulting Company Limited
- Director of Electronic Source Company Limited
- Director of Forth Tracking System Company Limited
- Director of Forth Meter Company Limited
- Director of Genius Traffic System Company Limited

## Board of Directors

### **Mrs. Rangsee Lerttripinyo**

Age 57 years old

Director/ Executive Committee/ Senior Executive

Vice President/ Nomination and Remuneration Committee/

Risk Management Committee

Company's Shares Procession (%)

As of 28 December 2017: -6.19- (\*)

(\*) Including spouse and immature children

#### **Education and Training Background**

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

#### **The relevant important positions of the other companies**

- Director of Forth Smart Digital Company Limited
- Director of Forth Smart Service Public Company Limited
- Director of Forth Smart Trading Company Limited
- Director of Forth Vending Company Limited
- Director of Forth Lighting Company Limited
- Director of Forth Consulting Company Limited

### **Mr. Kaelic Amatanon**

Age 62 years old

Director

Company's Shares Procession (%)

As of 28 December 2017: -6.03-

#### **Education and Training Background**

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

#### **The relevant important positions of the other companies**

- Director of Electronic Source Company Limited

### **Mrs. Matinee Wandeepirom**

Age 56 years old

Director/ Nomination and Remuneration Committee

Company's Shares Procession (%)

As of 28 December 2017: -2.58-

#### **Education and Training Background**

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

#### **The relevant important positions of the other companies**

- Director of Genius Traffic System Company Limited

### **Mr. Boonya Tantipanichapun**

Age 56 years old

Director/ Executive Committee/ Risk Management Committee

Company's Shares Procession (%)

As of 28 December 2017: -2.57- (\*)

(\*) Including spouse and immature children

#### **Education and Training Background**

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

#### **The relevant important positions of the other companies**

- Director of Genius Traffic System Company Limited

## Board of Directors

**Ms. Chonthicha Siripongpreeda**

Age 47 years old

Director

Company's Shares Possession (%) as of 28 December 2017: -None-

**Education and Training Background**

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

**The relevant important positions of the other companies**

- Deputy Managing Director of Electronic Source Company Limited



## Management Team

### Mr. Pongchai Amatanon

Age 54 years old

Director/ Executive Committee/ Chief Executive Officer/  
Risk Management Committee

Company's Shares Procession (%)

As of 28 December 2017: -41.75- (\*)

(\*) Including spouse and immature children

#### Education and Training Background

- B.A. of Engineering, King Mongkut's Institute of Technology Ladkrabang
- Certification of Thailand National Defense College Batch 58
- Top executives program, Capital Market Academy, Batch 14
- Director Accreditation Program (DAP) No. 30/2004 on 15 December 2004, Thai Institute of Directors (IOD)

### Mr. Chatchavin Pipatchotitham

Age 45 years old

Executive Vice President/ Risk Management Committee

Company's Shares Procession (%)

As of 28 December 2017: -None-

#### Education and Training Background

- MBA, Chulalongkorn University
- B.A. of Accounting, Thammasat University

### Mr. Pramote Pantina

Age 49 years old

Vice President of Production

Company's Shares Procession (%)

As of 28 December 2017: -None-

#### Education and Training Background

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

### Mrs. Rangsee Lerttripinyo

Age 57 years old

Director/ Executive Committee/ Senior Executive  
Vice President/ Nomination and Remuneration Committee/  
Risk Management Committee

Company's Shares Procession (%)

As of 28 December 2016: -6.19- (\*)

(\*) Including spouse and immature children

#### Education and Training Background

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

### Ms. Nitiya Songprapai

Age 58 years old

Vice President of Central Administration

Company's Shares Procession (%)

As of 28 December 2017: -None-

#### Education and Training Background

- MA. Of Public and Private Management, The national Institute of Development Administration (NIDA)
- B.A. of Political Science, Ramkhamhaeng University

### Mr. Arin Jamnaree

Age 45 years old

Vice President of Accounting and Finance/  
Corporate Secretary

Company's Shares Procession (%)

As of 28 December 2017: -None-

#### Education and Training Background

- MBA., Thammasat University
- B.A. of Accounting, Thammasat University

### Mr. Katanyoo Wilaikaew

Age 48 years old

Vice President of Research and Development

Company's Shares Procession (%)

As of 28 December 2017: -0.02-

#### Education and Training Background

- B.A. of Electronics Engineering, Rajamangala Institute of Technology
- High Vocational Certificate of Electronics, Rajamangala Institute of Technology

## Entities that own, directly and indirectly, 10% or more of the total issued shares

Item No.	Business name/Location	Business type	Share type	No. of Outstanding shares	No. of Shareholding	Percentage of Shareholding
1	Genius Traffic System Co., Ltd. 77 Moo 11 Phuttamonthon 5 Road, Raikhing, Sampran, Nakornpathom 73210 Tel : 0-2811-7925, Fax : 0-2811-7935	Manufacture and distribution of traffic system	Common	2,000,000	1,999,994	100.00%
2	Electronics Source Co., Ltd. 256, 5 <sup>th</sup> Floor and 6th Floor Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel : 0-2062-4970, Fax : 0-2062-4999	Distribution of electronic parts	Common	500,000	499,994	100.00%
3	Joint Venture Genius 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400 Tel : 0-2615-6700 Fax : 0-2615-0615	Concession for traffic board project	-	-	-	100.00%
4	Forth Smart Service Pcl. 256 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel : 0-2278-1777, Fax : 0-2279-7195	Online top-up services and automatic prepaid mobile phone top-Up	Common	800,000,000	365,999,400	45.75%
5	Forth Consulting Co., Ltd. 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400 Tel : 0-2265-6700, 0-2271-2888 Fax : 0-2615-0615, 0-2279-4888	Consulting service for information management and computer software management	Common	100,000	99,998	100.00%
6	Forth Lighting Co., Ltd. 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400 Tel : 0-2271-4888, Fax : 0-2271-3040-41	Manufacture and distribution of lamps and lighting equipment	Common	100,000	9,996	100.00%
7	Forth Tracking System Co., Ltd. 226/3, 4, 5 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel : 0-2615-0808, Fax : 0-2615-0809	Distribution of vehicle tracking system	Common	300,000	101,991	34.00%
8	Forth Meter Co., Ltd. 228/1 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel : 0-2615-2420-1, Fax : 0-2615-2422	Distribution of Electronic Meter	Common	4,000,000	3,399,997	85.00%

Item No.	Business name/Location	Business type	Share type	No. of Outstanding shares	No. of Shareholding	Percentage of Shareholding
9	Forth Vending Co., Ltd. 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400	Management of vending machine	Common	32,000,000	17,599,985	55.00% <sup>(1)</sup>
10	Mindmap Commtech Inc. <sup>(2)</sup> 8 <sup>th</sup> Floor, Salamin Building, 197 Salcedo, Legaspi Village, Makati City, Metro Manila, Philippines	Ceased the operations	Common	150,000	150,000	100.00%
11	FPT Payment Technology JSC <sup>(3)</sup> FPT Tan Thuan Building – 2nd Floor. 29B - 31B - 33B, Tan Thuan Street, Tan Thuan Export Processing Zone, Tan Thuan Dong Ward, Dist.7, HCM City, Viet Nam	Ceased the operations	Common	4,200,000	1,260,000	30.00%
12	Forth Smart Trading Co., Ltd. 256 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel : 0-2278-1777, Fax : 0-2279-7195	Selling products and services relating to Boonterm kiosk	Common	30,000,000	29,997,000	99.99% <sup>(4)</sup>
13	Odin Power Co., Ltd. 333/3 Moo.6 Bangpreang Bangbor, Samutprakam 10560	Investment in renewable energy power plant companies	Common	2,000,000	200,000	10.00%
14	Forth Smart Digital Co., Ltd. 226/12, 13, 16 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400	Selling products and operate as a platform for online trading	Common	10,000,000	5,999,998	60.00% <sup>(5)</sup>
15	Joint Venture Forth Genius 1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok 10400	Installing Closed-circuit television camera	-	-	-	100.00%

Remark: (1) 45% held by the Company and 10% held by Forth Smart Service Pcl.

(2) Ceasing the operation in 2017

(3) In the process of dissolution

(4) 99.99% held by Forth Smart Service Pcl.

(5) 60% held by Forth Smart Trading Co.,Ltd.

## Significant Changes and Development

In 2017, the Company has significant changes and development as follows:

- In February 2017, Forth Vending Company Limited increased its registered capital from Baht 80 million (8 million ordinary shares with a par value of Baht 10 each) to Baht 320 million (32 million ordinary shares with a par value of Baht 10 each) through the issuance of 24 million new ordinary shares with a par value of Baht 10 each to the existing shareholders.

- In January 2017, Forth Smart Service Public Company Limited approved the disposal of assets to Forth Smart Trading Company Limited (its subsidiary), the total value of Baht 98,841,721 excluding VAT.

- In January 2017, Forth Smart Trading Company Limited increased the registered capital from Baht 1 million (100,000 ordinary shares with a par value of Baht 10 each) to Baht 100 million (10 million ordinary shares with a par value of Baht 10 each). In May 2017, Forth Smart Trading Company Limited increased the registered capital from Baht 100 million to Baht 300 million (30 million ordinary shares with a par value of Baht 10 each). Forth Smart Service Public Company Limited holds 99.99% of such shares.

- In August 2017, Forth Smart Trading Company Limited has established Forth Smart Digital Company Limited to operate as a platform for online trading (e-Marketplace) under the name of “BeMall” and support the expansion of e-Commerce related businesses. It had Baht 100 million of registered share capital (10 million ordinary shares with a par value of Baht 10 each). Forth Smart Trading Company Limited holds 60% of such shares.

- In November 2017, The Company ceased the operations of Mindmap Commtech Inc., the Company's subsidiaries, as the subsidiary has encountered operational problems and failed to achieve its operational plan.

- In November 2017, Forth Smart Trading Company Limited purchased 6,195 preferred shares of Box24 Company Limited or 8% of its registered capital, totally Baht 7,118,800 (53,223 common shares and 17,965 preferred shares with a par value of Baht 100 each).

## Revenue Structure

	2017		2016		2015	
	(Million THB)	%	(Million THB)	%	(Million THB)	%
<b>Revenues from major business</b>						
Electronics Manufacturing Services business						
- Manufacturing and distribution of telecommunication and electronics equipment under customer brands	1,347	18.80	690	12.72	525	10.24
- Distribution of electronics parts	953	13.30	967	17.82	793	15.47
Telecommunication business	483	6.74	264	4.87	727	14.18
Technology related business						
- Manufacturing, distribution and installation of traffic light system and related equipment, CCTV and electronic boards	800	11.17	785	14.47	976	19.04
- Development and implementation of ERP system	70	0.98	117	2.16	358	6.98
- Others	43	0.60	120	2.20	54	1.05
Business of payment service via automatic teller machine	3,254	45.41	2,319	42.74	1,588	30.97
<b>Total revenues from major business</b>	<b>6,950</b>	<b>97.00</b>	<b>5,262</b>	<b>96.98</b>	<b>5,021</b>	<b>97.93</b>
Other revenues	215	3.00	164	3.02	106	2.07
<b>Total revenues</b>	<b>7,165</b>	<b>100.00</b>	<b>5,426</b>	<b>100.00</b>	<b>5,217</b>	<b>100.00</b>



# Market Outlook and Competition

## **Competitive Strategies**

According to various business operations related to products in electronic industry for over 29 years, the Company is prepared for the complete marketing, research and production availability, as well as having subsidiary companies and joint ventures which operate the business supporting each other, through the business strategies as follows:

### **Product Strategies**

#### **Continuous product development in order to increase variety of products and business lines**

Based on the long-term business experiences, the Company realizes that for sustainable business operation, it requires new and diversified products which have to always be updated and modern. As a result, the Company always focuses on the product research and development, and it is established as a department consisting of proficient employees regarding production line of the electronic products, and they develop the Company's new products in order to meet the customers' demands. Previously, the department has consistently created and developed new products. Therefore, such addition of business line will provide the Company with diverse customer base and reduce the Company's operation risks.

#### **Use of production technologies that are able to support the modification of new product production**

The Company has a policy to consistently invest in machinery with modern technology in order to support production of complicated products for the customers. The Company's manufacturing plant is certified with ISO 9001:2008 by the SGS (Thailand) Limited System & Service Certification; and this is able to ensure the customers that the production process is on a par with the standard. Moreover, production line is managed to support the production modification for new products, so that the machinery is effectively utilized under changing orders, and it is also able to support the production of the Company's products.

#### **Focus on after-sale services and customer satisfaction**

The Company consistently focuses on after-sale services through the Company's customer service and dealers throughout the nation such as providing advices on the product use, providing sufficient spare parts and prompt repairing and maintenance services. These create the customers' positive perception for the products and the product trademarks' recognition, and enhance trust and confidence in the Company's products or services. This also includes survey on customer satisfaction for continuous improvement of the services.

### **Focus on use of FORTH's trademark for the marketing of the Company's products**

Since the Company has been operating for a long time and has a lot of products under FORTH trademark, the Company's products are widely recognized for their quality and service, enabling the Company to market its products more easily to consumers.

## **EMS Business**

### **Competition in Electronic Industry Business and Electric Appliances**

The electrical and electronics industries are regarded as important to the economy system of the country. It can generate income from exports to many countries. The electricity and electronics industry is expanding rapidly and relentlessly. This makes it important industry for the country's economy. Moreover, it is also an industry that plays an important role in supporting labors in the industrial sector since it is an industry that employs a large number of workers. Thailand has a potential for production, ranging from human resources and knowledge resources. The production of products is developed to be more diversified. With geographical analyzing, Thailand has a commercial advantage in the Indochina region and it has the potential to be a regional hub which is a positive factor in transportation. The growth of the electrical and electronic industries in Thailand is rapidly expanding. The benefits to the economy of the country, both directly and indirectly help increased employment and investment. However, Thailand lacks the potential to compete in innovation or creative diversity when compared to other countries.

As for the PCB in the global market, the completion is relatively intense, especially competition with China which has a production cost advantage, and it also manufactures products for various companies in the United States, EU countries and Japan. In spite of the pricing pressure resulting from Chinese PCB manufacturers leading to low-priced product manufacturing into the market and indirect pricing comparison, the Chinese PCB manufacturers are not the Company's direct competitors - they emphasizes on the low-end market, since mass production technology is used with a focus on large quantity production, low cost and lower standard of products compared to Thailand's. The Company uses high technology for the PCB manufacturing, and if the production cost can be controlled, the Company will not be suffered from it, since the competition is based on the quality and reliability, not the price. Moreover, Chinese production cost tends to increase, so Thailand still holds competitive advantage over other competitors in the ASEAN region. Furthermore, expansion of Contracted Electronic Manufacturing (CEM) enables Thailand as the main market for the CEM having an opportunity for further growth in the future. The Company is trusted by domestic and international customers who give the Company continuous production orders.

For the long term, the electronics industry in Thailand will have to revise its strategy to maintain the production base in Thailand. The key strategy is to bring advanced technology into production. It will be a challenge because technology is constantly changing. Thus, the production will need to employ more skilled workers and this will happen through the co-operation between the government and private sector, education as well as a stronger focus on supply chain management.

## Telecommunication Business

### Competition in Telecommunication Industry and Telecommunication Device Manufacturing and Distribution

The overview of telecommunication industry shows continuous growing trend. Wiring communication device market has a slight growth compared to wireless device market which grows by leaps and bounds. However, the competition becomes intense by wireless internet broadband service providers, especially the market entry by a new player that provides broadband services through fiber optic network. This stimulates other service providers to invest in and develop their own networks for the technology, in order to maintain or increase the market shares. The overall communication service market has a growing trend resulting from mobile phone services, but the landline phone is likely to decrease because of telecommunication technology change and consumer demands for high-speed and smartphone internet uses. Moreover, it is supported by the government through the National Broadband Policy based on a purpose to support and develop broadband as the public infrastructure, so that the service can be fully accessed and utilized by the public. This will reduce inequality, enhance well-beings and increase competitiveness for the country's telecommunication industry.

So far, the Company in cooperation with TOT Public Company Limited has developed diverse products such as DLC and MSAN telephone exchange cabinets including WDM Access Switch as a replacement of Analog Loop Carrier (ALC) that is going to expire, or they can be installed for addition of new telephone numbers. The Company's competitors are from China (Huawei Technologies, ZTE Corporation), and Sweden (Ericsson). According to success of the developed MSAN telephone exchange, currently there is a demand for small-sized MSANs installed on electricity poles for broadband internet services, telephone networks in an area with a small number of users, or dispersing installations. If MSAN installations with a few ports are invested, these probably are not cost-effective. Therefore, the Company develops the Mini-MSAN that has fewer ports and smaller size, but it is durable and has useful life equivalent to the MSAN. This Mini-MSAN device helps service providers to expand demand for broadband internet promptly and in timely manner to meet the customer's demand.

Moreover, the Company develops products in order to enhance the MSAN's effectiveness such as FORTH WDM Access Switch, which is an Access Switch for broadband network service providers in order to link the MSAN to the Core Network with high bandwidth. It also combines a lot of data signal through the WDM system for up to 400 Gbps data transfer in a single fiber-optic. This enables the high-speed internet service via MSAN exchange to perform faster, and it can reduce a lot of expenses caused by dependence on high-cost international systems.

As for Multi-PON OLT telephone exchange devices and Multi-PON cards for Fiber to the Home service: broadband via fiber optic provided in order to meet the market's unstoppable and increasing demands for bandwidth for the high-speed internet, video on demand, IPTV and VOIP for OLT devices, are able to support data transfer at the speed of 1.25 – 2.5 Gbps and further. This includes better data security mechanism.

## Related Technology Business

### Competition and Marketing Strategies for Traffic Signal System Installation and Production Business

The Company is a leading company in the traffic signal system market in Thailand, as the first developer of LED traffic signal system in Thailand, with outstanding performance in trial runs performed by various organizations. For example, in 2003, traffic signal control cabinet, LED traffic light, and LED countdown display were certified by Thailand Industrial Standards Institute (TISI), and in 2004 – 2005, the traffic signal light products and traffic signal light products for pedestrian crossings were certified by the Department of Science Service, etc. Because of specification of the LED that consumes lower power than Halogen lamps, it has 5-10 years longer useful life. It is also safer for the commuters, since the light consists of numerous LEDs; if any of them expires or deteriorates, the light will normally operate without any noticeable difference. As a result, various government agencies, both in Bangkok and other provinces, recognize the Company's products and use them to replace the existing deteriorated traffic lights or install new ones at new crossroads. At present, the Company emphasizes on the production in order to replace the existing damaged and deteriorated ones.

At present, we maintain our leadership in Thailand traffic signal system products, and we are trusted by the Bangkok Metropolitan Administration to install the traffic lights throughout Bangkok. In order to maintain the number one position, we still focus on new product development consistently. The Company gains competitive advantages over other domestic and international competitors, for prompt after-sale and maintenance services, since the Company as a manufacturer has sufficient material and spare parts, so it's not necessary to order spare parts from foreign countries and the quality of our spare parts are of higher quality than Chinese or Taiwanese ones at competitive pricing.

### Competition in Manufacturing and Distribution of Bulbs and Lighting Devices

Thailand's market for light bulbs and lamps is worth Bt20bn, which is likely to continue. It is in accordance with expansion of real estate sector and orders from government and private sectors. Moreover, end customers' behaviors demand to use better quality, more energy saving and more modern looking of the products as well as replacement of damaged and expired products with new ones as well as the government's policy to promote the use of energy-saving lighting products has had a huge impact on the growth of this business.

Currently, it is in technological transition era: from using incandescent and discharge lamps to LED technology, which is more energy-saving and flexible for usage with longer useful life. Although it is more expensive than the traditional ones, the advantages mentioned above make them increasingly popular. Entrepreneurs expect LED lighting to increase to 50% in the next five years and increase to 80% over the next 10 years. Now the LED lighting business covers 25% of the market while the chopstick tube lighting still covers 40%, the mercury vapor lighting 25% and the incandescent lighting 10% relatively. As a result, the increase in the market share mentioned will affect the lighting manufacture and competition condition. There



will be more new entrepreneurs in the business and they must compete in terms of quality, price and product look. Entrepreneurs who cannot adapt to the situation will be affected and may have to close the business.

### **Competition in GPS Tracking System Industry**

In 2017, the market for vehicle tracking systems (GPS Tracking) continued to grow due to the expansion of domestic transportation business and the growth of the AEC and CLMV market as well as the policy of the Department of Land Transport that require buses and trucks to install certified and standardized GPS. Thus, the GPS Tracking market is quite alert with high competition. Market shares are taken by entrepreneurs both manufactures and importers.

### **Online Top-Up Business**

#### **Online Top-Up Business Competition and Industry**

The overview of mobile service industry continuously grows due to the driving force in Nonvoice market, and on behavior of consumers that tends to step more into the digital age especially the popularity in the social network. It expands steadily with the supporting factors of smart phones, tablets and other IT equipment that consumers can afford easily and the faster network developing as well as increasing competition of mobile network providers that focus on customers who use mobile phone top-up service by launching campaign to offer discount or give out mobile phones for them. This results in the steady growth of pre-paid mobile phone top-up and it directly affects the growth of business of mobile phone top-up service.

Currently, mobile top-up can be performed through various channels such as refill on mobile phone, convenience stores' E-pin top-up, scratch cards and top-up kiosks, etc. The scratch card is in decreasing trend because of card production cost and higher transportation fee, while the top-up kiosks will become more popular, since customers are able to refill a small amount of money (Micro Transaction); and it is personalized, prompt and convenient with 24-hour service.

At present, the top-up kiosk or machine service providing businesses are increasingly competitive resulting from the customer demands which prefer convenient and prompt services, leading to the increasing number of top-up kiosks in the market. We are able to consistently maintain our leader status. In 2017, the Company held the market share of prepaid service via Boonterm machine accounted for 22% of the 133-billion baht market value. This growth trend starts from year 2016 with 16% market share of the 137-billion baht market value. Based on the number of mobile phone numbers in the country, it is found that at the end of 2017, there was 70.5 million pre-paid numbers: 25 million of them used Boonterm Machine for the top-ups, accounted for 35%. The number was increased compared to 2016, that 23 million numbers or 32% of all pre-paid numbers used Boonterm Machine for the top-ups.

New entrepreneurs who wish to enter the market probably encounter some barriers such as economy of scale, capital requirement, brand loyalty, management knowledge and experience (learning curve), servers and dealer management, etc. Boonterm had kiosks, the highest number of 124,653 kiosks, in Thailand with



full coverage of network nationwide as well as diversified functions, effectiveness and accuracy of the system. Boonterm has the reliability on providing the financial services. For example, being the banking agent of Krungthai Bank and Kasikorn Bank which was approved by the Bank of Thailand. Boonterm is continuously developing new service and product e.g. Boonterm kiosk with 10-inch display with weighing scale, Boonterm counter service, Boonterm water vending and top-up machine etc.

Based on the Boonterm's strengths with service quality trusted by the customers for over 9 years, at the moment 25-million pre-paid customers regularly use Boonterm Machines for the top-ups, and the number is continuously increasing. As a result of franchise management operated through dealers and sub-dealers, the number of machines can be effectively expanded. In addition, the total sum of transactions per each can be maintained through selecting appropriate location. Consequently, the Company, dealers and sub-dealers are able to grow sustainably.

