บริษัท เอสไอเอส ดิสทริบิวชั่น (ประเทศไทย) จำกัด (มหาชน)
SiS Distribution (Thailand) Public Company Limited

รายงานประจำปี 2553

ANNUAL REPORT 2010

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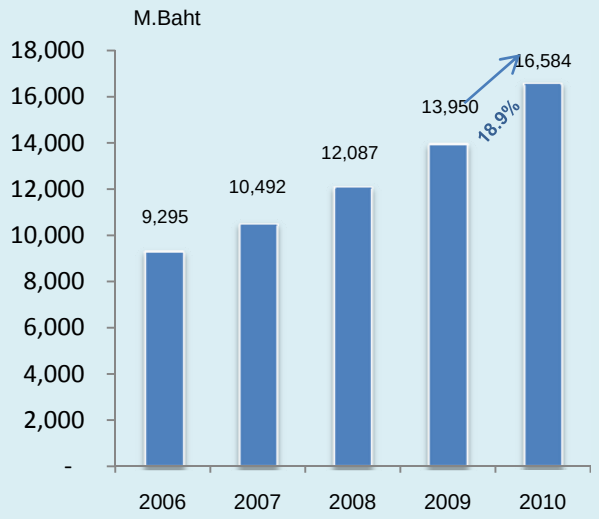
Vision

- We are the leading company in IT business in Thailand with continuous development and good corporate governance for transparency
- We support technology in any area and provide various high quality products to enhance skills of Thai people and Thai entrepreneurs
- We deliver sustainable growth and long-term value to shareholders
- Our staff are skillful and able to give good advice to clients
- Our employees contribute high performance with skill and provide good advice to clients
- Our business success means to our suppliers, our clients and our staff

Summary of Financial Statements

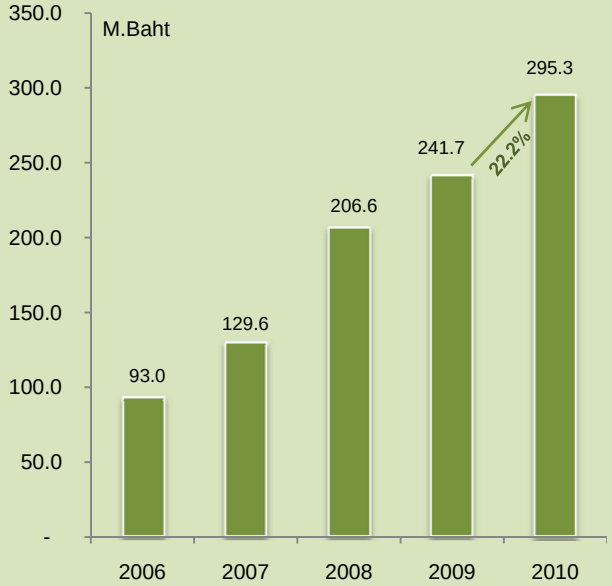
Total Revenues

Total revenues of the company were Baht 16,584 million, increased by 18.9% from previous year, which increased more than average growth of IT Industry in 2010, research by National Electronics and Computer Technology Center (NECTEC), increased by 14.1%.



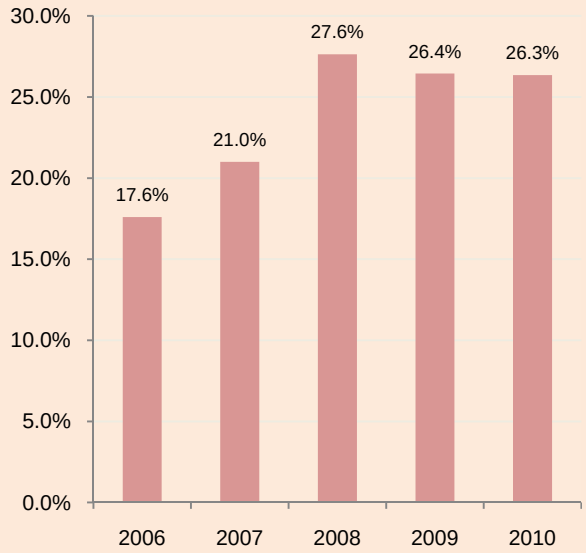
Net Profit

Net Profit of the company was Baht 295.3 million, increased by 22.2% from previous year, which increased in line of total revenues growth.



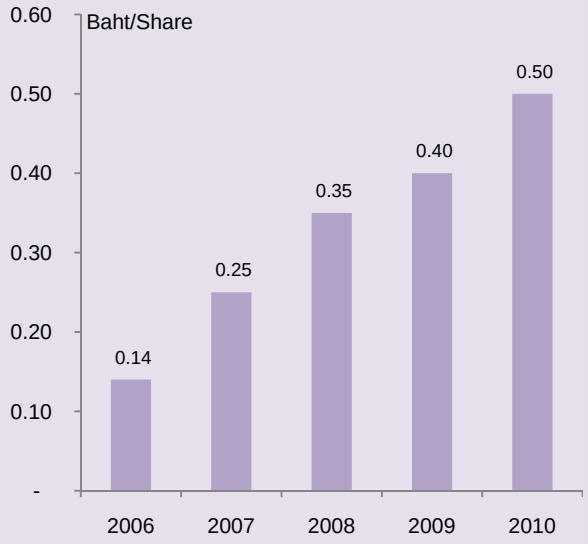
Returns on Shareholders' Equity

Return on Shareholder's Equity ratio was 26.3%, slightly decreased from previous year. However, by reference to record from SETSMART of the first 9 months of 2010, the company has got rank 51 of the highest ROE Company in SET.



Dividend

The Board of Director deemed to propose the Annual General Meeting of Shareholder to approve dividend payment at the rate of 0.50 baht per share, increased by 25% from previous year or equal to 35% of net profit.



As of December 31, 2010
Unit: Million Baht

		2006	2007	2008	2009	2010
Operating Results						
Total Revenues	(Million Baht)	9,295.0	10,491.7	12,087.3	13,949.5	16,584.4
Revenue Growth Rate		*6.1%*	*12.9%*	*15.2%*	*15.4%*	*18.9%*
Profit before interest and tax	(Million Baht)	194.4	242.7	337.0	364.8	461.3
Profit before interest and tax Growth Rate		*9.8%*	*24.9%*	*38.9%*	*8.2%*	*26.5%*
Net Profit	(Million Baht)	93.0	129.6	206.6	241.7	295.3
Net Profit Growth Rate		*5.5%*	*39.4%*	*59.4%*	*17.0%*	*22.2%*
Balance Sheets						
Total Assets	(Million Baht)	2,080.4	1,778.5	2,143.2	2,981.9	3,473.2
Total Liabilities	(Million Baht)	1,514.9	1,111.6	1,314.5	1,982.6	2,231.1
Total Shareholders'Equity	(Million Baht)	565.5	666.9	828.7	999.3	1,242.1
Financial Ratio						
Gross Profit Margin		5.1%	5.6%	6.8%	5.4%	5.8%
Net Profit Margin		1.0%	1.2%	1.7%	1.7%	1.8%
Return on Assets		4.2%	6.7%	10.5%	9.4%	9.1%
Return on Shareholders' Equity		17.6%	21.0%	27.6%	26.4%	26.3%
Liquidity Ratio	(Times)	1.14	1.55	1.59	1.45	1.50
Quick Liquidity Ratio	(Times)	0.78	1.03	0.95	0.95	0.92
Debt to Equity Ratio	(Times)	2.68	1.67	1.59	1.98	1.80
Interest-Bearing-Debt to Equity	(Times)	1.67	0.75	0.59	0.91	0.91
Financial Figure per Share						
Basic Earning per Share	(Baht)	0.46	0.64	1.02	1.19	1.44
Book Value per Share	(Baht)	2.81	3.31	4.09	4.92	5.96

Remarks:

- Basic earnings per share is calculated by dividing net profit for the year by the weighted average number of common shares in issue during the year
- Dividend for 2010 that shown in table, has been approved from the Board of Directors and waiting for approval from shareholders in the 2011 Annual General Meeting of Shareholder

Message from the Board

Dear Valued Shareholders

Positive trends of Thai Economy are a significant picture. In 2010, Thailand has economic growth at 7.8% of GDP by which this figure has changed from the reduction of 2.3% of the growth rate of GDP in 2009. Key factors contributing to the high recovery scheme are world economic recovery, domestic demands, private fund investment of which it increased at 13.8%. Meanwhile, the household consumption grows up 4.8% and the export in dollar value increases at most 28.5% even though there was political crisis in the second quarter of Thailand. However, after the crisis, Thai economy recovers dramatically particularly in the third quarter.

SiS Distribution (Thailand) PCL did well also in 2010. It is great to inform that the company has income at Baht 16,584 Million. This performance increases from 2009 at 18.9 %. Furthermore, net profit is Baht 295 Million, increased at 22.2% for which it is the higher increasing rate compared to the IT industry (source of the industry growth is NECTEC). Noticeably, the NECTEC projected that, in 2010, IT industry grows 14.1%. The Company developed both channel distribution and operational efficiency resulted in the increased net profit. Particularly, the channel distribution was developed to cover various markets and locations, e.g. establishment of Phuket branch. Also, the Company expanded product width by having new smart phone brand by which there was a significant market and net profit expansion in 2010.

According to the continuous improvement of business performance, SiS Distribution (Thailand) Public Company Limited was nominated for the Best Performance Awards in the listed company group that has market capitalization at under Baht 10,000 Million (the Second group). Specifically, the Best Performance Awards is the prize for the excellent operation company. The Company was nominated as the one in the three qualified companies. Particularly, it can be inferred that the Company has the qualified corporate governance complied with the SET's rules and regulations in terms of disclosure and financial report quality. This evaluation is sponsored by the joint project between SET and the Finance and Banking Magazine for which Tris Corporation Limited is the assessor for this Award.

The company has still developed the fundamental business facilities. During 2009-2010, the Company had developed the program of Enterprise Resource Planning (SAP ECC 6) changed from the previous version (SAP R/3) which is the out-of-date version for 10 years. The go-live date is January 1, 2011. The Company also plans to relocate and expand the office and warehouse to be bigger than the current one at 2 times. The Company opens three more branches in upcountry and also recruits more employees over 70 people for these expanded businesses.

The Company has still attempted to drive her key businesses as defined Vision from which the Company intends to enhance using technology for enlarging the capability of Thai and Thai entrepreneur. Also, the

Company focuses on her sustainable growth and great return for shareholders as long-term goals. Beyond good business performance, the Company has concentrated on the good business citizen by complying with all rules and regulations of all relevant regulators, e.g. SET. In 2010, as the report of the good corporate governance of listed company, the survey conducted by the Stock Exchange of Thailand, the office of Securities and Exchange Commission and The Thai Institute of Directors Association showed that the Company was evaluated as the excellent-performance listed company in terms of corporate governance practice. This performance rank is the highest rank of the evaluation report. Furthermore, Thai Investors Association, Thai Listed Companies Association and the Office of the Securities and Exchange Commission (SEC) evaluated the performance of the Company's AGM arrangement (specifically for the 1/2010 AGM) to obtain 100 marks as the full score at 100 point .

In 2011, there is the projection of Thai economy expansion at 3.5.-4.5 for which it is slower than 2010. Thus, this current year is also the high challenging year for the Company. Specifically, the world economy still has been in the risky conditions for example US has the high unemployment at 10% even the government used the consumption encouragement policy. Also, various European countries are in the recession stage of economy. Moreover, there has been political crisis in many Middle East countries by which the oil price is in the high risky conditions of the new economy crisis. Specifically, Thailand may face the general election syndrome in 2011 by which it may affect to the government stability. The Company must take her business operations carefully.

On behalf of the Board of Directors, it is great time to thank shareholders, employees, business partners, debtors, suppliers, and all stakeholders for their trust and support to the Company. We intend to manage and develop our business operations and practices to develop Thai well being, Thai entrepreneur, and Thailand for having higher efficiency and more competitive advantages.

(Mr.Suwit Chindasanguan)
Chairman
SiS Distribution (Thailand) Public Company Limited

(Mr.Somchai Sittichaisrichart)
Managing Director
SiS Distribution (Thailand) Public Company Limited

General Information

SiS Distribution (Thailand) Public Company Limited

Type of Business : IT Distribution and Services to Dealers

Office Location :

1. Main Office: 65 Ground, 4th Floor Chamnan Phenjati Business Center, Rama 9 Road, Huaykwang Sub-District , Huaykwang District, Bangkok Tel. 0-2 640-3000,
   Fax Number : 0-2643-0780
2. Chiangmai Branch: 244 Wualai Road, Hayya Sub-District, Muang District, Chiangmai 50100 Tel. 0-5320-1901-3
3. Phuket Branch: 185/43 Phang-Nga Road, Taradyai Sub-district, Muang District, Phuket 83000 Tel. 0-7633-5106-8

Warehouse Location : 383 Soi Soonvijai (Rama 9 Soi 15), Rama 9 Road,
Bangapi Sub-District, Huaykwang District, Bangkok 10320

Service Center Location :

1. Ground Floor, Chamnan Phenjati Business Center, 65 Rama 9 Road, Huaykwang Sub-District , Huaykwang District, Bangkok 10320
   Tel. 0-2 640-3001, Fax Number : 0-2640-3299
2. HTC Care, Room No. 4E75, 4th Floor, IT Mall Fortune Town, Ratchadapisek Road, Dindang Sub-District, Dindang District, Bangkok 10320 Tel. 0-2640-3000 ext 4001
3. Room No. 11-26 Pantip Plaza, Petchburi Road, Petchburi Road Sub-District, Rajathevee District, Bangkok 10400
   Tel. 0-2640-3000 ext 4003, 0-2656-6119
4. Room No. 26, 4th Floor, IT Mall Fortune Town, Ratchadapisek Road, Dindang Sub-District, Dindang District, Bangkok 10320
   Tel. 0-2640-3000 ext 4004
5. 244 Wualai Road, Hayya Sub-District, Muang District, Chiangmai 50100. Tel.0-5320-1901-3
6. HTC Care, Floor 3 Central Airport Plaza, Mahidol Road, Hayya Sub-District, Muang District, Chiangmai 50100.
   Tel.0-5320-2300, 0-5320-2700
7. 185/43 Phang-Nga Road, Taradyai Sub-district, Muang District, Phuket 83000 Tel. 0-7633-5106-8

Company Registration Number : Bor Mor Jor. 0107547000052

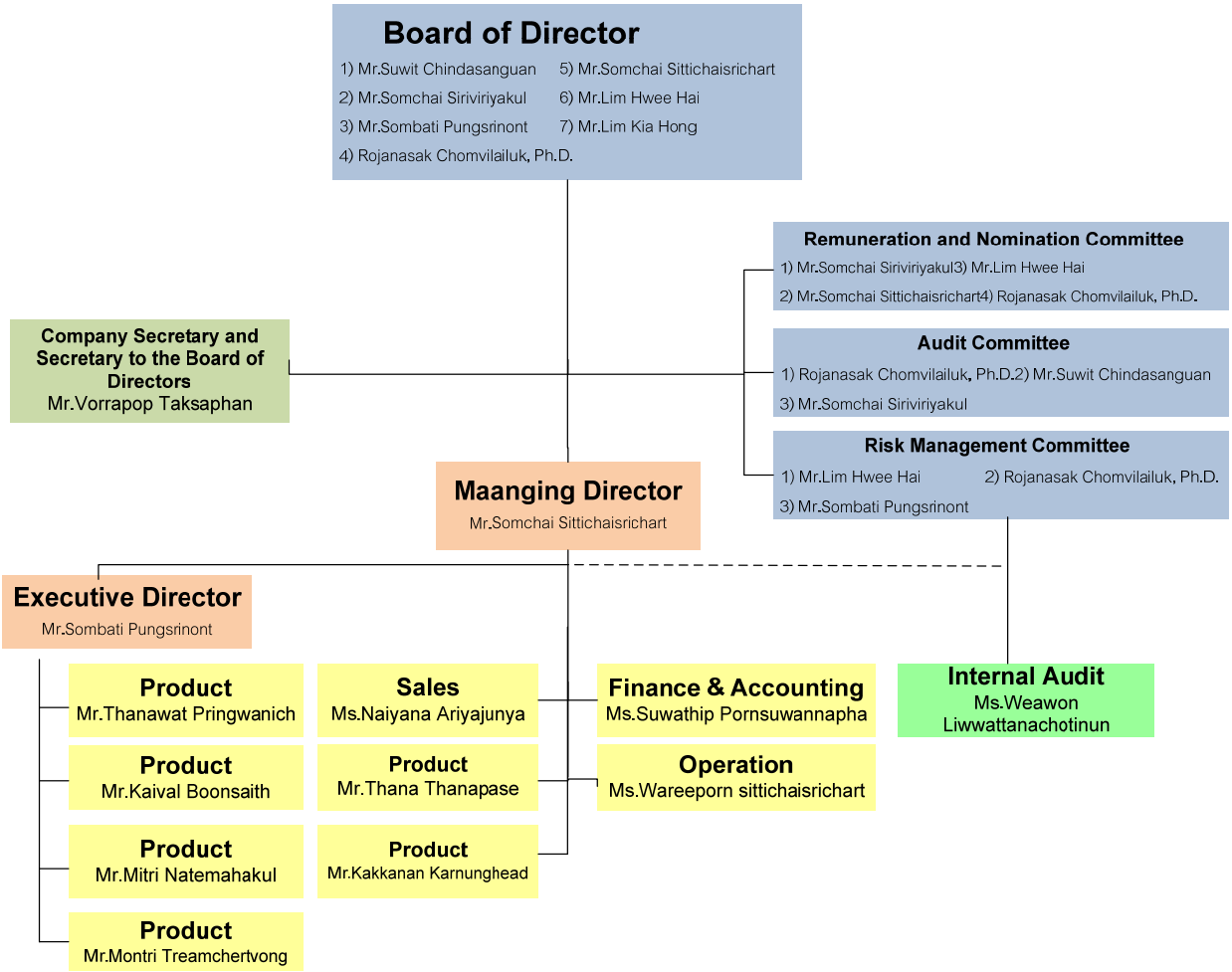
Website	:	Center www.sisthai.com Investor Relation www.sisthai.com/investor_th.html
Email	:	Center sis@sisthai.com Investor Relation investorinfo@sisthai.com Company Secretary companysecretary@sisthai.com Complain/Suggest complain@sisthai.com
Investor Relation	:	Ms.Jawita Yoswatananont : Tel. 0-2640-3243 : Email investorinfo@sisthai.com Ms.Suwathip Pornsuwannapha : Tel. 0-2640-3040 : Email investorinfo@sisthai.com
Authorized Share Capital	:	Baht 213.174,100 as common shares at 1 baht each that issued and paid-up 208,543,175 baht

Other References

Share Registrar	:	Thailand securities Depository Company Limited 62 The Stock Exchange of Thailand Building Ratchadapisek Road, Klongtoey Bangkok 10110 Telephone : (662) 229 -2800 Fax : (662) 359-1259 Call Center : (662) 229-2888 Website: http://www.tsd.co.th E-mail: contact.tsd@set.or.th
Auditor	:	MS.Sureerat Thongarunseang, Certified Public Accountant No. 4409, KPMG Phoomchai Audit Limited Empire Tower, 50th – 51st Floor, 195 South Sathorn Road, Yannawa Sub-District, Sathorn District, Bangkok 10120 Telephone : (662) 677-2000 Fax : (662) 677-2222 ***Remark :*** KPMG Phoomchai Audit Limited (Formerly: KPMG Audit (Thailand) Limited)) as auditor of the company to express an opinion on our financial statements based on their audits. KPMG Phoomchai Audit Limited is auditor of the company since 1999 and express unqualified opinion every year.
Independent Director	:	Email : independentdirector@sisthai.com
Legal Consultant	:	Cement Thai Legal Counsel Limited 1 Siam Sement Road, Bangsue Sub-District, Bangsue District, Bangkok 10800 Telephone : (662) 586 3494, (662) 586 5777 Fax : (662) 586 2976-7

Organization Structure

SiS Distribution (Thailand) Public Company Limited



Board of Directors

Name	Mr.Suwit Chindasanguan
Position	Chairman • Audit Committee • Independent Director
Age	57 years
Nationality	Thai
Education	Master of Science (Economics), Kasetsart university
Training History From IOD	- Director Certification Program - Directors Accreditation Program - Audit Committee Program - Improving the Quality of Financial Reporting - Role of Compensation Committee Program - Audit Committee: Experience, Problem and Best Practice - CG of Thai Listed Companies - Board - CEO Relations : Balancing Trust and Oversight - Role of Chairman - Monitoring the Quality Financial Report - How to specify the role and authority of Independent Director to perform and effectively of their duty. - 2009 economic situation: necessary to downsize the organization or not - Successful Formulation & Execution of Strategy - Monitoring the System of Internal Control and Risk Management
Shareholding	75,000 Ordinary Shares, equal to 0.0367% of total shares with voting right
Year of Directorship in the company (independent director)	6 years

Working Experience / Directorship or management in other businesses

Working Experience	Jan. 2007 – Present	Chairman, SiS Distribution (Thailand) Public Company Limited
	Jan. 2004 – Jan. 2007	Independent Director and Audit Committee, SiS Distribution (Thailand) Public Company Limited
Positions in other Listed Companies	1 Position	Independent Director and Chairman of Audit Committee Univentures Public Company Limited
Positions in other Non-Listed Companies	3 Positions for director and Advisor in other Non-Listed Companies as follows	
	2001 - Present	Chairman, Internet Solution & Service Provider Co., Ltd.
	2005 - Present	Chairman, Wide Wi Max Co., Ltd.