# Risk Factors

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

## 1. Financial risk

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

The target customers of our telecommunication business and related technology business are mainly public sectors, which the payment terms are usually longer than the private customers. This group has 60 days of average account receivable turnover depending on the budget of each department. The Company and its subsidiaries expected to acquire more revenue from them through auctions and also contractors. The Company and its subsidiaries therefore needed to manage efficiently liquidity system to support public sector's project. However, the Company and its subsidiaries have gained experience and expertise from public projects for a long time and this enhances the professional liquidity management for the customers of the public sector and the ones of the long credit duration. The Company and its subsidiaries especially hold a circulating capital sufficient for supporting the long-term cash flow of those specific customers. Apart from that the Company and its subsidiaries also reserve sufficient loan provision and request additional loan from commercial banks to support efficient liquidity management in the long run.

## 2. Operational risk

### Risk relating to project delivery

The operations of projects by the Company and its subsidiaries normally have duration of 3 months to 1 year depending upon project size. If the Company and its subsidiaries fail to deliver the project on the due date stated in the contract, the Company and its subsidiaries may be fined or lose credibility to the project operator. The penalty will affect the profitability of each project. Therefore the Company and its subsidiaries have policy to closely and carefully monitor and manage projects. In the last 3 years, the Company and its subsidiaries were fined less than 0.05% of project's value. In order to prevent such risk, the Company and its subsidiaries always coordinate with customers and manufactures in order to solve problems in a timely manner.

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

The Company and its subsidiaries produce and distribute electronic and telecommunication products, which are greatly subjected to changes in technology. Large number of inventories from slow distribution might result in obsolete products, which require high management cost. Hence, the Company and its subsidiaries

continuously have consideration to set up the allowance for obsolete inventories in order to cover and to be realistic. However, the Company and its subsidiaries have a plan to manage and reduce overstocks by continuously meet with related departments such as production, sales and R&D to determine the methods to resolve on inventories turnover together with apply information technology system to improve production planning and sale forecasting, determine inventories level.

#### **Risk from dependence on an executive or a major shareholder**

Mr. Pongchai Amatanon is the founder and Chief Executive Officer of the Company with experience in the business for a long times. With his vision as well as direct responsibility for policy-making and the Company's direction, if there are any changes to the Executive, the Company may confront with the business operation problems. The Company then established the organizational structure for decentralization by appointing professional boards with more working experiences as well as authorizing the deputy executives' level to participate in decision making and planning for future of the Company. In addition, the Company decentralized management to subsidiaries and associates. However, he still has significant role on main policy and management of the Company, subsidiaries while other executives are responsible for their business operations in depth. This aims to reduce risk reliance on the executive.

### **3. Marketing risk**

#### **Risk relating to change in government policy**

Telecommunication business and related technology business involve in bidding projects from government agencies, which budget of the projects should be approved from government. Therefore, if there are any changes in the government policy, it might also impact on the Company's business opportunities. However, the Company monitors such policies closely and diversifies our business to retail business in order to minimize fluctuation of revenue and profit.

### **4. Risk affecting the rights or investments of holders of securities**

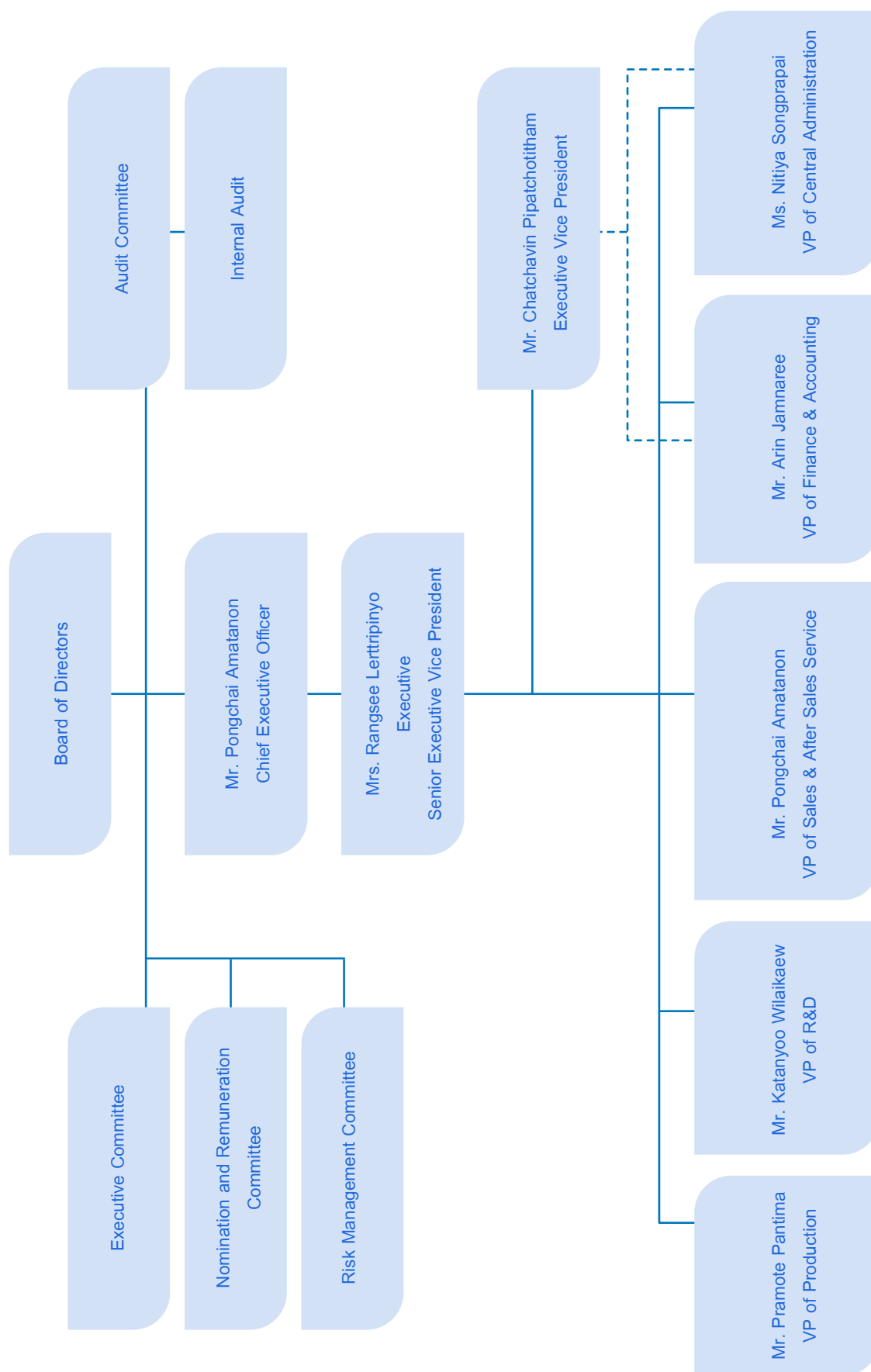
#### **Risk from a shareholder group, which held of more than 50% of the Company's share capital**

As at 28 December 2017, Amatanon family was still the major shareholder of the Company with shareholding of 54.44%, which is more than 50% of the Company's paid-up capital. As a result, this family is able to manipulate the resolution of shareholders' meeting in every agenda; either appointment of directors, the approval of other matters with a majority votes, exempt the matter related to law or article of association, which required at least three fourth votes of shareholders in meeting. However, it is impossible for minor shareholders to gather, vote and check and balance of power on the matter proposed by major shareholders.

Investors can get information about risk factors of Forth Smart Service Public Company Limited, which is the subsidiary, from the annual report and annual filing (Form 56-1) of Forth Smart Service Public Company Limited.

# Organization Chart

31 December 2017



## Management Structure

The Company's management structure is categorized in 5 committees as follows:

- 1) Board of Directors
- 2) Executive Committee
- 3) Audit Committee
- 4) Nomination and Remuneration Committee
- 5) Risk Management Committee

Details of each committee are as follows:

### Board of Directors

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

#### List of the Board of Directors as at 31 December 2017

No	Name	Position
1.	Mr. Sanit Vorapunya	Chairman of the Board of Directors
2.	Mr. Sutham Malila	Director
3.	Ms. Nongram Laohaareedilok	Director
4.	Mr. Pongchai Amatanon	Director
5.	Mrs. Rangsee Lerttripinyo	Director
6.	Mr. Kaelic Amatanon	Director
7.	Mrs. Matinee Wandeepirom	Director
8.	Mr. Boonya Tantipanichapun	Director
9.	Ms. Chonthicha Siripongpreeda	Director

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

### Authorized Directors

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



## Duties and responsibilities of the Board of Directors

1. To ensure that all members in the board have undertaken actions under the Statement of Corporate Governance Principles, as specified as well as shareholder resolution with ethic and integrity on behalf of the Company.
2. To arrange an Annual General Meeting of Shareholders within 4 months after ending of annual accounting closed period.
3. To provide for the Board of Directors' meeting every three months.
4. To certify the Company's annual financial statements audited by its auditors and propose the financial reports to the Annual General Meeting of the Shareholders for consideration and approve.
5. To ensure that the Company shall vest the representative person with full authority of the Board of Directors with respect to specific matters delegated and approve by the board. The Board of Directors may terminate, adjust or amend such a delegated authority on any appropriate judgment. The above authorization must not involved the transactions showing a potential conflict with the Company's business interests as well as main transactions with related parties except that transactions were conformed to authorization policy or were approved by the Board of Directors.
6. To formulate policies and directions for the Company's operations. The Board must also supervise managerial and administrative departments to deliver all policies and strategies with effectiveness and efficiency.
7. To determine the vision, mission, policies and business strategies of the Company and review every year.
8. To consider and approve the Company's investment and annual budget.
9. To monitor the Company's operation to comply with the Securities Exchange Act and the regulations of the Securities and Exchange Commission i.e. connected transactions or acquisition or disposal of assets in accordance with the Securities and Exchange Commission, the Stock Exchange of Thailand and the related law and regulation.
10. To consider the management structure, appoint the Board of Executive Directors, Chief Executive Officer and other sub-committees, as well as evaluate the performance of Chief Executive Officer in order to follow up the progress of achievement of the Company's objectives.
11. To ensure that the board has a proper system in place to communicate effectively with all stakeholders and the public on conflict of interest issue e.g. an increase or decrease in number of shares that the board members held in the Company or related companies.

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

## The scope of power of the Board of Directors

The summary of the Board of Directors' power are as follows;

- Administrative consideration
- To consider approval of business plans and business strategies

- To consider approval of annual budgets
- To consider approval of the vision and mission
- To consider approval of any issue related to the administrative work and making decision
- Operative consideration
- To consider approval of the policies
- To consider approval asking permission to the government sector
- To consider approval any issue under the Public Limited Companies Act.

#### **The roles and duties of the Chairman**

The roles and duties of the Chairman in addition to those mentioned above are as follows;

- Having the role of the leader and presides over the Board of Directors' meeting
- Having a casting vote in case the Board of Directors' meeting has a tie vote
- Calling meetings of the Board of Directors
- Having the role of the leader and presides over the Annual General Meeting of Shareholders

#### **Record of the Board of Directors' attendance at meetings in 2017**

No.	Name	Attendance/Meeting
1.	Mr. Sanit Vorapunya	5/5
2.	Mr. Sutham Malila	5/5
3.	Ms. Nongram Laohaareedilok	5/5
4.	Mr. Pongchai Amatanon	5/5
5.	Mrs. Rangsee Lerttripinyo	5/5
6.	Mr. Kaelic Amatanon	5/5
7.	Mrs. Matinee Wandeepirom	5/5
8.	Mr. Boonya Tantipanichapun	3/5
9.	Ms. Chonticha Siripongpreeda	4/5

#### **Executive Committee**

As at 31 December 2017, there are 3 members of the Executive Committee which are as follows:

No.	Name	Position
1.	Mr. Pongchai Amatanon	Chairman of Executive Committee
2.	Mrs. Rangsee Lerttripinyo	Executive Committee
3.	Mr. Boonya Tantipanichapun	Executive Committee

### **Duties and responsibilities of Executive Committee**

1. To manage and undertake the business as assigned by the Company's mission, objectives, policy, regulation, condition, or any mandatory stated by the Board of Directors, or by specific resolutions of the shareholders' meeting.
2. To 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. To review and recommend to the Board of Directors for approval an annual capital expenditures budget or any adjustment in budgeting amount for the Company. If deemed appropriate by the Board of Directors, 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. 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. To make recommendations to the Board of Directors regarding revisions to financial policy, marketing strategy, human resource management and any operating plans.
6. To 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.
7. 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.
8. To operate in other activities regarding to the Board of Directors assignment.

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

### **Definition of Independent Directors**

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

1. Their shareholdings must not exceed 1% of all shares entitled to voting rights of the Company, the parent company, its subsidiaries, its associates or juristic entities in potential conflict with the Company. In this regard, the shares owned by persons related to them shall be counted as theirs.

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

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

As at 31 December 2017, the Company's independent directors compose of 3 directors who are selected from 9 members of the Board of Directors (33% of total board member) which is in accordance with good corporate governance according to Securities and Exchange Commission's regulation. The independent directors are listed as follows:

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

#### **Audit Committee**

The term of the Audit Committee member is 2 years. The Company has determined the qualifications of the Audit Committee as follows:

1. Each member of the Audit Committee shall be an independent director.
2. Not being a director assigned by the Board of Directors to decide on the operation of the Company, parent company, subsidiaries, associates same-level subsidiaries or entities may have any conflict of interest.
3. Not being a director of the parent company, subsidiaries, and same-level subsidiaries.

4. At least one member of the Audit Committee shall have sufficient knowledge and experience to review the reliability of financial statements.

The Audit Committee shall arrange or call for a meeting as it deems appropriate at least once a quarter (4 times a year), the agenda is clearly set and sent to the Audit Committee as well as to the attendees of the meeting in advance so that the Audit Committee has time to consider matters or ask for additional information. The agenda will cover matters as prescribed by law and / or regulatory bodies and as assigned by the Board of Directors.

As at 31 December 2017, there are 3 members of the Audit Committee as follows:

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

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

#### **Duties and responsibilities of Audit Committee**

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
4. To select and appoint of independent persons to serve as Company Auditor including the proposed compensation of such person to the Board of Directors for the considering of the shareholder meeting. There will be a meeting held with the auditors without the attending of the management at least once a year.
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information.
  - (1) an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - (2) an opinion on the adequacy of the Company's internal control system,
  - (3) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
  - (4) an opinion on the suitability of an auditor,
  - (5) an opinion on the transactions that may lead to conflicts of interests,



- (6) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - (7) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
  - (8) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.
  8. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the audit committee shall report it to the board of directors for rectification within the period of time that the audit committee thinks fit:
    - (1) a transaction which causes a conflict of interest;
    - (2) any fraud, irregularity, or material defect in an internal control system; or
    - (3) an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business.

#### **Record of the Audit Committee's attendance at meetings in 2017**

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

#### **Nomination and Remuneration Committee**

The term of the Nomination and Remuneration Committee member is 3 years. The Company has determined the qualifications of the Nomination and Remuneration Committee as follows:

1. Being the members of the Board of Directors, management and/or any qualified candidates and appointed by the Board of Directors.
2. Comprising at least 3 committee members, with at least one half of them being an independent director.
3. For independence of the performance of duty and expression of opinion, the Chairman of the Nomination and Remuneration Committee should be an independent director.

The Nomination and Remuneration Committee shall convene the meeting when seen as appropriate (at least 2 time a year) and has power to call for an extra meeting if necessary.

As at 31 December 2017, there are 4 members of the Nomination and Remuneration Committee as follows:

No	Name	Position
1.	Mr. Sutham Malila	Chairman of the Nomination and Remuneration Committee
2.	Ms. Nongram Laohaareedilok	Nomination and Remuneration Committee
3.	Mrs. Rangsee Lerttripinyo	Nomination and Remuneration Committee
4.	Mrs. Matinee Wandeepirom	Nomination and Remuneration Committee

### **Duties and Responsibilities of the Nomination and Remuneration Committee**

#### Nomination

1. To set guidelines and policies in nominating Board of Directors and other Committee members by considering what would be the appropriate number, structure and composition of members, outline necessary directors' qualifications, and propose these ideas for approval by Board of Directors and/or shareholders as appropriate.
2. To recruit, select, and nominate appropriate candidates for the Company's directors, sub-committees, top management and corporate secretary proposed to the Board of Directors for consideration and/or further approval of the shareholders when those positions are vacant due to termination of terms or other reasons.
3. To execute other tasks related to nomination as assigned by the Board of Directors.

#### Remuneration

1. To propose remuneration policy, guidelines in paying out compensation and other benefits for the Board of Directors, sub-committees and top management of which are appropriate for each person's responsibilities and consistent with the Company's performance and market conditions.
2. To determine necessary and appropriate monetary and non-monetary remuneration, for individual members of Board of Directors each year, taking into consideration each director's duties and responsibilities, performance, and comparisons against similar business, and the benefits expected in return from each director. The report will be submitted to the board of Directors for consent and to the shareholders' meeting for approval.
3. To report policies and principles/reasons in determining the remuneration of directors and management according to the SET guidelines by disclosing them in the Company's annual information disclosure (56-1) and annual report.
4. To be responsible for other tasks related to the remuneration as assigned by the Board of Directors.

### **Record of the Nomination and Remuneration Committee's attendance at meetings in 2017**

No.	Name	Attendance/Meeting
1.	Mr. Sutham Malila	1/1
2.	Ms. Nongram Laohaareedilok	1/1
3.	Mrs. Rangsee Lerttripinyo	1/1
4.	Mrs. Matinee Wandeepirom	1/1

### Risk Management Committee

The term of the Risk Management Committee member is 3 years. The Company has determined the qualifications of the Risk Management Committee as follows:

1. Being the members of the Board of Directors, management and/or any qualified candidates and appointed by the Board of Directors.
2. Comprising at least 3 committee members, with at least one of them being an independent director.

The Risk Management Committee shall convene the meeting when seen as appropriate (at least 1 times a year) and has power to call for an extra meeting.

As at 31 December 2017, there are 5 members of the Risk Management Committee as follows:

No	Name	Position
1.	Ms. Nongram Laohaareedilok	Chairman of the Risk Management Committee
2.	Mr. Pongchai Amatanon	Risk Management Committee
3.	Mrs. Rangsee Lertripinyo	Risk Management Committee
4.	Mr. Boonya Tantipanichapun	Risk Management Committee
5.	Mr. Chatchavin Pipatchotitham	Risk Management Committee

### Duties and Responsibilities of the Risk Management Committee

1. To set out the risk management policy and the overall framework for risk management of the Company, covering various types of material risks, especially, in respect of Strategic Risk, Operational Risk, Financial and Accounting Risk, Compliance Risk and Information System Risk, etc. as well as specify strategies to manage those risks.
2. To lay down such strategies in line with the risk management policies so as to be able to assess, monitor and control the Company's overall risks to stay at an acceptable level.
3. To support and encourage cooperation in the Company's overall risk management; and review the sufficiency of the risk management policy and system, as well as the effectiveness of the system and compliance with the policy.
4. To provide for a systematic and continued evaluation and analysis of damage that may occur under normal and crisis conditions to make sure that risk survey has covered all processes of business operations.
5. To support and develop risk management continually to cover all organization and comply with international standard.
6. To regularly report to the Board of Directors on what needed to be improved to comply with the specified policies and strategies.
7. The Risk Management Committee may engage external advisors for advice, at the Company's expenses, with the approval of the Board of Directors.
8. To perform other duties as assigned by the Board of Directors.

**Record of the Risk Management Committee's attendance at meetings in 2017**

No.	Name	Attendance/Meeting
1.	Ms. Nongram Laohaareedilok	1/1
2.	Mr. Pongchai Amatanon	0/1
3.	Mrs. Rangsee Lerttripinyo	1/1
4.	Mr. Boonya Tantipanichapun	1/1
5.	Mr. Chatchavin Pipatchotitham	1/1

**Management Team**

The management of the Company as at 31 December 2017 consisted of:

No.	Name	Position
1.	Mr. Pongchai Amatanon	Chief Executive Officer/Vice President of Sale and After Sale and Service
2.	Mrs. Rangsee Lerttripinyo	Senior Executive Vice President/Company Secretary
3.	Mr. Chatchavin Pipatchotitham	Executive Vice President
4.	Mr. Pramote Pantina	Vice President of Production
5.	Mr. Arin Jamnaree	Vice President of Accounting and Finance
6.	Ms. Nitiya Songprapai	Vice President of Central Administration
7.	Mr. Katanyoo Wilaikaew	Vice President of Research and Development

**Nomination of the Board of Directors and the Executives**

The Board of Directors has assigned the Nomination and Remuneration Committee to formulate rules and policies on nomination of members of the Board of Directors and sub-committees with regard to composition, structure, qualifications and board diversity of the directors, as well as to recruit, select and nominate suitable persons to succeed the directors retired by rotation and/or to fill any vacancies and/or to fill additional board seats which takes into account the lack of necessary skills on the Board according to the policy and criteria for the nomination of directors of the Company for further proposing to the Board of Directors and/or for final approval by the shareholders' meeting, as the case may be. Sufficient information must be provided so that the Board of Directors and the shareholders could use as a basis for making the right decision.

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.

In the event that the positions on the Board become vacant for some other reason than the normal expiration of a director's term of office such as resignation, the Nomination and Remuneration Committee may then

propose an qualified and legitimate person to the Board of Directors to elect as a replacement in the meeting of the Board of Directors within the time stipulated by law or regulators, to fill that position only for the remaining term, unless the remaining period is less than 2 months. However, the resolution of the designation shall receive votes of not less than 3/4 of the remaining directors.

Chief Executive Officer recruitment, the Nomination and Remuneration Committee would preliminary considers the suitable qualification, knowledge competency skills and experience that are useful to operation of the organization. Moreover, the person must thoroughly understand the industry and has ability to manage and direct the Company to achieve objectives and goals set by the Board of Directors and offers to the Board of Directors approval afterward.

#### **Roles and Responsibilities of Chief Executive Officer**

1. To execute and supervise business policies, business plan and budget, and oversee the Company's management in effectively carrying out actions that are in line with the designated policies and business plans.
2. To execute and supervise to run business accordance with the rules and regulatory requirements of related government agencies and the resolutions of shareholders' meeting and/or the Board of Directors' meeting and/or the Executive Directors' meeting.
3. To have the power to appoint and/or authorize any person to act on behalf of the Company in conducting activities within specific limitation of the power of attorney and/or to comply with regulations or orders of the Board of Directors of the Company and/or any other company regulations.
4. To monitor the performance of the Company's plan and policy with regard to risk management policy.
5. To obtain detailed understanding of significant procedures and practices employed in the business contract process and present to the Board of Directors or executive directors for approval.
6. To 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.
7. To authorize, regulate, inform, and record the business operation disciplines regarding the Company's policy in order to maintain the conduct in organization.
8. To assist activities or any assignment from the Board of Directors.

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

#### **Company Secretary**

The Board of Directors appointed Mr. Arin Jamnaree to be the Corporate Secretary. He has the following responsibilities:

1. To provide basic advice pertaining to the relevant requirements, laws, regulations and practices, as well as monitor compliance on a regular basis and reporting any significant changes to the Board of Directors.



2. To arrange the meeting in accordance with the laws and regulations. Prepare and keep the minutes of meeting as well as coordinate to ensure all resolutions of the Board of Directors or the shareholders have been implemented efficiently.
3. To disclose corporate information and report to regulatory agencies.
4. To provide to arrange new directors' orientation and training session for directors and executives.
5. To prepare and file important documents such as the registration of the Company's directors, the invitation letter and minutes of the Board of Directors Meeting, the invitation letter and minutes of the Shareholders Meeting, the Annual Report, shares holding report of directors and executive team and reports of conflicts of interest filed by directors and executives.
6. To perform any other acts as specified in the notification of the Capital Market Supervisory Board.

The Company has disclosed the qualifications of the Corporate Secretary in the annual filing (Form 56-1).

### **The Remuneration of Directors and Management**

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

The directors' remunerations, which were approved by the 2017 Annual General Meetings of Shareholders on 7 April 2017, were summarized below:

<b>Meeting Allowance</b>	<b>Per each meeting attendance/ Baht</b>
Chairman of the Board of Directors	33,000
Member of the Board of Directors	22,000
Chairman of the Audit Committee	49,500
Member of the Audit Committee	46,200
Chairman of Risk Management Committee	15,000
Member of the Risk Management Committee	10,000
Chairman of Nomination and Remuneration	15,000
Member of the Nomination and Remuneration	10,000

### **Annual gratuity**

The amount of gratuity is not over Baht 1.5 million and shall be allocated to the non-executive directors and/or independent directors.

## Monetary remuneration

Unit: Baht

Name	Board of Directors		Audit Committee		Nomination and Remuneration Committee		Risk Management Committee	
	2017	2016	2017	2016	2017	2016	2017	2016
Mr. Sanit Vorapunya	165,000	165,000	484,000	481,000	-	-	-	-
Mr. Sutham Malila	110,000	110,000	498,000	497,500	15,000	15,000	-	-
Ms. Nongram Laohaareedilok	110,000	110,000	484,000	481,000	10,000	10,000	15,000	15,000
Mr. Pongchai Amatanon	110,000	110,000	-	-	-	-	-	10,000
Mrs. Rangsee Lerttripinyo	110,000	110,000	-	-	10,000	10,000	10,000	10,000
Mr. Boonya Tantipanichapun	66,000	88,000	-	-	-	-	10,000	10,000
Mrs. Matinee Wandeepirom	110,000	110,000	-	-	10,000	10,000	-	-
Mr. Kaelic Amatanon	110,000	110,000	-	-	-	-	-	-
Ms. Chonthicha Siripongpreeda	88,000	110,000	-	-	-	-	-	-
Mr. Patima Jeerapaet <sup>(1)</sup>	-	88,000	-	-	-	-	-	-
Mr. Chatchavin Pipatchotitham	-	-	-	-	-	-	10,000	10,000
<b>Total</b>	<b>979,000</b>	<b>1,111,000</b>	<b>1,466,000</b>	<b>1,459,500</b>	<b>45,000</b>	<b>45,000</b>	<b>45,000</b>	<b>55,000</b>

Remark: <sup>(1)</sup> Mr. Patima Jeerapaet resigned as a director of the Company, effective from 11 August 2016 onwards.

Management Remuneration	2017	2016	2015
Executive Remuneration (Million Baht)	71.24	61.27	58.28
Number of Executive Director (Persons)	16	16	14
Fringe Benefit	Salary, Social Security Fund, Provident Fund, Bonus, gas and car maintenance	Salary, Social Security Fund, Provident Fund, Bonus, gas and car maintenance	Salary, Social Security Fund, Provident Fund, Bonus, gas and car maintenance
Other welfares	Executive transportation and mobile phone	Executive transportation and mobile phone	Executive transportation and mobile phone

## Other remuneration

-None-

## Human resource

The Company believes that the Company's growth depends on cooperative and quality of staffs; hence, all employees are the center of sustainable improvement and growth.

### The number of employees and remunerations

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

Item no.	Workplace	2017		2016		2015	
		Number (person)	Amount (Million Baht)	Number (person)	Amount (Million Baht)	Number (person)	Amount (Million Baht)
1.	Forth Corporation Plc.	1,492	337.67	1,020	302.13	978	303.31
2.	Electronics Source Co., Ltd.	198	100.76	190	91.60	157	81.86
3.	Genius Traffic System Co.,	406	93.44	363	79.10	261	74.33
4.	JV Genius	25	6.03	26	8.59	26	8.65
5.	Forth Smart Service Plc.	331	93.75	270	76.09	210	63.61
6.	Forth Consulting Co., Ltd.	1	0.76	1	1.55	4	6.90
7.	Forth Lighting Co., Ltd.	21	7.47	16	7.94	17	8.00
8.	Forth Meter Co., Ltd.	13	3.94	15	3.99	17	5.11
9.	Forth Vending Co., Ltd.	26	7.46	17	4.14	-	-
10.	Forth Smart Trading Co., Ltd.	-	-	-	-	-	-
11.	Forth Smart Digital Co., Ltd.	30	2.60	-	-	-	-
12.	JV Forth Genius	-	-	-	-	-	-
13.	Mindmap Commtech Inc.	49	5.42	-	-	-	-
	<b>Total</b>	<b>2,592</b>	<b>659.30</b>	<b>1,918</b>	<b>575.13</b>	<b>1,670</b>	<b>551.77</b>

During the past 3 years, the Company did not have any significant labour dispute that would be negative impact to the Company.

### Other remunerations

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

## **Auditor's Remuneration**

### **1) Audit Fees**

The Company and its subsidiaries paid audit fees for 2017 to EY Office Limited amounting to Baht 4,825,500.

### **2) Non-Audit Fees**

In 2017, the Company and its subsidiaries paid fee for other non-audit service to EY Office Limited for the observation of inventory destruction of 2 subsidiaries with the total amount of Baht 40,000 and the audit of general control system in information technology system of a subsidiary with the total amount of Baht 720,000.

# Security and Shareholder Information

## Registered and paid-up capital

As at 31 December 2017, the Company has registered capital of Baht 480 million, consisting of 960 million ordinary shares with a par value of Baht 0.5 each. The Company's issued and paid-up capital is Baht 480 million, consisting of 960 million ordinary shares with a par value of Baht 0.5 each.

## Shareholders

Top ten shareholders of the Company as at 28 December 2017 were as follows:

No.	Name		Number of shares (shares)	Percentage of shareholding (%)
1	Amatanon family		522,667,400	54.44
	Mr. Pongchai Amatanon	366,744,400		
	Mrs. Rangsee Lertripinyo	59,465,500		
	Mr. Kaelic Amatanon	57,924,000		
	Mrs. Wantana Amatanon	34,089,600		
	Mr. Chawin Lertripinyo	2,050,000		
	Ms. Rasinee Lertripinyo	1,494,400		
	Mr. Pattanun Amatanon	465,000		
	Mr. Autsila Amatanon	223,100		
	Ms. Nisa Amatanon	166,300		
	Mr. Sitthichok Amatanon	28,600		
	Ms. Laksika Amatanon	16,500		
2	Thongtang family		61,238,100	6.38
	Ms. Vi-orn Thongtang	17,350,850		
	Mr. Attikhun Thongtang	17,350,850		
	Mr. Att Thongtang	13,945,450		
	Mr. Itti Thongtang	12,590,950		
3	Ninnoennon family		40,124,400	4.18
	Mr. Boonyong Ninnoennon	33,684,100		
	Ms. Boonyanit Ninnoennon	6,440,300		
4	Siripongpreeda family		34,831,900	3.63
	Mr. Poonsak Siripongpreeda	32,431,900		
	Mr. Somruek Siripongpreeda	2,400,000		
5	Mrs. Matinee Wandeepirom		24,750,400	2.58
6.	Tantipanichapun family		24,711,400	2.57
	Mrs. Vipawan Tantipanichpun	13,350,000		
	Mr. Boonya Tantipanichapun	11,361,400		



No.	Name		Number of shares (shares)	Percentage of shareholding (%)
7	Pongrattanakul family Mr. Supat Pongrattanakul Mr. Somchai Pongrattanakul	17,714,700 20,000	17,734,700	1.85
8	Leelattheerakul family Mr. Kumthorn Leelattheerakul Mrs. Duangporn Leelattheerakul Ms.Chittima Leelattheerakul	14,730,000 25,000 10,000	14,765,000	1.54
9	Sujjaboriboon family Mrs.Chuleeporn Sujjaboriboon Mr.Vorakoon Sujjaboriboon Mr.Thanin Sujjaboriboon Mr.Kornsarn Sujjaboriboon Mr.Suwakij Sujjaboriboon Mr.Thanet Sujjaboriboon	4,470,000 2,808,300 2,775,600 1,975,000 1,456,000 490,000	13,974,900	1.46
10	Mrs.Tharinee Senchantichai		11,671,300	1.22
	Others		193,530,500	20.15
	<b>Total</b>		<b>960,000,000</b>	<b>100.00</b>

### Dividend policy

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

Forth Smart Service Public Company Limited has a policy to pay dividends to the shareholders at the rate of not less than 40% of the net profit after corporate income tax and any reserves according to the subsidiary's Articles of Association or by law without any other necessities and such dividend payment has no significant effect on the subsidiary's operation.

The another subsidiaries have policies to pay dividends to the shareholders at the rate of not less than 20% of the net profit after corporate income tax of their financial statements depending on the investment plan and the expanding of the business of the subsidiaries well as other necessity and propriety.

Year	<u>2017</u>	<u>2016</u>	<u>2015</u>
Earnings per share (Baht per share)	0.41	0.48	0.59
Dividend per share (Baht per share)	0.42	0.34	0.32
Dividend payment rate (%)	103	71	54

# Corporate Governance

## Corporate Governance Policy

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 of Directors, executives and employees have already accepted and followed up the policies strictly.

## Compliance with the Principles of Good Corporate Governance

In 2017, the Company conformed to corporate governance principles in the following aspects:

### Section 1

#### Rights of Shareholders

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

#### Arrangement of Annual General Meeting of Shareholders

The Company has arranged the 2017 Annual General Meeting (AGM) of Shareholders according to the regulations of the Stock Exchange of Thailand in accordance with the guidelines issued by the Security Exchange Commission (SEC) and AGM Checklist. This checklist provides a convenient structured format for evaluating AGM arrangement. In the 2017 AGM, Thai Investor Association assessed the result of AGM of the Company which received the excellent level with scoring 94 points out of 100 points, higher than the average point which is 91.97 points.

#### Meeting venue

Along with the Company's Articles, the Company is required to have an annual general meeting of shareholders within a period of 4 months from the end of the fiscal year. The 2017 Annual General Meeting of Shareholders was held on 7 April 2017 at 02.00 p.m., at Forth Smart Service Office Building, 256, 7th Fl., Phaholyothin Road, Samsennai, Phayathai, Bangkok

#### Before the date of meeting

The Company arranged for delivery of the notice to call shareholders' meeting to Thailand Securities Depository Co., Ltd. (TSD), which is the Registrar of the Company. The shareholders received sufficient information on complete set of supporting documents for the meeting for their consideration at least 7 days

prior to the meeting date. The attachment document is prepared to support shareholder decision on the Annual General Meeting of Shareholders' agenda resolution and ensure the full reception on shareholder right, the documents includes:

- Facts and the reasons along with the board comments and suggestion.
- The supporting documents e.g. directors' biography and definition of independent director in the director election agenda, details of remuneration of directors and sub committees for the directors' remuneration agenda.
- Detail of the Annual General Meeting and proxy processes, including a proxy form given to the independent directors identify the shareholder's resolution on voting.
- The Company respect shareholders' right to attend the 2017 Annual General Meeting of Shareholder and the agenda have not added or adjusted immediately without shareholder notice in advance.
- All of the information sent in document form was also posted on the Company's website ([www.forth.co.th](http://www.forth.co.th)) at prior to the meeting date so that shareholders received the information in a convenient and timely manner.

#### **At the date of meeting**

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 2017, all directors (9 persons) attended the meeting, representing 100% of total board members.
- Arrange to ensure that the agenda sequence is on schedule set up in the meeting notices.
- Offer all shareholders in equity to give suggestions and ask questions within appropriate topics, and allowed directors in charge of the topics that were raised to clarify and provide complete information to shareholders. All the meeting process has to be recorded completely.
- Chairmen of the meeting offered all shareholders an adequate time frame and conduct meeting flow appropriately and transparently then allow shareholders to vote and counted voting formally and record in agenda resolution.
- The counting of votes was carried out in a transparent manner with vote counting cards. One share equals one vote, and approval of a resolution was based on the majority of votes. In the event of a tie vote, the chairman of the meeting should have a casting vote for judgment. Voting of special resolutions is to be complied with the Company's Articles, laws or regulations of related regulators.
- The shareholders, which have special benefits from any agenda, are not permitted to vote on that agenda.
- The Company hired outsource law advisor as inspector to review agenda resolution and voting results.

#### **After the date of meeting**

In 2017, the Company publicized the resolutions of the Annual General Meeting of Shareholders through the Stock Exchange of Thailand a day after meeting concerning the voting results on each agenda and submitted the minutes of Annual General Meeting of Shareholders which identified name of directors and executives attended the meeting, and the voting result of agree, disagree, or abstain the vote right on each agenda and

informed the key issue on question and answer from shareholders including an explanation in detail from executives to The Stock Exchange of Thailand and related regulators within 14 days as well as post all information in the Company's website ([www.forth.co.th](http://www.forth.co.th)).

## Section 2

### Equitable Treatment of Shareholders

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

#### a) Shareholders had the option to appoint proxies to the meeting.

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

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

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

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

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

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

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

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

#### **d) Usage of inside information**

The Company established regulation to limit the use of inside information to only the directors, executive directors or higher executives within the Company. Financial statements that went through the validation would be kept with the Vice President of Accounting and Finance. The other inside information would be discussed among management level only. The Company set penalties for the use of inside information which causes damage to the Company.

Furthermore, the directors and the executives must report the change of Company's security holding to the Securities and Exchange Commission which based on the regulation of the Securities and Exchange Commission and the Stock Exchange of Thailand under Section 59 of the Act on Securities and Stock Exchange B.E. 2535. They acknowledged the punishment pursuant, also required to be disclosed is the change in ownership of assets by a spouse and immature children within 3 days from the change. They have to inform the Company's Corporate Secretary to make the record of the change and summarize the number of securities of each director and executive for presenting to the Board of Directors in the next Board of Directors' meeting.

#### **e) The governance concerning securities trading of insiders**

The Company has policy for employees, executives and people who perceive financial statements or other information, which could affect to the securities price of the Company, reveal to outsiders or irrelevant people and prohibit to trade securities for 1 month before financial statements or other information, which affect the price of securities, public announcement. The Company would punish relevant people who use the information to manipulate the Company's securities price.

#### **f) The Investor Relation**

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



**Investor Relation Department**

1053/1 Phaholyothin Road, Phayathai, Bangkok, 10400

Tel : 0-2265-6700, Fax : 0-265-6799

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

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

The Company has specified a period of non-communication with analysts and investors (quite periods) with respect to financial results, including not holding press conferences or disclosing financial information publicly by executive and/or investor relation officers, at least fourteen (14) days prior to the quarter and annual earning release so as to avoid any unfair treatment and possibly affecting the Company's share price.

**Section 3****Roles of Stakeholders**

The Company always considers the particular emphasis on the equal rights of all stakeholders i.e., shareholders, customers, employees, business partners, lenders, and society as follow:

**Shareholders**

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

**Employees**

Employees are the most valuable assets of the Company. The Company recognizes the need for proper personal rights, protection and right to equal and opportunity. The Company gives priority to determination of remuneration, welfare and safety of the employees as follows:

- Compensation of Employees

The Company determines the employee' compensation to be in accordance with the Company's operating results, both in the short and long-term period, and it also reflects the employee's knowledge and competency based on Key Performance Indicator (KPI) as a remuneration management tool. This includes other welfares and payment schedule that is appropriate and comparable to other companies in the industry, in order to maintain and motivate the employees for the Company's achievement.

- Welfare and fringe benefit of employees

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

- Employee Development Policy

The Company has a policy to develop the organization as Learning Organization, in order to support the business growth and keep up with the economic and social changing. Therefore, the Company encourages

employees to improve their knowledge and competency for the jobs by focusing on in-house knowledge transfer by skilled and knowledgeable personnel, together with external learning for developing knowledge base and best practices through continuous learning at individual, division and department levels. The learning is to be developed by practices, and the knowledge will be transferred through on-the-job teaching and teamwork, including external learning consisting of personal development training and seminars in general as well as a specific training to improve the employee's potentiality.

In 2017, the Group's employees had an average of 24.68 training hours per each per year.

- **Employee Safety Policy**

The Company aims to process of occupational health and safety management system or OHSAS 18001 (version 2007) which emphasizes on the safety and health of employees through a design of systems and tools for the maximum safety according to the API Standard. For instance, the employees in the production department are required to wear gloves, ground wires and shoes to relieve static electricity buildup. This includes installation of fire protective and extinguishing equipment such as water spray, fire alarm, smoke detector, etc. This consists of risk estimation for all operating locations and provision of fire evacuation and protection drills for the employees annually.

In 2017, there were no incident of occupational accidents, according to the occupational accident statistic of the Group.

### **Customers**

The Company aims to promote customer satisfaction by offering high quality products and full integrated services through ISO 9001 standard (version 2008). The Company pays attention and holds itself accountable to customers, and more importantly, provides high significance to the protection of their confidential information.

Moreover, the Company provides 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**

226/25, 26 Phaholyothin Road Samsennai, Phayathai, Bangkok, 10400

Tel: 0-2615-0606

Fax: 0-2615-0606 ext. 2199

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

### **Competitors**

The Company has policy on fair business operation. The Company will not distort any fact or information, commit a swindle, or use any other improper approaches for the competition. The Company performs business under the proper rules of competition. The Company does not seek to obtain the competitors' confidential information by dishonest or inappropriate means such as bribing the competitors' employees, etc. Moreover, the Company will not use slander, defamation or distortion of the competitors' facts as competitive means.

## Business Partners

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

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

## Lender

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

## Government agencies

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

## Copyright and Intellectual Property Policy and Procedures

The Company has policy and procedures for the copyright and intellectual property. The Company operates businesses lawfully according to any agreements about intellectual property, trade secret and respect for other persons' intellectual property. This covers requirement of authentic computer programs and strict prohibition on illegal computer software uses and installations.

## Policy and Procedures for Effective Use of Resources

The Company has policy and procedures for effective use of resources by energy saving and recycle such as controlling air-conditioner's temperature properly, turning off air-conditioner and lights during lunch break, changing the office's lights to LED, turning on lights as necessary for working, using stairs instead of elevators, using reused paper, etc.

## Social Responsibility

The Company focuses on business operations together with social responsibility. Procedures for the social responsibility are determined such as good governance, fair business operation, human rights respect, fair treatment of labor, consumer responsibilities, collaboration for community or social development, and environment protection, with details stated in the "Social Responsibility".

## Environment

The Company pays attention to environment and takes special precautions to prevent any adverse effects on the environment and its surrounding communities. The Company's plant is certified by the ISO 14001 (2004) for the environmental management system by the SGS. The certification is under both UKAS and NAC for the

compliance with the environmental laws, and this ensures that the Company's plant will not release any industrial waste into the environment. This is started from the plant's design by providing waste management, electronic waste sorting systems as well as wet scrubber system for treatment of dust and smoke caused by the production process, and purification of air before being released into the environment. This includes continuous improvement of the environmental management works.

In addition, the Company has an operating policy of implantation, promoting knowledge and training staff in the organization to be aware of their environmental responsibilities and safety management standards, such as campaigning to use resources in a cost effective and efficient manner under relevant laws and regulations.

#### **The mechanism of stakeholders' complaint**

- Complaint

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

- 1) The appeal from shareholder will be process to the audit committee or the Board of Directors or can contact directly to chairman/audited committee via the Company's address.
- 2) The appeal from customer counterparty or external person will be process to executive director to solve the problem then report to the Board of Directors later.
- 3) The appeal from creditor will be process to executive director to consider whether to submit appeal for the Board of Directors consideration.

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

##### **Corporate Secretary**

Forth Corporation Public Company Limited

1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok, 10400

Tel: 0-2265-6700

Fax: 0-2265-6799

- Whistleblower Protection

Whistleblower's personal information will be kept confidential. The Company will give priority to security and safety of the whistleblower. The whistleblower will disclose a source of information or related persons only as necessary. In case of any troubles suffered by the whistleblower resulting from it, the Company will determine a protection measure followed by an appropriate and fair process.

#### **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, annual filing (Form 56-1) from related agency website

e.g. the Stock Exchange of Thailand, the Securities and Exchange Commission or the Company's website ([www.forth.co.th](http://www.forth.co.th)) that has been periodically update.

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

## Section 5

### Responsibilities of The Board of Directors

#### The Board of Directors' structure

There are 9 members of the Board of Directors who are 3 independent directors, representing 33% of total members. The qualifications of the Company's independent directors are equivalent to the regulations of the Securities and Exchange Commission. Qualifications of independent director, name list and responsibility of the Board of Directors and selection process have been disclosed in section of "Management structure".

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

The board's policy is that the chairman shall be independent and non-executive at a time to ensure clearness and transparency by outlining duty and responsibility of chairman obviously as well as reveal the qualifications of "board committee" in detail on the annual filing (Form 56-1).

#### Sub-committees

The Company has established 4 sub-committees; the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee. The qualification and duty of these sub-committees have been described in the management structure section in this report.

#### Quorum and Meeting

The Company has policy for the minimum quorum; two-thirds of the directors are required to attend a meeting to be regarded as constituted quorum.

The Company delivers meeting invitation letter as well as the meeting agenda and documents to the directors at least 7 days in advance, except special sessions if necessary.



#### Code of conduct

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

#### Policy and Business Direction

The Board of Directors has clearly defined the vision and mission by disclosing them in the topic "Vision and Mission". The Board reviews and approves the policy and direction of business operations on a yearly basis to provide the Company with a strategic plan to achieve effectively, efficiently, and in line with its vision, mission and annual strategic plan for the business operation.

#### Conflicts of interest policy

The Board of Directors has set policy on conflict of interest by taking into account the maximum benefit of the Company. Directors, executives and employees are prohibited from engaging in any business that competes with the Company and they have to avoid acts that create conflicts of interest. The persons who are involved or have interest in the transaction must report to the Company about their relationship or interest in the transaction and do not participate in the decision making as well as do not have authority to approve such transaction. If the company considers it to be an important transaction, the persons need to report to the Board for consideration and approval as appropriate.

#### Risk management policy

The Company determined risk management policy by risk assessment of the incident both inside and outside the Company as follows:

1. Preparation of risk management plan by each department to support the Company's master business plan and to cope with business risks for the Company's goal achievement.
2. Risk Management will be carried according to the plan mentioned above. Each responsible department has prioritized the risks by evaluating the overall risk profile and its potential impact to the organization. The appropriate risk mitigation criteria shall be determined in conjunction with each department where as internal audit department undertaking role as risk coordinator and reviewer.
3. Risk Management countermeasures shall be implemented and regularly followed up by the Risk Management Committee comprising of each concerning management in a quarterly meeting as outlined in the risk management plan. All countermeasures shall be followed and reviewed by internal audit department to ensure that the final outcome is agreeable with the Company's proposed objectives.

#### Guide for remuneration of the directors and top executives

Determination of remuneration for directors is taken into consideration their duties, responsibilities and performance as well as the Company's performance. Additionally, it shall be considered in line with the industry standard. The Nomination and Remuneration Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders.

Remuneration of the top executives shall be in accordance with principles and policies specified by the Nomination and Remuneration Committee. Such remuneration is in the appropriated level and can be

comparable with the rate of the same industry by taking into consideration duties, responsibilities and performance of the Company as well as performance of each top management. In addition, it must be able to motivate and retain the qualified and capable personnel. Annual remuneration and bonus of the top executives shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and performance of each top executive.

#### State term of service

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

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

The Company provides an annual assessment of the performance of directors at least once a year to help the Board review the performances, issues and obstacles during the past year.

In the evaluation of the Board, individual and group assessments will be conducted including the assessment of the sub-committee body. The Company Secretary will submit the evaluation form to all committee members. After that the evaluation form will be returned to the company secretary to summarize the results of the evaluation and summarize the performance of the Board of Directors for the year and report to the Board of Directors for further consideration.