Name	Rojanasak Chomvilailuk, Ph.D.
Position	Chairman of Audit Committee • Remuneration and Nomination Committee • Risk Management Committee • Independent Director
Age	49 years
Nationality	Thai
Education	Doctor of Philosophy in Marketing & Management, Charles Sturt University
Training History From IOD	- Fellow Member of Thai Institute of Directors Association - Director Certification Program - Audit Committee Program - Directors Accreditation Program - Audit Committee: Experience, Problem and Best Practice - Finance for Non-finance Director - Improving Board Decisions - Improving the Quality of Financial Reporting - Role of Compensation Committee Program - Certificate of Diploma - CEO Relations : Balancing Trust and Oversight - Chartered Director Class - What the Board Should Expect from the Company Secretary - Successful Formulation & Execution the Strategy - DCP Refresher Course - How to specify the role and authority of Independent Director to perform and effectively of their duty - 2009 Economic Situation : necessary to Downsize the organization or not - Monitoring the System of Internal Control and Risk Management
Shareholding	23,750 Ordinary Shares, equal to 0.011% of total shares with voting right
Year of Directorship in the company (independent director)	6 years

Working Experience / Directorship or management in other businesses

Working Experience	2004 – Present	Independent Director and Audit Committee, SiS Distribution (Thailand) Public Company Limited
	2009 – Present	Chairman of Audit Committee, SiS Distribution (Thailand) Public Company Limited.
	2008 – 2009	Chairman of Remuneration and Nomination Committee, SiS Distribution (Thailand) Public Company Limited
	2006 – 2008	Remuneration Committee, SiS Distribution (Thailand) Public Company Limited
Positions in other Listed Companies	- None -	
Positions in other Non-Listed Companies	3 companies	
	2009 - Present	Independent Director, Ausiris Future Co., Ltd.
	2005 – Present	Director, Marketing Move Co., Ltd.
	2005 – Present	Lecturer and Director of BBA. (International Program) The University of the Thai Chamber of Commerce

Name	Mr. Somchai Sirivichayakul

Position	Chairman of the Remuneration and Nomination committee • Independent Director • Audit Committee
Age	54 years
Nationality	Thai
Education	- Master of Engineering (Civil Engineering), Tokyo Institute of Technology, Japan - Accredited Gemologist, Asian Institute of Gemological Sciences (AIGS)
Training History From IOD	- Director Certification Program - Directors Accreditation Program - Audit Committee Program - Audit Committee: Experience, Problem and Best practice - IT Governance: A Strategic Part Forward - Role of the Compensation Committee (RCC) - Director Certification Program Refresher Course - How to specify the role and authority of Independent Director to perform and effectively of their duty. - Successful Formulation & Execution of Strategy - Monitoring the System of Internal Control and Risk Management
Shareholding	20,000 Ordinary Shares, equal to 0.01% of total shares with voting right

Year of Directorship in the company (independent director) 6 years

Working Experience / Directorship or management in other businesses

Working Experience	2004 - Present	Independent Director & Audit Committee, SiS Distribution (Thailand) PCL.
	2008 - Present	Chairman of the Remuneration and Nomination Committee, SiS Distribution (Thailand) PCL.
	2004 - 2008	Chairman of the Audit Committee, SiS Distribution (Thailand) PCL.
	2004 - 2007	Chairman of the Board, SiS Distribution (Thailand) PCL.
	2006 - 2008	Remuneration and Nomination Committee, SiS Distribution (Thailand) PCL.

Positions in other Listed Companies - None -

Positions in other Non-Listed Companies 7 Companies

2009 – Present	Director, T.T. Ceramic Co., Ltd.
2008 – Present	Director, J & W Development (Phuket) Co., Ltd.
2007 – Present	Director, Space Development Co., Ltd.
2005 – Present	Director, Food Obsession Co., Ltd.
2004 – Present	Director, Cyber Intrend Co., Ltd.
2003 – Present	Managing Director, Profit Center Group Co., Ltd.
1990 – Present	Partner, Sirichoke Development Partnership

Name Mr.Lim Hwee Hai

Position	Chairman of Risk Management Committee • Remuneration and Nomination Committee • Authorized Director
Age	61 years
Nationality	Singaporean
Education	- Bachelor of Commerce (First Class Honours), Nanyang University - Master of Business Administration, The National University of Singapore
Training from IOD	- Director Accreditation Program
Type of Director	Non Executive Director
Shareholding	93,750 Ordinary Shares, equal to 0.045% of total shares with voting right

Year of Directorship in the company (Non Executive director) 12 years

Working Experience / Directorship or management in other businesses

Working Experience	1999 – Present	Non-Executive Director: SiS Distribution (Thailand) PCL.
	2008 – Present	Chairman of Risk Management Committee SiS Distribution (Thailand) Public Company Limited
	2008 – Present	Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company Limited
	2006 – 2008	Chairman of Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company Limited
	1983 – Present	Director and President: SiS Group of Companies
	1979 – 1982	Manager, Banque Nationale De Paris
	1976 – 1978	Senior Officer, Development Bank of Singapore

Positions in other Listed Companies No position in Thailand

Positions in other Non-Listed Companies 2 Subsidiary Companies in Thailand

Name Mr. Lim Kia Hong

Position	Authorized Director
Age	54 years
Nationality	Singaporean
Education	Bachelor of Business Administration, University of Washington, USA
Type of Director	Non Executive Director
Shareholding	93,750 Ordinary Shares, equal to 0.045% of total shares with voting right

Year of Directorship in the company (Non executive director) 12 years

Working Experience / Directorship or management in other businesses

Working Experience	1999 - Present	Director, SiS Distribution (Thailand) Public Company Limited
	1983 - Present	Chief Executive Officer, SiS Group of Companies

Positions in other Listed Companies No position in Thailand

Positions in other Non-Listed Companies 2 Subsidiary Companies in Thailand

Name	Mr. Somchai Sittichaisrichart
Position	Managing Director • Remuneration and Nomination Committee • Authorized Director
Age	51 years
Nationality	Thai
Education	- Bachelor of Engineering (Electrical Engineering), Prince of Songkhla University - Master of Business Administration, Thammasat University
Training History From IOD	- Director Certification Program - Directors Accreditation Program - CEO Succession and Effective Leadership Development - IT Governance : A Strategic Path Forward - Successful Formulation & Execution the Strategy - What the Board Should Do in a Turnaround Situation - 2009 Economic Situation : necessary to Downsize the organization or not
Type of Director	Executive Director
Shareholding (31/12/2010)	5,478,300 shares or equivalent to 2.63% of total shares and exclude shares held by - Ms.Wareeporn Sittichaisrichart (spouse) 5,565,600 shares - Mr.Pete Sittichaisrichart (son) 7,558,900 shares - Ms.Ploy Sittichaisrichart (daughter) 12,000,000 shares
Year of Directorship in the company (Executive Director)	12 years

Working Experience / Directorship or management in other businesses

Working Experience	1999 - Present	Managing Director, SiS Distribution (Thailand) Public Company Limited
	2006 - Present	Remuneration & Nomination Committee, SiS Distribution (Thailand) Public Company Limited
	1992 - 1998	Managing Director, M&V Technologies Co., Ltd.
	1982 - 1992	General Manager, Sharp Thebnakorn Co., Ltd.
Positions in other Listed Companies		- None -
Positions in other Non-Listed Companies		2 Subsidiary Companies

Name	Mr. Sombati Pungsrinont
Position	Executive Director • Risk Management Committee • Authorized Director
Age	54 years
Nationality	Thai
Education	- Bachelor of Engineering (Electrical Engineering), King Mongkut's University of Technology Thonburi - Master of Business Administration, Thammasat University
Training History From IOD	- Director Certification Program - Directors Accreditation Program - Role of Compensation Committee Program
Type of Director	Executive Director
Shareholding (31/12/2010)	12,478,200 shares or equivalent to 5.98% of total shares and exclude shares held by - Ms.Suranee Pungsrinont (spouse) 100 shares - Mr.Chanont Pungsrinont (son) 2,606,000 shares - Mr.Thanakorn Pungsrinont (son) 3,500,000 shares - The Body of Person Suthana by Ms.Suranee Pungsrinont 755,400 shares
Year of Directorship in the company (Executive Director)	12 years

Working Experience / Directorship or management in other businesses

Working Experience	1999 - Present	Executive Director, SiS Distribution (Thailand) Public Company Limited
	2006 - 2008	Remuneration & Nomination Committee, SiS Distribution (Thailand) Public Company Limited
	1997 - 1999	Executive Director, M&V Technologies Co., Ltd.
	1992 - 1997	Executive Director, Tanawat Information System Co., Ltd.

Positions in other Listed Companies	- None -
Positions in other Non-Listed Companies	2 Subsidiary Companies

Management and Company Secretary

From left to right
1) Kakkanan Karnunghead • 2) Thanawat Pringwanich • 3) Panit Srikrerkkrit • 4) Suwathip Pornsuwannapha • 5) Mitri Nademahakul • 6) Wareeporn Sittichaisrichart • 7) Naiyana Ariyajunya • 8) Montri Treamchertivong • 9) Thana Thanapase • 10) Kaival Boonsaith

Name	Ms.Suwathip Pornsuwannapha
Position	Financial Controller
Age	41 years
Nationality	Thai
Education	Master of Accounting, Chulalongkorn University
Training History	- SiS-Chula Mini MBA : Chulalongkorn University - The Coaching Clinic : Management and Psychology Institute - Risk Management Seminar & Workshop / IOD - Preparation before new Securities and Exchange Act applied / Listed Companies Association - CFO program / Federation of Accounting Profession - Impact from IFRS for Listed Company / Securities Analysts Association
Shareholding (31/12/2010)	1,013,300 Ordinary Shares, equal to 0.49% of total shares with voting right
Working Experience	1999 - Present Financial Controller, SiS Distribution (Thailand) PCL 1994 – 1999 Accounting Manager, M & V Technologies Co., Ltd. 1991 – 1993 Senior Auditor, Coopers and Lybrand Co., Ltd.

Name	Ms. Wareeporn Sittichaisrichart
Position	Operation Manager
Age	51 years
Nationality	Thai
Education	Bachelor of Science, Prince of Songkhla University
Training History	- FC Fundamental Course / Association of Investment Management Companies / Association of Provident Fund / Thailand Securities Institute - Remuneration management / Hipo Training - Competency Based Human Resource Management: WASO Training Co., Ltd. - Best Employers in Thailand 2009 Study: Hewitt Associates (Thailand) Ltd. - The Coaching Clinic: Management and Psychology Institute - GEN Y Talent Management & Succession Planning, OMEGAWORLDCLASS Research Institute - The remuneration for Sale Representative: MPI Management & Psychology Institute - Salary Structure Design : OMEGAWORLDCLASS Research Institute
Shareholding (31/12/2010)	5,565,600 shares or equivalent to 2.67% of total shares and exclude shares held by - Mr.Somchai Sittichaisrichart (spouse) 5,478,300 shares - Mr.Pete Sittichaisrichart (son) 7,558,900 shares - Ms.Ploy Sittichaisrichart (daughter) 12,000,000 shares
Working Experience	1999 – Present Operation Manager, SiS Distribution (Thailand) Public Company Limited 1994 – 1999 MIS Manager, M&V Technologies Co., Ltd.

Name	Mr.Thanawat Pringwanich
Position	General Manager of Commercial Division
Age	44 years
Nationality	Thai
Education	Master of Commerce, Macquarie University, Sydney, Australia
Training	The Coaching clinic: Management and Psychology Institute
Shareholding (31/12/2010)	74,900 Ordinary Shares, equal to 0.04% of total shares with voting right
Working Experience	2006 – Present General Manager of Commercial Division, SiS Distribution (Thailand) Public Company Limited
	2003 – 2005 Sales & Marketing Manager, Datapro Computer System Co., Ltd.
	2002 – 2003 Business Consultant, Kenan Institution of ASIS
	2000 – 2002 Sales Manager, The Value System Co., Ltd.

Name	Ms.Naiyana Ariyajunya
Position	General Manager of Phone Division
Age	43 years
Nationality	Thai
Education	Bachelor of Science, Burapha University
Training History	- How to success in management of important customer/ Thailand Management Association - The Coaching clinic: Management and Psychology Institute
Shareholding (31/12/2010)	93,750 Ordinary Shares, equal to 0.04% of total shares with voting right
Working Experience	2007 – Present General Manager of Channel Development Division, SiS Distribution (Thailand) Public Company Limited
	2005 - 2006 Sales & Marketing Manager, SiS Distribution (Thailand) Public Company Limited
	2004 – 2005 Vice President, Beraza Technology Co., Ltd.
	1999 – 2004 Sales Manager, D Computer Co., Ltd.

Name	Mr.Panit Srikrekkrit
Position	General Manger of Movie & Music Division
Age	43 years
Nationality	Thai
Education	Bachelor of Business Administration, Assumption University
Training History	- Skill Development of New Management / Hipo Training Accountancy Co.,Ltd.
Shareholding (31/12/2010)	96,800 shares or equivalent to 0.046% of total shares
Working Experience	2004 – Present General Manager of Movie & Music Division, SiS Distribution (Thailand) PCL.
	2002 – 2004 Marketing Manage, GMM Grammy PCL.
	1999 – 2002 Product Manager, Pioneer Electronics (Thailand) Co., Ltd.
	1998- 1999 Product Manager, BMG Entertainment (Thailand) Co., Ltd.

Name	Mr.Thana Thanaphase
Position	General Manager of Retail Division
Age	49 years
Nationality	Thai
Education	Bachelor of Business Administration, Assumption University
	Master of Commerce, Thammasat University
Shareholding (31/12/2010)	100,000 shares or equivalent to 0.05% of total shares
Working Experience	2008 – Present General Manager of Retail Division, SiS Distribution (Thailand) Public Company Limited
	2005 – 2008 General Manager, Thai Samsung Electric Company
	1996 - 2005 Consumer Sales Manager, Hewlett Packard (Thailand) Co., Ltd.

Name	Mr.Kaival Boonsaith
Position	General Manager of Enterprise Division
Age	46 years
Nationality	Thai
Education	Bachelor of Business Administration
	The University of the Thai Chamber of Commerce
Shareholding (31/12/2010)	- None -
Working Experience	2008 – Present General Manager of Enterprise Division, SiS Distribution (Thailand) Public Company Limited.
	2003 – 2008 Vice President, Total Access Communication
	2002 – 2003 Senior Sales Manager, Hewlett Packard (Thailand) Co., Ltd.
	1997 – 2002 Major Account Manager, Compaq Computer (Thailand)

Name	Mr.Mitri Nademahakul
Position	General Manager of Accessory
Age	43 years
Nationality	Thai
Education	Bachelor of Marketing Management, Assumption University
Shareholding (31/12/2010)	30,000 shares or equivalent to 0.01% of total shares
Training History	The Coaching clinic: Management and Psychology Institute
Working Experience	2008 - Present General Manager of Accessory, SiS Distribution (Thailand) Public Company Limited.
	2004 - 2008 Vice President of Sales and Marketing, EPS IT Plus Co., Ltd.
	1999 - 2003 Business Development Manager, Metro System Corporation Limited
	1995 - 1999 Sales and Marketing Manager, EPS Media Co., Ltd.

Name	Mr.Montri Treamchertivong
Position	General Manager of Networking
Age	40 years
Nationality	Thai
Education	Bachelor of Engineering (Electrical Engineering), King Mongkut's University of Technology Ladkrabang Master of General Management, Assumption University
Training History	- The High Effective Supervision Techniques
Shareholding (31/12/2010)	- None -
Working Experience	2008 - Present General Manager of Networking, SiS Distribution (Thailand) Public Company Limited. 2008 Head of Sales & CR, One to One Contacts 2007 - 2008 Sales Manger, Synnex Co., Ltd. 2006 Senior Manager, True Corporation PCL.

Name	Mr.Kakkanan Karnunghead
Position	General Manager of Phone
Age	49 years
Nationality	Thai
Education	Bachelor of Education, Silpakorn Unitiversity
Shareholding (31/12/2010)	20,000 shares or equivalent to 0.0096% of total shares
Working Experience	2010 - Present General Manager of Phone, SiS Distribution (Thailand) Public Company Limited. 2008 -2010 Senior Regional Manager, Philips Electronics (Singapore) 2000 - 2008 Senior Business Manager, Philips Electronics (Thailand) 1996 - 1999 Area Sales Manager, Sony Thai

Name	Mr.Vorrapop Taksaphan
Position	Company Secretary
Age	43 years
Nationality	Thai
Education	Bachelor of Accounting, Bangkok University
Training History	- Risk Management Seminar & Workshop / IOD - Investigation of Fraud Irregularities / The Institute of Internal Auditors of Thailand (IIAT) - Preparation before new Securities and Exchange Act applied / Listed Companies Association - What the Board Should Expect from the Company Secretary / IOD - Planning and trend of Internal Auditing under crisis of economy / The Institute of Internal Auditors of Thailand (IIAT) - Fundamentals Practice for Corporate Secretary / TLCA - Impact from IFRS for Listed Company / Securities Analysts Association - SiS-Chula Mini MBA : Chulalongkorn University
Shareholding (31/12/2010)	- None -
Working Experience	2008 - Present Company Secretary, SiS Distribution (Thailand) PCL. 2004 -2008 Quality Assurance Manager, SiS Distribution (Thailand) PCL. 2004 -2008 Secretary to the Board, SiS Distribution (Thailand) PCL. 2003 - 2004 Assistant Accounting Manager, SiS Distribution (Thailand) PCL.

IT Industry Outlook

National Electronics and Computer Technology Center (NECTEC) cooperate with Software Industry Promotion Agency (Public Organization) and Ministry of Information and Communication Technology of Thailand to have ICT industry survey in Thailand for 2010 AD that estimated the computer hardware market in 2010 to reach a value of 92,346 million baht, increased from 2009 by 14.1%. And they forecast the computer hardware market in 2011 to reach value of 104,735 million baht, increased from 2010 by 13.4%. The product's value that is expected to be the highest increase is Notebook which will be worth 41,400 million baht in 2011, or increased by 23% from 2010.

The high expansion of the IT industry conformed with Information and Communication Technology usage in organization survey that made by Office of the National Statistics, Ministry of Information and Communication Technology (www.nso.go.th), that explore the use of information and communication technology usage and found that the number of computers per 100 households in 2009 was 25.6% in the table below:

	2005	2006	2007	2008	2009
Number of computer usage : 100 household	15.5	18.1	20.4	24.8	25.6

From 19 million households with the low rate of computer usage, computer can increasing more because only 1% increase represents 190,000 computers increase. From the benefits of computer usage increase while its price decrease, it is believed that the number of computer usage in households will continue to increase and when combine with demand on replacement of the old computer, IT demand in Thailand will continue to increase steadily.

Not only computer usage rate is still low but also other positive factors as follows:

Computer Installment Project to Public School

In 2011 budget, the government has set budget to purchase computers for each school as an ongoing project to make the ratio of computers per student increased from 80 students to 1 computer to 80 students to 2 computers within 3 years. So this Government project will increase the huge purchasing of the computer for those public schools. This will lead directly and indirectly growth in the computer market, and when they are getting use to the computer they will need to use more.

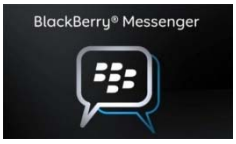
Continuous Product Development

IT manufacturers are continuously improved their products to meet the need of the users. For instance, Notebook becomes lighter but faster and lower price which it will be easy for users to carry and use or smart phone production with the lower price, user - freindly will increase more smart phone usage.

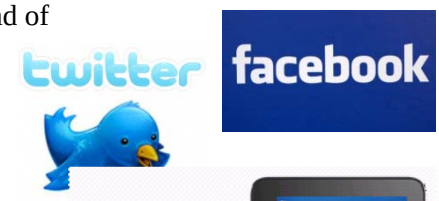
Expansion of Smart Phone

The market for Smart Phone continues to grow, IDC (Thailand) published that worldwide smartphone shipments were up 75%, to 302 million units in 2010. In the fourth quarter of 2010, 100.9 millions Smart Phones shipped globally, up 87% which shipped more than PC in the same period by PC shipments reached 92.1 million units, up less than 3% from the prior year. In 2011, IDC projects that Smart Phone market in Thailand will reach about 2 million units or 20,000 million baht.

Change in consumer behavior

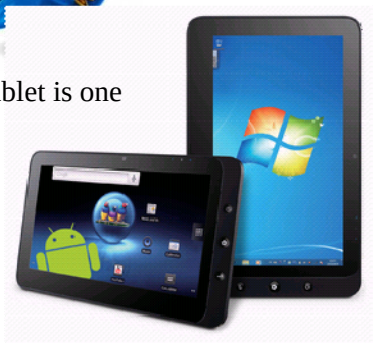


As social networks such as Facebook and Twitter are becoming widely adopted by consumers, the demand for devices that can be used to access these social networks also rise. An internet-ready Smartphone helps consumers to access these services anytime and anywhere. Therefore, we expect the demand of Smartphone to grow significantly.



New Product Categories

In addition to adding new features to current products, IT makers are looking for a way to define new product categories. Tablet is one of them. Because of its lightweight, bigger screen than Smartphone and ability to access internet from almost anywhere, tablet is expected to be well adopted by consumers. Another category to keep an eye on is media player. Media player category is predicted to grow because of its ability to stream contents from both the internet and a computer to a wide screen television.

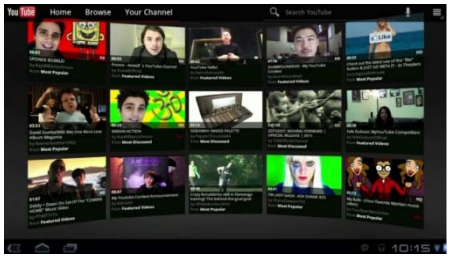


Better in communication infrastructure

As the government is more open with communication business, there is an increased number of service providers. As a result, service coverage is better and communication is also faster. Together with wireless communication solutions such as EDGE, 3G and WiFi that are increasingly available to consumers, sales of IT devices will also increase.

More new services on the internet

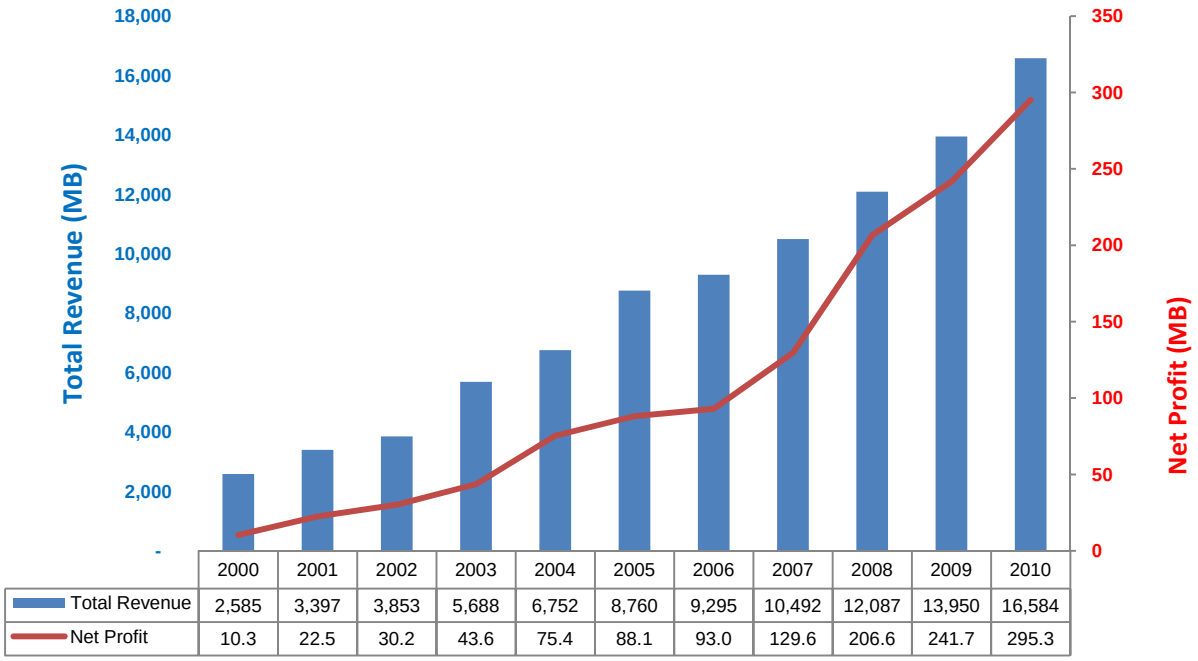
With better communication infrastructure, more capable devices and more free online services, there is still room for IT business to grow. Lately, one of the most talk about services has been cloud computing. Cloud computing is a technology that uses the internet and central remote servers to maintain data and applications. It allows consumers and businesses to use applications without installation and access their personal files at any computer with internet access. An online video service and an online map that combines map with satellite pictures and pictures taken from people around the world are good examples. One of the good things about these services is they are based on advertising model making them able to provide the services free of charge to consumers. The free services help fuel the growth of IT business.