Criteria for evaluating the performance of the Board and sub-committees are as follows:

- 1) Structure and qualifications of the Board of Directors
- 2) Roles, duties and responsibilities of the Board of Directors
- 3) The Board of Directors' meetings
- 4) Performance of the directors
- 5) Relationship with the management
- 6) Self-development of the directors and development of the management team

Criteria for evaluating the performance of individual committees. It covers the following key issues:

- 1) The qualifications of the Board of Directors
- 2) The Board of Directors' meetings
- 2) Roles, duties and responsibilities of the Board of Directors

#### Development of directors and managers

The Board of Directors provides the new directors' orientation to facilitate them understand the basic of company business operation and related law and regulation. Besides, the board has a policy to encourage all directors, executives and company secretaries to participate in training relating to management of the Company's operation. Such training shall be consistently help both internally and by outside institutions such

as the Stock Exchange of Thailand, the Securities and Exchange Commission or Thai Institute of Directors (IOD).

#### Succession Plan

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

#### The Meeting of Non-Executive Directors

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

#### The policy of internal information usage

The Company established a policy to prohibit employees and management from gaining access to internal information relating to the Company's operation, as well as the buying and selling of the Company's securities from the date information is known until the date the information is made public, especially trading within 1 month before financial statement public announcement. Information that should not be disclosed cannot be circulated for the purpose of increasing the value of the Company's securities.

In addition, directors and executives must report the ownership of the Company's securities to the Securities and Exchange Commission regarding the Statement Act B.E. 2535, as well as they acknowledged the punishment pursuant, also required to be disclosed when the change emerged in ownership of securities by a spouse and immature children. The directors and executives must submit a copy of the notification to the Company on the same date the notification is submitted to the Securities and Exchange Commission. The notification is required to be submitted within 3 working days.

### **Corporate management and the management of subsidiaries and associates**

The Board of Directors uses its authority to oversee and manage the Company's subsidiaries and associates according to the Company's objectives and Articles of Association, as well as in compliance to any resolutions passed at shareholders' meeting. The management and oversight is performed through the appointment of the Board of Directors, or by authorizing any other persons if necessary, to perform the business operations in compliance with the directions set by the Board of Directors to ensure good corporate governance and maximum benefits for the Company and its shareholders.

The Company's Board of Directors will assign Chief Executive Officer to select and appoint eligible persons for the member of the Board of Directors of the subsidiaries and associates. Those persons are to be the member of the Company's Board of Directors. Selection criteria of the director position and management

position included qualification, skill and working experiences. The nominated persons shall operate and/or oversee the activities of the subsidiaries and associates in accordance with the Company's policies and good corporate governance. Furthermore, they have to comply with regulations regarding connected transactions and the acquisition and disposals of assets, preparing correct and reliable financial information and financial statements, and maintaining sufficient and adequate internal control systems.

Furthermore, the good corporate governance that has not been brought into practice yet, the Company will use it as guidelines to optimize deployment including the below:

Item of no compliance	Reasons
The Company should provide training to employees to educate them about the anti-corruption policies and practices of the Company.	The Company is in the process of considering the training of its employees. However, the Company has set up a policy against corruption to prevent any involvement in corruption by defying duties and responsibilities, guidelines and appropriate operating procedures for clarity and understanding. It also communicates on the standards of practice to all directors, executives, staffs and employees of the Company as well as its subsidiaries.
The Board of Directors should provide and disclose business ethics and / or code of ethics for directors, executives and employees of the Company. The ethics and / or ethical guidelines should also be defined and disclosed including the follow up on such practices.	The Company has been operating and conducting its ethics and business ethics. However, the official code of conduct has not been formally printed.
The Board of Directors should clearly state the term of the independent director in the corporate governance policy for no more than 9 years without exception.	The Board of Directors consists of 3 directors, namely, Mr. Sanit Vorapanya, Mr. Sutham Malila and Ms. Nongram Laohaareadilok, who are independent directors for more than 9 years. However, the Board of Directors has considered that the three independent directors are qualified in accordance with the qualifications of the independent directors of the Office of the Securities and Exchange Commission.
The Board of Directors should evaluate the annual performance of the CEO of the organization. The Board should disclose short-term and long-term CEO remuneration policies including the performance of the CEO.	CEO of the organization is on the Board of Directors thus, the Company arranges the evaluation for directors in individual, group and sub-committees.
The Board of Director should appoint CG Committee.	The Board of Directors has not appoint CG Committee.

## Change of Shareholding of the Board of Directors and Executives

Name	Position	Number of shares (shares)		Increase (Decrease)
		As of 21 November 2016	As of 28 December 2017	
Mr. Sanit Vorapunya	Chairman of BOD Independent Director Audit Committee	-	-	-
Mr. Sutham Malila	Director Independent Director Chairman of Audit Committee Chairman of Nomination and Remuneration Committee	-	-	-
Ms. Nongram Laohaareedilok	Director Independent Director Audit Committee Chairman of Risk Management Committee Nomination and Remuneration Committee	-	-	-
Mr. Pongchai Amatanon (*)	Director Executive Committee Chief Executive Officer Risk Management Committee	400,834,000	400,834,000	-
Mrs. Rangsee Lerttripinyo	Director Executive Committee Senior Executive Vice President Risk Management Committee Nomination and Remuneration Committee	59,465,500	59,465,500	-
Mr. Kaelic Amatanon	Director	57,924,000	57,924,000	-
Mrs. Matinee Wandeepirom	Director Nomination and Remuneration Committee	24,750,400	24,750,400	-
Mr. Boonya Tantipanichapun (*)	Director Executive Committee Risk Management Committee	24,711,400	24,711,400	-
Ms. Chonthicha Siripongpreeda	Director	-	-	-
Mr. Chatchavin Pipatchotitham	Executive Vice President Risk Management Committee	-	-	-
Mr. Pramote Pantina	Vice President of Production	-	-	-
Mr. Arin Jamnaree	Vice President of Accounting and Finance	-	-	-
Ms. Nitiya Songprapai	Vice President of Central Administration	-	-	-
Mr. Katanyoo Wilaikaew	Vice President of Research and Development	156,000	156,000	-

Remark: (\*) Including spouse and immature children



# Corporate Social Responsibility

## Corporate Social Responsibility Policy

The Company has set procedure for social responsibility, for example, good corporate governance, business fairness, observance of human rights, fairness to employee, responsibility to consumer, community and society development, and environment preservation.

## Good Corporate Governance

The Company has efficient and transparent management system, which can be verifiable. This would build trust and confidence to shareholders, investors and relevant groups in order to achieve sustainable growth for the business.

## Business fairness

The Company gives precedence to fair business under corporate governance principle. The Company also respects the society restrictions, encourage fair business competition, respect property rights, and follow related regulations.

## Observance of human rights

The Company gives precedence to human right, fundamental freedom and allows equitability operation without sex distinguish, level out the organization hierarchy and prevent child labour.

## Fairness to employee

The Company takes consideration on guard the society right of employees, including occupational health and safety according to the law. Furthermore, the Company has built great relationship between employees and organization by preparing fair human resource management including compensation, welfare, career development, and promote society participation.

## Responsibility to consumer

The Company concentrates on fair marketing practices which mainly consider meeting the need of customer satisfaction, including customer complaints, user suggestions and services. This is to maximize customer satisfaction and sustain the relationship.

## Community and society development

The Company supports public activities, and also encourages and supports the employees' engagement in volunteering and working with the local communities.

## Environment preservation

The Company is willing to effectively and strictly manage environment according to standards, in order to prevent and reduce environmental problem. Furthermore, joining and creating activities with other society segments helps the company to reserve and improve environment quality.

Activities for society and environment benefit during 2017.

- Providing Toilets and utilities to the Army Chakrapong Pithayalai School, Prachinburi
- Providing utilities to Ban Kaeng Chet Khwae School, Phitsanulok
- Blood donation to The Medical Council of Thailand, Siriraj Hospital

# Prevention of the Involvement in Corruption Policy

## Prevention of the involvement in corruption policy

The Board of Directors recognise that conducting business with integrity, an ideology of anti-corruption of all forms is a basis that would lead to the success of the business and strengthen the organization for sustainable growth. Therefore, to express the unwavering of the business practices on unaffiliated with fraud and corruption, in the Board of Directors' Meeting No. 1/2015, there was resolution to approve the anti-corruption policy by defining responsibilities, practices and requirements for appropriate action. The Company has written "Anti-corrupt policy" and clarified the understanding and communication of their standard practice to directors, management, and employees of the Company and its subsidiaries to be clear guidelines. In addition, for anti-corruption to be conducted in accordance with the change of the business, regulatory and legal requirements, the Board of Directors will monitor and review the policy by delegated to the Company's Secretary to report the results of monitoring and appropriate evaluation of the policy at least annually.

## Anti-corruption Definition

Corruption means any types of bribery; an offering, giving, promising or agreeing to give, demanding or accepting money, assets, or other inappropriate benefits from the government officers, government sectors, private sectors, or responsible person either in direct or indirect action so that such person could proceed or disregard his/her function in order to acquire, retain the business, recommend specific company to the entity, or achieve any improper benefits in business transaction. Exception shall be applied in case of laws, regulation, statement, standard, custom, or business traditions enable to do so.

## Anti-corruption Policy

Directors, management and employees are prohibited from operating or accepting every type of corruption both in direct or indirect manner that constitutes corruption for the benefit of themselves, their family members, friends, or acquaintances whether they are in the position of being the recipient, the provider or the proponent. The policy covers every business and related department in every country.

## Duties and Responsibilities

1. The Board of Directors has duties and responsibilities to establish a policy, conduct monitoring, and provide a system for supporting efficient anti-corruption efforts, in order to ensure that all persons are aware of, and recognize the importance of anti-corruption, as well as to foster anti-corruption values as part of the organization's culture.
2. The Audit Committee has duties and responsibilities to review the financial and accounting reporting system, internal control system, internal audit system, and risk management system, to ensure that they comply with international standards and are expedient, appropriate, up-to-date and effective. The Audit Committee also has duties to serve as an agent for whistleblowing on corrupted action or behavior related to the personnel of the organization, conduct an investigation and fact finding over the reported case, and present the case to the Board of Directors to jointly determine the appropriate disciplinary action and remediation plan.

3. Chief Executive Officer and management have duties and responsibilities to manage the implementation of anti-corruption action plan and impartially communicate the plan to the employees and their related persons, review the appropriateness of the systems, procedures and measures of each function to match the changing business environment, rules, regulations and relevant legislation. They also has the duty to assist the Audit Committee in investigating the facts as notified or the work assigned by the Audit Committee regarding the investigation of fraudulent and corruption. They can delegate tasks to the management team who can help identify the facts.
4. Internal Audit Department has duties and responsibilities to audit and review the business operations whether they are accurate and complied with policy, guidelines, approval authority, implement requirements, laws, and stipulations of the regulatory authorities, in order to assure that the internal controls are sufficient and suitable for probable risk in corruption. The internal auditor is to report the findings to the Audit Committee

#### **Practice Guidelines**

1. Directors, management, and employees at all levels must comply with the anti-corruption policy by avoiding involving with any course of corruption in direct or indirect manner.
2. Employees shall not be negligent in any corruption conditions involved directly with the Company. All employees must notify such act to supervisors or responsible person, including collaborate with investigation.
3. The Company shall provide fairness and safeguard staff who denies or informs corruption cases relating to the Company by applying protection policy for appellant or persons who incorporate with anti-corruption information.
4. A person who commits the corruption is subjected to disciplinary measures according to the Company's regulations and may be punished by laws in case such act violates the laws.
5. Employees must be aware of the importance of dissemination, knowledge sharing, and communications with other relevant person(s) who involve or affect the Company so that those parties shall conform effectively to the anti-corruption policy.
6. The Company is committed to cultivating and maintaining a corporate culture that adheres to corruption is unacceptable.

#### **Implementation Requirements**

1. The anti-corruption policy covers to Human Resource Management process starting from recruitment, promotion, training, evaluation, and benefits provided to staff. Every supervisor in every level must communicate to staff in order to apply in business transaction under their responsibility and to monitor such implementation to be the most effective.
2. For the purpose of clarity in dealing with matters that are exposed to a high risk of corruption, the Company's directors, management members, and employees at all levels must be careful when dealing with the following:
  - 2.1 Gifts, Hospitality and Expenses
 

Giving or accepting gifts, entertainment and hospitality activities must not be intended to induce or refrain from any wrongdoing, nor should it be illegal or customary.
  - 2.2 Charitable contributions or sponsorships

Giving or receiving charitable contributions or sponsorships must be transparent and lawful. The Company must ensure that no charitable contribution or sponsorship is used as a subterfuge for bribery.

### 2.3 Business relationships and government procurement

All dealings and interactions with the public sector must be transparent and honest, and must comply with applicable laws.

# Internal Control and Risk Management

## Summary of the Board of Directors and the Audit Committee opinions about the Company's Internal Control Systems

At the Board of Directors meeting No.1/2018, held on 23 February 2018 with the Audit Committee present, the Board of Directors assessed the internal control system by questioning information from management regarding the following five areas of the Company's internal control system; control environment, risk assessment, control activities, information and communication and monitoring activities. After consideration, the Board of Directors concluded that there is sufficient control system on business transaction with major shareholders, directors, management and their related persons. The control systems surrounding five areas are suitable and sufficient to safeguard the Company's assets from misappropriation used by management. The internal auditor could follow up and evaluate the internal control systems independently. In the past, there was no material deficiency in the Company's internal control systems. Furthermore, the Company also has document filing system for directors, auditors and the authorities to examine within suitable time frame.

Furthermore, EY Office Limited, which is the Company's auditor for 2017, has assessed internal control effectiveness of the Company and concluded that there was no material deficiency in the Company's internal control system.

According to the audit of internal control system audit in 2017, the internal auditor inspected 3 working systems, i.e. sale system (factory), purchase system and manufacturing system including follow-up of internal audit results of these 3 systems. Consideration for annual audit plans is mainly based on business conditions and risks. These factors are regularly monitored for their changes, and the information will be used for modification of annual audit plans in case more significant factors found. As for the audit results, they are submitted and reported to the Board of Directors and the Audit Committee meetings for consideration and further improvement. With regard to the audit of internal control system in 2017, the internal auditor did not find any significant defects of the internal control system.

Audit Committee report has shown on the 2017 Annual Report and the Appendix of the annual filing (Form 56-1).

### Information about Internal Audit Department

According to the Audit Committee meeting No.5/2016 dated November 11, 2016, the meeting designated Mr. Atiwat Tragoondet: Internal Audit Department's manager as the Head of Internal Audit. His responsibilities are to assess performance and availability of the internal control system, and to audit the operating performance of the entire organization, including the affiliates.

Designation of Internal Audit executes through Audit Committee. The qualifications of Internal Audit has shown on the Appendix of the annual filing (Form 56-1).



## Connected Transactions

During the year 2017, the Company and its subsidiaries entered into inter-company transactions with related companies or persons that may cause conflict of interest. These businesses may be related by being the shareholder or having common shareholder or common director, details of which are disclosed in Notes to the financial statements. Details of significant inter-company transactions for the years ended 31 December 2016 and 2017 can be summarized in the table below:

Type of transaction	Related company/person	Relationship				Transaction value (Million Baht)	
		Associate	Major shareholder	Director/ Close person of director	Common shareholders/ common directors	31 December 2017	31 December 2016
<u>Expense</u>							
Purchase of goods/services	Forth Tracking System Co., Ltd.	X			X	5.61	0.02
Rental expense	Mr. Pongchai Amatanon		X	X		0.48	0.48
	Mrs. Rangsee Lerttripinyo			X		0.90	0.90
	Mrs. Punnee Siripongpreeda			X		-	-
Administrative expenses	Forth Tracking System Co., Ltd.	X			X	0.17	0.33
<u>Revenue</u>							
Sale of goods/ services	Forth Tracking System Co., Ltd.	X			X	14.41	15.41
	Mindmap Comtech Inc. (*)	X				-	11.60
Rental income	Forth Tracking System Co., Ltd.	X			X	0.20	-
Other income	Forth Tracking System Co., Ltd.	X			X	-	3.52
Interest income	Mindmap Comtech Inc. (*)	X				-	0.05

(\*) Change status from an associate to a subsidiary on 20 September 2016

The necessity and reasonableness of the transactions

### 1. Normal business transaction

**Purchase of goods/service**      The policy for purchase of goods or services from the related parties is the same as those for general partners. Prices are negotiated with a view to achieving the reasonable gross profit margin and competitiveness.

**Sale of goods/service**      The policy for sale of goods or services to the related parties is same as those of general partner. Prices are negotiated with a view to achieving the reasonable gross profit margin and competitiveness.

## 2. Supporting normal business transaction

Rental expense	This expense was incurred from land and building rental, used for business place of the Company and its subsidiaries from connected persons. The price is set in accordance with market price and/or acquisition cost plus related expenses with the justified condition and reason.
Rental income	This income was derived from building rental, used for business place of an associate. The price is set in accordance with market price and/or acquisition cost plus related expenses with the justified condition and reason.
Other income	The policy for sale of goods or services to the related parties is same as those of unrelated parties. Prices are negotiated with a view to achieving the reasonable price and condition.
Administrative expenses	The policy for purchase of goods or services from the related parties is same as those of unrelated parties. Prices are negotiated with a view to achieve the reasonable price and condition.

## 3. Transaction regarding offer or receipt of financial of financial assistance

Interest income	The Company has policy to determine interest rate of loan granted to an associate by refer to interest rate of the Company's loans which obtained from the financial institutions.
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### Measures or procedures for approval of connected transactions.

In case of a connected transactions between the Company and a person who may have a conflict of interest or has a stake or may have conflicts of interest in the future, the Audit Committee will give opinions on the necessity of entering into the transaction and the appropriateness of the price of the transaction by considering the conditions to be in line with the nature of business operations in the industry and comparing to the price of outsiders or market prices. If the Audit Committee is not proficient in the consideration of connected transactions, the Company will arrange the independent expert or the Company's auditor to give comments on such connected transactions to be used for the decision of the Board of Directors, the Audit Committee or shareholders, as is the case. The committees who have a stake are not allowed to vote on the transaction. In addition, the connected transactions will be disclosed in the notes to financial statements audited or reviewed by the Company's auditors. Moreover, the connected transaction shall comply with the laws of securities and exchange and the regulations, notifications, orders or requirements of the Securities and Exchange Commission. Those who may have conflicts of interest or have a stake in the connected transactions will not have the right to vote on such connected transactions.

## Report of The Risk Management Committee

Dear Shareholders,

The Risk Management Committee assigned by the Board of Directors consists of five committees: namely, Ms. Nongram Laohaareedilok as the Chairman of the Risk Management Committee, Mr. Pongchai Amatanon, Mrs. Rangsee Lertripinyo, Mr. Boonya Tantipanichapun and Mr. Chatchavin Pipatchotitham as the Risk Management Committees.

The Risk Management Committee performs the duties and responsibilities as assigned by the Board of Directors, which are stipulated in the Risk Management Committee's Charter. The committee is responsible for setting out the risk management policy, laying down such strategies in line with the risk management policies so as to be able to assess and reporting to the Board of Directors.

In 2017, the Risk Management Committee held one meeting. The meeting results were reported to the Board of Directors for acknowledgement. Main topics in the consideration can be summarized as follows:

1. To consider and acknowledge the risks of the organization in the year 2017, the causes of risk and impacts as well as approving the guidelines on risk response
2. To consider and approving the Risk Management Plan for the year 2018.

According to the risk management operations mentioned above, the risk management committee is confident that the Company's risk management is effectively performed. In addition, the management team recognizes the importance of risk management, and they are ready to continuously support the process.



(Ms. Nongram Laohaareedilok)  
Chairman of Risk Management Committee

# Report of The Nomination and Remuneration Committee

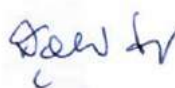
Dear Shareholders,

The Nomination and Remuneration Committee assigned by the Board of Directors consists of four committees: namely, Mr. Sutham Malila, Independent Director, acting as the Chairman of the Nomination and Remuneration Committee, Ms. Nongram Laohaareedilok, Mrs. Rangsee Lerttripinyo and Mrs. Matinee Wandeepirom as the Nomination and Remuneration Committees.

The Nomination and Remuneration Committee performs the duties and responsibilities as assigned by the Board of Directors, which are stipulated in the Nomination and Remuneration Committee's Charter. The committee is responsible for nomination of qualified person for directors and subcommittees positions, and determination of appropriate and necessary remuneration for the directors. Moreover, the Nomination and Remuneration Committee also considers the committee development plan for improvement of business related knowledge and competence in order to assure the shareholders that all directors are competent and have proper qualifications and potentiality for the operations for the best benefits of the Company and shareholders.

In 2017, the Nomination and Remuneration Committee held one meeting which was attended by all committees. The meeting results were reported to the Board of Directors for acknowledgement. Main topics in the consideration can be summarized as follows:

1. Determination of remuneration for the directors based on the Company's profits, business size and their duties and responsibilities, compared to other companies in the same industry: it is proposed to the Annual Shareholder Meeting, 2018 for approval
2. Consideration on selection and nomination of Mr. Arin Jamnaree as Corporate Secretary. The Nomination and Remuneration Committee's consideration was based on the qualifications, knowledge, competence, skills, experience and leadership as well as positive attitude to the organization.



(Mr. Sutham Malila)

Chairman of Nomination and Remuneration Committee

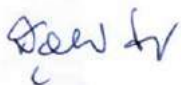
## Report of The Audit Committee

The Audit Committee, appointed by the Company's Board of Directors, consists of three independent directors who have performed their duties in compliance with capability under their responsibility and authority assigned in correspondence with the good practices of the Audit Committee. In 2017, the Audit Committee had held four meetings with all three Audit Committee members attended all the five meetings as well as the external auditors, the management and the internal auditors to present the information and suggestions on related agendas and the resolutions of main discussions were:

1. To review the quarterly and annual financial report of 2017 before proposing to the Board of Directors to certify and approve in consideration of the accounting standards of the financial report and sufficient disclosure of information.
2. To consider the audit plan, acknowledge the auditing result together with the recommendations of the internal auditors relating to the analysis of the internal audit control system and present them to the Board of Directors to for revision as appropriate including follow up the progress of the improvement of deficiencies in order to ensure the efficient internal audit control considering the risk of all factors.
3. To review for ensuring that the Company complied with good practices for listed the practices of the Company under the promulgation of the Stock Exchange of Thailand including compliance with regulations and laws related to Company's business.
4. To review and propose opinions on connected transactions or transactions with conflict of interests as well as consider ensuring the disclosure of the correct and complete information.
5. To assess the independence of the external auditors and consider the appointment and remuneration of auditors for 2017.
6. To conduct a self-assessment for 2017, the result was satisfied and has already reported to the Board of Directors.

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

According to the financial statements for the year ending 31 December 2018, the Audit Committee has proposed for appointing EY Office Limited to pursue the Company's auditors same as the prior year since it is a reputable auditing firm and also is recognised best practice on auditing standards widely accepted. The appointment of the Company's auditor will be proposed to the Annual General Meeting of Shareholders for 2018 which will be held in April 2018 for next approval.



**(Mr. Sutham Malila)**

**Chairman of Audit Committee**



**(Mr. Sanit Vorapanya)**

**Audit Committee**



**(Ms. Nongram Laohaareedilok)**

**Audit Committee**



## The Board of Director's Responsibilities Report to Financial Statements

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

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

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

The Board of Directors opined that the consolidated financial statements of Forth Corporation Public Company Limited and its subsidiaries for the year ended 31 December 2017, which the audit committee have already reviewed with the management and the Company's auditors, presented fairly, in all material respects, the financial position and operating results in accordance with Thai Financial Reporting Standards.



**(Mr. Sanit Vorapanya )**

Chairman of the Board of Directors



**(Mr. Pongchai Amatanon)**

Chief Executive Officer

# Independent Auditor's Report

To the Shareholders of Forth Corporation Public Company Limited

## Opinion

I have audited the accompanying consolidated financial statements of Forth Corporation Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Forth Corporation Public Company Limited for the same period.

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 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

#### *Revenue recognition*

The Group is principally engaged in the sales of technology and telecommunications related products, and generates revenue from sales to a large number of customers with a variety of different commercial terms. Revenue from sales is one of the Group's significant accounts and it directly affects the Group's profit or loss for the year. I therefore focused on the recognition of sales income, especially the timing of revenue recognition.

I have examined the revenue recognition of the Group by assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, on a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period and reviewing credit notes issued by the Group after the period-end date. I also performing analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period.

#### *Recognition of service income from rendering of services through online top-up machines*

The service income in the consolidated financial statements included service income from rendering of services through online top-up machines of a subsidiary, accounting for 24 percent of total revenue in the consolidated financial statements. There are numerous transactions through online top-up machines with a variety of services and the income from the rendering of these services directly affect to the Group's profit or loss. I therefore addressed the amount and timing of recognition of service revenue as a key audit matter.

I have performed audit procedures with respect to recognition of service income from rendering of services through online top-up machines by evaluating and testing the IT system and internal controls of the subsidiary related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representatives samples to test the operation of the designed controls. I also performed an analytical review of the service rates received from rendering services through top-up machines in comparison with the rates stipulated for collection from users of top-up machines, and performed an analytical review on disaggregated service income data in order to audit for unusual service income transactions occurring throughout the accounting period, including test of the correctness of the calculation of top-up machine service income.

*Provision for diminution in value of inventory*

Estimating the net realisable value of inventory, as disclosed in Note 8 to the financial statements, is an area of significant management judgment because the Group's products are technology-related, and are thus at the risk of becoming obsolete when there are technological changes. Consequently, there is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed the internal controls of the Group relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included gaining an understanding of the basis applied in determining provision for diminution in value of inventory, reviewing the consistency of the application of that basis, and considering technological changes to determine whether these factors may affect the values of the Group's products. In addition, I compared the data on inventory aging report prepared by product category and comparing of proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory.

### *Provision for loss of or damage to online top-up machine*

A subsidiary renders online services through top-up machines and as at 31 December 2017, the net book value of these machines recorded under property, plant and equipment was Baht 2,410 million, or 30 percent of total assets as presented in the consolidated financial statements. The online top-up machines are installed at locations around the country and the subsidiary is therefore exposed to the risk of loss of or damage to the online top-up machines, and the risk of theft of the cash receipts kept in the online top-up machines. I therefore addressed the existence of the online top-up machines and the amount of the provision for loss of or damage to the online top-up machines as a key audit matter.

I have gained understanding the internal controls of the subsidiary related to the online top-up machines by making enquiry of responsible executives and selecting representative samples to test the status of online top-up machines, and assessed the method and the assumptions applied by management in determining the provision set aside for loss of or damage to online top-up machines by making enquiry of responsible executives regarding the basis used by management in determining provision for loss of or damage to online top-up machines and the consistency of the application of that basis. In addition, I have checked the status of online top-up machines at the end of the accounting period, sent requests for confirmation of the number of online top-up machines as at the end of the accounting period to agents, and performed a physical count of online top-up machines kept at the subsidiary's premises. I also enquired with management and checking the status and movement of online top-up machines after the period end in cases where the status of online top-up machines is presented as out of service.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.



When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

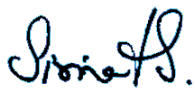
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Sirirat Sricharoensup

Certified Public Accountant (Thailand) No. 5419

EY Office Limited

Bangkok: 23 February 2018

# Statement of Financial Position

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		998,629,514	428,127,677	449,707,686	145,405,370
Trade and other receivables	6, 7	1,468,281,023	1,531,596,271	443,662,140	579,829,097
Short-term loans to related parties	6	-	-	41,265,552	55,357,359
Unbilled receivables		528,742,552	362,210,338	89,374,834	100,139,572
Inventories	8	1,103,822,329	1,165,273,112	566,012,479	709,008,021
Other current assets		391,215,713	445,206,122	113,648,951	121,826,697
<b>Total current assets</b>		<b>4,490,691,131</b>	<b>3,932,413,520</b>	<b>1,703,671,642</b>	<b>1,711,566,116</b>
<b>Non-current assets</b>					
Restricted bank deposits	9	395,500	20,876,470	-	-
Investments in subsidiaries	10	-	-	578,581,580	582,005,735
Investments in associates	11	37,083,437	31,359,751	21,247,856	21,247,856
Other long-term investments	12	31,151,815	20,000,000	20,000,000	20,000,000
Investment properties	13	-	-	397,454,471	378,916,855
Property, plant and equipment	14	3,151,541,471	2,516,563,923	660,917,766	500,278,126
Intangible assets	15	67,641,401	38,325,974	14,875,362	7,323,292
Leasehold rights		17,153,088	18,277,997	17,153,088	18,277,997
Deferred tax assets	22	284,053,545	237,244,456	51,650,664	45,226,581
Other non-current assets		69,127,430	54,397,944	29,864,578	28,954,467
<b>Total non-current assets</b>		<b>3,658,147,687</b>	<b>2,937,046,515</b>	<b>1,791,745,365</b>	<b>1,602,230,909</b>
<b>Total assets</b>		<b>8,148,838,818</b>	<b>6,869,460,035</b>	<b>3,495,417,007</b>	<b>3,313,797,025</b>

## Statement of Financial Position (Cont.)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	16	2,251,000,000	1,548,000,000	629,500,000	475,000,000
Trade and other payables	6, 17	976,092,270	967,083,122	480,589,900	520,197,940
Current portion of long-term loans	18	580,544,041	370,494,835	148,568,715	167,969,210
Corporate income tax payable		20,813,356	20,759,158	5,042,232	5,785,215
Other current liabilities		981,585,225	766,556,249	93,961,322	51,590,430
Total current liabilities		4,810,034,892	3,672,893,364	1,357,662,169	1,220,542,795
Non-current liabilities					
Long-term loans, net of current portion	18	557,479,243	516,164,414	178,295,571	205,618,453
Provision for long-term employee benefits	19	60,814,765	49,953,927	24,293,406	19,669,403
Other non-current liabilities		731,773	1,111,899	-	-
Total non-current liabilities		619,025,781	567,230,240	202,588,977	225,287,856
Total liabilities		5,429,060,673	4,240,123,604	1,560,251,146	1,445,830,651
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
Other surpluses		200,031,283	200,031,283	-	-
Retained earnings					
Appropriated - statutory reserve	20	48,000,000	48,000,000	48,000,000	48,000,000
Unappropriated		810,904,080	865,765,757	1,044,607,984	977,408,497
Other components of shareholders' equity		(6,970,815)	1,221,930	-	-
Equity attributable to owners of the Company		1,894,522,425	1,957,576,847	1,935,165,861	1,867,966,374
Non-controlling interests of the subsidiaries		825,255,720	671,759,584	-	-
Total shareholders' equity		2,719,778,145	2,629,336,431	1,935,165,861	1,867,966,374
Total liabilities and shareholders' equity		8,148,838,818	6,869,460,035	3,495,417,007	3,313,797,025



# Statement of Comprehensive Income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		2,734,558,645	1,967,459,596	2,783,706,590	1,762,004,566
Services		3,516,024,854	2,628,401,924	178,353,175	186,414,151
Revenues from project work		699,642,917	665,897,424	220,283,901	209,335,229
Other income					
Dividend income		-	-	206,467,154	190,586,842
Gain (loss) on exchange		(9,405,326)	10,263,160	(19,439,892)	6,829,421
Others		224,178,340	154,183,327	59,115,418	50,083,039
<b>Total revenues</b>		<b>7,164,999,430</b>	<b>5,426,205,431</b>	<b>3,428,486,346</b>	<b>2,405,253,248</b>
<b>Expenses</b>					
Cost of sales		2,166,827,805	1,473,763,094	2,110,354,061	1,304,200,930
Cost of services		2,470,518,392	1,786,515,970	117,112,870	117,366,451
Cost of project work		665,112,599	535,015,557	180,722,114	145,239,974
Selling expenses		132,038,919	108,603,773	46,063,583	15,571,711
Administrative expenses		951,496,387	774,145,326	435,348,037	306,722,773
Impairment loss on investment in subsidiary	10.1	-	-	83,764,065	-
Impairment loss on equipment	14	43,040,303	6,032,206	2,837,533	3,940,000
Loss from acquisition of share from non-controlling interests		-	7,003,562	-	-
<b>Total expenses</b>		<b>6,429,034,405</b>	<b>4,691,079,488</b>	<b>2,976,202,263</b>	<b>1,893,041,839</b>
<b>Profit before share of profit from investments in associates, finance cost and income tax expenses</b>		<b>735,965,025</b>	<b>735,125,943</b>	<b>452,284,083</b>	<b>512,211,409</b>
Share of profit from investments in associates	11.2	9,191,380	6,182,371	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>745,156,405</b>	<b>741,308,314</b>	<b>452,284,083</b>	<b>512,211,409</b>
Finance cost		(124,160,073)	(92,457,581)	(38,343,897)	(32,668,060)
<b>Profit before income tax expenses</b>		<b>620,996,332</b>	<b>648,850,733</b>	<b>413,940,186</b>	<b>479,543,349</b>
Income tax expenses	22	(60,962,868)	(58,563,801)	(20,340,699)	(21,471,292)
<b>Profit for the year</b>		<b>560,033,464</b>	<b>590,286,932</b>	<b>393,599,487</b>	<b>458,072,057</b>

## Statement of Comprehensive Income (Cont.)

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(8,192,745)	1,221,930	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(8,192,745)	1,221,930	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial losses		-	(4,303,628)	-	(1,539,274)
Less: Income tax effect	22	-	1,091,876	-	307,855
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(3,211,752)	-	(1,231,419)
<b>Other comprehensive income for the year</b>		(8,192,745)	(1,989,822)	-	(1,231,419)
<b>Total comprehensive income for the year</b>		<u>551,840,719</u>	<u>588,297,110</u>	<u>393,599,487</u>	<u>456,840,638</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		271,538,323	365,818,836	<u>393,599,487</u>	<u>458,072,057</u>
Non-controlling interests of the subsidiaries		<u>288,495,141</u>	<u>224,468,096</u>		
		<u>560,033,464</u>	<u>590,286,932</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		263,345,578	363,362,555	<u>393,599,487</u>	<u>456,840,638</u>
Non-controlling interests of the subsidiaries		<u>288,495,141</u>	<u>224,934,555</u>		
		<u>551,840,719</u>	<u>588,297,110</u>		
<b>Basic earnings per share</b>	24				
Profit attributable to equity holders of the Company		<u>0.28</u>	<u>0.38</u>	<u>0.41</u>	<u>0.48</u>

# Statement of Changes in Shareholder's Equity

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements										
	Equity attributable to owners of the Company										
	Other surpluses					Other components of equity -					
	Issued and fully paid-up share capital	Share premium	Retained earnings of subsidiaries arising from the Company swapping shares of subsidiaries at a price lower than net book value of the subsidiaries as at the acquisition date	Capital surplus from changes in shareholding in subsidiaries	Total other surpluses	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						Appropriated - statutory reserve	Unappropriated				
<b>Balance as at 1 January 2016</b>	480,000,000	362,557,877	40,881,171	159,140,112	200,031,283	48,000,000	830,025,132	-	1,920,614,292	585,674,163	2,506,288,455
- Profit for the year	-	-	-	-	-	-	365,818,836	-	365,818,836	224,468,096	590,286,932
- Other comprehensive income for the year	-	-	-	-	-	-	(3,678,211)	1,221,930	(2,456,281)	466,459	(1,989,822)
- Total comprehensive income for the year	-	-	-	-	-	-	362,140,625	1,221,930	363,362,555	224,934,555	598,297,110
- Dividend payment (Note 27)	-	-	-	-	-	-	(326,400,000)	-	(326,400,000)	-	(326,400,000)
Increase in non-controlling interest of subsidiary from investing in subsidiary	-	-	-	-	-	-	-	-	-	30,000	30,000
- Decrease in non-controlling interest of subsidiary from dividend payment of the subsidiary (Note 10.2)	-	-	-	-	-	-	-	-	-	(138,879,134)	(138,879,134)
<b>Balance as at 31 December 2016</b>	480,000,000	362,557,877	40,881,171	159,140,112	200,031,283	48,000,000	865,765,757	1,221,930	1,957,576,847	671,759,584	2,629,336,431
<b>Balance as at 1 January 2017</b>	480,000,000	362,557,877	40,881,171	159,140,112	200,031,283	48,000,000	865,765,757	1,221,930	1,957,576,847	671,759,584	2,629,336,431
- Profit for the year	-	-	-	-	-	-	271,538,323	-	271,538,323	288,495,141	560,033,464
- Other comprehensive income for the year	-	-	-	-	-	-	-	(8,192,745)	(8,192,745)	-	(8,192,745)
- Total comprehensive income for the year	-	-	-	-	-	-	271,538,323	(8,192,745)	263,345,578	288,495,141	551,840,719
- Dividend payment (Note 27)	-	-	-	-	-	-	(326,400,000)	-	(326,400,000)	-	(326,400,000)
- Issuance of ordinary shares of subsidiary (Note 10.1)	-	-	-	-	-	-	-	-	-	72,000,090	72,000,090
- Increase in non-controlling interest of subsidiary from investing in the subsidiary (Note 10.1)	-	-	-	-	-	-	-	-	-	10,000,005	10,000,005
- Decrease in non-controlling interest of subsidiary from dividend payment of the subsidiary (Note 10.2)	-	-	-	-	-	-	-	-	-	(216,999,100)	(216,999,100)
<b>Balance as at 31 December 2017</b>	480,000,000	362,557,877	40,881,171	159,140,112	200,031,283	48,000,000	810,904,080	(6,970,815)	1,894,522,425	825,255,720	2,719,778,145

## Statement of Changes in Shareholder's Equity (Cont.)

For the year ended 31 December 2017

	Separate financial statements					(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total	
			Appropriated - Statutory reserve	Unappropriated		
Balance as at 1 January 2016	480,000,000	362,557,877	48,000,000	846,967,859	1,737,525,736	
Profit for the year	-	-	-	458,072,057	458,072,057	
Other comprehensive income for the year	-	-	-	(1,231,419)	(1,231,419)	
Total comprehensive income for the year	-	-	-	456,840,638	456,840,638	
Dividend payment (Note 27)	-	-	-	(326,400,000)	(326,400,000)	
Balance as at 31 December 2016	480,000,000	362,557,877	48,000,000	977,408,497	1,867,966,374	
Balance as at 1 January 2017	480,000,000	362,557,877	48,000,000	977,408,497	1,867,966,374	
Profit for the year	-	-	-	393,599,487	393,599,487	
Total comprehensive income for the year	-	-	-	393,599,487	393,599,487	
Dividend payment (Note 27)	-	-	-	(326,400,000)	(326,400,000)	
Balance as at 31 December 2017	480,000,000	362,557,877	48,000,000	1,044,607,984	1,935,165,861	

# Cash Flow Statement

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit before tax	620,996,332	648,850,733	413,940,186	479,543,349
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	410,739,955	291,935,764	47,557,122	46,640,452
Amortisation for intangible assets	6,351,369	3,954,212	1,442,841	1,682,759
Amortisation for leasehold right and others	1,340,909	1,340,908	1,124,909	1,124,908
Write-off of equipment	3,164,653	3,659,829	-	13,799
Doubtful accounts (reversal)	29,837,854	(6,532,882)	40,152,929	(10,347,575)
Write-off of bad debts	1,028,427	8,400,000	698,237	8,400,000
Decrease of inventories to net realisable value	31,341,330	15,737,623	24,513,845	21,058,229
Impairment loss on investment in subsidiary	-	-	83,764,065	-
Impairment loss on equipment	43,040,303	6,032,205	2,837,533	3,940,000
Unrealised loss on exchange	1,409,746	1,808,060	3,377,064	724,919
Loss from acquisition of share from non-controlling interest	-	7,003,562	-	-
Share of profit from investments in associates	(9,191,380)	(6,182,371)	-	-
Loss (gain) on sales of property, plant and equipment	195,613	(2,085,524)	112,726	(1,425,055)
Dividend income	-	-	(206,467,154)	(190,586,842)
Doubtful accounts - retention receivable	2,951,714	-	-	-
Increase in provision for long-term employee benefits	11,489,768	8,563,512	4,764,403	3,698,638
Interest expenses	92,113,801	69,942,026	34,184,265	30,040,624
Profit from operating activities before changes in operating assets and liabilities	1,246,810,394	1,052,427,657	452,002,971	394,508,205
Operating assets (increase) decrease				
Trade and other receivables	27,514,918	(74,855,186)	106,091,398	469,832,645
Inventories	30,109,453	(220,121,092)	118,481,697	(215,339,807)
Unbilled receivables	(166,532,214)	236,588,960	10,764,738	(4,954,513)
Other current assets	(19,749,116)	(110,770,554)	(9,538,077)	(75,420,200)
Other non-current assets	(17,897,200)	(33,217,404)	(910,111)	(18,749,599)
Operating liabilities increase (decrease)				
Trade and other payables	12,157,343	271,550,850	(34,899,722)	74,117,555
Other current liabilities	214,531,847	179,211,517	42,370,892	5,428,248
Other non-current liabilities	(628,930)	(242,271)	(140,400)	(242,271)
Cash flows from operating activities	1,326,316,495	1,300,572,477	684,223,386	629,180,263
Cash paid for interest expenses	(91,240,879)	(71,294,266)	(34,309,787)	(30,291,061)
Cash paid for corporate income tax	(114,991,246)	(159,768,076)	(27,488,260)	(50,067,636)
Cash receipts from income tax	80,516,198	106,900,424	17,199,503	105,569,379
<b>Net cash flows from operating activities</b>	<b>1,200,600,568</b>	<b>1,176,410,559</b>	<b>639,624,842</b>	<b>654,390,945</b>



## Cash Flow Statement (Cont.)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from investing activities</b>				
Decrease in restricted bank deposits	20,480,970	1,825,516	-	-
Increase in other long-term investments	(11,151,815)	(20,000,000)	-	(20,000,000)
Proceeds from sales of equipment	1,263,619	3,918,224	267,028	1,535,776
Acquisition of investment properties	-	-	(20,561,316)	(68,854,842)
Acquisition of property, plant and equipment	(1,097,897,468)	(927,006,537)	(209,390,349)	(92,100,984)
Acquisition of computer software	(35,666,796)	(11,433,437)	(8,994,911)	(297,555)
Increase in short-term loans to related parties	-	-	(4,146,845)	(28,041,807)
Cash receipts from short-term loans to related parties	-	-	-	1,500,000
Dividend received from subsidiaries and associates	3,467,694	3,467,694	206,467,154	190,586,842
Cash paid for increase in share capital of subsidiaries	-	-	(89,549,910)	(6,750,000)
Cash paid for acquisition of investment in subsidiary	-	(27,422,519)	-	(33,416,038)
Cash received from decrease in share capital of subsidiary	-	-	9,210,000	-
<b>Net cash flows used in investing activities</b>	<b>(1,119,503,796)</b>	<b>(976,651,059)</b>	<b>(116,699,149)</b>	<b>(55,838,608)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	703,000,000	(96,159,700)	154,500,000	(166,107,295)
Cash receipts from long-term loans	710,000,000	737,250,000	110,000,000	129,750,000
Repayments of long-term loans	(458,635,965)	(314,503,630)	(156,723,377)	(175,075,216)
Repayment of liabilities under finance lease agreement	(638,688)	(367,823)	-	-
Dividend paid	(326,400,000)	(326,400,000)	(326,400,000)	(326,400,000)
Dividend paid to non-controlling interests of the subsidiary	(216,999,100)	(138,879,134)	-	-
Increase in non-controlling interests of the subsidiaries due to investment in the subsidiaries	10,000,005	-	-	-
Proceeds from non-controlling interests of the subsidiary from increase in share capital of the subsidiary	72,000,090	30,000	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>492,326,342</b>	<b>(139,030,287)</b>	<b>(218,623,377)</b>	<b>(537,832,511)</b>
<b>Increase (decrease) in translation adjustments</b>	<b>(2,921,277)</b>	<b>1,089,940</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>570,501,837</b>	<b>61,819,153</b>	<b>304,302,316</b>	<b>60,719,826</b>
Cash and cash equivalents at beginning of year	428,127,677	366,308,524	145,405,370	84,685,544
<b>Cash and cash equivalents at end of year</b>	<b>998,629,514</b>	<b>428,127,677</b>	<b>449,707,686</b>	<b>145,405,370</b>
<b>Supplemental disclosures of cash flows information</b>				
<b>Non-cash transactions</b>				
Transfer assets awaiting installation to intangible assets	-	10,440,000	-	-
Transfer assets to inventories	-	9,365,844	-	-
Acquisition of motor vehicle under lease agreement	1,214,250	-	-	-

# Notes to Consolidated Financial Statements

**For the year ended 31 December 2017**

## **1. General information**

Forth Corporation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of telecommunication equipment, electronic equipment, assembly electronic parts and project work relating to design and install telecommunication equipment. The registered office of the Company is at 1053/1, Phaholyothin Road, Samsennai, Phayathai, Bangkok. The factory of the Company is at 77 Moo 11, Phuttamonton 5 Road, Raikhing, Sampran, Nakornpratom.

## **2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

## 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholdings	
			<u>2017</u>	<u>2016</u>
			%	%
<u>Subsidiaries held by the Company</u>				
Electronics Source Co., Ltd.	Trading of electronic parts	Thailand	100	100
Genius Traffic System Co., Ltd.	Sale and installation of light boards and traffic systems	Thailand	100	100
Joint Venture Genius	Concession for traffic board project	Thailand	100*	100*
Forth Smart Service Plc.	Payment service via automatic teller machines	Thailand	46	46
Forth Consulting Co., Ltd.	Consulting service for information management and computer software management	Thailand	100	100
Forth Lighting Co., Ltd.	Manufacture and distribution of lamps and lighting equipment	Thailand	100	100
Forth Meter Co., Ltd.	Distribution of electronic meter	Thailand	85	85
Forth Vending Co., Ltd.	Management of vending machines	Thailand	50**	50**
Mindmap Commtech Inc.	Payment service via automatic teller machines (cease operation)	Philippines	100	100
Joint Venture Forth Genius	Turnkey on installation of CCTV	Thailand	100***	-
<u>Subsidiaries held through subsidiaries of the Company</u>				
Forth Smart Trading Co., Ltd.	Sales and other services via automatic teller machines	Thailand	100	97
Forth Smart Digital Co., Ltd.	E-Commerce	Thailand	60	-

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

\*\* 45% of the shares are held by the Company, 10% by Forth Smart Service Plc.

\*\*\* 95% of the shares are held by the Company, 5% by Genius Traffic System Co., Ltd.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiaries are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) 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 other components of equity in the consolidated statement of changes in shareholders' equity under the caption "Retained earnings of subsidiaries arising from the Company swapping shares of subsidiaries at a price lower than net book value of the subsidiaries as at the acquisition date".