Competition

SiS Distribution (Thailand) Public Company Limited is a distributor of technology products in Thailand, such as computer hardware, software, computer accessories, and office automation. The company was established in 1998 and was enlisted in the Stock Exchange of Thailand in 2004. Presently,

The company's earnings and growth for the past few years are illustrated in the following graph:



The company's market share can be estimated from a survey on computer hardware market value for 2007 – 2011 by National Electronics and Computer Technology Center (NECTEC) compared with SiS's total revenue as follows:

	2007		2008		2009		2010	
	Value	Growth	Value	Growth	Value	Growth	Value	Growth
Hardware Market Value	75,720	11.1%	80,962	6.9%	92,346	14.1%	104,735	13.4%
Total Revenues of SiS	12,087	15.2%	13,950	15.4%	16,584	18.9%		
Market Share of SiS	16.0%		17.2%		18.0%			

According to the above information, the company's total revenue shows an increase of market share from 16.0% in 2008 to 18.0% in 2010. This means the company has strong competitiveness.

Remark:

2011 data from NECTEC shown above are draft version since at the time of preparing this report; NECTEC has not finalized the estimation yet. If NECTEC announce, market value may be changed from our proposed.

Implement of Basic Infrastructure

Since 2008, our company has continually worked on improving our company infrastructure in order to increase our competitiveness. Recently, one of the major improvements we have made is the transformation from SAP R/3 to SAP ECC 6.0

SAP is the world renowned enterprise resource planning application. Since we started utilizing SAP R/3 in 1999, it has played a big part in our success. As our core mission is to continue increasing our competitiveness, on 1st January 2011, we have updated the system to SAP ECC 6.0 which is the latest version of SAP. We believe this move will give us a faster, more effective operation and better control. As a result, our company productivity and competitiveness are expected to increase in the long run.

Apart from the new SAP, we will continue to make several improvements on our infrastructure. The following are what we plan to work on in the near future.

Market Coverage

The company has widely dealer networks. In 2010, we distributed to 4,804 dealers. With a huge number of dealers, it caused of stability in sales and it is very essential to the company to expand its business by procure more products and distribute to these dealers with slight expense increase.

Besides existing dealers, the company expands to Smart Phone market that caused of Smart Phone dealers and channel increased.

Product Procurement

The company is entrusted by leading IT product manufacturers as their distributor. This can be proved by an increase of product categories in 2010 such as BlackBerry (smart phone), Motorola (smart phone), iGO (accessory), Brocade (networking hardware), Double-Take (software), BlueTrek (accessory), and Infocus (projector). Thus, in 2010, the company became a distributor for 70 leading manufacturers.

To be entrusted by leading IT product manufacturers as their distribution in Thailand represents the company's effectiveness. This helps the company to distribute and market wide range of technology products, to increase sales, earnings and new more dealers.

Working system and corporate culture

The Company's working system is efficient and continuously improved. The company has invested in several system to boost work effectiveness such as SAP ERP, Lotus Notes' Electronic Workflow, Avaya's Call center, IBM's E-Learning, etc. The company also has become corporate education which enhances the company's competitiveness as well as helps the company to adjust to any change that may occur.

Strong and transparent financial status

The company has a strong financial status. Its shareholders' equities have been increased continuously. In 2010, shareholders' equities rose by 24.3% from last year to 1,242 million baht.

Apart from an increasing numbers of shareholders' equities, the company's constant growth is shown in its total revenues and net profit every year. It possesses the current ratio at 1.50, quick ratio at 0.92. The company is entrusted by financial institutions which the company has received a credit facilities totally 3,600 million baht by having 27% of credit used at the end of 2010.

Recognition in the importance of Good Corporate Governance

The company has recognized in the importance and has adopted the principals of Good Corporate Governance in 5 categories namely, 1) Rights of Shareholders 2) Equitable Treatment of Shareholders 3) Role of Stakeholders 4)Disclosure and Transparency 5) Responsibilities of the Board. From the survey of 2009 to 2010 Good Corporate Governance of listed company from IOD, the company's assessment was in excellent, highest level. That represents the emphasis of Good Corporate Governance which supports sustainable growth as well.

Milestones of operation in 2010

1. **Portfolio expansion**

   One of our core missions is to keep expanding our portfolio with products that are innovative, high quality and have good value for money. As a result of carrying wide varieties of products that suit several market segments, our revenue continues to grow. By introducing more innovative products to the market, we also satisfy another of our core mission which is to lift Thai citizen capabilities through technology. In 2010, we have been appointed to be the distributor for a number of brands. The following brands are example of the new additions to our portfolio:

- **BlackBerry (www.blackberry.com)**
  Blackberry is one of the world leading Smart Phone makers which is already widely adopted by Thais. It is also in a high growth market segment. Carrying BlackBerry is not only a good compliment to our current Smartphone portfolio, but has also increased our revenue significantly since we have started to distribute the product in the 4th quarter of 2010.

- **Motorola (www.motorola.com)**

Motorola is a big player in Android Smart Phone market. We introduced Motorola to Smartphone market in Thailand in late 2010. Together with HTC, Acer and Asus, we expect Motorola to play significant role in growing our Android portfolio.

- **iGo (www.igo.com)** iGo is a leading provider of eco-friendly power management solution including chargers for laptop computers, net books and mobile electronic devices. All these chargers are designed to work with hundreds of brands in order to minimize electronic waste. iGo innovative power saving technology also eliminates wasteful and costly standby powers which draw electricity when devices no longer require power and chargers are on standby.

- **Brocade (www.brocade.com)**
  Brocade leads the industry in providing comprehensive network solutions that help the world's leading organizations transition smoothly to a virtualized world where applications and information reside anywhere. The comprehensive network solutions are used in over 90 percent of Global1000 data centers as well as enterprise LANs and the largest service provider networks.

- **Double-Take (www.doubletake.com)**
  Double-Take Software provides accessible and affordable data protection solutions for disaster recovery, high availability and centralized backup. With its superior products, partner programs and professional services, Double-Take Software is the worlds most relied upon solution provider for over ten thousand customers.

- **BlueTrek (www.bluetrek.com)**
  BlueTrek is an international Bluetooth technology provider. The collection includes innovative Bluetooth mono & stereo headsets and hands free car kit solutions.

- **Infocus (www.infocus.com)**
  InFocus is the industry pioneer and a global leader in the digital projection market. The Company's digital projectors make bright ideas brilliant everywhere people gather to communicate and be entertained – in meetings, presentations, classrooms and living rooms around the world.

2. Events and Exhibition

Through the year 2008, SIS attended trade shows and reached achievement either in terms of sales or public relations. The followings are trade shows that the company attended

Thailand Mobile Expo 2010
February 4 – 7, 2010, Queen Sirikit Center

ComMart Summer Sales 2010
March 18 – 21, 2010, Queen Sirikit Center

ComMart X Gen 2010
June 21 – 24 , 2010, Queen Sirikit center

Com & Digital – Chiang Mai
July 1 – 4 2010, Chiang Mai University

SiS Expo
July 9, 2010, Arnoma Hotel

Digital Expo 2010
July 22 – 28, 2010, Future Park Rangsit

VMware Partner ConneXions
August 4, 2010, Swissotel Le Concord Hotel

BlackBerry Dealer Conference
September 22, 2010, Grand Hyatt Erawan Hotel

Thailand Mobile Expo 2010
September 30 – October 3, 2010, Queen Sirikit Center

ComMart Comtech 2010
November 3 – 7, 2010, Queen Sirikit Center

3. Opportunity Days and Analyze Meeting

SiS presented the 3rd quarter results at Opportunity Day which was held by The Stock Exchange of Thailand on 23rd November 2010. The presentation was broadcasted to investors who cannot join the event and also allowed them to ask live questions. The archive of the event can also be accessed later on at The Stock Exchange of Thailand Website.

Apart from Opportunity Day, we also joined several meetings with analysts and fund manager from financial institutions. This helped analysts to gain more insights and confidence to write analyst reports which were beneficial to investors.

4. Annual General Meeting and Recognition as Excellent Group

The Securities Exchange Commission (SEC), Thai Investors Association, and Listed Companies Association encouraged listed companies to increase awareness of the AGM and conducted the 2010 AGM Assessment whose fiscal year ended December 31, 2009. The company emphasizes the importance of AGM as well as its shareholders that should be received the appropriate AGM information so the company attempts to hold on AGM to provide maximum benefits. Shareholders can receive information and monitor the operations of the company. From the assessment of 2010 AGM, the company has evaluated and received the full score of 100 points. The company aims to improve AGM to benefit our shareholders more and more.

5. Achieve "Excellent" from CG Assessment

The Thai Institute of Directors Association conducted a 2009 CG assessment of Thai Listed companies by evaluate in the following 5 CG principles as Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, Responsibilities of the Board. The company achieved 93% in their overall CG rating which classified as excellent CG scoring group. The company aims to improve CG more and more to be sustained growth.

6. Sale and Service Branch in Phuket

To expand our business in the north of the South, the company has opened Phuket branch in Quarter 4 of 2010 to be sale and service office. Currently, we employed 8 staff working in Phuket. Phuket Branch is located at 185/43 Phang Nga Road, Tambon Talat yai, Muang District, Phuket 83000. Tel: 076335106-8.

Sales and Service Branch at Phuket

7. Nominated for the Best Performance Awards

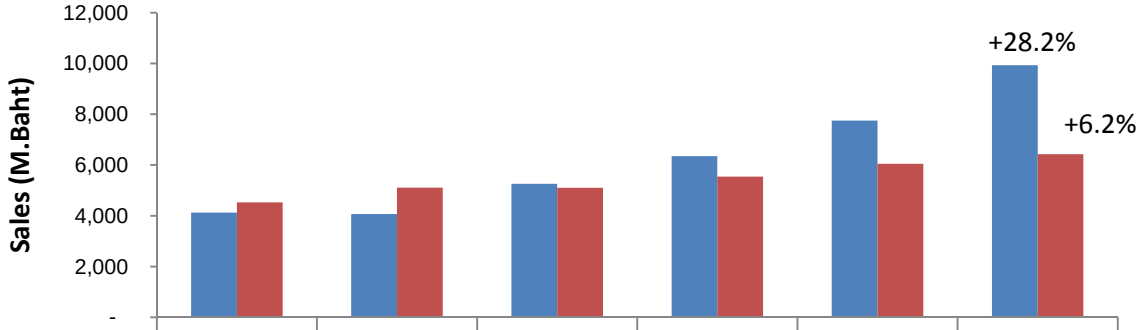
รางวัลบริษัทจดทะเบียนที่มีผลการดำเนินงานยอดเยี่ยม :
Best Performance Awards

ประเภทรางวัล	
บริษัทจดทะเบียนในตลาดหลักทรัพย์ที่มีมูลค่าหลักทรัพย์ตามราคาตลาดสูงกว่า 10,000 ล้านบาท	**บริษัทที่ได้รับรางวัล**
	SPALI บริษัท ศุภาลัย จำกัด (มหาชน)
	บริษัทที่ได้รับการเสนอชื่อเข้ารางวัล
	PS บริษัท พฤกษา เรียลเอสเตท จำกัด (มหาชน)
	TVO บริษัท น้ำมันพืชไทย จำกัด (มหาชน)
บริษัทจดทะเบียนในตลาดหลักทรัพย์ที่มีมูลค่าหลักทรัพย์ตามราคาตลาดไม่เกิน 10,000 ล้านบาท กลุ่มที่ 1	**บริษัทที่ได้รับรางวัล**
	LANNA บริษัท ลานนารีซอร์สเซส จำกัด (มหาชน)
บริษัทจดทะเบียนในตลาดหลักทรัพย์ที่มีมูลค่าหลักทรัพย์ตามราคาตลาดไม่เกิน 10,000 ล้านบาท กลุ่มที่ 2	**บริษัทที่ได้รับรางวัล**
	MCS บริษัท เอ็ม.ซี.เอส.สตีล จำกัด (มหาชน)
	บริษัทที่ได้รับการเสนอชื่อเข้ารางวัล
	DSGT บริษัท ดีเอสจี อินเตอร์เนชั่นแนล (ประเทศไทย) จำกัด (มหาชน)
	SIS บริษัท เอสไอเอส ดิสทริบิวชั่น (ประเทศไทย) จำกัด (มหาชน)
บริษัทจดทะเบียนในตลาดหลักทรัพย์ที่มีมูลค่าหลักทรัพย์ตามราคาตลาดไม่เกิน 10,000 ล้านบาท กลุ่มที่ 3	ไม่มีผู้ได้รับรางวัล
บริษัทจดทะเบียนในตลาดหลักทรัพย์ที่มีมูลค่าหลักทรัพย์ตามราคาตลาดไม่เกิน 10,000 ล้านบาท กลุ่มที่ 4	ไม่มีผู้ได้รับรางวัล
บริษัทที่จดทะเบียนในตลาดหลักทรัพย์ เอ็ม เอ ไอ (mai)	**บริษัทที่ได้รับรางวัล**
	TPAC บริษัท พลาสติค และท่อไทย จำกัด (มหาชน)

The Stock Exchange of Thailand and the Finance and Banking Magazine for which Tris Corporation Limited, the first credit rating company of Thailand is the assessor for the various prizes for the SET Awards 2010. SiS Distribution (Thailand) Public Company Limited was nominated for the Best Performance Awards in the listed company group that has market capitalization at under Baht 10,000 Million (the Second group). Specifically, the Best Performance Awards is the prize for the excellent operation company. Particularly, it can be inferred that the nominated company has the qualified corporate governance complied with the SET's rules and regulations in terms of disclosure and financial report quality.

Revenue Structure

In 2010, the total sales was 16,353.7 million baht that increased by 18.6% from last year. Revenue from sales can be categorized in 2 product groups by compared with 6 years past performance as table and graph below. The sales of systems and Peripheral were 9,931 and 6,422 million baht by 28.2% and 6.2% increased from 2009.



	2005	2006	2007	2008	2009	2010
System	4,123	4,067	5,256	6,350	7,747	9,931
Peripheral	4,529	5,108	5,103	5,546	6,045	6,422

System

System represents all types of computer hardware from Server, Desktop, Notebook, PDA and Smart Phone. The company was appointed from 14 manufacturers as 1) Acer 2) Apple 3) Asus 4) BlackBerry 5) Fujitsu 6) Gateway 7) HP 8) HTC 9) IBM 10) Lenovo 11) MSI 12) Motorola 13) Samsung 14) Toshiba

Server

Desktop

Notebook

Smart Phone

Peripheral

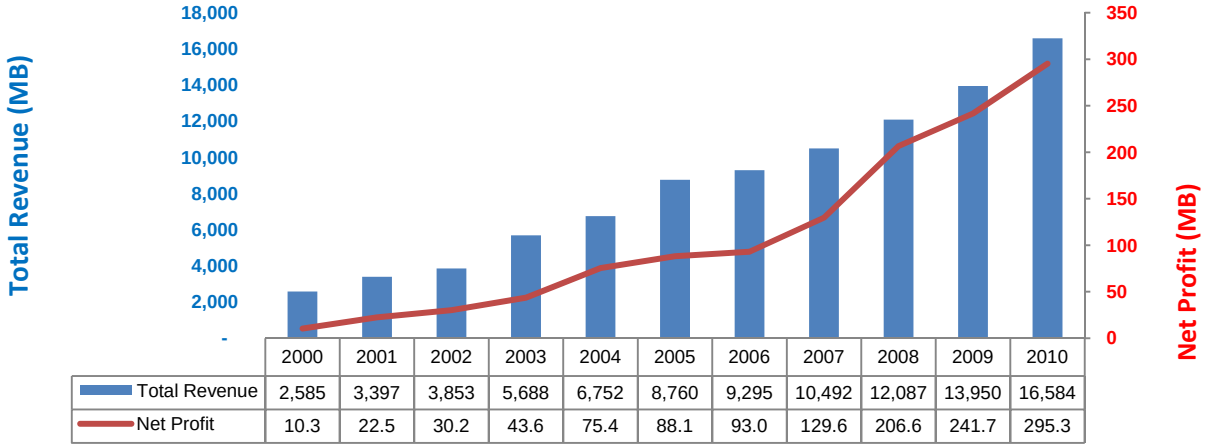
This represents peripheral and others that not classified to be above computer hardware such as Supply, Monitor, Projector, Scanner, Printer, Hard Disk, Software, Memory, Keyboard, Mouse, Bag, Network, etc. The company was appointed from 48 manufacturers as 1) 3Com 2) Avermedia 3) Axis 4) APC 5) ACTi 6) Brocade 7) BlueTrek 8) Barkan 9) Commy 10) Cisco 11) Case-Mate 12) CaseLogic 13) Cheval 14) Double-Take 15) D-Link 16) EMC 17) Emerson 18) Fortinet 19) Hama 20) iGo 21) Infocus 22) IOMEGA 23) Imation 24) Juniper 25) Krusell 26) Linksys 27) Microsoft 28) Nuforce 29) Norton 30) Nikon 31) OtterBox 32) Olympus 33) OKI 34) Philips 35) Panasonic 36) PC-Tools 37) QNAP 38) Ricoh 39) Radware 40) Symantec 41) Sandisk 42) Sanyo 43) Targus 44) VMware 45) Xerox 46) Western Digital 47) ZTE 48) Zyxel

Explanation and Analysis from management

Performance

Thai Economy has just recovered from recession in 2010 with economic growth (GDP) up to 7.8% from 2009 that caused IT Industry grew up also. From the preliminary survey of NECTEC, it showed that IT Industry grew up 14.1%.

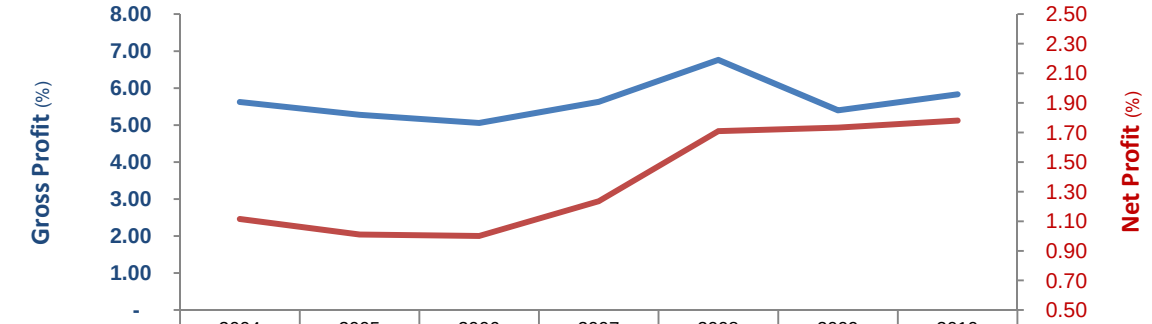
From IT Industry growth, the company continues to record total revenues and net profit for a year. Total revenues are 16,584 million baht, increase by 18.9% that are shown in the below table.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Revenue	2,585	3,397	3,853	5,688	6,752	8,760	9,295	10,492	12,087	13,950	16,584
Net Profit	10.3	22.5	30.2	43.6	75.4	88.1	93.0	129.6	206.6	241.7	295.3

Profit

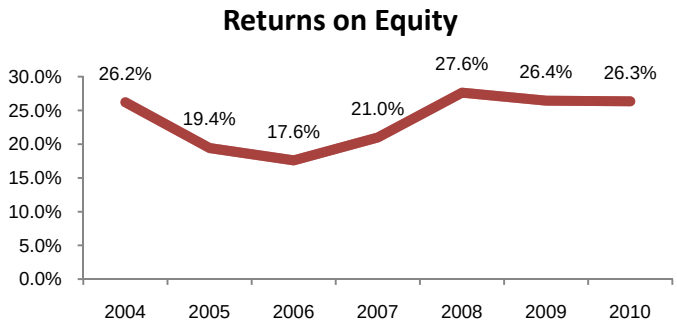
In 2010, the company earned net profit 295.3 million baht, increased by 22% from the previous year which is closely to the growth rate of total revenues. Gross profit was 5.83% and Net profit was 1.78% that be slightly improved from the previous year and the highest margin over the previous year.



	2004	2005	2006	2007	2008	2009	2010
Gross Profit	5.62	5.28	5.06	5.63	6.76	5.40	5.83
Net Profit	1.12	1.01	1.00	1.24	1.71	1.73	1.78

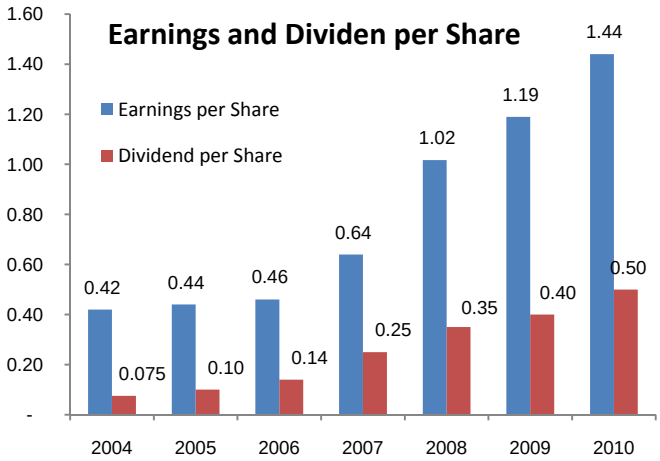
Returns on Equity (ROE)

Returns on Equity slightly decreased from 26.4% to 26.3% in 2009 and ranked at 51 of the company on the Stock Exchange of Thailand by rating of SETSMART from 9 months performance in 2010.