2.3 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and its interpretation (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

#### **b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards revision disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### **4. Significant accounting policies**

#### **4.1 Revenues recognition**

##### *Sales of goods*

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



*Rendering of services*

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

A subsidiary recognised fee income from rendering of top-up service for prepaid phone and receipt of other online services when services have been rendered and customers have already paid through online top-up machines, at net amount which is fee income of the subsidiary, excluding cost of telephone and other online services which is cost of telephone network operators and online service providers. Fee income from rendering of services through online top-up machines is recognised when services have been rendered and customers have already paid service fees through online top-up machines.

*Revenues from project work*

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

*Dividends*

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

*Other income*

Other income comprised interest income, insurance received on online top-up machines, revenue from customers’ credit top-ups, unsuccessful money top-ups and other income.

Interest income is recognised on an accrual basis based on the effective interest rate.

Income from insurance received on online top-up machines is insurance that the subsidiary receives from service representatives. The insurance received is recognised as income based on period.

Revenue from customers’ credit top-ups is the amount of credit that the online top-up machines retain from customers because the machines are unable to give change. The revenue from customers’ credit top-ups is recognised as income when customers’ credit has remained unused for a period of more than 1 year.

Revenue from unsuccessful money top-ups is amount of credit that were not able to be added in accordance with customer orders. The revenue is recognised when the customer has not claimed a refund for more than 1 year.

## 4.2 Cost of project work

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

## 4.3 Cash and cash equivalents

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

## 4.4 Trade accounts receivable

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

## 4.5 Inventories

Finished goods and work in process are valued at the lower of cost (first-in, first-out method and weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and 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 weighted average method) and net realisable value and are charged to production costs whenever consumed.

## 4.6 Investments

- a) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method less allowance for impairment (if any).
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost not of allowance for impairment loss (if any).

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

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

## 4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of investment properties is included in determining income.

No depreciation is provided on land classified as investment properties.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

## 4.8 Property, plant and equipment and depreciation

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

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

Land improvement	20	years
Building and building improvements	5, 20	years
Machinery	5, 10	years
Motor vehicles	5, 10	years
Others	3, 5, 8	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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

## 4.9 Intangible assets and amortisation

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

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

Intangible assets with finite useful lives are as follows:

Right to derive benefit from smart traffic boards	9 years
Computer software	3, 5, 10 years

## 4.10 Related party transactions

Related parties comprise individuals and enterprises 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 associates 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.

## 4.11 Long-term leases

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

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

#### 4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

#### 4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the previously recognised impairment loss is reversed and recognised in profit or loss.

#### 4.14 Employee benefits

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

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

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

###### *Defined contribution plans*

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



*Defined benefit plans*

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

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

**4.15 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.

**4.16 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

**Current tax**

Current 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.

**Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### 4.17 Forward currency contracts

Forward currency contracts are presented in the financial statements at fair value. Any gains or losses arising from changes in the fair value of those forward currency contracts are recorded in profit or loss.

#### 4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### 5. Significant accounting judgements and estimates

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

### **Consolidation of subsidiaries that the Company holds less than half of shares**

The management of the Company determined that the Company has control over certain subsidiaries in which the Company holds less than half of shares, as follows:

- (a) Forth Smart Service Public Company Limited: Even though the Company holds 46% of the shares and voting rights, or less than half, the Company is the major shareholder and has the ability to direct the significant activities of the subsidiary, while other shareholders are only retail investors. As a result, Forth Smart Service Public Company Limited is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.
- (b) Forth Vending Company Limited: Even though the Company holds 45% of shares and voting rights, which is less than half, Forth Smart Service Public Company Limited, one of the subsidiaries, holds 10% of the shares. As a result, the Company and its subsidiary are major shareholders, together holding more than half of shares, and have the ability to direct the significant activities of this company. As a result, Forth Vending Company Limited is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

### **Allowance for doubtful accounts**

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

### **Net realisable value of inventories**

The management uses judgement to estimate net realisable value of inventories taking into account fluctuations of price or cost directly related to events occurring after the end of the reporting period and movements of inventories and the prevailing economic condition.

**Property, plant and equipment / Depreciation**

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

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

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

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

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

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

**Post-employment benefits under defined benefit plans**

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

## 6. Related party transactions

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

		(Unit: Million Baht)			
		Consolidated		Separate	
	Pricing policy	financial statements		financial statements	
		2017	2016	2017	2016
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	Compared to market price	-	-	282	227
Sales of goods	Compared to market price	-	-	1,253	1,063
Service income	Agreed price	-	-	2	21
Revenue from project work	Agreed price	-	-	1	20
Other income	Agreed price	-	-	13	11
Dividend income	As declared	-	-	203	187
Interest income	Interest at 3.00 - 5.00 %				
	per annum	-	-	2	1
Rental income	Agreed price	-	-	25	9
Cost of project work	Agreed price	-	-	2	16
Selling and administrative expenses	Agreed price	-	-	3	-
<u>Transactions with associates</u>					
Purchases of raw materials	Compared to market price	5	-	5	-
Sales of goods	Compared to market price	14	15	5	8
Other income	Agreed price	-	4	-	4
Dividend income	As declared	3	3	3	3
<u>Transactions with related companies</u>					
Selling and administrative expenses	Agreed price	2	-	2	-
<u>Transactions with directors and related individuals</u>					
Rental expenses	Agreed price	1	1	-	1



As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b><u>Trade and other receivables - related parties (Note 7)</u></b>				
Subsidiaries	-	-	138,767	117,532
Associates	1,554	29	-	29
Related companies (related by common directors and management)	109	254	109	254
Directors	20	-	-	-
Total	1,683	283	138,876	117,815
Less: Allowance for doubtful debts	-	-	(16,143)	-
<b>Total trade and other receivables - related parties</b>	<b>1,683</b>	<b>283</b>	<b>122,733</b>	<b>117,815</b>

**Trade and other payables - related parties (Note 17)**

Subsidiaries	-	-	170,037	126,021
Associates	11,243	11,827	11,164	11,765
Related companies (related by common directors and management)	1,000	-	1,000	-
Directors	1,230	1,680	750	1,200
<b>Total trade and other payables - related parties</b>	<b>13,473</b>	<b>13,507</b>	<b>182,951</b>	<b>138,986</b>

**Short-term loans to related parties**

As at 31 December 2017 and 2016, the balance of short-term loans to related parties and the movement are as follows:

	(Unit: Thousand Baht)	
	Separate financial statements	
	<u>2017</u>	<u>2016</u>
Subsidiaries	58,554	55,357
Less: Allowance for doubtful debts	(17,289)	-
<b>Total short-term loans to related parties</b>	<b>41,265</b>	<b>55,357</b>

(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at			Unrealised	Balance as at
		31 December	Increase	Decrease	loss on	31 December
	Relationship	2016	during the year	during the year	exchange	2017
Forth Consulting Co., Ltd.	Subsidiary	12,560	300	-	-	12,860
Forth Meter Co., Ltd.	Subsidiary	18,405	-	-	-	18,405
Forth Lighting Co., Ltd.	Subsidiary	10,000	-	-	-	10,000
Mindmap Commtech Inc.	Subsidiary	14,392	3,847	-	(950)	17,289
Total		55,357	4,147	-	(950)	58,554
Less: Allowance for						
doubtful debts		-	(17,289)	-	-	(17,289)
<b>Total short-term loans</b>						
to related parties, net		55,357	(13,142)	-	(950)	41,265

### Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	73,902	64,132	43,689	38,057
Post-employment benefits	3,248	1,536	1,872	524
Total	77,150	65,668	45,561	38,581

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in note 28.4 to the financial statements.

## 7. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - related parties</u>				
Age on the basis of due dates				
Not yet due	1,554	-	34,098	22,312
Past due				
Up to 3 months	109	169	5,881	9,005
3 - 6 months	-	85	5,730	32,512
6 - 12 months	-	-	12,122	34,144
Over 12 months	-	-	67,723	1,288
Total	1,663	254	125,554	99,261
Less: Allowance for doubtful debts	-	-	(15,570)	-
Total trade receivables - related parties, net	1,663	254	109,984	99,261
<u>Trade receivables - unrelated parties</u>				
Age on the basis of due dates				
Not yet due	982,024	893,685	190,074	220,896
Past due				
Up to 3 months	180,782	272,951	68,029	102,906
3 - 6 months	12,204	29,327	1,624	11,723
6 - 12 months	14,918	97,710	5,664	69,220
Over 12 months	162,506	113,437	62,767	57,923
Total	1,352,434	1,407,110	328,158	462,668
Less: Allowance for doubtful debts	(50,983)	(41,716)	(9,901)	(3,180)
Total trade accounts receivable - unrelated parties, net	1,301,451	1,365,394	318,257	459,488
Total trade receivables - net	1,303,114	1,365,648	428,241	558,749

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Other receivables</u>				
Interest receivables	47	-	-	-
Accrued income	150,593	142,182	1,778	2,254
Less: Allowance for doubtful debts	(4,000)	(4,000)	-	-
Accrued income - net	146,593	138,182	1,778	2,254
Advances to unrelated parties	41,754	37,686	20,991	21,062
Less: Allowance for doubtful debts	(41,517)	(20,946)	(20,946)	(20,946)
Advances to unrelated parties - net	237	16,740	45	116
Other receivables - unrelated parties	20,490	13,217	3,069	2,376
Less: Allowance for doubtful debts	(2,220)	(2,220)	(2,220)	(2,220)
Other receivables - unrelated parties - net	18,270	10,997	849	156
Advances to related parties	-	27	9	285
Other receivables - related parties	20	2	7,643	12,466
Accrued income from related parties	-	-	1,212	2,546
Interest receivables from related parties	-	-	4,458	3,257
Less: Allowance for doubtful debts	-	-	(573)	-
Interest receivables from related parties - net	-	-	3,885	3,257
Total other receivables - net	165,167	165,948	15,421	21,080
Trade and other receivables - net	1,468,281	1,531,596	443,662	579,829

As at 31 December 2017, the balances of trade receivables in the consolidated financial statements included an account receivable of Baht 7 million (2016: Baht 12 million) from Bangkok Trivision Company Limited. This balance has been outstanding in the subsidiary's book of account for a considerable period of time. The subsidiary has entered into an agreement with such company, whereby it will make monthly repayments to the subsidiary. The subsidiary determined the net realisable value of this account receivable and recorded an allowance for doubtful debts of Baht 1 million (2016: Baht 2 million) in its accounts.

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

## 8. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Raw materials	546,348	589,144	(127,096)	(107,532)	419,252	481,612
Work in process	96,500	163,070	(12,512)	(12,996)	83,988	150,074
Finished goods	746,664	658,979	(169,873)	(157,611)	576,791	501,368
Goods in transit	9,197	32,219	-	-	9,197	32,219
Project in progress	14,594	-	-	-	14,594	-
Total inventories	1,413,303	1,443,412	(309,481)	(278,139)	1,103,822	1,165,273

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Raw materials	434,821	467,880	(108,155)	(88,316)	326,666	379,564
Work in process	76,229	137,951	(5,401)	(8,144)	70,828	129,807
Finished goods	249,787	276,264	(94,375)	(86,957)	155,412	189,307
Goods in transit	8,629	10,330	-	-	8,629	10,330
Project in progress	4,477	-	-	-	4,477	-
Total inventories	773,943	892,425	(207,931)	(183,417)	566,012	709,008

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 31 million (2016: Baht 16 million) (the Company only: Baht 25 million, 2016: Baht 21 million), to reflect the net realisable value. This was included in cost of sales.

## 9. Restricted bank deposits

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



## 10. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Cost		Allowance for impairment		Carrying amounts based on cost method - net		Dividend received during the years	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Subsidiaries held by the Company</b>								
Electronics Source Co., Ltd.	54,976	54,976	-	-	54,976	54,976	20,000	49,999
Genius Traffic System Co., Ltd.	200,056	200,056	-	-	200,056	200,056	-	20,000
Joint Venture Genius	5,000	14,210	-	-	5,000	14,210	-	-
Forth Smart Service Plc.	183,000	183,000	-	-	183,000	183,000	183,000	117,120
Forth Consulting Co., Ltd.	7,000	7,000	(7,000)	-	-	7,000	-	-
Forth Lighting Co., Ltd.	10,000	10,000	-	-	10,000	10,000	-	-
Forth Meter Co., Ltd.	18,000	18,000	(18,000)	(18,000)	-	-	-	-
Forth Vending Co., Ltd.	117,000	36,000	-	-	117,000	36,000	-	-
Mindmap Commtech Inc.	76,764	76,764	(76,764)	-	-	76,764	-	-
Joint Venture Forth Genius	8,550	-	-	-	8,550	-	-	-
<b>Subsidiary held through</b>								
<b>Forth Smart Service Plc.</b>								
Forth Smart Trading Co., Ltd.	-	-	-	-	-	-	-	-
<b>Subsidiary held through</b>								
<b>Forth Smart Trading Co., Ltd.</b>								
Forth Smart Digital Co., Ltd.	-	-	-	-	-	-	-	-
<b>Total</b>	<b>680,346</b>	<b>600,006</b>	<b>(101,764)</b>	<b>(18,000)</b>	<b>578,582</b>	<b>582,006</b>	<b>203,000</b>	<b>187,119</b>

- (a) On 3 February 2017, the Extraordinary General Meeting of the shareholders of Forth Vending Company Limited (a subsidiary), passed a resolution to approve an increase in the registered share capital from Baht 80 million (8,000,000 ordinary shares of Baht 10 each) to Baht 320 million (32,000,000 ordinary shares of Baht 10 each) through the issue and offering of 24,000,000 additional ordinary shares Baht 10 each to the existing shareholders. During the year 2017, such company called up 75 percent of the additional registered share capital totaling Baht 81 million. The Company had paid in this amount.

- (b) On 6 February 2017, the Extraordinary General Meeting of the shareholders of Forth Smart Trading Company Limited, the subsidiary of Forth Smart Service Public Company Limited, passed a resolution to approve an increase in its registered share capital from Baht 1 million (100,000 ordinary shares of Baht 10 each) to Baht 100 million (10,000,000 ordinary shares of Baht 10 each), through the issue of 9,900,000 additional ordinary shares with a par value of Baht 10 each, for offer to existing shareholders. Forth Smart Trading Company Limited registered the increase of its capital with the Ministry of Commerce on 15 February 2017. None of its minority shareholders wished to buy the additional ordinary shares issued and, as a result, Forth Smart Service Public Company Limited acquired all of the additional ordinary shares and its interest in such company increased to 99.97 percent of its registered shares capital. During the year 2017, Forth Smart Service Public Company Limited had already paid this increase share capital amounting to Baht 99 million.

Subsequently, on 11 May 2017, a meeting of the Board of Directors of Forth Smart Trading Company Limited, passed a resolution to approve an increase in its registered share capital from Baht 100 million (10,000,000 ordinary shares of Baht 10 each) to Baht 300 million (30,000,000 ordinary shares of Baht 10 each), through the issue of 20,000,000 additional ordinary shares with a par value of Baht 10 each, for offer to existing shareholders. Forth Smart Trading Company Limited registered the increase of its capital with the Ministry of Commerce on 1 June 2017. None of the minority shareholders wished to buy the additional ordinary shares issued and, as a result, Forth Smart Service Public Company Limited acquired all of the additional ordinary shares and its interest in such company increased to 99.99 percent of its registered share capital. During the year 2017, Forth Smart Trading Company Limited called up 37.5 percent of the par value of the additional ordinary shares, totaling to Baht 75 million, Forth Smart Service Public Company Limited had already paid in this amount.

- (c) On 10 May 2017, a meeting of the Board of Directors of Forth Smart Trading Company Limited, the subsidiary of Forth Smart Service Public Company Limited, passed a resolution approving in the establishment of a new subsidiary, Forth Smart Digital Company Limited, which engaged in electronics commerce, with an initial registered share capital of Baht 100 million (10,000,000 ordinary shares of Baht 10 each). Forth Smart Trading Company Limited has registered the new subsidiary on 28 August 2017. Forth Smart Trading Company Limited holds 60 percent of such company's ordinary shares, and it had already paid 25 percent of the par value of the ordinary shares, totaling to Baht 15 million.

- (d) On 29 August 2017, the Company entered into a joint venture contract with Genius Traffic System Company Limited (a subsidiary) to establish a joint venture named Joint Venture Forth Genius, of which 95% and 5% interest were held by the Company and Genius Traffic System Company Limited, respectively, in order to bid for one project. Subsequently, on 20 December 2017, the Counterparty Meeting of Joint Venture Forth Genius called up the issued share capital for Baht 9 million, to be used as working capital of the joint venture. The Company and the subsidiary had already made payment for the share capital.
- (e) On 13 November 2017, a meeting of the Board of Directors of the Company passed a resolution to approve the cessation of business operation of Mindmap Commtech Inc., (a subsidiary). Therefore, the Company set up an allowance for impairment of investments in subsidiary, and allowances for doubtful debts for short-term loans and trade receivables related to such subsidiary amounting to Baht 76.8 million, Baht 17.3 million and Baht 16.1 million, respectively, in the separate financial statements. In addition, the subsidiary further recorded an allowance for impairment of equipment used in business operation of the subsidiary, amounting to Baht 40.8 million. Such transactions were recorded in profit or loss for the current year.
- (f) On 15 November 2017, the Counterparty Meeting of Joint Venture Genius (a subsidiary) approved a decrease of share capital by Baht 31 million, from Baht 71 million to Baht 40 million. Subsequently, on 20 December 2017, the Counterparty Meeting of Joint Venture Genius approved the second decrease of share capital by Baht 15 million, from Baht 40 million to Baht 25 million due to the cessation of operation under the concession agreement with respect to the smart traffic sign project for 40 locations and the sufficient liquidity of the joint venture. Joint Venture Genius had paid back the share capital to its 2 counterparties in proportion to their investment percentage.
- (g) During the year 2017, the Company has recorded allowance for impairment loss on investments in subsidiary, Forth Consulting Company Limited, in the separate income statement for the year 2017, a total of Baht 7 million.

## 10.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by		Accumulated balance of		Profit/loss allocated to		Dividend paid to	
	non-controlling interests		non-controlling interests		non-controlling interests		non-controlling interests	
	2017	2016	2017	2016	2017	2016	2017	2016
	(%)	(%)						
Forth Smart Service Plc.	54	54	721.3	641.7	296.6	228.1	217.0	138.9
Forth Vending Co., Ltd.	50	50	97.8	32.2	(6.4)	(3.5)	-	-

### 10.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

#### Summarised information about financial position

(Unit: Million Baht)

	Forth Smart Service Plc.		Forth Vending Co., Ltd.	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	1,338	1,002	92	20
Non-current assets	2,946	2,183	164	73
Current liabilities	2,577	1,695	26	20
Non-current liabilities	378	307	-	-

#### Summarised information about comprehensive income

(Unit: Million Baht)

For the years ended 31 December

	Forth Smart Service Plc.		Forth Vending Co., Ltd.	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue	3,334	2,427	79	22
Profit (loss)	547	420	(13)	(7)
Other comprehensive income	-	1	-	-
Total comprehensive income	547	421	(13)	(7)

#### Summarised information about cash flow

(Unit: Million Baht)

For the years ended 31 December

	Forth Smart Service Plc.		Forth Vending Co., Ltd.	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flow from (used in) operating activities	1,120	773	(7)	(7)
Cash flow used in investing activities	(1,191)	(1,253)	(115)	(63)
Cash flow from financing activities	199	515	171	-
Net increase (decrease) in cash and cash equivalents	<u>128</u>	<u>35</u>	<u>49</u>	<u>(70)</u>

## 11. Investments in associates

### 11.1 Details of associates:

		(Unit: Thousand Baht)									
		Consolidated financial statements					Separate financial statements				
Company's name	Country of incorporation	Shareholding percentage		Carrying amounts based on equity method		Cost	Allowance for impairment of investments		Carrying amounts based on cost method - net		
(Nature of business)		2017	2016	2017	2016	2017	2017	2016	2017	2016	
		(%)	(%)								
FPT Payment Technology JSC*	Vietnam	30	30	11,048	11,048	18,549	(7,500)	(7,500)	11,049	11,049	
(Payment service via automatic teller machines - under dissolution process)											
Forth Tracking System Co., Ltd.	Thailand	34	34	26,035	20,312	10,199	-	-	10,199	10,199	
(Distribution of vehicle tracking equipment)											
Total				37,083	31,360	28,748	(7,500)	(7,500)	21,248	21,248	

\* The associate is in process of dissolution

## 11.2 Share of comprehensive income and dividend received

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

Company's name	Consolidated financial statements			(Unit: Thousand Baht)	
	Share of profit/loss from investments in associates during the years	Share of other comprehensive income from investments in associates during the years	Dividend received during the years	Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2016</u>
Mindmap Commtech Inc.*	-	(446)	-	-	-
FPT Payment Technology JSC**	-	-	-	-	-
Forth Tracking System Co., Ltd.	9,191	6,628	-	963	3,468
Total	9,191	6,182	-	963	3,468

\* Cease operation

\*\* The associate is in process of dissolution

On 7 March 2016, the Company entered into a joint venture contract with two counterparties to establish a joint venture, in order to bid for one project. However, on 31 May 2017, the three counterparties passed a resolution to close the joint venture.



## 11.3 Summarised financial information about material associates

## Summarised information about financial position

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues		Profit	
	31 December		31 December		31 December		31 December		31 December	
	(Unit: Million Baht)									
	Foreign									
	currency	2017	2016	2017	2016	2017	2016	2017	2016	2016
FPT Payment Technology JSC*	VND	42,000	42,000	40	40	1	1	-	-	-
Forth Tracking System Co., Ltd.	THB	30	30	118	95	41	35	134	114	27
										22

\* The associate is in process of dissolution

## 12. Other long-term investment

- 12.1 In 2016, the Company purchased 200,000 ordinary shares of Odin Power Company Limited, which is principally engaged in alternative energy power plant business, totaling Baht 20 million. The Company holds 10 percent interest.
- 12.2 On 10 August 2017, a meeting of the Board of Directors of Forth Smart Trading Company Limited, a subsidiary of Forth Smart Service Public Company Limited, approved an acquisition of preference shares of Box 24 Company Limited, which engage in delivery and safekeeping via locker service. Such company has Baht 7 million as its registered capital (53,223 ordinary shares and 17,965 preference shares, par value of Baht 100 per share). Forth Smart Trading Company Limited invested 6,194 preference shares, Baht 1,800 per share (par value of Baht 100 per share, share premium of Baht 1,700 per share), totaling Baht 11 million, and had already made payment for the shares.

## 13. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)			
	Separate financial statements		
	Land	Office building for rent	Total
31 December 2017:			
Cost	357,924	41,693	399,617
Less: Accumulated depreciation	-	(2,163)	(2,163)
Net book value	357,924	39,530	397,454
31 December 2016:			
Cost	340,986	38,070	379,056
Less: Accumulated depreciation	-	(139)	(139)
Net book value	340,986	37,931	378,917

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Separate financial statements	
	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	378,917	-
Acquisition of assets	20,561	68,854
Transfers	-	310,202
Depreciation charged	(2,024)	(139)
Net book value at end of year	<u>397,454</u>	<u>378,917</u>

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

	(Unit: Thousand Baht)	
	Separate financial statements	
	<u>2017</u>	<u>2016</u>
Land and office building held for rent	447,631	427,070

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land has been determined based on market prices, while that of the office building held for rent has been determined using the cost approach.