Earnings per Share

Earnings per Share increased from 1.19 baht in 2009 to 1.44 baht in 2010 which is the highest Earnings per share since the company started operations.



Dividend

The board of director approved the allotment of the net profit and proposed the dividend payment to the shareholders at 0.50 baht per share for 208,543,175 shares, in total amount of 104,271,587.5 baht from the operating results in 2010 which increased from 2009 to pay at 0.40 baht per share, up 25%.

Financial Status

Assets

The main assets of the company are composed of 2 items that are accounts receivable and inventory. The amount of both items is 91.2% of total assets. The details are as follows

- Accounts Receivable As at December 31, 2010, Accounts Receivable is 2,018 million baht that increased 194 million baht or up 11% from 2009. Average Collection Period is 46.2 days that increase in line with sales increase at 19%.

  Generally, the company provides collection period of 30 days but in practical, most of customers will collect and pay once a week or every two weeks so average collection period is over 30 days. And in case of project sales, a term of payment is fixed but customers may ask for over 30 days payment by including interest in.

	2009	2010
Accounts Receivable (M.Baht)	1,824	2,018
Average Collection Period (Days)	43.2	46.2

- Inventory As at December 31, 2010, Inventory is 1,152 million baht that increased 232 million baht or up 25% from 2009, equivalent to 24.7 days of average days sale period. In general, the company has a policy to maintain inventory at 2 weeks of sales level but in case of new product arrived or minimum order set by manufacturers, it caused higher inventory level as we needed. Last year, there was new models of Smart Phone arrived in the end of the year, inventory was higher than normal.

	2009	2010
Inventory (M.Baht)	919	1,152
Average Days Sale Period (Days)	23.9	24.7

Liabilities

The main liabilities of the company are composed of 2 items that are Accounts Payable and Loan from financial institution. The amount of both items is 88.2% of total liabilities. The details are as follows:

- Accounts Payable As at December 31, 2010, Accounts Payable is 991 million baht, equivalent 22.1 days of Average Payment Period. In general, suppliers provide credit period of 30 days but some vendors offer high discount for early payment and at the time that having lower interest and more unutilized bank facilities, the company will choose to pay vendor earlier. So, Average Payment Period is less than 30 days.

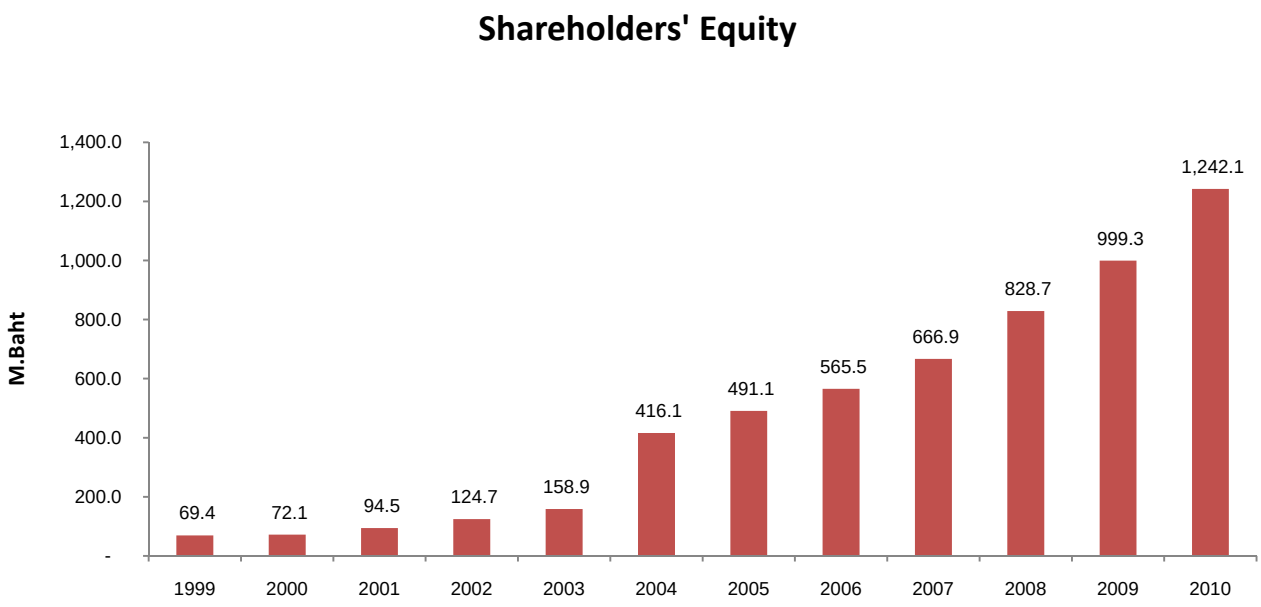
	2009	2010
Accounts Payable (M.Baht)	905	991
Average Payment Period (Days)	20.9	22.1

- Loan from financial institution As at December 31, 2010, Loan from financial institution is 976 million baht, increased of 68 million baht or up 7.5% from 2009 while Debt to Equity reduces from 1.99 in 2009 to 1.80 in 2010 and Interest-Bearing-Debt to Equity is 0.79 in 2010.

	2009	2010
Loan from financial institution (M.Baht)	907	976
Interest Expense (M.Baht)	30.9	38.6
Debt to Equity	1.99	1.80
Interest-Bearing-Debt to Equity	0.91	0.79

Shareholders' Equity

Shareholders' Equity increased to 1,242.1 million baht in 2010 and has increased continuously to support expansion of the company as well. (The Company was listed on the Stock Exchange of Thailand in 2004)



Cash flow

Cash flow from operating activities

Increasing of main operating cash flow in 2010 is

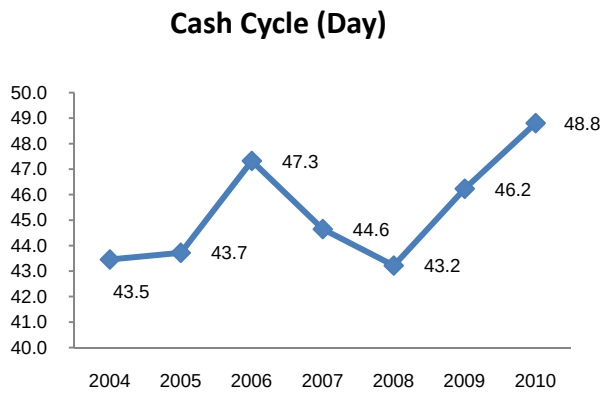
- Net profit of 2010 is 295.3 million baht
- Accounts payable increase by 85.0 million baht

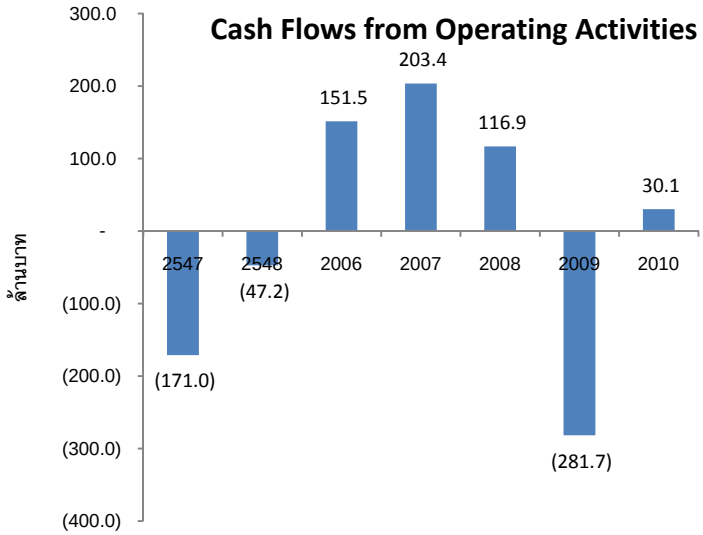
Decreasing of main operating cash flow in 2010 is

- Accounts Receivable increases by 237.4 million baht
- Inventory increases by 224.8 million baht

By overall, in 2010, the company had Cash Flow from operating activities increased 30.1 million and cash cycle was 48.8 days.

In general, suppliers provide credit period of 30 days but in 2010, some vendors offer high discount for early payment, the company will choose to pay vendor earlier. So, average payment period was only 22 days that caused profit margin increased but cash flow from operating activities not much increased.





Appropriate of profits for the year of 2010

The company was listed on the Stock Exchange of Thailand in 2004 by having dividend payment in the past following year as below:

For the operating results in 2010, the board of director approved the allotment of the net profit and proposed the dividend payment to the shareholder at 0.50 baht per share. If the company could get the approval from shareholders, the company would pay 2010 dividend of 104.3 million baht, 35.3 % of net profit for this year, as below table.

	2004	2005	2006	2007	2008	2009	2010
Net Profit (Million Baht)	75.4	88.1	93.0	129.6	206.6	241.7	295.3
Registered and paid up share (Million Share)	200.0	200.9	201.5	201.7	203.2	203.2	208.5
Dividend per share (Baht)	0.075	0.10	0.14	0.25	0.35	0.40	0.50
Total Dividend Payment (Million Baht)	15.0	20.1	28.2	50.4	71.1	81.3	104.3
Dividend Payout	19.9%	22.8%	30.3%	38.9%	34.4%	33.6%	35.3%

Report from the Risk Management Committee

Dear Valued Shareholders

SiS Disttribution (Thailand) Public Company Limited has definitely realized the importance of risks and the necessity of risk management in terms of the satisfactory, sustainability, and continuity of performance development for the Company. As a result, the Board of Directors appointed the Risk Management Committee of which it is composted of

1. Mr.Lim Hwee Hai (Non Executive Director as the Chairman)
2. Dr.Rojanasak Chomvilailuk (Independent Director as the Committee)
3. Mr.Sombati Pungsrinont (Executive Director as the Committee and the President of Risk Management Team).

The appointed duty of the Risk Management Committee is three-year period. In addition, the Risk Management Committee appointed a Risk Management Team, including Managing Director; Executive Director; General Manager; and representatives from all related departments, to jointly develop risk management plan, risk prevention measures, and risk resolution approaches. Furthermore, the Risk Management Team developed policies, duties and roles of the relevant units and people, with respect to the risk management plan and risk assessment procedures in all relevant dimensions. All mentioned responsibilities, duties, roles, and activities of the Risk Management Plan and policy would be planned and developed to achieve the world standard procedures and practices of Risk Management.

The Risk Management Committee has performed its duties under the Charter scopes of risk management responsibilities approved by the Board of Directors. In 2010, the Risk Management Committee held a meeting one time and provided the meeting for Risk Management Working Group 4 times to consider in the importance issues as below:

- Reviewed and approved the Risk Management Plan regarding various issues that have been proposed by the related departments according to the world standard, and proposed to the Board of Directors for consideration.
- Improved or modified data and key performance indicators complied with the business operations, business goals, and economic situation, to achieve the business goals with minimum risk and ensure continuity of the Company's business operation.
- Assigned and monitored risk management works including the provision of the prevention plan, corrective action or mitigate the impact from risks that may occur.

The Risk Management Committee disclosed the important risks that may affect business operation and all stakeholders in the Annual Report of the Company.

To achieve the Company's efficient and effective performance, the Risk Management Committee has kept taking its activities, responsibilities, and accountabilities, complied with the risk management plan in accordance with the good Corporate Governance Principle and the law and regulations concerned by various regulating agencies. Consequently, the Risk Management Committee is confident that these policies and these all relevant practices can assure the continuity of the Company's business operation and performance, the manageability of risk control, and the weakness of potential risks.

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(Mr.Lim Hwee Hai)
The Chairman of Risk Management Committee
SiS Distribution (Thailand) Public Company Limited
February 28, 2011

Risk Factors

There are the possible risks which can be affecting the company performance and the investors as well as follow.

1) Risk from reliance few manufacturers

In 2009, the company had share from the biggest manufacturer at 41% of total sales. The company has entrusted from other manufacturer to be distributor more, that was a result to reduce share from the biggest manufacturer from 41% to 31% in 2010. Although risk from reliance manufacturer will be reduce but 53% of total sales was from only 3 manufacturers from totally over 60 manufacturers which the company still manage this risk continually as follows:

- Maintain a good relationship with Manufacturers
  The Company has several investments to improve efficiencies. To be a good partner with manufacturers, the company is a major customer with manufacturers also. Our relation is two-ways relation which both are important partner of each other.
- Portfolio expansion
  The Company expands our portfolio with other products during the past year especially the growing product lines. The company could increase sales from the major products along with the growth of all major manufacturers. In 2010, the company is appointed from 3 essential products, which are BlackBerry (Smart Phone), Motorola (Smart Phone) and Infocus (projector). Moreover, the company will continue to increase more and more in 2011.
- Improvement to work effectively
  Since the company has improved in several areas to benefit to vary aspects of manufacturers, this leads the company to be an important key in the IT industry and most manufacturers would like to appoint the company to be distributor. For example:
  - **Market Coverage**
    The Company has dealer network that consists of over 4,800 companies in the IT sector, all of which have opened accounts and purchased products from the company (In 2009, there are 4,450 dealers purchased our products and increased to 4,804 dealers in 2010). The company can assist manufacturers to distribute more quickly to over 4,804 dealers with efficiency
  - **Product storage and distribution**
    The Company has an effective and excellent inventory system. The abilities to store product for manufacturers and quick distribute product to the customer from a little amount to the large amount. In Bangkok area, orders before 11.00 am the product will be delivered within a same day while its will be delivered on the next day for orders after 11.00 am as well as cities out of Bangkok. These bring a lower cost than each manufacturer delivers their own products.
  - **Management of small customers**
    Our Credit teams are able to manage small customers effectively and now more than 2,500 dealers having credit lines used for purchasing our products immediately. This will supports manufacturers providing credit and selling to small customers more quickly.

From above, many manufacturers would like to appoint company to be their distributor more and more including with existing and new manufactures. The company has a policy to expand business by increase new products to reduce risk from reliance on few manufacturers.

2) Risk from changes in technology which impact on inventory

As our core products are computers and accessories which have fast change in term of technology, the company has faced to a risk of obsolete inventory which could damage the business.

The company has the following steps to manage risk as follows:

- **Inventory management less than 30 days**
  The Company has a policy to keep inventory in a range from 15 to 30 days by product type. The high risk products will keep no more than 15 days and the low risk products can store up to 30 days that was a limited risk of inventory. If the company faced the problem of fewer sales, the company can solve it quickly because of not much product left on hand. Inventories compared with sales are as follows:

	2004	2005	2006	2007	2008	2009	2010
Average Day Sales (Days)	22.4	27.4	25.9	20.5	22.5	23.9	24.7

- **Delegate to Product Manager**
  The Company delegates Product Manager to manage its product in terms of ordering, inventory management and marketing. This has provided specialist to focus on individual product brands. When the problem occurred, it can be solved quickly. The company realizes that inventory management is key factor in the evaluation of Product Manager.
- **Inventory Reserve for obsolete stock**
  The Company monthly sets an allowance for obsolete and defective stock by reviewing the aging of inventory. This reserve is sufficient. When there is inventory on hand, reserve is provided by reviewing the aging of inventory. So, profit that shown in financial statement is always deducted from inventory burden.
- **Data System**
  The Company has invested in warehouse management system on SAP R/3 that can be provided inventory information accurately and quickly with various reports to manage inventory effectively such as Inventory Aging report by items, inventory turnover by items, etc. Besides, systems can alert long outstanding inventory in database and each product manager has to record the action plan to solve problems. Totally, the operators and related person realize accurate information of inventory at all times.
- **Management**
  Our management team has been focusing on the regularly inventory management. The top management has conducted the weekly meeting with the product manager to review the value of total inventory and inventory aging. These allow the company to spot the trends of the industry and be able to set immediately the solutions for the coming changes that leads to the reductions of the damage of the inventory. Besides, these strategies could be built as one of the company cultures in term of the inventory prioritization.

3) Risk from foreign currency

The company imports some of products in USD currency while the products will distribute in the country in Baht currency. In 2010, the company purchases the products from foreign country approximately 34%. To protect exchange rate risk, the company purchases forward contract at least 50% of purchase orders by receiving advice from the relevant financial institutions on a regular basis how much forward contract be purchased.

4) Risk from competition and low gross margin.

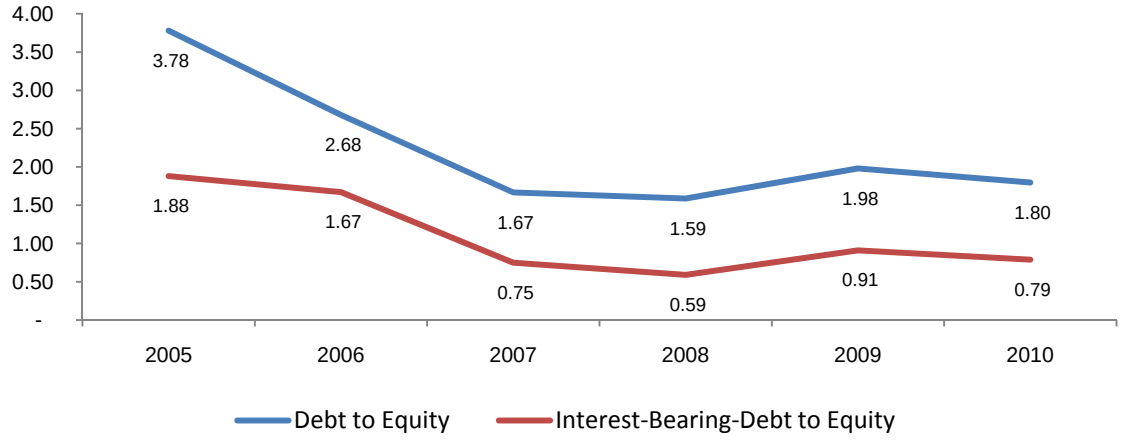
It Distributor is highly competitive and its margin is low but IT industry is large and high growth. In the past several years, growth is more than 10% at all times. In this industry, price may be used as a primary strategy in the competition. If it happens, the company may have to reduce price to compete which may affect company's performance. The company is trying to mitigate this risk by increasing our product range, which in turn diversifies our sales. If the problems occur, the impact would be confined to certain areas. Moreover, the Company tries to focus on the development and promotion of products for which the markets are not particularly large but which offer high profits and low competition to help sustain profits overall. At the same time, the Company has sold to many dealers that over 4,800 dealers results in a diversification of sales. Because It distributor requires a lot of funds, there are few opportunities for the newcomers enter into. Conversely, the Company believes that some distributors that are not competed will be out of the market or merge among distributors.

5) Risk from Accounts Receivable

In 2010, the company has the credited sales approximately 63% of total sales and the majority of our dealers could not provide collateral covered all their debts including many dealers are small companies which not much more funding. If our accounts receivable are nonperforming and unable to pay on scheduled, it may effects our liquidity, working capital or the result of the operation. However, the company thoroughly reviews credit status before credit given to our dealers and credit control department is separate from sales to ensure that credit is considered independently. In order to reduce the risk of bad debt, the Company sets an allowance of doubtful accounts in order to accurately reflect financial status.

6) Risk from working capital

From the structure of IT distribution, cash cycle is the range of 30 to 50 days. Working capital always requires more if the company's revenue growth increase more than 15% which is our risk and burden to provide more working capital also. As of December 31, 2010, the company has short term loan from financial institutes in amount of 976 million baht. If all financial institutes call loan back simultaneously, the company may face financial problem. From being to be listed company, the Company has options to increase more working capital. Moreover, the Company has diversified in lending from several financial institutions to reduce risk of reliance on any one major financial institution. And from the increased earnings that caused of shareholders' equity increased every year. And the growth rate in the past few years has slightly increased that caused of not much working capital requirements increased. Debt to Equity of 2010 was at 1.80 or Interest-bearing Debt to Equity of 2010 at 0.79 which is still low and acceptable by bank. From shareholders' equity increased, if the company selects not to pay vendors earlier, cut off long term sales and control inventory levels in 20 days within year of 2012, the company will be able to run business without bank loan.



7) Risk from reliance on staff

IT is a business which requires IT knowledge staff to join with. Besides, the Company recruits experienced staff to join with the Company, the Company still have training continuously to maximize the effectiveness of our customer services. If capable and skillful staff resign from the company, it may impact to business operations and ability to expand in short term and additional cost required in training new staff for replacement and issues the warrants for the employees to purchase stock option at special price by exercisable based on the service period to motivate the feeling of the ownership which leads to the better performance and longer service period. Besides, the company uses many strategies to manage the risk of the dependency on human resources. For example, the company separates sale department off marketing department which allows the customers contact with 2 division instead of 1 to avoid the risk of the dependency on human resources. Also, the company has improved the working system by applying more the information systems such as ERP system of SAP R/3 and the Electronic Workflow of Lotus Notes., This leads to the smoothly, speedy and accurately working structure with the warning system for the errors and reduce some reliance on the human resources. Additionally, the company has set the management structure by diversifying the responsibility to many executives and substituting the work with the similar employees' performance in many levels to support the decrease of the reliance of human resources.

8) Risk from the economic crisis in Europe and America

The crisis which is currently spreading in Europe and the down turn of the US economy has an effect on Thai economy. Export and tourism industry are the most affected industries which may subsequently affect IT industry. The following plans are our solutions to minimize the risk:

Confidence in the growth of IT industry
IT industry in Thailand will continue to grow. National statistical Office reported that, in 2009, only 23.5 percent of businesses in Thailand own computers. As the demand for computers and other IT products is rising in both business and home segments, we believe IT industry will continue to grow.

Competitive cost structure
The company has competitive cost structure. Compare to our competitors, we have fewer employees. We have been very careful with our investment and have low fixed cost. Therefore, if the revenue decline, variable costs will also decrease including the cost that is related to our employees. Because of low fixed cost, we are more flexible to change than our competitors.

Variety of products and diversified channels
Because of our wide variety of products and diversified channels, our risk of depending on specific products or channels is low.

Business expansion plan
Our business expansion plan includes an expansion in Smartphone segment and other IT segments. We believe the expansion will not only increase revenue but also minimize the effect of the economic crisis that might occur.