#### 14. Property, plant and equipment

	Consolidated financial statements								(Unit: Thousand Baht)
	Building and								
	Land	Land improvement	building improvements	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	
<b>Cost</b>									
As at 1 January 2016	488,877	516	327,673	671,356	1,538,256	202,929	127,477	62,474	3,419,558
Additions	128,947	-	50,373	10,877	635,819	56,021	7,451	48,416	937,904
Equipment of subsidiary acquired									
during the year	-	-	1,069	-	88,983	6,764	1,747	-	98,563
Disposals/written-off	-	-	-	(417)	(9,638)	(9,500)	(15,543)	(57)	(35,155)
Transferred in (Transferred out)	2,540	-	70,947	-	-	13,196	-	(86,683)	-
Transfer assets to intangible assets	-	-	-	-	-	-	-	(10,440)	(10,440)
Transfer to inventories	-	-	-	-	(37,765)	-	-	-	(37,765)
Translation adjustment	-	-	11	-	960	69	18	-	1,058
As at 31 December 2016	620,364	516	450,073	681,816	2,216,615	269,479	121,150	13,710	4,373,723
Additions	132,177	-	4,853	4,360	841,770	22,103	8,857	84,992	1,099,112
Disposals/written-off	-	-	(1,027)	(892)	(5,470)	(6,387)	(1,217)	-	(14,993)
Transferred in (Transferred out)	2,485	999	9,269	918	(3,792)	11,788	-	(21,667)	-
Translation adjustment	-	-	(122)	-	(10,022)	(899)	(187)	-	(11,230)
As at 31 December 2017	755,026	1,515	463,046	686,202	3,039,101	296,084	128,603	77,035	5,446,612

(Unit: Thousand Baht)

Consolidated financial statements									
	Land	Land improvement	Building and building improvements	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	Total
<b>Accumulated depreciation</b>									
As at 1 January 2016	-	88	172,499	593,187	549,088	149,118	100,357	-	1,564,337
Depreciation for the year	-	26	17,987	16,963	226,490	20,549	9,920	-	291,935
Depreciation of equipment of subsidiary acquired during the year	-	-	710	-	44,474	6,705	610	-	52,499
Depreciation on disposals	-	-	-	(417)	(9,638)	(9,500)	(13,899)	-	(33,454)
Depreciation on assets transferred to inventories	-	-	-	-	(28,399)	-	-	-	(28,399)
Translation adjustment	-	-	7	-	453	68	6	-	534
As at 31 December 2016	-	114	191,203	609,733	782,468	166,940	96,994	-	1,847,452
Depreciation for the year	-	42	30,418	17,297	320,415	32,509	10,059	-	410,740
Depreciation on disposals	-	-	(718)	(494)	(3,070)	(5,527)	(560)	-	(10,369)
Depreciation on transferred in (transferred out)	-	-	-	329	(2,899)	2,570	-	-	-
Translation adjustment	-	-	(78)	-	(4,516)	(711)	(81)	-	(5,386)
As at 31 December 2017	-	156	220,825	626,865	1,092,398	195,781	106,412	-	2,242,437

(Unit: Thousand Baht)

Consolidated financial statements									
	Land	Land improvement	Building and building improvements	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	Total
<b>Allowance for impairment loss</b>									
As at 1 January 2016	-	-	-	-	3,675	-	-	-	3,675
Additions during the year	-	-	-	-	7,248	-	-	-	7,248
Decrease during the year	-	-	-	-	(1,216)	-	-	-	(1,216)
As at 31 December 2016	-	-	-	-	9,707	-	-	-	9,707
Additions during the year	-	-	-	-	42,329	1,261	205	-	43,795
Decrease during the year	-	-	-	-	(755)	-	-	-	(755)
Translation adjustment	-	-	-	-	(113)	-	-	-	(113)
As at 31 December 2017	-	-	-	-	51,168	1,261	205	-	52,634
<b>Net book value</b>									
As at 31 December 2016	620,364	402	215,564	72,083	1,424,440	145,845	24,156	13,710	2,516,564
As at 31 December 2017	755,026	1,359	242,221	59,337	1,895,535	99,042	21,986	77,035	3,151,541
<b>Depreciation for the years</b>									
2016 (Baht 238 million included in manufacturing cost and services cost, and the balance in selling and administrative expenses)									291,935
2017 (Baht 329 million included in manufacturing cost and services cost, and the balance in selling and administrative expenses)									410,740



(Unit: Thousand Baht)

## Separate financial statements

	Land	Land improvement	Building and building improvements	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	Total
<b>Cost</b>									
As at 1 January 2016	472,355	516	302,212	608,577	162,461	91,965	56,946	32,192	1,727,224
Additions	66,021	-	-	8,976	3,739	3,940	39	9,386	92,101
Disposals/written-off	-	-	-	(417)	(1,803)	(616)	(10,714)	(57)	(13,607)
Transferred in (Transferred out)	(278,010)	-	-	-	-	-	-	(32,192)	(310,202)
As at 31 December 2016	260,366	516	302,212	617,136	164,397	95,289	46,271	9,329	1,495,516
Additions	115,239	-	352	3,540	5,876	4,819	6,094	73,470	209,390
Disposals/written-off	-	-	-	-	(64)	(612)	(508)	-	(1,184)
Transferred in (Transferred out)	-	999	1,315	-	(2)	3,636	-	(5,948)	-
As at 31 December 2017	375,605	1,515	303,879	620,676	170,207	103,132	51,857	76,851	1,703,722
<b>Accumulated depreciation</b>									
As at 1 January 2016	-	88	165,541	547,462	113,601	75,419	56,169	-	958,280
Depreciation for the year	-	26	13,273	10,443	15,534	6,991	234	-	46,501
Depreciation on disposals	-	-	-	(417)	(1,792)	(560)	(10,714)	-	(13,483)
As at 31 December 2016	-	114	178,814	557,488	127,343	81,850	45,689	-	991,298
Depreciation for the year	-	42	13,336	10,970	14,889	5,882	414	-	45,533
Depreciation on disposals	-	-	-	-	(61)	(490)	(253)	-	(804)
As at 31 December 2017	-	156	192,150	568,458	142,171	87,242	45,850	-	1,036,027

(Unit: Thousand Baht)

## Separate financial statements

	Land	Land improvement	Building and building improvements	Machinery	Tools and equipment	Office equipment	Motor vehicles	Assets under construction	Total
<b>Allowance for impairment loss</b>									
As at 1 January 2016	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	3,940	-	-	-	3,940
As at 31 December 2016	-	-	-	-	3,940	-	-	-	3,940
Additions during the year	-	-	-	-	2,838	-	-	-	2,838
As at 31 December 2017	-	-	-	-	6,778	-	-	-	6,778
<b>Net book value</b>									
As at 31 December 2016	260,366	402	123,398	59,648	33,114	13,439	582	9,329	500,278
As at 31 December 2017	375,605	1,359	111,729	52,218	21,258	15,890	6,007	76,851	660,917
<b>Depreciation for the years</b>									
2016 (Baht 23 million included in manufacturing cost, and the balance in selling and administrative expenses)	46,501								
2017 (Baht 23 million included in manufacturing cost, and the balance in selling and administrative expenses)	45,533								

As at 31 December 2017, allowance for impairment in the consolidated financial statement amounting to Baht 40.8 million, represents allowance for impairment of equipment of Mindmap Commtech Inc. (subsidiary), which ceased its operation as discussed in Note 10.1 to the financial statements.

As at 31 December 2017, certain equipment items of the Company and its subsidiaries had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,063 million (2016: Baht 891 million) (the Company only: Baht 818 million (2016: Baht 724 million)).

As at 31 December 2017, the Company and its subsidiaries had motor vehicles and equipment under finance lease agreements with net book value amounting to Baht 2 million (2016: Baht 1 million) (the Company only: Nil (2016: Nil)).

As at 31 December 2017 and 2016, land and building as presented in the consolidated financial statements are the portion of the Company's investment properties that it has leased to its subsidiaries.

A subsidiary has mortgaged its land and building, with a total net book value as at 31 December 2017 of approximately Baht 10 million, with bank to secure its long-term loan.

## 15. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		Separate financial statements
	Right to derive benefit from smart traffic boards	Computer software	Computer software
As at 31 December 2017:			
Cost	-	93,070	29,200
Less: Amortisation	-	(25,428)	(14,325)
Net book value	-	67,642	14,875
As at 31 December 2016:			
Cost	234,865	57,403	20,205
Less: Amortisation	(234,865)	(19,077)	(12,882)
Net book value	-	38,326	7,323

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	38,326	20,407	7,323	8,709
Acquisition of computer software	35,667	11,433	8,995	297
Transfer assets awaiting installation to intangible assets	-	10,440	-	-
Amortisation	(6,351)	(3,954)	(1,443)	(1,683)
Net book value at end of year	<u>67,642</u>	<u>38,326</u>	<u>14,875</u>	<u>7,323</u>

In 2006, Joint Venture Genius (“the joint venture”) received the right to derive benefit from the smart traffic boards from the Bangkok Metropolitan Authority (BMA) for a period of 3 years, during which time the joint venture was to pay remuneration of approximately Baht 5 million per annum to the BMA. The agreement also stipulated that if the joint venture were able to comply with all terms and conditions of the agreement, the BMA would consider granting an option to extend the agreement twice, for a period of 3 years each time, and that increased in the annual remuneration would be decided based on the terms stipulated in the agreement. However, the joint venture has already renewed the agreement twice, and the agreement terminated in 2015. Subsequently, in 2016 the BMA considered to extend the agreement annually. At present, the operations of the smart traffic boards concession project already terminated.

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

(Unit: Thousand Baht)					
	Interest rate (% per annum)	Consolidated		Separate	
		financial statements		financial statements	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term loans from financial institutions	2.00 - 3.10	2,251,000	1,548,000	629,500	475,000
Total		<u>2,251,000</u>	<u>1,548,000</u>	<u>629,500</u>	<u>475,000</u>

Bank overdrafts and revolving credit facilities of the Company and its subsidiaries are secured by transfers of most of collection rights for their project works. In addition, the Company guaranteed the facilities of the subsidiaries as described in Note 28.4 to the financial statements.

**17. Trade and other payables**

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - related parties	12,243	11,827	182,201	137,786
Trade payables - unrelated parties	671,063	723,509	231,018	328,809
Other payables - unrelated parties	35,101	17,102	18,485	9,025
Accrued expenses - unrelated parties	256,455	212,965	48,136	43,378
Accrued expenses - directors	1,230	1,680	750	1,200
Total trade and other payables	<u>976,092</u>	<u>967,083</u>	<u>480,590</u>	<u>520,198</u>

## 18. Long-term loans

Loan	Borrower	Lender	Loan Facility (Million Baht)	Interest rate	Repayment schedule	(Unit: Thousand Baht)	
						Consolidated financial statements	Separate financial statements
						<u>2017</u>	<u>2016</u>
(1)	The Company	Local bank	160	First year: MLR - 1.25% per annum Second to fourth years: MLR - 1.00% per annum	16 quarterly installments (ending in 2017)	-	2,750
(2)	The Company	Local bank	50	First year: MLR - 2.25% per annum Second year: MLR - 1.25% per annum Third to fifth years: MLR - 1.00% per annum	20 quarterly installments (ending in 2018)	12,500	22,500
(3)	The Company	Local bank	150	First year: MLR - 2.25% per annum Second year: MLR - 1.25% per annum Third year: MLR - 1.00% per annum	12 quarterly installments (ending in 2017)	-	40,909
(4)	The Company	Local bank	300	First year: MLR - 2.25% per annum Second year: MLR - 1.25% per annum Third to fifth years: MLR - 1.00% per annum	60 monthly installments (ending 2019)	127,232	188,303
(5)	The Company	Local bank	64	Fixed interest rate	36 monthly installments (ending 2019)	31,875	53,125
(6)	The Company	Local bank	66	Fixed interest rate	36 monthly installments (ending 2019)	45,257	66,000
(7)	The Company	Local bank	126	Fixed interest rate	60 monthly installments (ending 2022)	110,000	-
(8)	Electronics Source Co., Ltd.	Local bank	8	Refer to MLR	60 monthly installments (ending 2021)	5,625	7,125



Loan	Borrower	Lender	Loan Facility (Million Baht)	Interest rate	Repayment schedule	(Unit: Thousand Baht)	
						Consolidated financial statements	Separate financial statements
						<u>2017</u>	<u>2017</u>
(9)	Forth Smarth Service Plc.	Local bank	100	Fixed interest rate	36 monthly installments (ending in 2019)	41,666	75,000
(10)	Forth Smarth Service Plc.	Local bank	100	Refer to BIBOR + a margin as stipulated in the agreement	36 monthly installments (ending in 2019)	-	69,839
(11)	Forth Smarth Service Plc.	Local bank	200	Fixed interest rate	36 monthly installments (ending in 2019)	97,214	163,886
(12)	Forth Smarth Service Plc.	Local bank	200	Refer to 1M THBFIX + a margin as stipulated in the agreement	36 monthly installments (ending in 2019)	130,556	197,222
(13)	Forth Smarth Service Plc.	Local bank	200	Fixed interest rate	36 monthly installments (ending in 2020)	166,667	-
(14)	Forth Smarth Service Plc.	Local bank	200	Refer to 1M THBFIX + a margin as stipulated in the agreement	36 monthly installments (ending in 2020)	186,111	-
(15)	Forth Smarth Service Plc.	Local bank	200	Fixed interest rate	36 monthly installments (ending in 2020)	183,320	-
Total						1,138,023	886,659
Less: Current portion of long-term loans						(580,544)	(370,495)
Long-term loans - net of current portion						557,479	516,164
						326,864	373,587
						(148,569)	(167,969)
						178,295	205,618

- 18.1 In November 2017, the Company entered into a long-term loan agreement with a local bank, granting a facility of Baht 50 million. The loan carries interest at fixed rate per annum and repayment is to be made in no more than 3 years. There is a 6-month grace period for principal repayment, following which principal is repayable monthly, for 30 months. As at 31 December 2017, the Company has not yet fully drawn down the loan.
- 18.2 In 2016, Forth Smart Service Public Company Limited (subsidiary) entered into an interest rate swap agreement of the loan credit facility No. 12 for amounting to Baht 200 million to swap a fixed interest rate as stipulated in the agreement for the period from 30 November 2016 to 30 December 2019 in order to hedge the interest rate risk these loans.
- 18.3 In 2017, Forth Smart Service Public Company Limited (subsidiary) entered into an interest rate swap agreement of the loan credit facility No. 14 for amounting to Baht 100 million to swap a fixed interest rate as stipulated in the agreement for the period from 29 September 2017 to 30 September 2020.
- 18.4 Loan credit facility No. 8 are secured by the mortgage of land and building of the subsidiary.
- 18.5 According to the conditions stipulated in the loan agreements, the Company agrees not to mortgage or otherwise encumber its assets with any other parties throughout the loan period. In addition, the Company has to comply with certain covenants, pertaining to matters such as maintaining certain financial ratios.

According to the conditions stipulated in the loan agreements No. 9 to 14, the subsidiary has to comply with certain conditions stipulated in the loan agreements pertaining to matters such as the maintenance of financial ratios, creation of liabilities, and significant changes in the shareholders' structure or management etc.

## 19. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of year</b>	49,954	35,221	19,669	14,674
Included in profit or loss:				
Current service cost	9,387	7,535	3,924	2,857
Interest cost	2,103	1,992	840	842

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Included in other comprehensive income:				
Actuarial loss arising from				
Demographic assumptions changes	-	5,267	-	1,538
Benefits paid during the year	(629)	(242)	(140)	(242)
Acquisitions of subsidiary during the year	-	178	-	-
Translation adjustment	-	3	-	-
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>60,815</u>	<u>49,954</u>	<u>24,293</u>	<u>19,669</u>

Long-term employee benefit expenses for the year ended 31 December 2017 and 2016 recognised in selling and administrative expenses in the profit or loss.

The Company and its subsidiaries expect to be no payment of long-term employee benefits during the next year (2016: Baht 0.2 million, the Company only: Baht 0.2 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 20 - 26 years (the Company only: 23 years) (2016: 23 - 30 years, the Company only: 25 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	3.5 - 4.8	3.5 - 4.8	3.56	3.56
Salary increase rate	1.5 - 11.8	1.5 - 11.8	6.65	6.65
Turnover rate	2.4 - 55.6	2.4 - 55.6	6.6 - 31.5	6.6 - 31.5

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Thousand Baht)

As at 31 December 2017

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(6,452)	7,649	(2,522)	2,970
Salary increase rate	7,979	(6,852)	3,102	(2,680)
	<u>Increase 10%</u>	<u>Decrease 10%</u>	<u>Increase 10%</u>	<u>Decrease 10%</u>
Turnover rate	(5,121)	5,926	(3,056)	3,615

(Unit: Thousand Baht)

As at 31 December 2016

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(5,530)	6,387	(2,166)	2,559
Salary increase rate	6,127	(5,377)	2,453	(2,126)
	<u>Increase 10%</u>	<u>Decrease 10%</u>	<u>Increase 10%</u>	<u>Decrease 10%</u>
Turnover rate	(4,337)	4,915	(2,620)	3,111

## 20. Statutory reserve

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

## 21. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	751,932	629,725	402,251	338,793
Depreciation and amortisation	418,432	297,230	50,125	49,448
Raw materials and consumables used	2,127,649	1,887,306	1,782,310	1,272,883
Changes in finished goods and work in progress	(35,709)	(3,228)	83,722	(42,162)
Service expense for data transferring system	83,260	60,874	-	-
Bank fee from money transfer service	78,223	5,386	-	-
Repair and maintenance cost of top-up machines	52,504	53,396	-	-

## 22. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Current income tax charge	112,342	104,438	26,887	27,157
Adjustment in respect of current income tax of previous year	(2,170)	209	(142)	(375)
Write-off withholding tax deducted at source	350	6	20	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(49,559)	(45,874)	(6,424)	(5,311)
Translation adjustment	-	(215)	-	-
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>60,963</u>	<u>58,564</u>	<u>20,341</u>	<u>21,471</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial losses	-	1,092	-	308

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	620,996	648,851	413,940	479,543
Applicable tax rate (%)	20	20	20	20
Accounting profit before tax multiplied by applicable tax rate	124,199	129,770	82,788	95,909
Adjustment in respect of current income tax of previous year	(2,170)	209	(142)	(375)
Write-off withholding tax deducted at source	350	6	20	-
Deferred tax assets which were not recognised during the year	1,589	-	25,028	-
Effects of:				
Promotional privileges (Note 23)	(48,281)	(41,011)	(48,281)	(37,599)
Non-deductible expenses	17,647	6,463	1,809	2,070
Additional expense deductions allowed	(57,158)	(37,902)	(681)	-
Tax-exempted revenue	-	-	(41,293)	(38,117)
Revenue treated as revenues under the Revenue Code	1,536	-	1,536	-
Unused tax losses of current year	22,762	2,163	-	-
Others	489	(1,134)	(443)	(417)
Total	(63,005)	(71,421)	(87,353)	(74,063)
Income tax expenses reported in the statement of comprehensive income	60,963	58,564	20,341	21,471



The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	3,780	6,566	461	706
Allowance for diminution in value of inventories	60,425	54,774	41,586	36,683
Allowance for asset impairment	2,224	2,103	1,356	788
Unrealised profit from inter-sales transactions	201,364	149,835	-	-
Provision for long-term employee benefits	11,843	9,807	4,859	3,934
Provisions	3,389	3,171	3,389	3,116
Unused tax losses	1,028	10,673	-	-
Others	-	315	-	-
<b>Total</b>	<b>284,053</b>	<b>237,244</b>	<b>51,651</b>	<b>45,227</b>

As at 31 December 2017, the subsidiaries have unused tax losses totaling Baht 82 million (2016: Baht 54 million) (the Company only: Nil (2016: Nil)), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses. Such unused tax losses will expire by 2022.

### 23. Promotional privileges

The Company has received various tax privileges under the Investment Promotion Act B.E. 2520 from the Board of Investment (BOI) pursuant to the investment promotion certificates No. 2040(4)/2549 and 3010/Wor/2545. Subject to certain imposed conditions, the privileges include an income tax exemption on profit derived from the promoted operations for a period of 8 years from the date the promoted operations begin generating revenues (August 2006) and an exemption from import duty on imported raw materials and supplies used in production for export. The corporate income tax privileges of these were expired in August 2014. Subsequently, the Company received various tax privileges from the Board of Investment pursuant to the investment promotion certificates 1231(4)/2558. Subject to certain imposed conditions, the privileges include an income tax exemption on profit derived from the promoted operations for a period of 8 years from the date the promoted operations begin generating revenues (November 2014) and an exemption from import duty on imported raw materials and supplies used in production for export.

In addition, the Company has received various tax privileges from the Board of Investment pursuant to the investment promotion certificates No. 60-0766-1-04-01-0. Subject to certain imposed conditions, the privileges include an income tax exemption on total profit derived from the promoted operations not over than 50% of capital value for improving efficiency production for a period of 3 years from the date the promoted operations begin generating revenues. However, as at 31 December 2017, the Company has not generated revenues from promoted operation.

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. 1699(4)/2557. Subject to certain imposed conditions, the privileges include an income tax exemption on profit derived from the promoted operations for a period of 8 years from the date the promoted operations begin generating revenues. However, as at 31 December 2017, the subsidiary has not generated revenues from promoted operation.

Another 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. 58-2258-0-00-2-0. Subject to certain imposed conditions, the privileges include an income tax exemption on profit derived from the promoted operations for a period of 8 years from the date the promoted operations begin generating revenues (January 2015).

The Company's operating revenues for the years ended 31 December 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Sales	26,823	38,749	2,707,735	1,928,711	2,734,558	1,967,460
Services	-	-	3,516,025	2,628,402	3,516,025	2,628,402
Revenues from project work	-	-	699,643	665,897	699,643	665,897
Other income	-	-	214,773	164,446	214,773	164,446
Total revenues	<u>26,823</u>	<u>38,749</u>	<u>7,138,176</u>	<u>5,387,456</u>	<u>7,164,999</u>	<u>5,426,205</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Sales	1,063,988	873,886	1,719,718	888,119	2,783,706	1,762,005
Services	-	-	178,353	186,414	178,353	186,414
Revenues from project work	-	-	220,284	209,335	220,284	209,335
Other income	-	-	246,143	247,499	246,143	247,499
Total revenues	<u>1,063,988</u>	<u>873,886</u>	<u>2,364,498</u>	<u>1,531,367</u>	<u>3,428,486</u>	<u>2,405,253</u>

## 24. Earnings per share

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

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the year (Thousand Baht)	271,538	365,819	393,599	458,072
Weighted average number of ordinary shares (Thousand shares)	960,000	960,000	960,000	960,000
Earnings per share (Baht per share)	0.28	0.38	0.41	0.48

## 25. Segment information

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have four reportable segments as follows:

- 1) Electronics manufacturing service business is a business segment which designs, manufactures of consigns and turnkey projects, and sales of semiconductor electronic parts which is raw material to produce print circuit boards.
- 2) Telecommunication business is a business segment which designs the network to serve both Narrowband (voice related services) and Broadband (Internet related services) through both copper wire and optical fiber cable network, including sales of telecommunication exchange equipment, equipment for the Multi Service Access Node (MSAN), WDM Access Switch, and Call Center system.