Major Shareholders

The following is the list of our top 10 major shareholders as of December 30, 2010 as:

Number	Name of Shareholder	Shareholding		% of Shares
1	SIS TECHNOLOGIES (THAILAND) PTE. LTD.	99,750,000		47.8%
2	Total Shares of Sittichaisrichart's Family are comprised	30,602,800		14.7%
	- Somchai Sittichaisrichart		5,478,300	
	- Wareeporn Sittichaisrichart (spouse)		5,565,600	
	- Pete Sittichaisrichart (son)		7,558,900	
	- Ploy Sittichaisrichart (daughter)		12,000,000	
3	Total Shares of Pungsrinont's Family are comprised of	20,244,700		9.7%
	- Sombati Pungsrinont		12,478,200	
	- Suranee Pungsrinont (spouse)		100	
	- Chanont Pungsrinont (son)		3,511,000	
	- Thanakorn Pungsrinont (son)		3,500,000	
	- The Body of Person Suthana by Suranee Pungsrinont		755,400	
4	Sompng Cholkadeedumrongkul	11,000,000		5.3%
5	Naris Jirawongprapa	5,993,500		2.9%
6	Synnex (Thailand) Public Company Limited	3,000,000		1.4%
7	Thai NVDR Co.,Ltd.	2,503,800		1.2%
8	UBS AG LONDON BRANCH-NRBS IPB	2,457,000		1.2%
9	Pattana Mektipachai	1,926,200		0.9%
10	Viparat Lertsiwaporn	1,633,200		0.8%
	Total shares of top 10 major sharholders	**179,111,200**		**85.9%**
	Total Shares	**208,543,175**		

Remark

- SiS Technologies (Thailand) Pte. Ltd. is a Investment Holding Company by Mr.Lim Hwee Hai and Mr.Lim Kia Hong are directors and both are directors of SiS Distribution (Thailand) Public Company Limited.

Report from the Remuneration and Nomination Committee

Dear Valued Shareholders

The Remuneration and Nomination Committee of SiS Distribution (Thailand) Plc has been appointed by the Board of Directors on February 22nd, 2008. The R&NC consists of Four members; Mr. Somchai Sirivichayakul (Chairman and Independent Director), Dr. Rojanasak Chomvilailak (Independent Director), Mr. Lim Hwee Hai (Non-executive Director) and Mr. Somchai Sittichaisrichart (Managing Director). The R&NC, by the Charter, has three-year period of its position. In 2010, the R&NC held 2 meetings and all members participated in all meetings for consideration in function by the Charter as follow:

1. The R&NC has considered, reviewed, set up and made recommendation on an annual basis the corporate goals and objectives with respect to compensations for the Executive Directors performance for year 2010. And based upon these same corporate strategic goals and objectives the RNC evaluate and recommend for the compensation of the Board of Directors and also the subcommittees. For year 2011, the R&NC had considered and recommended that the compensations for the Board of Directors and the subcommittees remained the same criteria as 2010 for another year because all criteria of compensations are still suitable and match with the duties and responsibilities of the board of directors and subcommittees. The R&NC reviewed the director's compensations clearly and proposed to the Board of Director for agreement before proposing to the annual general shareholder's meeting for approval. The R&NC disclosed the compensation of directors and management for the year 2010 and directors' compensation policy for the year 2011 including operation's report of the R&NC in the Company's annual report.

2. The R&NC has been developing the preliminary succession plan for executive directors, by defining 2 steps of activities. Firstly, The RNC will search candidates from the internal subordinate level of executives. According to this process, the R&NC will provide a developing plan and procedures to develop the candidates' necessary skills and knowledge for becoming the eligible top-executive successor. Furthermore, the evaluation and selection processes will be provided in the later step. Secondly, however, if the candidates do not satisfy the R&NC's qualifications of the potential successors, the R&NC would search the successor from outside. The R&NC has also set up a guideline for the nomination of Independent Directors and Non-Executives Directors in cases of replacement requirement, as well as the succession plan for the senior executives, to keep the company's sustainable competitiveness in the industry.

3. In 2010, there has been no any condition of position replacement , resign and empty position but selection and nomination of the appropriate persons to be director replacing director who will retire by rotation rule in shareholders meeting no.1/2010. The shareholders can nominate person to be a director in advance of the meeting according to transparent criterion in consideration and disclosed in the company's website. During that time, Shareholders did not nominate any person for consideration. The R&NC nominated appropriate person to the Board of Director for agreement

before proposing the shareholders for election. Detail of all information disclosed in the invitation letter.

The R&NC will operated in function of consideration, analysis and evaluation in recommendation of directors' remuneration with carefully, fair systems which the R&NC concentrates on the benefits of all shareholders, stakeholders, and the fairness and the enrichment motivating the executives' future operational performance development.

(Mr.Somchai Sirivichayakul)

Chairman of The Remuneration and Nomination Committee

SiS Distribution (Thailand) Public Company Limited

February 21, 2011

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Remuneration of Directors and Executives

Remuneration of directors

The Company has determined the Remuneration of Directors and The Executives clearly and transparently, and the remuneration will increase based on increasing of duty and comparable with the industry level, and appropriated with director qualifications required. The remuneration of Directors and The Executives is classified as follows:

Monthly retaining fee of the Boards
Chairman of the Board of Directors shall receive a monthly allowance of 20,000 baht. Directors (except Managing Director and Executive Director who are the company's executives shall receive salary from the Company) shall receive a monthly allowance of 10,000 baht
Monthly Retaining fee of the Audit Committees
Chairman of the Audit Committees shall receive a monthly allowance of 32,500 baht. The Audit Committees shall receive 25,000 baht per month.
Attendance fee for the Board of Directors
Directors attending Board of Director meetings held every quarter shall receive an attendance fee of 20,000 baht per meeting. Chairman of the Board of Directors shall receive an additional of 10,000 baht, in total of 30,000 baht. The fees shall be paid no more than 4 times per year.
Attendance fee for the Audit Committees
Audit committees attending audit committee meetings held once a month shall receive an attendance fee of 7,500 baht per meeting. Chairman of the Audit committee shall receive an additional of 2,500 baht, in total of 10,000 baht. The fees shall be paid no more than 12 times per year.
Attendance fee for the Remuneration and Nomination Committees
Remuneration and Nomination Committee attending Remuneration and Nomination Committee meetings held three times a year shall receive an attendance fee of 20,000 baht per meeting. Chairman of the Remuneration and Nomination Committee shall receive an additional of 10,000 baht, in total of 30,000 baht.
Attendance fee for the Risk Management Committees
Risk Management Committee attending Risk Management Committee meetings held 2 times a year shall receive an attendance fee of 20,000 baht per meeting. Chairman of the Risk Management Committee shall receive an additional of 10,000 baht, in total of 30,000 baht.
Special Bonus
The special bonus shall be paid once a year to directors who are not Executive Directors according to their performance. This will be considered by the Remuneration and Nomination Committees as stated in the criteria.
In 2010, Shareholders approved the total budget 6 million baht for the Company to be paid as remuneration to Directors. The actual payment for the year 2010 was 3,820,000 baht and will be proposed the Shareholders to approve the director remuneration for the year 2011 not more than Baht 6 million in the 2011 Annual General Meeting of Shareholders.
In 2010, all directors were received the remuneration separate by remuneration type as follows:

Name	Suwit Chindasanguan	Somchai Sirivichayakul	Rojanasak Chomvilailuk	Lim Hwee Hai	Lim Kia Hong	Somchai Sittichaisrichart	Sombati Pungsrinont
Position	• Chairman • Audit Committee	• Director • Audit Committee • Chairman of Remuneration and Nomination Committee	• Director • Chairman of Audit Committee • Chairman of Remuneration and Nomination Committee • Risk Management Committee	• Director • Remuneration and Nomination Committee • Chairman of Risk Management Committee	• Director	• Managing Director • Remuneration and Nomination Committee	• Executive Director • Risk Management Committee
Monthly retaining fee for board	240,000	120,000	120,000	120,000	120,000	-	-
Monthly retaining fee for audit committee	300,000	300,000	390,000	-	-	-	-
Attendance fee for board	120,000	80,000	80,000	80,000	80,000	80,000	80,000
Attendance fee for audit committee	90,000	90,000	120,000	-	-	-	-
Attendance fee for remuneration and nomination committee	-	60,000	40,000	40,000	-	40,000	-
Attendance fee for risk management committee			20,000	30,000			20,000
special bonus	420,000	270,000	270,000	-	-	-	-
Total	**1,170,000**	**920,000**	**1,040,000**	**270,000**	**200,000**	**120,000**	**100,000**

The remunerations of Managing Director and Executive Director will be reviewed by the Remuneration and Nomination Committee, composed of 3 criteria: to compliance with the specific strategies (20%), Operation & Corporate Governance (20%) compared with the business target, Financial & Operation's Results (60%) with must be consistent with the industry.

The remuneration of Executives will be determined by Managing Director and reported the total payment to the Remuneration and Nomination Committee with disclosed in the annual report in the section Executives Remuneration.

Management Remuneration

The total remuneration of 13 Executives in 2010 was paid in the form of monthly salary, quarterly bonus and yearly bonus totaling 49,608,176 Baht. The 13 Executives and Company Secretary are as follows:

1) Mr.Somchai Sittichaisrichart — Managing Director
2) Mr.Sombati Pungsrinont — Executive Director
3) Ms.Suwathip Pornsuwannapha — Financial Controller
4) Ms.Wareeporn Sittichaisrichart — Operation Manager
5) Mr.Thanawat Pringwanich — General Manager of Commercial Division
6) Ms.Naiyana Ariyajunya — General Manager of Phone Sales Division
7) Mr.Panit Srikrekkrit — General Manager of Movie & Music Division
8) Mr.Thana Thanapase — General Manager of Retail Division
9) Mr.Kaival Boonsaith — General Manager of Enterprise Division
10) Mr.Kakkanan Karnunghead — General Manager of Phone Division
11) Mr. Mitri Nademahakul — General Manager of Accessory Division
12) Mr. Montri Treamchertivong — General Manager of Networking Division
13) Mr. Vorrapop Taksaphan — Company Secretary

Provident Fund of Management

The money has been paid by the 13 executives for provident fund in 2010 totaled Bath 1,716,970. The Executives must have worked for 5 years and resign from the Company to be eligible in full amount of the fund. However, if they worked less than 5 years, they will receive a refund by length of services as follows:

Length of Services	Rate received
Under 2 years	Refund only the employee contributions and benefits from the fund
2-3 years	Refund employee contributions and 20% of company contributions together with benefits from the fund
3-4 years	Refund employee contributions and 40% of company contributions together with benefits from the fund
4-5 years	Refund employee contributions and 70% of company contributions together with benefits from the fund
5 years up	Refund employee contributions and 100% of company contributions together with benefits from the fund

Corporate Governance Report

Dear Valued Shareholders,

SiS Distribution Thailand (PCL) is committed to the highest standards of corporate governance. The Board, together with senior executives, succeeded in fostering a strong corporate culture of good governance which is adopted by all employees of the company. This leads to a strong foundation, allowing the business to grow unceasingly and with confidence. We monitor and comply with good governance framework as provided by Stock Exchange of Thailand (SET).

As a result of our continuous commitment to good corporate governance, SiS was awarded an 'excellent' CG score in the Corporate Governance Report of Thai Listed Companies 2010, which was carried out by Thai Institute of Directors (IOD), in conjunction with Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC). The full report can be found at http://www.sec.or.th/CG/CGR_2010.pdf. An excellent CG scoring is the highest possible and is awarded to firms which achieved a score in the range of 90 – 100. There are a total of 70 companies in this group. SiS was also awarded 'Excellent' CG score in 2009 which shows our commitment to good corporate governance and our compliance with governance guideline provided by Stock Exchange of Thailand.

Companies with
Companies with
Excellent CG Scoring
by alphabetical order

No.	ชื่อย่อหลักทรัพย์	บริษัท จำกัด (มหาชน)	No.	ชื่อย่อหลักทรัพย์	บริษัท จำกัด (มหาชน)
37	NOBLE	โนเบิล ดีเวลลอปเมนท์	54	SE-ED	ซีเอ็ดยูเคชั่น
38	PSL	พริเซียส ชิพปิ้ง	55	SIM	สามารถ ไอ-โมบาย
39	PTT	ปตท.	56	SIS	เอสไอเอส ดิสทริบิวชั่น (ประเทศไทย)

We are committed to operating our business with high ethical and environmental standards, fulfilling our corporate social responsibility. We are committed to maintaining excellent corporate governance; opposing the infringement of intellectual properties and copyrights; fostering a transparent internal system which helps to prevent corruption; and to adopt Sufficient Economy philosophy. In order to maintain our operational excellence with lasting business success, we encourage all employees to adopt good corporate governance conduct; to comply fully with guidelines of good practice provided by Stock Exchange of Thailand (SET), Thai Institute of Directors (IOD), and Securities and Exchange Commission (SEC), as outlined in this report.

(Mr.Somchai Sittichaisrichart)
Managing Director
SiS Distribution (Thailand) Public Company Limited

Rights of Shareholders

The Company recognizes the obligations and duties of the Public Company that listed on the Stock Exchange of Thailand and respect to benefits of all Shareholders and treat them equally as follows:

- To operate efficiency and carefulness to maintain sustainable growth, promote good corporate culture and provide appropriate return of short term and long term investment. These are stated in one of the main objectives of the Company.
- To treat all shareholders equally, disclosed fully adequate information and transparency, providing all processes and procedure for the shareholders meeting to support equitable treatment of all shareholders, encourage all shareholders have equal opportunity for comments and questions, emphasize on the recommendation of Shareholders and stipulated the right to vote at the Shareholders meeting clearly.
- Providing the opportunity for Shareholders to query about the operation's results of the Company. In 2010, the Company was joined in Opportunity Days to declared the operation's results of third quarter and the fourth quarter 2010 with the opportunity to ask questions and showed on website of the Stock Exchange of Thailand including to record for shareholders or investors can track after the meeting. During the year 2010, shareholders sent their query about the operation via e-mail and telephone several time and the Company replied all query as well as the opportunity for Shareholders to meet with the Executives, including access to explain and answer in the popular Web Blog of Investors.
- The Company provided the opportunity for Shareholders to propose matter to be included as an agenda of Shareholder meeting or sent their questions in advance via the Company's website at http://www.sisthai.com under Investor Relations section >> shareholder information >> proposal for AGM agenda. The Shareholders can find the guidelines, procedures and submit form at the Company's website or e-mail to investorinfo@sisthai.com or phone to Ms.Jawita Yoswatananont at 0-2640-3243 or Ms.Suwathip Pornsuwannapha at 0-2640-3000.
  In the 2010 Annual General Meeting of Shareholders, the Directors answer all inquiries of shareholders entirely.
- To facilitate investors and others who are interested in investment with the Company to get accurate company's information timely, there is the Investor Relations Department to help them with correct information and fast service by call Khun Jawita Yoswattananont at 0-2640-3243 (main representative). There is also "Investor Relations" page in the company's website at www.sisthai.com to provide useful information. The Investors can send the suggestions or inquiries via email at investorinfo@sisthai.com.
- The Company held the Annual General Meeting of Shareholders according to the good practice of Regulator Agencies. The Securities and Exchange Commission (SEC) coordinated with Thai Investors Association and Thai Listed Companies Association jointly assess the quality of AGM Meeting every year, the Company has been evaluated the meeting as the table below. The Company improved the process of meeting in line with the recommendation of AGM Checklist and the Company got full score from the assessment of 2010 AGM Meeting that show the Company recognizes the important of shareholders and effort to treat all shareholders equally.

Year	Full Score	Company's Score
2006	100	56.4
2007	110	72.0
2008	110	102.5
2009	100	100.0
2010	100	100.0

Role of Stakeholders

The Company recognizes the right of all stakeholders and set the Company's Policy to treat of each group equally and appropriately. This can be summarized as follows:

- ***Employee***

  The Company recognizes the importance of employees that contributed to the prosperity of the Company and stipulate the Security Policy for employees and develop them more in knowledge and ability by offers educational and training opportunities to all employees to enhance the overall workforce. The Company has provided the opportunity to employees working which job they like, encouraged to increased their responsibility, authorized the power of decision under the rules that can be audited, provided the opportunity to work at various and pay all remuneration according to their ability plus from salary. The practices are as follows:

  - ***Employee Safety***
    - ***Fire Safety***

      ...1. ***Minimize fire risks***

      Change in working procedures to minimize fire risks. All devices are checked to prevent overloading electrical circuits.

      ...2. ***Emergency Plan***

      Make sure nothing blocks emergency exits. Participate in an annual fire drill held by the landlord and assign responsible persons in case of fire.
    - ***Personal Hygiene***

      We keep our workplace clean, well vented, provide sufficient lighting and enough washing basins and toilets.
    - ***First Aid Kits***

      We keep sufficient first aid kits and provide regular first aid training to our employees.
    - ***Safety Orientation***

      Our employee safety always come first therefore safety is part of our new employee orientation.
    - ***Tools***

      We provide our employees with an adequate amount of high quality tools. For safety reason, the tools are properly kept and checked regularly.
  - ***Staff welfare***
    - ***Provide the opportunity for employees to work in skillful job***

      Employees have the opportunity to work in the like and skillful, when the Company would like to recruit new staff for the vacant position, the Company provides the opportunity for existing staff to apply first before requires from outside. The applied staff has to pass the recruit selection process as well.
    - ***Personal Accident Insurance***

      Apart from provident fund, we also provide our employees with accident insurance coverage worldwide by 24 hours. In 2010, the company had total insured amount of 198.5 million baht.
    - ***Appropriate Remuneration and Staff benefits***

      The Company had the policy to set the good compensation scheme to employees by compared with the same industry every year. In addition of regular salary, the employee compensation is varied according to their performance and target achievement that has been evaluated and paid by quarterly. The Company provided more other benefits as follows:

      ...1. **Employee Stock Option Program**

      To motivate employees to be owner and reward the good remunerations that link to company's performance, the company issued 5,000,000 units of warrant at the first time when the company listed in the Stock Exchange of Thailand in 2004. The

warrant can be partially exercised within 5 years period. As of expired date in 2009, holders of 3,174,100 warrants had exercised their rights to buy ordinary shares of the company

In the 2010 Annual General Meeting of Shareholders, The Board of Director asked for approval from Shareholders to issue new ESOP amount 10,000,000 units for Directors, Executives and Employees within 3 years exercise period.

...2. **Yearly Health Check Program**

The Company provided free medical check-ups to promote good health.

...3. **Provident Fund**

The Company provided the provident funds for every employee since 2003, the Company paid 5% of salary to this project and employees must have worked more than 2 years to be eligible for this remuneration and will get all remuneration of the Company when they work over 5 years.

- ***Employee training and development programs***

The most important part of our success is our employees. An orientation is given to every new employee in order to help them adjust to the new environment. Also, buddy system is adopted to help the transition to the new career smoother. In order to help our employees reach their full potentials, we constantly provide training courses. Training budget is assigned annually. Furthermore, we have two full-time trainers to conduct trainings all year round

One of the major training courses in 2010 is Modern Sales Management. The course was conducted by Faculty of Commerce and Accountancy, Chulalongkorn University. A group of 70 sale representatives had attended the 40-hour course starting from 10th July – 31st July 2011. The course was a success – increasing our employees' knowledge and creating good relationships.

In 2010, we conducted 76 in-house training with attendants of 1,260 persons. 17 employees attended 8 external trainings and 5 employees were sent to 3 trainings abroad.

- ***Adequate supply of high quality equipment and effective office solutions***

Working efficiently is our main goal. All of our employees have access to high quality office equipment and effective IT solutions. Every employee has computer and internet access. We provide laptop computer and wireless solution to employees who travel for work. Our electronic workflow allows our employees to work anytime and anywhere. Our online database also gives them flexibility to quickly access data and utilize the data for a more accurate decision making. Moreover, to improve communication, we have recently distributed BlackBerry to some of the employees. We are also working to get BlackBerry available to the rest of our employees.

- ***Appropriate annual leave***
  Our employees have a right to take annual leave up to 12 days a year. They can take annual leave immediately after a trial period. Our employees will receive a lump-sum payment for accumulated and accrued annual leave.

- ***Employee right to information***
  Our policy is to be transparent and open to our employees about all the information regarding our company. Every employee has the right to access the information. The company results are readily available to all employees on a monthly basis. Therefore, we prohibit our employees from trading stocks at the end of each quarter until the results are publicly announced.

- ***Employee right to opinions***
  Whether it is about problems or solutions, we encourage our employees to freely share their opinions. They are positively encouraged to share their opinions at least once a month through a specialized database. Anyone can also participate in the discussion. They have the right to make their opinions public or only available to specific persons.

- ***Customers***
  The Company recognized that the Customers are patronage of the Company which the Company is committed to serve utmost customer satisfactions and wish all customers to achieve and succeed in their business both short and long term through the sincerity in doing business of the Company. The Company set up short-term and long-term guidelines to make satisfactions to customer with the 4 guidelines as follows:
  - Providing accurate information and treat customers with fairness
  - Have adequate resources in working with customers.
  - Treating customers as a trading partner.
  - Providing good advice and helpful to customers

  The Company provided complaint channel for customers sent complaint or suggestion to the Executives directly via e-mail. The Company established complaint department to consider all complains from customer and resolve that until finish.

  Our company priority is to work with products that are environmental friendly, safe to consumers and utilizable. We aim to provide sufficient information to consumers and continually work on improving after sales service to achieve higher customer satisfaction. In case of faulty products, a recall is arranged as necessary. Even in case of a product that fails to meet customer expectation, we often consider providing a customer with full refund.
- ***Partners***
  The Company set up the Code of Business Ethic in purchase and procurement to work the appropriate business with the partners by honor, fairly and treat all partners equally on the win-win basis of both side. The payment for goods or services will be made according to agreement and recognized the importance of partners that are part of the success of the Company and provided the opportunity to partners who can complain directly to the Management or Independent Directors via group mail company's web site or call directly to Internal Audit Department if they got unfair operation from the company.
- ***Supplier***
  Working closely with suppliers to achieve the highest results is one of our believes. We believe that all of our selected suppliers have a high chance to succeed in Thailand market. This is because SiS has been persistently working on improving our competitiveness which is diversified sales channels, understanding of Thai market and high caliber employees. Our investment in joint system with suppliers to access data faster will benefit both SiS and our suppliers in term of effectiveness. We work with suppliers to introduce new products on consumers in home and corporate segments. In

term of payment facility, we have arranged electronic payment method to reduce work process and decrease cost. We truly commit to the goal of mutual benefit, transparency, any agreements or laws.

- ***Creditors***
  The Company complied with terms of agreement of creditors strictly and provided the operating results information to creditors continuously, repayment loans and financial cost to all creditors on schedule and do not spend in contrary way with objectives of the loan.
- ***Respect of human rights and fair labor standards***
  We encourage and respect human rights and strongly refrain from any human rights violations such as child labor exploitation. We also promote the practice among our suppliers.
- ***Fair Competition Policy***
  We believe in free market and fair competition. It is our principle to refrain from any activities that are illegal and unethical such as engaging in an activity that could directly or indirectly damage our competitors' reputation.
- ***Anti-Corruption Policy***
  Transparency is our believe hence we are acting against corruption. We are committed to zero tolerance policy and strictly prohibit our employees to participate in any corruption activities. We have a system to accept a report of corruption anonymously to encourage people to report corruption.
- ***Community and Environment***
  - **Community**
    As good neighbors, we consistently get involved with activities relating to the development of local areas around our headquarter and upcountry offices. We conduct CSR activities with a focus on sustainability in two areas which are education and environment. Specific budget is assigned each year to support CSR activities – more information is available in "Corporate Social Responsibility".
  - **Environment**
    The Company recognizes that our business activities have direct and indirect impact on the societies in which we operate. As we care about the environment and our planet, it is our commitment to prevent and minimize our impact on lives and environment. Here are our guidelines for reducing our impact on the environment.

    ..1. **Environment friendly products**
    We are persistent on sourcing products that are environmental friendly. For example, products that save energy or pass environmental standard. Even though it means higher cost, we do our best to keep the price gap as small as possible.

    ..2. **Employee knowledge about the environment**
    We encourage our employee to care for the environment. Hence, a course which provides knowledge of the environment is part of our e-learning system.

    ..3. **Energy efficiency**
    To safe energy, we carefully selected office equipment that is energy efficient. Each of our lighting switches and air conditioners can be turned on and off individually in order to minimize energy waste.

    ..4. **Using Resources Efficiently Program**
    The Company has many projects to use our resource efficiently such as reducing paper supplies by:

    ..4.1. **Electronic Workflow**
    The Company has developed electronic workflow to replace form usage and approval over than 10 years. Right now, the Company has over than 100 workflows to help the daily operation. The development of this electronic workflow will increase working efficiency by reminding the approver to make the decision via email with the verification of process. The workflow can reduce a lot of paper usage. That Company

continues to develop more electronic workflow in order to replace normal process that required paper.

..4.2. **Print and Pick**

In daily operation, the Company found that employees dispose a lot of their printing tasks, the Company has decided to change all printers to have hard disk to keep all jobs inside without printing. The task owners have to entry their password when they want to get their job then the printers printed out which reduce 100% of their printed paper.

..4.3. **Replace manual Fax with Fax Server**

In daily process; there is a lot of garbage that caused by printed out fax document from customers. At present, The Company has installed fax server that able to convert all fax document onto electronic document and send reminding to receivers to view their fax document via computer without printing. Result from this solution has decreased a lot of paper usage and increased working efficiency that owner no need to walk to facsimile machine and save a lot of paper in the same time as same as in case of fax out.

..4.4. **Scan to email**

In addition to sending fax via computer/ fax server without hard copy printing, the Company has installed scanner machine that able to scan document then send to receiver immediately via email. By this solution receiver no need to print document on paper that more environment friendly when compared with classic facsimile.

..5. **Collection via Electronic**

In order to reduce fuel usage and have energy saving from bill placing job, the Company has provided electronic payment via internet by cooperates with 4 Banks that all customers able to check unpaid invoices and choose invoice that due to paid. The Company announced to customer to join this services which got cooperation from our customers more and more. This service able to reduce bill placing process, cheque collection and cheque deposit process. This activity is an environment friendly program due to it can reduce fuel, saving energy and reduce cheque usage.

The Annual General Meeting

For the Operating Results period January 1, 2010 to December 31, 2010, The Company will be held The 2011 Annual General Meeting of Shareholders on April 8, 2011. The Board of the Directors, Subcommittee Members, some of the Management and the external witness attend the meeting. The Chairman of the meeting will allot sufficient time to encourage shareholders to express their opinions and ask questions. Information about the items on the each agenda item of meeting and the resolutions, the suggestion and the recommendation will be recorded completely including summary of the vote counting that shareholders can be checked.

The Company has provided shareholders the opportunity to propose agenda items and sent questions in advance on company's web site name www.sisthai.com under section "Investor Relation" and sub section "Proposal of AGM Agendas". The Shareholders can be found the guidelines of Agenda proposal items and qualify person nomination as director including the proposal form. Shareholders can download the AGM invitation letter from www.sisthai.com

In the 2011 Annual General Meeting of Shareholders that will be held on Friday April 8, 2011, The Company will provided computer system to facilitate registration and print the voting card for each agenda. Before start the meeting, the Chairman will explain the voting method and vote counting which the Company uses the computer to help in vote counting and summary the result clearly in the meeting. In addition, Shareholders who are unable to attend the meeting, they can be appointed other person, independent directors or company secretary to act as a proxy holder and vote on behalf of them.

Leadership and Vision of the Boards

The Board of Director consists of directors with various experience that are useful to the company, having vision and independent decision-making for the optimum benefits of the Company and shareholders. The Board has participated to determine and approve of vision, strategy, business target, business plan, and budget of the Company, as well as overseeing that the management of the Company conducted according to the budget and plan, and track the operating result every month, to ensure the compliance with the rules and regulation of the Regulatory Agencies, related Government Agencies and shareholder resolutions.

The Board of Directors, by the Managing Director, will communicate strategy, objectives, situation, and operating results of the Company to Senior Management and all employees at the monthly meeting and informed the direction of next month to all employees.

The Board of Directors provides development plan and succession plan of the Managing Director and Senior Management continuously to replace in case of they unable to perform their duties.

Definition of Independent Director

Independent Director is the Director who has independent decision and not relate with major shareholders, the Executives and related person in the Company, Subsidiary Company and Related Company. Independent Director can conduct fair deals involving of all shareholders' interest as follow:

1. Holds not more than 1% of the total outstanding voting shares of the Company, Subsidiary Company, Associated Company, the Company's major shareholder or controlling person of the Company, including shares held by a person related to Independent Director
2. Is neither a director that has a management authority nor an employee, staff, advisor on retainer, controlling person of the company, the company's major shareholder, a subsidiary company, an associated company, a subsidiary of the same tier or any juristic person with a conflict of interest, both in the present and at least two years prior to taking the Independent Director.
3. No relationship by blood or legal registration, in a nature that makes the independent director a parent, spouse, brothers and sisters, children nor spouse of children of management, major shareholders, authority figures or nominees for management and authority figures of the company or a subsidiary.
4. Is not involved or have ever been in the business relationship with the Company, the Company's major shareholder, a subsidiary company, an associated company or controlling person of the company with conflict of interests in a nature which may obstruct his independent judgment. Is not or have ever been significance shareholder or controlling person whose have related business with the company, the company's major shareholder, a subsidiary, an associated company or controlling person of the company, unless having been out of the aforementioned position at least two years prior to taking the Independent Director
5. Is not involved or have ever been auditor of the company, the company's major shareholder, a subsidiary company, an associated company or controlling person of the Company. Is not significance shareholder, controlling person or managing partner of the Company's audit's firm that have auditor of the Company, the Company's major shareholder, a subsidiary company, an associated company or controlling person of the company is staff, unless having been out of the aforementioned position at least two years prior to taking the Independent Director.
6. Is not involved or have ever been professional service provider such as legal or financial advisor, whose service fee exceed 2 Million Baht per year from the Company, the Company's major shareholder, a subsidiary company, an associated company or controlling person of the company. Is not significance shareholder, controlling person or partnership manager of above professional service firm, unless having been out of the aforementioned position at least two years prior to taking the Independent Director.

7. Is not appointed as a representative of the Company's Director, major shareholders or shareholders who are related to the major shareholders of the Company.
8. Do not engage in the same state business or competitive business that significance with the company or is a partner in partnership, significance shareholder or director of other same state business or competitive business that significance with the Company.
9. No other impediments or impairments to express independent opinions concerning the operations of the Company.

Directors development

The Company recognized on the knowledge development of directors which is determined as a part of the Good Corporate Governance by support and facilitate to directors have received training in various course from the relevant regulatory agencies and other agencies consistently through the Company Secretary.

- **Director Training**

The Company has 7 directors composed of 2 foreign directors and 5 Thai directors. The 5 Thai directors and 1 foreign director have completed Director Certification Program (DCP) from the Thai Institute of Directors Association (IOD). The 7 Directors have financial experience more than 10 years. In addition, the Audit Committee which consists of 3 Independent Directors has completed the Audit Committee Program from the Thai-IOD. In 2010, there are several courses that directors attended as follows:

Subject	Provided by	Director				
		Suwit Chindasanguan	Somchai Sirivichayakul	Rojanasak Chomvilailuk	Somchai Sittichaisrichart	Lim Hwee Hai
Monitoring the System of Internal Control and Risk Management (August16, 2010)	IOD	√	√	√		
Successful Formulation & Execution the Strategy (July 29 – 30, 2010)	IOD	√	√			
Monitoring Fraud / Risk Management (October 8, 2010)	KPMG	√				
IFRS : New Accounting Standards – A New Day (November 17, 2553)	KPMG	√	√	√		
Awareness of the Fraud (June 2, 2010)	FAP	√	√	√		
Director Accreditation Program (April 21, 2010)	IOD					√
"GEN Y Talent Management & Succession Planning" Summit 2010	OMEGA WORLDCLASS				√	
INNOVATION Tools & Techniques for Sustainable Growth (November19, 2010)	ITD				√	

- **Orientation program for new Board Members**

  New Directors will receive an orientation program. The Company Secretary and Managing Director are assigned by the Board of Directors to provide information to new director as well as provide other useful including the minutes from the past several meetings. The company visit will be set up for the new directors to understand the industry and the Company's operation including the clarification of business operation and strategy from Managing Director and Executive Director. In 2010, The Company has no new Director.

Conflict of interest

The Directors' structure is independent from the operation. With three out of seven are independent directors (42.9%), two out of seven are representative of major shareholders (28.6%) and two executive directors (28.6%), it is independent in operation and carefully check any transactions that may occur conflicts of interest, including stipulate the policy to control and monitor the Managements and all employees in disclosure of internal information as follows:

- The Boards has recognized and audited any transactions that may concern as conflicts of interest and related transaction, including compliance with the regulation of the Stock Exchange of Thailand with same price and condition as the transaction with third parties. The Company disclosed that in the Annual Report as well as in 56-1
- At the Board of Directors meetings, if any of Directors has conflicts of interest concerning with any agenda, he will leave the meeting before it commences for independent discussion.
- The Company has governance and monitor in usage of inside information and stipulated the Managements have the responsibility to reporting the change of securities holding to SEC under the Securities and Exchange Act B.E.2535. All employees are prohibited to disclose all inside information to outside person or not related person because the Company has operated the business with disclosure of information to all employees throughout. In addition, since the company always discloses all the information concerning to its operation to the employees, thus, the Company warned all employees to stop their share trading at the end of each quarter till the company submitted its operating result to the SET.

Business Code of Conduct

The Company is committed to maintain high ethical standards on business operation with transparency, honesty and fairness by providing the Managements and Department Head operating as an example. The Company has stipulated a Business Code of Conduct to guide all of employees as they perform their duties. The Company collected all the practiced codes and issued a Business Code of Conduct handout for every employee. This will also be one of the subjects for orientation new staff and will be clarified at the staff annual meeting every year. Employees will be supervised by their supervisor to ensure they follow the code.

Balancing of Non-Executive Director and Management Control

Board of Directors

There are 7 Directors and Independent Directors shall be in the amount of at least one third (1/3) of total number of Directors according to the SET's CG principals. The Board of Directors should consist of:

Type of Director	No. of Director	Percentage
Independent Director	3	42.9%
Non-Executive Director	2	28.6%
Executive Director	2	28.6%

The Company set the policy that the Independent Directors shall not be directors of other listed companies more than 5 companies as advised by the SET.

The Audit Committee

The Audit Committee is comprised of 3 Independent Directors.

The Remuneration and Nomination Committee

Remuneration and Nomination Committee is comprised of 4 Directors and the Independent Director as Chairman of Remuneration and Nomination Committee. The followings are the members of Remuneration and Nomination Committee.

Type of Director	No. of Director	Percentage
Independent Director	2	50%
Non-Executive Director	1	25%
Executive Director	1	25%

Role and Responsibilities of the Remuneration and Nomination Committee

Remuneration and Nomination Committee has duties to recommendation the Board of Directors' overall responsibility relating to Directors and Managements compensation and succession plan. In further of this purpose, the committee shall have the following authority and responsibilities.

1. To review, set up and recommendation on an annual basis the corporate goals and objectives with respect to compensation for the directors, i.e. the Chief Executive Officer and managing director. The committee shall evaluate at least once a year the chief executive officer's performance in light of these established goals and objectives and based upon these evaluations shall set the directors and the chief executive officer and managing director's annual compensation, including retainer fee, attendant fee and incentive fee.
2. To review the company's stock-based plans and recommend changes in such plans to the board as needed.
3. To provide the principles and criteria for recruiting, evaluating, selecting, promoting and terminating, and nominating directors, chief executive officers and managing director regarding the conditions of position replacement, empty positions, and successive plan in the company and/or also the subsidiary companies and/or the associated companies.
4. To precede the process of recruitment, evaluation, selection, promotion, termination, and nomination of the appropriate persons who have the ability and qualification consistent with the nomination criteria for the positions of the directors, the chief executive officers, and the managing director regarding the conditions of position replacement, empty positions, and successive plan in the company and/or also the subsidiary companies and/or the joint venture companies. The nominated list will be proposed by the Remuneration & Nomination Committee to the Board of Directors for approval and/or for the Board of Directors' provision at the Annual General Meeting (AGM).
5. To prepare and publish an annual executive compensation and nomination report in the Company's proxy statement. The committee chair shall take responsibility to prepare the

Remuneration and Nomination Committee report for reporting to the Board of Director and disclosing in annual report.

The Risk Management Committee

Risk Management Committee is comprised of 3 Directors and the Non-Executive Director as the Chairman. The followings are the members of Risk Management Committee.

Type of Director	No. of Director	Percentage
Non-Executive Director	1	33.33%
Independent Director	1	33.33%
Executive Director	1	33.33%

Separations of Chairman and Managing Director

The Company separates the Chairman of the Board and Managing Director from each other in order to have balancing of power so that they can recheck on each other and no one would be granted unlimited power. Chairman of the Board is the leader in the Policy side and control of the meeting efficiently, encourage all Board Members participate in the meeting, control the business operation to align with the Policy through the Managing Director which the leader of the management team, they are jointly in consideration of the policy, budget and business plan closely.

The Chairman of the Board must be Independent Director.

The Board of Director Meetings

The Company determined the Board of Directors to hold a regular meeting every quarter, consisting of Independent Directors, Non-Executive Directors and Executive Directors and provide the meeting of sub-committee such as Audit Committee, Remuneration Committee and Risk Management Committee. In 2010, there were 5 times of Board of Directors meetings, 12 times of Audit Committee meetings, 2 times of Remuneration Committee meetings and 1 time of Risk Management Committee meeting. The Company has set the agenda clearly for the consideration of all directors, monitoring the result, having the complete supporting documents and sent to all directors in advance. If any of Directors has conflicts of interest concerning with any agenda, he will leave the meeting before it commences for independent discussion. The Executives has been invited to attend the meetings as needed, to join in the discussion and find solutions as well as answering questions in various cases, details of meeting attendance are as follows:

Name	Board of Directors Meeting	Audit Committee Meeting	Remuneration and Nomination Committee Meeting	Risk Management Committee Meeting	The Annual General Meeting 2010	Total
1. Mr.Suwit Chindasangaun	5/5	12/12			1/1	18/18
2. Mr.Somchai Sirivichayakul	5/5	12/12	2/2		1/1	20/20
3. Rojanasak Chomvilailuk, Ph.D.	5/5	12/12	2/2	1/1	1/1	21/21
4. Mr.Somchai Sittichaisrichart	5/5		2/2		1/1	8/8
5. Mr.Sombati Pungsrinont	5/5			1/1	1/1	7/7
6. Mr.Lim Hwee Hai	4/5		2/2	1/1	1/1	8/9
7. Mr.Lim Kia Hong	4/5				1/1	5/6

Remark:

- Information represents in format of X/Y, X is the numbers of attendance and Y shows the number of meeting.

Self-assessment of Board

For the consideration and review of the Board's operation, The Board has annual self-assessment in order to correct and improve the Board's performance for next year. The Company comply the SET's guidelines for assessment.

For the Managing Director and Executive Director will be separately evaluated by The Remuneration and Nomination Committee in three criteria for the assessment: to compliance with the specific strategies (20%), Operation & Corporate Governance (20%) compared with the business target, Financial & Operation's Results (60%) with must be consistent with the industry. The result will be determined the remuneration of Managing Director and Executive Director.

Internal Auditing and Controls

The Board has organized the effective internal audit and internal control system in all function including the compliance of the related law and regulation, finance, operations and property control to used in company's business appropriately. The Audit Committee, in cooperation with the Internal Audit Department, determined the internal auditing covering 8 areas: 1) Sales, 2) Account Receivable and Crediting, 3) Inventory 4) Procurement and Import 5) Trade Account Payable/Expense 6) Maintenance and Services 7) Fixed Asset 8) Finance and Accounting. The Audit Committee has meeting with the Internal Audit Department every month and the Committee agree that the Company has sufficiency and appropriate in control system.

Corporate Governance Participation

The Company is developing and improving participation system for the shareholders and all stakeholders to take part in Corporate Governance with transparent of information disclosure, provided the opportunity for customer to send the suggestion and complaint through complain@sisthai.com, and investors sent through email investorinfo@sisthai.com . The Company provides working team to consider every complaints and suggestion with the effective recording system in order to follow up every suggestion.

Internal and Inside Information Control

The Company has a policy to prohibit Directors, senior managements, and all employees use the internal information about financial statement and operation information, which has not yet been disclosed to the public, as information for their securities trading including their other own benefits. The Company informed the Directors, the Managements as well as spouses and children of immaturity and related person under section 258 of the Securities and Exchange Act B.E.2535, to understand the obligation to report their own securities holding of the Company including the changes of securities holding to the SEC within three days under Section 59 and penalties under Section 275 of the Securities and Exchange Act B.E.2535, the activity above also must be reported in the Annual Report of the Company.
In addition, the Company promoted to other employee do the same approach with the Executives to stop their securities trading before the financial statement has been disclosed to the public. During this period, if the employees need to buy or sell their securities, they have to inform the Company about the reason before trading and need to be approved by the Executives.
To remind employees, the company sends e-mail to all employees to aware of this guideline for each quarter.

Board's Reports

The Board of Directors has appointed the sub-committee as follow:

- The Audit Committee composed of 3 Independent Directors who are responsible in the quality of financial report and internal control systems.
- The Remuneration and Nomination Committee, composed of 2 Independent Directors, 1 Non-Executive Director and 1 Executive Director, who are responsible in reviewing compensation arrangements for all Directors. The Chairman of Remuneration and Nomination Committee must be independent director.
- The Risk Management Committee composed of 1 Non-executive director, 1 Independent Director and 1 Executive Director who are responsible in control the risk of the Company.

The opinion of sub-committee about the related activities is reported in reports of the Audit Committee, the Remuneration and Nomination Committee, the Risk Management Committee presented in this annual report.

Relationship with Investors

The Board recognizes the importance of information disclosure about financial statements and other information with accuracy, transparency and punctuality. The Company provides section of "Investor Relations" in company web site name www.sisthai.com to communicate with the interested investors in particular. In addition, any suggestion or inquiry can be sent through via email or by telephone. The Company provides the opportunity to visit the company and inquiry of company's operation from individual investors, institution investors, analysts, and the press when they are requested. In 2010, direct and indirect communication can be summarized as follows:

- Emails and Telephone	8 times
- Interviewed on earnings with the press	14 times
- Analyst meeting	3 times
- Company visit by institution investor	3 times
- Company visit by individual investor	1 time
- Opportunity Day	1 time

Role of the Company Secretary

The Board appointed Mr. Vorrapop Taksaphan to be the Company Secretary apart from being the Secretary to the Board and the qualification disclose in section of Management and Company Secretary. The roles as follows:

The Company Secretary: To treat all activities according to the Regulation of the Office of the Securities and Exchange Commission.

The Secretary to the Company's Board: responsible in coordination to provide the Board meeting and the AGM preparation by coordinate with the Managing Director directly to determine the agenda and issue the invitation letter, including coordinate with all directors for such meeting, prepare the agenda documentation, record the minute of meeting, coordinate with related parties to clarify or provide information to the meeting on each agenda.

Operate according to the meeting resolution concerning the change of Company registry: In case of directors or shareholders have the resolution to change the Company registration; the Company Secretary will be responsible in operation to change the company registration according to the meeting's resolution.

Advice to the Board: to comply with the regulation of SEC and SET, including report information to the SEC and the SET within certain period as stated in principles.

Coordinate to prepare the Annual Report: coordinate with related departments in the Company to complete information for the Annual Report in accordance with the SEC and the SET's principles.

Serve as the share registrar for subsidiary company: serve as the share registrar for subsidiary company (only non-listed company) including notification to the Department of Business Development, the Ministry of Commerce.

Coordinate with Investor Relation Department: to oversee the information disclosure in accordance with the rules and regulations of SET

Success plan

The Board has delegated to the Remuneration and Nomination Committee has the responsibility about the succession plan which was assign Managing Director to provide the plan for replacing in importance position. The Managing Director stipulated the requirement of knowledge and ability of each position, and search candidates from the internal subordinate and evaluate based on mention requirement to know that the selected candidates is lack from any qualification, then, will provide a developing in necessary skills or having the job rotation to maximize experiences. The Remuneration and Nomination Committee will consider in the progressive of the succession plan in every meeting.

Related Transactions

The details of the company's related transactions for 2010 which could involve conflicts of interests are laid out below:

Related Parties	Relationship	Amount (Baht)	Type of transaction and the Audit Committee's Opinion
SiS Technologies Pte Ltd.	Common directors	6,269,517	Selling of HTC and Lenovo that all payment has been made in full. **The Audit Committee's Opinion** The Audit Committee has decided that this transaction is in accordance with mutual trade assistance policies, with the selling price determined as market price plus actual expenses.
SiS Technologies Pte Ltd.	Common directors	1,960,713	Purchase of HTC for obsolete model which the company had no sufficient stock to support customer's orders. All payment has been made in full. **The Audit Committee's Opinion** The Audit Committee has decided that this transaction is in accordance with mutual trade assistance policies, with the selling price determined as market price plus actual expenses
SiS Distribution (M) Sdn. Bhd.	Common directors	274,173	Selling of SanDisk that the Company is a distributor. All payment has been made in full. **The Audit Committee's Opinion** The Audit Committee has decided that this transaction is in accordance with mutual trade assistance policies, with the selling price determined as market price plus actual expenses.
Alliance & Link Corporation Co., Ltd.	15% shareholding by the Company	119,330,268	Selling of company's products **The Audit Committee's Opinion** The Audit Committee has decided that this transaction is in accordance with market price and treated as general customers.