- 3) Related technology business is a business segment which manufactures, distributes and turnkey on installing the traffic system, tracking system, electronic meters, electronic sign, advertising fee collection from smart traffic boards, and enterprise resource planning service.
- 4) Retail business is a business segment which provides domestic and oversea value added top-up or online payment through kiosk system.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016 were as follow:

(Unit: Million Baht)

Consolidated financial statements for the years ended 31 December

	Electronics manufacturing service business <sup>1)</sup>		Telecommunication business <sup>2)</sup>		Related technology business <sup>3)</sup>		Retail business <sup>4)</sup>		Eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenues</b>												
Revenues from external customers	2,300	1,657	483	264	913	1,022	3,254	2,319	-	-	6,950	5,262
Inter-segment revenues	481	344	1,109	914	124	128	5	-	(1,719)	(1,386)	-	-
<b>Total revenues</b>	<u>2,781</u>	<u>2,001</u>	<u>1,592</u>	<u>1,178</u>	<u>1,037</u>	<u>1,150</u>	<u>3,259</u>	<u>2,319</u>	<u>(1,719)</u>	<u>(1,386)</u>	<u>6,950</u>	<u>5,262</u>
<b>Segment operating profit</b>	<u>446</u>	<u>354</u>	<u>133</u>	<u>101</u>	<u>145</u>	<u>296</u>	<u>923</u>	<u>715</u>	<u>-</u>	<u>-</u>	<u>1,647</u>	<u>1,466</u>
<b>Unallocated income (expenses):</b>												
Other income											215	164
Selling expenses											(132)	(109)
Administrative expenses											(951)	(774)
Loss on impairment loss on equipment											(43)	(6)
Loss from acquisition of share from non-controlling interests											-	(7)
Share of profit from investments in associates											9	6
Finance cost											(124)	(92)
Income tax expenses											(61)	(58)
Profit for non-controlling interests of the subsidiaries											(288)	(224)
<b>Profit for the years attributable to equity holders of the Company</b>											<u>272</u>	<u>366</u>

Segment assets of the Company and its subsidiaries as at 31 December 2017 and 2016 were as follows:

(Unit: Million Baht)

	Electronics manufacturing service business <sup>1)</sup>		Telecommunication business <sup>2)</sup>		Related technology business <sup>3)</sup>		Retail business <sup>4)</sup>		Unallocated assets		Eliminations		Total
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
Property, plant and equipment	74	64	-	-	59	79	2,972	2,244	661	500	(614)	(370)	2,517
Other assets	826	736	-	-	998	916	1,790	1,121	2,834	2,814	(1,451)	(1,234)	4,353
Total assets	900	800	-	-	1,057	995	4,762	3,365	3,495	3,314	(2,065)	(1,604)	6,870

### Geographic information

The Company and its subsidiaries are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### Major customers

For the year 2017, the Company have revenue from one major customer in amount of Baht 1,008 million arising from sales by electronics manufacturing service business segment. (2016: the Company and its subsidiaries have no major customers with revenue of 10 percent or more of and entity's revenue.)



## 26. Provident fund

The Company, its subsidiaries and their employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contribute to the fund monthly at a rate of 3% of basic salary. The funds, which are managed by Bangkok Capital Asset Management Company Limited, TISCO Asset Management Company Limited, and American International Assurance Company Limited will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 8 million (2016: Baht 8 million) (the Company only: Baht 5 million (2016: Baht 5 million)) were recognised as expenses.

## 27. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht per share)
Dividends for 2016	2017 Annual General Meeting of the shareholders on 7 April 2017	163	0.17
Interim dividend paid from profit for the six-month period ended 30 June 2017	The Board of Directors' Meeting on 11 August 2017	163	0.17
<b>Total for 2017</b>		<b>326</b>	<b>0.34</b>
Final dividends for 2015	2016 Annual General Meeting of the shareholders on 22 April 2016	163	0.17
Interim dividend paid from profit for the six-month period ended 30 June 2016	The Board of Directors' Meeting on 11 August 2016	163	0.17
<b>Total for 2016</b>		<b>326</b>	<b>0.34</b>

## 28. Commitments and contingent liabilities

### 28.1 Capital commitments

As at 31 December 2017, a subsidiary had capital commitments relating to the acquisition of equipment and improvement of office buildings of Baht 14 million (2016: the Company only: Baht 9 million).

## 28.2 Operating lease and related service commitments

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

Commitments relating to the rentals and service fees under these leases were as follows:

	(Unit: Million Baht)	
	As at 31 December	
	<u>2017</u>	<u>2016</u>
Payable within :		
In up to 1 year	16	22
In over 1 and up to 5 years	35	39
In over 5 years	70	76

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

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

	(Unit: Million Baht)	
	As at 31 December	
	<u>2017</u>	<u>2016</u>
Payable within:		
In up to 1 year	5	6
In over 1 and up to 5 years	17	22

## 28.3 Other commitments

As at 31 December 2017, the Company had commitments amounting to Baht 230 million, USD 1 million and JPY 15 million in relation to the agreements to purchase of goods (2016: Baht 312 million USD 8 million and JPY 17 million).

## 28.4 Guarantees

- a) The Company has guaranteed loan and credit facilities of its subsidiaries amounting to Baht 1,160 million (2016: Baht 1,100 million).
- b) As at 31 December 2017, there were outstanding bank guarantees amounting to approximately Baht 811 million (2016: Baht 734 million) issued by banks on behalf of the Company and its subsidiaries, of which Baht 488 million (2016: Baht 337 million) was on behalf of the Company only. These were in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiaries.

## 29. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements		
	As at 31 December 2017		
	Level 1	Level 2	Level 3
<b>Liabilities measured at fair value</b>			
Foreign currency forward contracts	-	-	-

(Unit: Million Baht)

	Consolidated financial statements		
	As at 31 December 2016		
	Level 1	Level 2	Level 3
<b>Liabilities measured at fair value</b>			
Foreign currency forward contracts	-	0.4	-

(Unit: Million Baht)

	Separate financial statements		
	As at 31 December 2017		
	Level 1	Level 2	Level 3
<b>Liabilities measured at fair value</b>			
Foreign currency forward contracts	-	-	-
<b>Assets for which fair value are disclosed</b>			
Investment properties	-	-	448

(Unit: Million Baht)

	Separate financial statements		
	As at 31 December 2016		
	Level 1	Level 2	Level 3
<b>Liabilities measured at fair value</b>			
Foreign currency forward contracts	-	0.4	-
<b>Assets for which fair value are disclosed</b>			
Investment properties	-	-	427

## **30. Financial instruments**

### **30.1 Financial risk management**

The financial instruments, the Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentation", principally comprise cash and cash equivalents, trade and other receivables, unbilled receivables, loans, trade and other payables, bank overdrafts and short-term loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries 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 and its subsidiaries have a significant concentration of credit risk due to its exposure to debtors of project work. The major debtors of project work are the authorities. In addition, some subsidiaries, have a large customer base. The management believes that such concentration of credit risk will have no material impact. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries are exposed to interest rate risk relates primarily to its cash at banks, loans, bank overdrafts, short-term loans and long-term loans which bear interest. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2017							
	Fixed interest rates			Floating		Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	interest rate	Non-interest bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	805	194	999	0.10 - 1.50
Trade and other receivables	-	-	-	-	1,468	1,468	-
Unbilled receivables	-	-	-	-	529	529	-
	-	-	-	805	2,191	2,996	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	2,251	-	-	-	-	2,251	2.00 - 2.80
Trade and other payables	-	-	-	-	976	976	-
							3.80 - 4.00,
Long-term loans	501	492	-	145	-	1,138	Refer to MLR
	2,752	492	-	145	976	4,365	

(Unit: Million Baht)

Consolidated financial statements							
As at 31 December 2016							
	Fixed interest rates			Floating		Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	interest rate	Non-interest bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	313	115	428	0.10 - 1.10
Trade and other receivables	-	-	-	-	1,532	1,532	-
Unbilled receivables	-	-	-	-	362	362	-
Restricted bank deposits	8	-	-	12	-	20	0.50 - 1.75
	8	-	-	325	2,009	2,342	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2016

	Fixed interest rates			Floating		Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	interest rate	Non-interest bearing		
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	1,548	-	-	-	-	1,548	2.30 - 3.10
Trade and other payables	-	-	-	-	968	968	-
							3.80 - 4.12,
Long-term loans	212	343	-	332	-	887	refer to MLR
	1,760	343	-	332	968	3,403	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2017

	Fixed interest rates			Floating		Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	interest rate	Non-interest bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	455	(5)	450	0.10 - 0.85
Trade and other receivables	-	-	-	-	444	444	-
Short-term loans to related parties	41	-	-	-	-	41	4.00 - 5.00
Unbilled receivables	-	-	-	-	89	89	-
	41	-	-	455	528	1,024	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	630	-	-	-	-	630	2.00 - 2.30
Trade and other payables	-	-	-	-	481	481	-
							4.00, refer to
Long-term loans	70	117	-	140	-	327	MLR
	700	117	-	140	481	1,438	



(Unit: Million Baht)

Separate financial statements							
As at 31 December 2016							
	Fixed interest rates			Floating		Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	interest rate	Non-interest bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	144	1	145	0.10 - 1.10
Trade and other receivables	-	-	-	-	580	580	-
Short-term loans to related parties	55	-	-	-	-	55	3.00 - 5.00
Unbilled receivables	-	-	-	-	100	100	-
	55	-	-	144	681	880	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	475	-	-	-	-	475	2.30 - 2.35
Trade and other payables	-	-	-	-	520	520	-
							4.00,
Long-term loans	46	74	-	254	-	374	refer to MLR
	521	74	-	254	520	1,369	

### 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.

As at 31 December 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	17.0	8.0	4.8	5.7	32.6809	35.8307
Japanese yen	-	-	0.4	1.7	0.2898	0.3080
Philippines peso	-	11.2	-	2.5	0.6556	0.7248
Vietnamese dong	0.8	0.8	-	-	0.0014	0.0016

Foreign exchange contracts outstanding as at 31 December 2017 and 2016 are summarised below:

2017			
Foreign currency	Bought amount	Contractual exchange rate of bought amount	Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.3	32.5900 - 32.7900	February 2018
2016			
Foreign currency	Bought amount	Contractual exchange rate of bought amount	Maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	4.0	35.6520 - 36.0685	February 2017
Japanese yen	25.0	0.2878	July 2017

### 30.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company and its subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives

### 31. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 2.0:1 (2016: 1.6:1) and the Company's was 0.8:1 (2016: 0.8:1).

**32. Event after the reporting period**

- 32.1 On 6 February 2018, a Board of Directors' meeting of Forth Tracking System Company Limited, one of the associates, passed a resolution to approve an interim dividend payment paid from unappropriated retained earnings as at 31 December 2017 of Baht 100 per share, a total of Baht 30 million. The dividend is scheduled be paid on 8 February 2018.
- 32.2 On 15 February 2018, a Board of Directors' meeting of Forth Smart Service Public Company Limited, one of the subsidiaries, passed a resolution to propose the Annual General Meeting of shareholders approve a dividend payment at Baht 0.55 per share from the 2017 operating results. In this regard, the subsidiary paid an interim dividend at Baht 0.25 per share, totaling Baht 200 million, during the year 2017 to the shareholders, therefore, the remaining dividend payable will be Baht 0.30 per share, or totaling Baht 240 million.
- 32.3 On 23 February 2018, the Company's Board of Directors' meeting passed a resolution to propose the Annual General Meeting of shareholders approve a dividend payment at Baht 0.42 per share from the 2017 operating results and the retained earnings derived from the promoted activities. In this regard, the Company paid an interim dividend at Baht 0.17 per share, totaling Baht 163 million, during the year 2017 to the shareholders, therefore, the remaining dividend payable will be Baht 0.25 per share, or totaling Baht 240 million.

**33. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.

# Management Discussion and Analysis of Financial Position and Operating Results

## Overall operating performance of the Group

Unit: Million Baht

	2017	2016	Increase (decrease)	Variance (%)
Total revenues	7,165	5,426	1,739	32%
Net profit	272	366	(94)	(26%)

The Group has total revenues of Baht 7,165 million for 2017, which is increased by Baht 1,739 million or 32% compared to the total revenues of Baht 5,426 million for 2016. The increase results from higher revenues from EMS business and retail business.

In 2017, the Group has net profit of Baht 272 million, which is decreased by Baht 94 million or 26% compared to the net profit of Baht 366 million for 2016. The decrease is mainly due to the lower gross profit from related technology business, the higher administrative expenses i.e. doubtful accounts - trade and other receivables, impairment loss on assets and the higher finance cost. As a result, overall net profit of the Group declined.

## Analysis of revenues

	2017		2016		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from main business</b>						
EMS business	2,300	32%	1,657	30%	643	39%
Telecommunication business	483	7%	264	5%	219	83%
Related technology business	913	13%	1,022	19%	(109)	(11%)
Retail business	3,254	45%	2,319	43%	935	40%
<b>Total revenues from main business</b>	<b>6,950</b>	<b>97%</b>	<b>5,262</b>	<b>97%</b>	<b>1,688</b>	<b>32%</b>
Other income	215	3%	164	3%	51	31%
<b>Total revenues</b>	<b>7,165</b>	<b>100%</b>	<b>5,426</b>	<b>100%</b>	<b>1,739</b>	<b>32%</b>

## EMS business

In 2017, the Group generates revenue of Baht 2,300 million from EMS business, which is increased by Baht 643 million or 39% compared to the revenue of Baht 1,657 million for 2016. It results from the increase in orders from a major customer of the manufacture and assembly of electronic circuit boards business unit.

### Telecommunication business

In 2017, the Group generates revenue of Baht 483 million from telecommunication business, which is increased by Baht 219 million or 83% compared to the revenue of Baht 264 million for 2016. It results from the increase in sale of set-top box and telecommunication equipment and installation of indoor WIFI antenna projects.

### Related technology business

In 2017, the Group generates revenue of Baht 913 million from related technology business, which is decreased by Baht 109 million or 11% compared to the revenue of Baht 1,022 million for 2016. It results from the decrease of ERP system development projects and the installation of LED electricity system in the buildings of government agencies of the Ministry of Justice was completed in 2016.

### Retail business

In 2017, the Group generates revenue of Baht 3,254 million from retail business, which is increased by Baht 935 million or 40% compared to the revenue of Baht 2,319 million for 2016. The Group has the top-up value via “Boonterm Kiosk” for 2017 of Baht 36,174 million, which is increased by Baht 12,791 million or 55% compared to the top-up value of Baht 23,383 million for 2016. As at 31 December 2017, the Group has 124,653 top-up kiosks across Thailand.

### Gross Profit and Gross Profit Margin

	2017		2016		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	446	19%	354	21%	92	26%
Telecommunication business	133	28%	101	38%	32	32%
Related technology business	145	16%	296	29%	(151)	(51%)
Retail business	923	28%	715	31%	208	29%
<b>Gross Profit</b>	<b>1,647</b>	<b>24%</b>	<b>1,466</b>	<b>28%</b>	<b>181</b>	<b>12%</b>

### EMS business

In 2017, the Group has gross profit of Baht 446 million, which is increased by Baht 92 million or 26% compared to the gross profit of Baht 354 million for 2016. It results from the higher gross profit of a major customer of the manufacture and assembly of electronic circuit boards business unit. In 2017, the gross profit margin is at the rate of 19%, which is closed to the gross profit margin at rate of 21% in 2016.

### Telecommunication business

In 2017, the Group has gross profit of Baht 133 million, which is increased by Baht 32 million or 32% compared to the gross profit of Baht 101 million for 2016. However, the gross profit margin is at the rate of 28% in 2017, decreased from the gross profit margin at rate of 38% in 2016. It results from the lower gross profit margin of set-top box, the lower proportion of sale of telecommunication equipment under the Company's brand which has higher gross profit margin and the reduction of installation price of indoor WIFI antenna projects.

### Related technology business

In 2017, the Group has gross profit of Baht 145 million, which is decreased by Baht 151 million or 51% compared to the gross profit of Baht 296 million for 2016. It results from the decrease of ERP system development projects and the lower gross profit margin of turnkey installation of CCTV in 2017. In addition, the installation of LED electricity system in the buildings of government agencies of the Ministry of Justice, which had high gross profit margin, was completed in 2016.

### Retail business

In 2017, the Company has gross profit of Baht 923 million, which is increased by Baht 208 million or 29% compared to the gross profit of Baht 715 million for 2016 because of the growth of "Boonterm Kiosk" business.

### Expenses and expenses to revenues from main business

	2017		2016		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	132	2%	109	2%	23	21%
Administrative expenses	951	14%	774	15%	177	23%
Finance cost	124	2%	92	2%	32	35%
Income tax expenses	61	1%	58	1%	3	5%

#### Selling expenses

In 2017, the Group has the selling expenses of Baht 132 million, which is increased by Baht 23 million or 21% compared to those of prior year. The increase is due to commission paid to sale agent for selling set-top box.

#### Administrative expenses

In 2017, the Group has the administrative expense of Baht 951 million, which is increased by Baht 177 million or 23% compared to those of prior year. It results from the increase of allowance for doubtful accounts of trade and other receivables and is in line with the growth of revenue of the Group.

#### Finance cost

In 2017, the Group has the finance cost of Baht 124 million, which is increased by Baht 32 million or 35% compared to that of the prior year. It results from the increase of short-term loans used as working capital and long-term loans used for the acquisition of property, plant and equipment.

#### Income tax expenses

In 2017, the Group has the income tax expenses of Baht 61 million and the income tax expenses to revenue from main business ratio is 1%. There is no significant change in income tax expenses and income tax expenses to revenue from main business ratio from those of the prior year and it is in line with the reduction of profit.



**Financial position****Assets**

Unit: Million Baht

	31 December 2017	31 December 2016	Increase (decrease)	% Variance
Current assets	4,491	3,932	559	14%
Non-current assets	3,658	2,937	721	25%
<b>Total assets</b>	<b>8,149</b>	<b>6,869</b>	<b>1,280</b>	<b>19%</b>

As at 31 December 2017, the Group's total assets are Baht 8,149 million, increased by Baht 1,280 million or 19% compared to the total assets as at 31 December 2016 of Baht 6,869 million. It results from the increase of cash and cash equivalents and property, plant and equipment.

**The quality of assets****Trade account receivables**

Unit: Million Baht

	Consolidated financial statements	
	31 December 2017	31 December 2016
Trade account receivables - unrelated parties	1,352	1,408
Less: Allowance for doubtful accounts	(51)	(42)
Trade account receivables - net	1,301	1,366

As at 31 December 2017 and 2016, the Group has the allowance for doubtful accounts, amounting to Baht 51 million and Baht 42 million, respectively. The Group's policy on allowance for doubtful accounts is based on past collection history, aging profile of outstanding debts and the prevailing economic condition. The management believes that allowance for doubtful accounts is adequate in the current circumstances.

**Inventories**

Unit: Million Baht

	Consolidated financial statements	
	31 December 2017	31 December 2016
Inventories	1,413	1,443
Reduce cost to net realisable value	(309)	(278)
Inventories - net	1,104	1,165

As at 31 December 2017 and 2016, the Group has the reduction of cost to net realisable value amounting to Baht 309 million and Baht 278 million, respectively. The Group estimates net realisable value of inventories taking into the account fluctuations of price or cost directly related to events occurring after the end of the period and movements of inventories and the prevailing economic condition. The management believes that the reduce cost to net realisable value is adequate in the current circumstances.

**Source of fund**

Unit: Million Baht

	31 December 2017	31 December 2016	Increase (decrease)	% Variance
Current liabilities	4,810	3,673	1,137	32%
Non-current liabilities	619	567	52	9%
<b>Total liabilities</b>	<b>5,429</b>	<b>4,240</b>	<b>1,189</b>	<b>28%</b>
<b>Total Shareholders' equity</b>	<b>2,720</b>	<b>2,629</b>	<b>91</b>	<b>3%</b>

**Liabilities**

As at 31 December 2017, the Group's total liabilities are Baht 5,429 million, increased by Baht 1,189 million or 28% compared to the total liabilities as at 31 December 2016 of Baht 4,240 million. It results from the increase of short-term loans used as working capital and long-term loans used for acquisition of property, plant and equipment.

**Shareholders' equity**

As of 31 December 2017, the Group's shareholders' equity is Baht 2,720 million, increased by Baht 91 million or 3% compared to the total shareholders' equity as at 31 December 2016 of Baht 2,629 million. The increase is due to the net profit and proceeds from non-controlling interests of the subsidiaries from the increase capital of subsidiaries. It also decreases from dividend paid by the Company to the Company's shareholders and dividend paid by the subsidiary to the non-controlling interests of the subsidiary.

**The appropriate of capital structure**

The Group's debt to equity ratio as at 31 December 2017 is 2.0:1, which is increased from the ratio as at 31 December 2016 at rate of 1.6:1. It results from the increase of short-term loans and long-term loans.

**Liquidity****Cash flows**

Unit: Million Baht

	2017	2016
Cash flows from (used in) operating activities	1,201	1,176
Cash flows from (used in) investing activities	(1,120)	(977)
Cash flows from (used in) financing activities	492	(139)

Cash flows from operating activities for 2017 are Baht 1,201 million, slightly decreased by Baht 25 million compared to the cash flows from operating activities of Baht 1,176 million for 2016.

Cash flows used in investing activities for 2017 are Baht 1,120 million, increased by Baht 143 million. It results from the acquisition of property, plant and equipment and computer software.

Cash flows from financing activities for 2017 are Baht 492 million, increased by Baht 631 million. It results from the increase of short-term loans used as working capital.

**Liquidity ratios**

The ratio of the current assets and current liabilities as at 31 December 2017 is 0.9:1 which is closed to the ratio as at 31 December 2016 at rate of 1.1:1.

## General Information

<b>Company Name</b>	Forth Corporation Public Company Limited
<b>Security Name</b>	FORTH
<b>Company Registration Number</b>	0107548000471
<b>Paid-up Capital</b>	480,000,000 Baht (960,000,000 common shares of Baht 0.5 par value)
<b>Nature of Business</b>	<ul style="list-style-type: none"> <li>• Manufacturing and distribution of telecommunication and electronic equipment under trademark of "FORTH"</li> <li>• Manufacturing of print circuit board and electronic equipment under the customer brand</li> <li>• Manufacturing, distribution and contractor for the installation of equipment, traffic light system and CCTV</li> <li>• Manufacturing and distribution of electric sign board</li> <li>• The collection of the advertising fee from text message and images on genius traffic board</li> <li>• The development and implementation of Enterprise Resource Planning system</li> <li>• The online top-up service and the topping-up the prepaid mobile phone</li> <li>• Manufacturing and distribution of lamps and lighting equipment</li> </ul>
<b>Head Office's address</b>	1053/1 Phaholyothin Road, Phayathai, Phayathai, Bangkok, 10400
<b>Branch address</b>	Branch No.1 66/350 Moo 12 Raikhing, Sampran, Nakornprathom, 73210 Branch No.2 77 Moo 11 Phuttamonton 5th Road, Raikhing, Sampran, Nakornprathom, 73210 Branch No.3 66/18 Moo 12 Raikhing, Sampran, Nakornprathom, 73210 Branch No.4 282, 284 Phaholyothin Road, Samsennai, Phayathai, Bangkok, 10400 Branch No.5 256 Phaholyothin Road, Samsennai, Phayathai, Bangkok, 10400 Branch No.6 79/2 Moo 10 Raikhing, Sampran, Nakornprathom, 73210
<b>Website</b>	www.forth.co.th
<b>Telephone</b>	0-2615-6700, 0-2271-2888
<b>Facsimile</b>	0-2615-0615, 0-2279-4888
<b>References</b>	
<b>Securities Registrar</b>	Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel. 0-2009-9000 Fax. 0-2009-9991
<b>Auditors</b>	1. Ms. Waraporn Prapasirikul      CPA (Thailand) No. 4579 and/or 2. Mr. Narong Puntawong          CPA (Thailand) No. 3315 and/or 3. Ms. Sirirat Sricharoensup      CPA (Thailand) No. 5419 EY Office Limited 193/136-137, 33rd Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok, 10110 Tel: 0-2264-0777 Fax: 0-2264-0790

**For more details of the Company, please refer to the annual filing (Form 56-1)  
at [www.sec.or.th](http://www.sec.or.th) or the Company's website**



## FORTH CORPORATION (PUBLIC) COMPANY LIMITED

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