Hardware House International Co., Ltd.	Subsidiary Company of Alliance & Link Corporation Co., Ltd. and Indirect shareholding by the Company	569,427,890	Selling of company's products **The Audit Committee's Opinion** The Audit Committee has decided that this transaction is in accordance with market price and treated as general customers.
Qool Distribution (Thailand) Co., Ltd.	Subsidiary Company, holding 99.99% by the company	25,233,406	Management income for sharing the combined staff and assets cost. The term of the agreement is from September 1 to December 31, 2010, and the monthly rate is 2.80% net sales of each month. **The Audit Committee's Opinion** The Audit Committee has decided that this transaction was in accordance with the agreed contract which its rate is appropriate and acceptable.
SiS International Holdings Limited	Subsidiary Company, holding 99.99% by the company	30,000,000	Short term loan as working capital by interest rate bearing at 1% a year which is referred to interest rate from financial institutes. **The Audit Committee's Opinion** The Audit Committee has decided that this transaction was in accordance with business assistance policies. Its return is referred to interest rate from financial institutes.
SiS International Holdings Limited	Ultimate parent of the group and some common directors	9,661,978	Fee for sharing the combined executive staff cost, negotiating with manufacturers to appoint SiS (Thailand) as distributor for various products, etc. **The Audit Committee's Opinion** The Audit Committee has decided that this transaction was in accordance with the agreed contract. The Audit Committee has noted that the rate was same as the prior year which was lower than the rate requested from companies from other company networks. The Audit Committee thus deemed this rate to be appropriate.

SiS Venture Co., Ltd.	Subsidiary Company, holding 99.99% by the company	8,000,000	Short term loan as working capital by interest rate bearing at 1% a year which is referred to interest rate from financial institutes. **The Audit Committee's Opinion** The Audit Committee has decided that this transaction was in accordance with business assistance policies. Its return is referred to interest rate from financial institutes.

Remark

In 2002, the company paid a management fee at a rate of 0.25% of total sales

In 2003, the company paid a management fee at a rate of 0.125% of total sales.

From 2004, the company paid a management fee at a rate of 0.0625% of total sales

Corporate Social Responsibilities

As a company, we are aware of our social responsibilities and we place great importance on the environment and the education. In 2010, we participated in various programs as follows:

Sponsor for Doodle 4 Google Youth Competition

The company sponsored prizes for the winners of Doodle 4 Google Youth Competition. The competition was about creating a drawing of Google's logo with the theme "Thailand". The prizes comprised of Laptop Computer, IT Devices, and four Gift Vouchers for use to purchase products from SiS.

Online Examination Application Donation

To help increase the capabilities of Thai youth, SiS donated Online Examination Application to Benjamarachanusorn School. The application helps the school to have a better system for managing exams. The archive of exam results can be used to design teaching method that matches student capabilities.

Social Donation to Ban Nong Kaw Niew School

Together with EMC, SiS supplier of storage solutions, our management and employees donated money and school supplies to Ban Nong Kaw Niew School, Pranburi, Prachuap Khiri Khan.

Governance Report of the Audit Committee

Dear Valued Shareholders

The Audit Committee of SiS Distribution (Thailand) Public Company Limited has been qualified as the office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET)'s rules and announcement, and is independent. The committee is composed of Dr.Rojanasak Chomvilailuk as the Chairman, Mr.Suwit Chindasanguan and Mr.Somchai Sirivichayakul as the committee. All Audit Committees were appointed by the Board of Directors. The appointed duty of the Audit Committee is 3 year period.

In accounting year 2010, the Audit Committees had independently practiced under the scope of duties, responsibilities, and authorities, assigned by the Board of Directors for which the practices are consistent with the SET's rules and regulations. The Audit Committee had regularly organized 12 monthly meetings in 2010 and all members attend all the meeting sessions. Furthermore, for the relevant matters, the Audit Committee arranged the meetings with Management, internal auditors, operators, and Auditor. The specific and important summaries are postulated as follows:

1) Reviewing and monitoring the year-end and quarterly financial reports 2010

The Audit Committee had reviewed the quarterly financial report, and audited financial year-end report 2010, of which, the reports were reviewed and audited by the Auditor. Specifically, the Audit Committee had inquired Management and Auditor to provide specific information, and to discuss and answer the relevant issues of financial reports' sufficiency, accuracy, precise, increase and decrease of financial transactions, disclosure, and some specific questionable issues including the findings by the Auditor to improve the company's effectiveness, efficiency, and risk management. In addition, the Audit Committee arranged a meeting with the Auditor without the Management participation as the independence concerns.

The audit committee has the opinion consistent with the Auditor's opinion that the financial reports are presented fairly, conformed to generally accepted accounting principles.

2) Monitoring the operational information and internal control system to evaluate the sufficiency and effectiveness of the internal control system

The Audit Committee followed the instructions and recommendations of SEC in terms of the sufficiency evaluation of the internal control system. According to the internal audit results, relevant to the internal auditing and controlling plan, it was found that the Company has the appropriate processes and procedures of asset management and transparent disclosure from which the Audit Committee has the specific opinion that the Company has the appropriate and effective internal control system. Furthermore, the Company has the appropriate risk management systems of which there have been the relationships with the Company's business operation, internal environment management, objective identification, relevant evidence/event identification, risk assessment, risk response, and information technology and communication information. With respect to the mentioned relationships, they drive the Audit Committee's believe on the internal control system that the system is sufficient and appropriate.

3) Reviewing the internal audit

The Audit Committee reviewed the internal audit department regarding its mission, duties, authorities, scope of works, manpower, training and development plan, budget, and independence. The Audit Committee approved the auditing plan for 2010 and also reviewed and revised the Charter of Auditing Duties and Authorities to be updated and consistent with the current situations for the Charter's appropriateness.

The Audit Committee has opinion that the Company has the internal audit system that is appropriate, effective, and independent including the continuous improvement of auditing quality in terms of human capital and auditing performance.

4) Reviewing and monitoring the practices consistent with the SEC's regulations, Security Act, relevant business laws, and the SET's good-practice direction for a listed company

In 2010, the Audit Committee set up the specific and relevant policy with respect to the company's compliance with the relevant regulations and Act.

The Audit Committee has opinion that there is no issue matter in terms of overrule practices of the company with respect to the relevant regulations, Act, and any direction.

5) Reviewing and providing opinions on related transactions and/or conflict of interest transactions

In 2010, to comply with the relevant Act, regulations, and rules, authorized by SEC, the Audit Committee has opinion that all related transactions are reasonable and contribute the highest benefits to the Company. Furthermore, there are sufficient and appropriate disclosures.

6) Consider appointing the Auditor, and propose the Auditor's fees for the Year 2011

The Audit Committee reviewed, selected and proposed the company's Auditor for the Year 2011. Furthermore, the Audit Committee proposed the Audit fee for the Board of Directors' consideration and for the approval of the AGM. The review and evaluation processes include the previous-year-auditing fee based on the basis of sufficient knowledge, experience, independence, and appropriateness which the Audit Committee agreed upon with respect to the evaluated performance of the Year 2010. Thus, the Audit Committee proposes the board to appoint the Auditors as in the below list, and to approve the fees for the Auditors as shown. List of Auditors are Miss Mr. Vichien Thamtrakul CPA 3183 or Ms. Vannaporn Jongperadechanon CPA 4098 or Ms. Sureerat Thongarunsang CPA 4409 or Mr. Sakda Kaothanthong CPA 4628 of KPMG Phoomchai Audit Limited for which the Audit Committee proposes them to be the Auditor for the year 2011 with the fees at 1,159,000 baht.

7) Reviewing good corporate governance

The Audit Committee had reviewed the business/corporate practices considering the transparent and sufficient information disclosure to comply with the regulations and rules of the Security Exchange of Thailand and the Security and Exchange Commission.

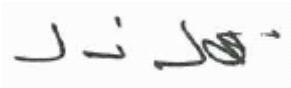
The Audit Committee encouraged the Management to follow the policies of good corporate governance designed by the Company. The assessment of corporate governance showed that the Company has continuously improved her governance practices. Specifically, in 2010, the company was evaluated as the excellent-performance listed company in terms of corporate governance practices. The Audit Committee still has practiced to support and enhance the compliance and good governance practices of the company continuously.

8) Conducting self assessment of the Audit Committee

The Audit Committee had conducted a self assessment with the results of satisfaction by considering the Audit Committee's charter and the accepted standard benchmarks of the good practices for the effectiveness improvement. In addition, the Audit Committee has developed their knowledge and experience by attending the relevant, various, and valuable training courses.

In 2010, to keep the effectiveness and risk reduction of working capital and financial costs for the Company, the Audit Committee assigned the internal auditors to continuously and monthly monitor the transactions of the account receivable and inventory. In 2011, the Audit Committee still has focused on these matters.

Conclusively, the Audit Committee has satisfactorily worked by the Audit Committee's Charter which was approved by the Board of Directors. The Audit Committee has used their knowledge, experiences, capability, and independence including continuously provided their opinions and recommendations to Management and the Board of Directors. Finally, the Audit Committee has opinion that the Company has the sufficiency, appropriateness, and effectiveness of financial reports and information, business management and operation, internal control system, internal audit system, risk management system. Also, the Company has the business operations consistent and complied with the relevant business laws, regulations, rules, and any other directions of the good corporate governance. The Company has continuously developed her operation system to be high quality and cope with the changed business environments.



(Rojanasak Chomvilailuk, Ph.D.)
Chairman of Audit Committee
SiS Distribution (Thailand) Public Company Limited
February 28, 2011

Responsibility Report of the Board of Director for Financial Report

Dear Valued Shareholders

The Board of Directors is responsible for financial statements of SiS Distribution (Thailand) Public Company Limited including the financial information presented in this annual report. The financial statements are prepared in accordance with generally accepted accounting principles, use appropriation accounting policy, on consistent basis, using careful judgment, best estimation, reasonableness, and carefulness in financial statements. Important information is adequately and transparently disclosed in the note in financial statements. The Board of Directors has provided a risk management system, sufficiency internal controls and complied with related law and regulations.

The Board of Directors appointed Audit Committee who are Independent Director and not join in regular management. The Audit Committee reviewed accounting policy, quality of financial reports, internal controls. Comments on these issues have been appeared in the Audit Committee report which is presented in the Annual Report.

The Board of Director's opinion on the financial report and financial statements for 2010 of SiS Distribution (Thailand) Public Company Limited are correction, completion, belief and according to generally accepted accounting principles and related regulations.

(Mr.Suwit Chindasanguan)
Chairman
SiS Distribution (Thailand) Public Company Limited

(Mr.Somchai Sittichaisrichart)
Managing Director
SiS Distribution (Thailand) Public Company Limited

Auditors'Report

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Audit Report of Certified Public Accountant

To the shareholders of SiS Distribution (Thailand) Public Company Limited

I have audited the accompanying consolidated and separate balance sheet as at 31 December 2010 and the related statements of income, changes in equity and cash flows for the year then ended of SiS Distribution (Thailand) Public Company Limited and its subsidiaries and of SiS Distribution (Thailand) Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated and separate financial statements of SiS Distribution (Thailand) Public Company Limited and its subsidiary, and of SiS Distribution (Thailand) Public Company Limited, respectively, for the year then ended 31 December 2009 were audited by another auditor whose report dated 9 February 2010 expressed an unqualified opinion on those statements.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2010, and the results of operations and cash flows for the year then ended of SiS Distribution (Thailand) Public Company Limited and its subsidiaries and of SiS Distribution (Thailand) Public Company Limited, respectively, in accordance with generally accepted accounting principles.

(Sureerat Thongarunsang)
Certified Public Accountant
Registration No. 4409

KPMG Phoomchai Audit Ltd.
Bangkok
11 February 2011

KPMG Phoomchai Audit Ltd., a Thai limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Balance Sheets

Assets	Note	Consolidated financial statements 2010	Consolidated financial statements 2009	Separate financial statements 2010	Separate financial statements 2009
		(in Baht)			
Current assets					
Cash and cash equivalents	5	42,611,030	53,660,574	27,708,698	52,966,935
Trade accounts receivable	4, 6	2,017,524,593	1,823,701,785	1,892,883,770	1,823,701,785
Current portion of finance lease receivables		-	1,625,969	-	1,625,969
Inventories	7	1,151,698,096	919,280,377	915,775,143	919,280,377
Other current assets	4, 8	127,359,923	69,950,671	142,340,560	69,950,568
Total current assets		**3,339,193,642**	**2,868,219,376**	**2,978,708,171**	**2,867,525,634**
Non-current assets					
Investments in subsidiaries	9	-	-	60,999,940	59,999,970
Other long-term investment	10	51,030,000	51,030,000	-	-
Equipment	11	45,116,108	35,699,689	45,116,108	35,699,689
Intangible assets	12	28,346,289	9,007,834	28,346,289	9,007,834
Others non-current assets		9,501,392	19,307,411	9,501,392	19,307,411
Total non-current assets		**133,993,789**	**115,044,934**	**143,963,729**	**124,014,904**
Total assets		**3,473,187,431**	**2,983,264,310**	**3,122,671,900**	**2,991,540,538**

Balance Sheets

Liabilities and equity	Note	Consolidated financial statements 2010	Consolidated financial statements 2009	Separate financial statements 2010	Separate financial statements 2009
		(in Baht)			
Current liabilities					
Short-term loans from financial institutions	13	975,804,154	907,331,718	975,804,154	907,331,718
Trade accounts payable	14	990,911,312	905,219,301	699,236,305	905,219,301
Short-term loan from related parties	4	-	-	38,000,000	8,000,000
Current portion of finance lease liabilities	13	1,464,358	680,844	1,464,358	680,844
Other accounts payable		35,754,798	57,600,549	33,628,839	57,600,549
Income tax payable		63,212,438	31,341,767	33,875,355	31,341,767
Accrued expenses	4	147,835,979	70,965,313	122,513,929	70,875,313
Other current liabilities		13,101,944	9,096,367	13,030,518	9,096,038
Total current liabilities		**2,228,084,983**	**1,982,235,859**	**1,917,553,458**	**1,990,145,530**
Non-current liabilities					
Finance lease liabilities	13	3,011,659	1,734,382	3,011,659	1,734,382
Total non-current liabilities		**3,011,659**	**1,734,382**	**3,011,659**	**1,734,382**
Total liabilities		**2,231,096,642**	**1,983,970,241**	**1,920,565,117**	**1,991,879,912**
Equity					
Share capital	15				
Authorised share capital		213,174,100	205,000,000	213,174,100	205,000,000
Issued and paid-up share capital		208,543,175	203,174,100	208,543,175	203,174,100
Share premium	17	156,519,899	133,104,698	156,519,899	133,104,698
Retained earnings					
Appropriated					
Legal reserve	17	21,317,410	20,500,000	21,317,410	20,500,000
Unappropriated		855,710,305	642,515,271	815,726,299	642,881,828
Total equity		**1,242,090,789**	**999,294,069**	**1,202,106,783**	**999,660,626**
Total liabilities and equity		**3,473,187,431**	**2,983,264,310**	**3,122,671,900**	**2,991,540,538**

Statements of income

	Note	Consolidated financial statements 2010	Consolidated financial statements 2009	Separate financial statements 2010	Separate financial statements 2009
		(In Baht)			
Income					
Revenue from sale of goods	4	16,353,723,471	13,792,565,787	15,452,530,405	13,792,565,787
Revenue from rendering of services		67,109,091	81,385,901	67,105,389	81,385,901
Other income	4, 19	163,578,965	75,567,952	155,154,037	75,557,690
Total income		**16,584,411,527**	**13,949,519,640**	**15,674,789,831**	**13,949,509,378**
Expenses					
Cost of sale of goods	4, 23	15,414,452,068	13,059,744,907	14,612,383,979	13,059,744,907
Cost of rendering of services		48,554,377	64,947,233	48,550,966	64,947,234
Selling expenses	20, 23	225,536,471	97,990,844	193,205,248	97,990,844
Administrative expenses	4, 21, 23	378,082,565	312,816,424	372,939,399	312,439,604
Management benefit expenses	4, 22, 23	56,471,097	49,238,107	56,471,097	49,238,107
Total expenses		**16,123,096,578**	**13,584,737,515**	**15,283,550,689**	**13,584,360,696**
Profit before finance costs and income tax expense		**461,314,949**	**364,782,125**	**391,239,142**	**365,148,682**
Finance costs	4, 24	38,587,516	30,946,018	38,199,355	30,946,018
Profit before income tax expense		**422,727,433**	**333,836,107**	**353,039,787**	**334,202,664**
Income tax expense	25	127,445,349	92,108,583	98,108,266	92,108,583
Profit for the year		**295,282,084**	**241,727,524**	**254,931,521**	**242,094,081**
Basic earnings per share	26	**1.44**	**1.19**	**1.24**	**1.19**

Statements of changes in equity

		Consolidated financial statements				
			Additional paid-in capital	Retained earnings		
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
				(in Baht)		
Balance at 1 January 2009		**203,174,100**	**133,104,698**	**20,500,000**	**471,898,682**	**828,677,480**
Profit for the year		-	-	-	241,727,524	241,727,524
Dividends	*27*	-	-	-	(71,110,935)	(71,110,935)
Balance at 31 December 2009		**203,174,100**	**133,104,698**	**20,500,000**	**642,515,271**	**999,294,069**
Balance at 1 January 2010		**203,174,100**	**133,104,698**	**20,500,000**	**642,515,271**	**999,294,069**
Profit for the year		-	-	-	295,282,084	295,282,084
Transfer to legal reserve	*17*	-	-	817,410	(817,410)	-
Dividends	*27*	-	-	-	(81,269,640)	(81,269,640)
Issue of ordinary shares	*15, 17*	5,369,075	23,415,201	-	-	28,784,276
Balance at 31 December 2010		**208,543,175**	**156,519,899**	**21,317,410**	**855,710,305**	**1,242,090,789**

Statements of changes in equity

		Separate financial statements				
			Additional paid-in capital	Retained earnings		
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity attributable to equity holders of the Company
				(in Baht)		
Balance at 1 January 2009		**203,174,100**	**133,104,698**	**20,500,000**	**471,898,682**	**828,677,480**
Profit for the year		-	-	-	242,094,081	242,094,081
Dividends	*27*	-	-	-	(71,110,935)	(71,110,935)
Balance at 31 December 2009		**203,174,100**	**133,104,698**	**20,500,000**	**642,881,828**	**999,660,626**
Balance at 1 January 2010		**203,174,100**	**133,104,698**	**20,500,000**	**642,881,828**	**999,660,626**
Profit for the year					254,931,521	254,931,521
Transfer to legal reserve	*17*	-	-	817,410	(817,410)	-
Dividends	*27*	-	-	-	(81,269,640)	(81,269,640)
Issue of ordinary shares	*15, 17*	5,369,075	23,415,201	-	-	28,784,276
Balance at 31 December 2010		**208,543,175**	**156,519,899**	**21,317,410**	**815,726,299**	**1,202,106,783**

Statements of cash flows

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Cash flows from operating activities				
Profit for the year	295,282,084	241,727,524	254,931,521	242,094,081
Adjustments for				
Depreciation and amortisation	17,468,093	14,713,613	17,468,093	14,713,613
Interest income	(25,240,084)	(9,963,776)	(25,223,187)	(9,953,514)
Finance costs	38,587,516	30,946,018	38,199,355	30,946,018
Unrealised loss (gain) on exchange	687,988	1,326,587	(7,733)	1,326,587
Loss (gain) on disposal of equipment	(146,601)	4,250	(146,601)	4,250
Doubtful debts expense	43,540,925	2,744,619	43,540,925	2,744,619
Allowance for decline in value of inventories (reversal)	(7,584,538)	6,103,803	(11,758,888)	6,103,803
Income tax expense	127,445,349	92,108,583	98,108,266	92,108,583
	490,040,732	379,711,221	415,111,751	380,088,040
Changes in operating assets and liabilities				
Trade accounts receivable	(237,363,733)	(663,028,763)	(112,722,910)	(663,028,763)
Inventories	(224,833,181)	(136,478,358)	15,264,122	(136,478,358)
Finance lease receivables	1,625,969	4,162,357	1,625,969	4,162,357
Other current assets	(57,409,252)	(22,875,741)	(72,389,992)	(22,875,637)
Other non-current assets	9,806,019	(1,815,696)	9,806,019	(1,815,696)
Trade accounts payable	85,004,024	288,810,468	(205,975,263)	288,810,468
Other accounts payable	(21,845,751)	24,437,783	(23,971,710)	24,437,783
Accrued expenses	76,687,699	(58,442,055)	51,375,213	(58,532,055)
Other current liabilities	4,005,576	1,046,599	3,934,480	1,046,269
Income tax paid	(95,574,678)	(97,275,982)	(95,574,678)	(97,275,982)
Net cash provided by (used in) operating activities	**30,143,424**	**(281,748,167)**	**(13,516,999)**	**(281,461,574)**

Statements of cash flows

	Note	Consolidated financial statements 2010	Consolidated financial statements 2009	Separate financial statements 2010	Separate financial statements 2009
		(in Baht)			
Cash flows from investing activities					
Interest received		25,240,084	9,963,776	25,223,187	9,953,514
Net cash outflow on acquisition of subsidiaries		-	-	(999,970)	(59,999,970)
Net cash outflow on acquisition of other long-term investment		-	(51,030,000)	-	-
Purchase of equipment		(23,412,362)	(21,961,685)	(23,412,362)	(21,961,685)
Proceeds from sale of equipment		378,880	85,096	378,880	85,096
Purchase of intangible assets		(20,075,594)	(449,769)	(20,075,594)	(449,769)
Net cash used in investing activities		**(17,868,992)**	**(63,392,582)**	**(18,885,859)**	**(72,372,814)**
Cash flows from financing activities					
Interest paid		(38,404,549)	(30,213,898)	(37,935,951)	(30,213,898)
Net proceeds from borrowings		68,472,436	417,283,201	98,472,435	425,283,201
Proceeds from issue of ordinary shares		28,784,276	-	28,784,276	-
Finance lease payments		(906,499)	(571,686)	(906,499)	(571,686)
Dividends paid to equity holders of the Company		(81,269,640)	(71,110,935)	(81,269,640)	(71,110,935)
Net cash provided by (used in) financing activities		**(23,323,976)**	**315,386,682**	**7,144,621**	**323,386,682**
Net decrease in cash and cash equivalents		**(11,049,544)**	**(29,754,067)**	**(25,258,237)**	**(30,447,706)**
Cash and cash equivalents at beginning of year	5	53,660,574	83,414,641	52,966,935	83,414,641
Cash and cash equivalents at end of year	5	**42,611,030**	**53,660,574**	**27,708,698**	**52,966,935**

Non-cash transactions

During the year 2010 the Company acquired equipment at a total cost of Baht 26.4 million of which Baht 3.0 million acquired by way of finance lease agreement and the balance was paid by cash.

Notes to the financial statements

For the tears ended 31 December 2010 and 2009

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Notes to the financial statements

For the tears ended 31 December 2010 and 2009

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 11 February 2011.

1 General information

SiS Distribution (Thailand) Public Company Limited ("the Company") is incorporated in Thailand and has its registered office at 65 Ground and 4th Floor, Chamnan Phenjati Business Center, Rama 9 Road, Huaykwang, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand on 21 June 2004.

The Company's major shareholders during the financial year were SiS Technologies (Thailand) Pte. Ltd. which was incorporated in Singapore (47.83% shareholding), Sittichaisrichart Family (14.67% shareholding) and Pungsrinont Family (9.35% shareholding)

The principal businesses of the Company are trading in computer component, office automation equipment, service and rental of computers and accessories and trading in Digital Disc - Movie and Music. Details of the Company's subsidiaries as at 31 December 2010 and 2009 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2010	2009
Direct subsidiaries				
SiS Venture Co., Ltd. (Incorporated in June 2009)	Holding investment	Thailand	99.99	99.99
Qool Distribution (Thailand) Co., Ltd. (Incorporated in June 2010)	Merchandising	Thailand	99.99	-

2 Basis of preparation of financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared and presented in Thai Baht unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS"); guidelines promulgated by the Federation of Accounting Professions ("FAP"); applicable rules and regulations of the Thai Securities and Exchange Commission; and with generally accepted accounting principles in Thailand.

Notes to the financial statements

For the tears ended 31 December 2010 and 2009

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 26	TAS 102	Income Recognition For Real Estate Business
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting For Investment Companies
TAS 48	TAS 107	Financial Instruments: Disclosure and Presentation

The Group has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards are disclosed in note 30.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”)

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Notes to the financial statements

For the years ended 31 December 2010 and 2009

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange difference arising on translation are recognised in the statement of income.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from operational activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(d) Hedging

Fair value hedges

Where a derivative financial instrument hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in the statement of income. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in the statement of income.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Notes to the financial statements

For the years ended 31 December 2010 and 2009

(f) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is based on management's assessment of loss which may arise from the outstanding accounts receivable. Such assessment is provided by considering the accounts receivable outstanding over 3 months, for which allowance for doubtful accounts is set at the rate of 100%, together with the analysis of payment histories, future expectations of customer payment and the local economic conditions. Bad debts are written off when incurred.

(g) Inventories

Finished goods

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase or other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group sets an allowance for the decline in value of obsolete and defective stock by reviewing the aging of inventory as follows:

Inventory age less than 120 days	no allowance
Inventory age during 121 - 180 days	set allowance at 20%
Inventory age during 181 - 240 days	set allowance at 40%
Inventory age during 241 - 300 days	set allowance at 60%
Inventory age during 301 - 360 days	set allowance at 80%
Without sales over 360 days	set allowance at 100%

(h) Investment

Investment in subsidiaries in the separate financial statements of the Company is accounted for using the cost method.

Equity securities which are not marketable are stated at cost less any impairment losses.

(i) Equipment

Owned assets

Equipment is stated at cost less accumulated depreciation and impairment losses.

Notes to the financial statements

For the years ended 31 December 2010 and 2009

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of equipment. The estimated useful lives are as follows:

Vehicles	5	years
Furniture & fixtures	5	years
Computer & office equipment	3 and 5	years
Leasehold improvements	3, 5 and 10	years

No depreciation is provided on asset under construction.

(j) Intangible assets

Software licenses

Software licenses that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Software licenses are amortised in the statement of income in a straight-line basis over their estimated useful lives from the date that they are available for use for 5 and 10 years.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs

Reversals of impairment

An impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

Notes to the financial statements

For the years ended 31 December 2010 and 2009

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

Defined benefit plans

The employee share option programme allows certain of the Company's directors and employees to acquire shares of the Company under certain conditions. The proceeds received on exercise of the options, net of any directly attributable transaction costs, are credited to share capital and share premium when the options are exercised.

(o) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs, the probable return of goods or the continuing management involvement with the goods.

Revenue from the sale of goods for Digital Disc - Movie and Music products after provision for sales return is recognised when have been sold to the customer.

Revenue from the sale of goods - Smart Shop is recognised when the dealers have sold the goods.

Revenue from services is recognised when services are rendered.

Interest income

Interest income is recognised in the statement of income as it accrues

Notes to the financial statements

For the years ended 31 December 2010 and 2009

(p) Expenses

Operating leases

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

(q) Income tax

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting dte, and any adjustment to tax payable in respect of previous years.

4 Related party transactions and balances

Related parties are those parties linked to companies in the Group and the Company as shareholders or by common shareholders or directors. Significant transactions with related parties which are included in financial statements are conducted at prices based on market prices or where no market prices exists, at contractually agreed prices

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

Name of the entities	Country of incorporation/ nationality	Nature of relationships
SiS International Holdings Ltd.	Bermuda	Ultimate parent of the group and some Common directors
SiS Technologies (Thailand) Pte. Ltd.	Singapore	Under the same control of the ultimate parent company
Qool Labs Pte Ltd.	Singapore	Under the same control of the ultimate parent company
SiS Technologies Pte Ltd.(1)	Singapore	Common directors
SiS International Ltd.(1)	Hong Kong	Common directors
SiS Distribution (M) Sdn. Bhd.(1)	Malaysia	Common directors
P.T.Sistech Kharisma (2)	Indonesia	Related company of the ultimate parent company
Alliance & Link Corporation Co., Ltd	Thailand	15% shareholding by the Company
Hardware House International Co., Ltd.	Thailand	Indirect shareholding by the Company
Direct subsidiaries		
SiS Venture Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding
Qool Distribution (Thailand) Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding

Notes to the financial statements

For the years ended 31 December 2010 and 2009

(1) On 29 November 2010 the Ultimate parent of the Group (SiS International Holdings Ltd.) has entered into the Agreement to sale SiS Technologies Pte Ltd., SiS International Ltd. and SiS Distribution (M) Sdn. Bhd. with Jardine OneSolution (BVI) Limited. These Companies were not under control of the Ultimate parent of the Group since then but they still have the common directors of the Company.

(2) Related to the Ultimate parent of the group and doesn't have any transactions with the Company.

Significant transactions for the years ended 31 December 2010 and 2009 with related parties are summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Sales				
SiS Technologies Pte Ltd.	6,269,517	1,911,088	6,269,517	1,911,088
SiS Distribution (M) Sdn. Bhd.	274,173	-	274,173	-
Alliance & Link Corporation Co., Ltd	119,330,268	63,577,682	96,968,851	63,577,682
Hardware House International Co., Ltd.	569,427,890	527,368,152	567,941,687	527,368,152
Total	**695,301,848**	**592,856,922**	**671,454,228**	**592,856,922**
Management income				
Qool Distribution (Thailand) Co., Ltd.	**-**	**-**	**25,233,406**	**-**
Interest income for delay payment				
Alliance & Link Corporation Co., Ltd	958,325	47,945	958,325	47,945
Hardware House International Co., Ltd.	7,933,031	3,443,000	7,933,031	3,443,000
	8,891,356	3,490,945	8,891,356	3,490,945
Purchases				
SiS Technologies Pte Ltd.	**1,960,713**	**-**	**1,960,713**	**-**
Management fee				
SiS International Holdings Ltd.	**9,661,978**	**8,632,843**	**9,661,978**	**8,632,843**
Interest expense				
SiS Venture Co., Ltd.	-	-	80,438	-
Qool Distribution (Thailand) Co., Ltd.	-	-	11,507	-
	-	**-**	**91,945**	**-**
Management benefit expenses				
Management	**56,471,097**	**49,238,107**	**56,471,097**	**49,238,107**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

Balances as at 31 December 2010 and 2009 with related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Trade accounts receivable from related parties				
Alliance & Link Corporation Co., Ltd	82,487,706	67,895,056	58,560,990	67,895,056
Hardware House International Co., Ltd.	352,977,813	347,202,541	351,442,326	346,967,610
	435,465,519	**415,097,597**	**410,003,316**	**414,862,666**

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Accrued income				
Qool Distribution (Thailand) Co., Ltd.	**-**	**-**	**25,233,406**	**-**

Short-term loan from related parties	Interest rate		Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009	2010	2009
	(%)		*(in Baht)*			
Subsidiary						
SiS Venture Co., Ltd.	1.00	1.00	-	-	8,000,000	8,000,000
Qool Distribution (Thailand) Co., Ltd.	1.00	-	-	-	30,000,000	-
Short-term loan from related parties			**-**	**-**	**38,000,000**	**8,000,000**

Movement during the periods ended 31 December 2010 and 2009 of short-term loan from related parties is as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Subsidiary				
At 1 January	-	-	8,000,000	-
Increase	-	-	30,000,000	8,000,000
At 31 December	**-**	**-**	**38,000,000**	**8,000,000**

Short-term loans from related parties were due on demand.

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Accrued expenses				
SiS International Holdings Ltd.	**809,613**	**732,796**	**809,613**	**732,796**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Accrued interest expenses				
SiS Venture Co., Ltd.	**-**	**-**	**80,438**	**-**

Sales

The Company sales goods to related companies at the market price plus actual related expenses.

Purchases

The Company purchases goods from related companies at the actual cost plus actual related expenses.

Management Income

The Company has agreement with the subsidiary (Qool Distribution (Thailand) Co., Ltd.) for sharing the combined staff and assets cost. The term of the agreement is from 1 September to 31 December 2010, and the monthly rate of management fee is 2.80% net sales of subsidiary of each month.

Management fee

In 2004, the Company entered into an agreement with SiS International Holdings Ltd. for sharing the combined staff and assets cost. The term of the agreement is from 1 January 2004 onward, and the monthly rate of management fee is 0.0625% of each month's sales.

Interest income/expense

Interest income/expense for loan to or loan from related party will be charged based on the interest rates of financial institutions. Interest income for delay payment calculated from the agreed rate.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Cash on hand	125,000	106,000	125,000	106,000
Cash at banks				
- current accounts	21,223,771	25,926,958	21,177,164	25,896,958
Cash at banks				
- savings accounts	21,262,259	27,627,616	6,406,534	26,963,977
Total	**42,611,030**	**53,660,574**	**27,708,698**	**52,966,935**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

6 Trade accounts receivable

	Note	Consolidated financial statements 2010	Consolidated financial statements 2009	Separate financial statements 2010	Separate financial statements 2009
		(in Baht)			
Related parties	4	435,465,519	414,862,666	410,003,316	414,862,666
Other parties		1,789,872,541	1,575,286,964	1,690,693,921	1,575,286,964
Total		**2,225,338,060**	**1,990,149,630**	**2,100,697,237**	**1,990,149,630**
Less allowance for doubtful accounts		(207,813,467)	(166,447,845)	(207,813,467)	(166,447,845)
Net		**2,017,524,593**	**1,823,701,785**	**1,892,883,770**	**1,823,701,785**
Bad debts and doubtful debts expenses for the year	*21, 23*	**43,540,925**	**2,744,619**	**43,540,925**	**2,744,619**

Aging analysis for trade accounts receivable were as follows:

	Consolidated financial statements 2010	Consolidated financial statements 2009	Separate financial statements 2010	Separate financial statements 2009
	(in Baht)			
Related parties				
Within credit terms	155,493,119	208,925,447	132,044,872	208,925,447
Overdue:				
Less than 3 months	148,279,493	203,958,379	146,265,537	203,958,379
3-6 months	131,255,131	1,653,534	131,255,131	1,653,534
6-12 months	330,106	325,306	330,106	325,306
Over 12 months	107,670	-	107,670	-
Total	**435,465,519**	**414,862,666**	**410,003,316**	**414,862,666**
Other parties				
Within credit terms	1,283,356,801	1,121,180,420	1,199,166,714	1,121,180,420
Overdue:				
Less than 3 months	373,225,266	301,535,459	358,236,733	301,535,459
3-6 months	9,188,786	18,053,924	9,188,786	18,053,924
6-12 months	3,343,163	21,381,214	3,343,163	21,381,214
Over 12 months	120,758,525	112,901,016	120,758,525	112,901,016
	1,789,872,541	1,575,052,033	1,690,693,921	1,575,052,033
Less allowance for doubtful accounts	(207,813,467)	(166,447,845)	(207,813,467)	(166,447,845)
Net	**1,582,059,074**	**1,408,604,188**	**1,482,880,454**	**1,408,604,188**

The normal credit term granted by the Group is ranging from 30 days to 60 days.

The currency denomination of trade accounts receivable as at 31 December 2010 and 2009 was Thai Baht

As at 31 December 2009, trade accounts receivable in the amount of Baht 131.55 million were sold to a factoring company on a without recourse basis. Therefore, the Company already derecognised the receivables from the balance sheet on the basis that substantially all the risks and rewards have been transferred to the factoring company. However, the Company has to follow some conditions in the Receivable purchase agreement, such as trade dispute circumstances between the Company and its customers and fee obligations from selling those receivables to the factoring company.

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Finished goods - computer components	1,172,786,176	921,471,049	932,688,872	921,471,049
Finished goods Digital Disc - Movie and Music	14,239,336	10,547,663	14,239,336	10,547,663
Goods in transit	19,940,524	50,114,143	19,940,525	50,114,143
	1,206,966,036	982,132,855	966,868,733	982,132,855
Less allowance for decline in value	(55,267,940)	(62,852,478)	(51,093,590)	(62,852,478)
Net	**1,151,698,096**	**919,280,377**	**915,775,143**	**919,280,377**

The sale of finished goods - Digital Disc - Movie and Music is subject to the terms of an income sharing agreement with a vendor (See note 29).

8 Other current assets

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		(in Baht)			
Revenue department receivable		92,551,229	43,641,757	82,391,143	43,641,654
Accrued income	*4*	29,526,055	16,818,879	54,759,461	16,818,879
Others		5,282,639	9,490,035	5,189,956	9,490,035
Total		**127,359,923**	**69,950,671**	**142,340,560**	**69,950,568**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

9 Investment in subsidiaries

			Separate financial statements					
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009
	%				(in Baht)			
Subsidiaries								
SiS venture Co.,Ltd.	99.99	99.99	60,000,000	59,999,970	59,999,970	59,999,970	-	-
Qool Distribution (Thailand) Co., Ltd.	99.99	-	1,000,000	-	999,970	-	-	-
Total			**61,000,000**	**59,999,970**	**60,999,940**	**59,999,970**	**-**	**-**

In June 2009, the Company initially invested in ordinary shares of SiS venture Co., Ltd. at 99.99% of authorised share capital. And in June 2010, the Company initially invested in ordinary shares of Qool Distribution (Thailand) Co., Ltd. at 99.99% of authorised share capital.

Notes to the financial statements

For the years ended 31 December 2010 and 2009

10 Other long-term investment

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Other long-term investment				
Other non marketable equity security	51,030,000	51,030,000	-	-
Net	**51,030,000**	**51,030,000**	**-**	**-**

Other long-term investment was an investment in ordinary shares of Alliance & Link Corporation Company Limited at 15% of authorised share capital, by the Company's subsidiary (SiS Venture Co., Ltd.).

11 Equipment

	Consolidated financial statements/Separate financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment	Leasehold improvements	Construction in progress	**Total**
			(in Baht)			
Cost						
At 1 January 2009	8,282,041	10,280,011	96,878,648	13,376,522	-	128,817,222
Additions	-	1,234,615	18,503,970	2,223,100	-	21,961,685
Disposals	-	-	(4,873,775)	-	-	(4,873,775)
At 31 December 2009 and 1 January 2010	**8,282,041**	**11,514,626**	**110,508,843**	**15,599,622**	-	**145,905,132**
Additions	2,967,290	706,168	18,707,425	2,160,000	1,838,769	26,379,652
Disposals	-	(641,647)	(14,456,564)	-	-	(15,098,211)
At 31 December 2010	**11,249,331**	**11,579,147**	**114,759,704**	**17,759,622**	**1,838,769**	**157,186,573**
Accumulated depreciation						
At 1 January 2009	4,128,593	7,830,993	80,325,883	8,544,282	-	100,829,751
Depreciation charge for the year	954,177	1,380,390	10,435,741	1,389,812	-	14,160,120
Disposals	-	-	(4,784,428)	-	-	(4,784,428)
At 31 December 2009 and 1 January 2010	**5,082,770**	**9,211,383**	**85,977,196**	**9,934,094**	-	**110,205,443**
Depreciation charge for the year	1,014,039	1,120,315	13,055,390	1,541,210	-	16,730,954
Disposals	-	(641,599)	(14,224,333)	-	-	(14,865,932)
At 31 December 2010	**6,096,809**	**9,690,099**	**84,808,253**	**11,475,304**	**-**	**112,070,465**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

	Consolidated financial statements/Separate financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment	Leasehold improvements	Construction in progress	**Total**
				(in Baht)		
Net book value						
At 1 January 2009						
Owned assets	133,624	2,449,018	16,552,765	4,832,240	-	23,967,647
Assets under finance leases	4,019,824	-	-	-	-	4,019,824
	4,153,448	**2,449,018**	**16,552,765**	**4,832,240**	**-**	**27,987,471**
At 31 December 2009 and 1 January 2010						
Owned assets	2	2,303,243	24,531,647	5,665,528	-	32,500,420
Assets under finance leases	3,199,269	-	-	-	-	3,199,269
	3,199,271	**2,303,243**	**24,531,647**	**5,665,528**	**-**	**35,699,689**
At 31 December 2010						
Owned assets	2	1,889,048	29,951,451	6,284,318	1,838,769	39,963,588
Assets under finance leases	5,152,520	-	-	-	-	5,152,520
	5,152,522	**1,889,048**	**29,951,451**	**6,284,318**	**1,838,769**	**45,116,108**

As at 31 December 2010 and 2009, depreciation of leasehold improvements were calculated based on 10 years whereas the lease contract period is 3 years. Under the term of the lease agreement, the Company has the option to renew the lease for a further period.

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2010 amounted to Baht 104.6 million *(2009: Baht 110.9 million).*

12 Intangible assets

	Consolidated financial statements/ Separate financial statements		
	Software licences	Software licences in progress	**Total**
		(in Baht)	
Cost			
At 1 January 2009	28,172,828	6,500,000	34,672,828
Additions	449,769	-	449,769
At 31 December 2009 and 1 January 2010	**28,622,597**	**6,500,000**	**35,122,597**
Additions	989,494	19,086,100	20,075,594
At 31 December 2010	**29,612,092**	**25,586,000**	**55,198,192**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

	Consolidated financial statements/ Separate financial statements		
	Software licences	Software licences in progress	**Total**
		(in Baht)	
Amortisation			
At 1 January 2009	25,561,269	-	25,561,269
Amortisation charge for the year	553,494	-	553,494
At 31 December 2009 and 1 January 2010	**26,114,763**	**-**	**26,114,763**
Amortisation charge for the year	737,140	-	737,140
At 31 December 2010	**26,851,903**	**-**	**26,851,903**
Net book value			
At 1 January 2009	**2,611,559**	**6,500,000**	**9,111,559**
At 31 December 2009 and 1 January 2010	**2,507,834**	**6,500,000**	**9,007,834**
At 31 December 2010	**2,760,189**	**25,586,100**	**28,346,289**

13 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Current - Unsecured				
Trust receipts	25,804,154	42,331,718	25,804,154	42,331,718
Loans from financial institutions	950,000,000	865,000,000	950,000,000	865,000,000
Loans from financial institutions	**975,804,154**	**907,331,718**	**975,804,154**	**907,331,718**
Current portion of finance lease	1,464,358	680,844	1,464,358	680,844
Total	**977,268,512**	**977,268,562**	**977,268,512**	**908,012,562**
Non - current				
Financial lease payables	3,011,659	1,734,382	3,011,659	1,734,382
Total	**3,011,659**	**1,734,382**	**3,011,659**	**1,734,382**

The period to maturity of interest-bearing liabilities, excluding finance lease liabilities, is as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Within one year	975,804,154	907,331,718	975,804,154	907,331,718
Total	**975,804,154**	**907,331,718**	**975,804,154**	**907,331,718**

Under the term of the loan agreements, the Company has to comply with all terms and conditions which were specified in the agreements such as maintaining the debt to equity ratio, etc.

Notes to the financial statements

For the years ended 31 December 2010 and 2009

Finance lease liabilities

Finance lease liabilities as at 31 December 2010 and 2009 were payable as follows:

	Consolidated financial statements/Separate financial statements					
	2010			2009		
	Principal	Interest	Payments	Principal	Interest	Payments
	(in Baht)					
Within one year	1,464,358	215,671	1,680,029	680,844	85,994	766,838
After one year but within five years	3,011,659	173,765	3,185,424	1,734,382	108,682	1,843,064
Total	**4,476,017**	**389,436**	**4,865,453**	**2,415,226**	**194,676**	**2,609,902**

Financial lease payables are paid by monthly installment.

14 Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Other parties	990,911,312	905,219,301	699,236,305	905,219,301
Total	**990,911,312**	**905,219,301**	**699,236,305**	**905,219,301**

The currency denomination of trade accounts payable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Thai Baht (THB)	448,046,868	747,753,000	445,872,852	747,753,000
United States Dollars (USD)	542,864,444	157,466,301	253,363,453	157,466,301
Total	**990,911,312**	**905,219,301**	**699,236,305**	**905,219,301**

15 Share capital

	Par value (in Baht)	2010 Number	2010 Baht	2009 Number	2009 Baht
		(shares / Baht)			
Authorised					
At 1 January					
- ordinary shares	*1*	205,000,000	205,000,000	205,000,000	205,000,000
Reduction of shares	*1*	(1,825,900)	(1,825,900)	-	-
Issuance of new shares	*1*	10,000,000	10,000,000	-	-
At 31 December					
- ordinary shares	*1*	**213,174,100**	**213,174,100**	**205,000,000**	**205,000,000**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

	Par value (in Baht)	2010 Number	2010 Baht	2009 Number	2009 Baht
		(shares / Baht)			
Issued and fully paid-up					
At 1 January					
- ordinary shares	*1*	203,174,100	203,174,100	203,174,100	203,174,000
Issuance of new shares	*1*	5,369,075	5,369,075	-	-
At 31 December					
- ordinary shares	*1*	**208,543,175**	**208,543,175**	**203,174,000**	**203,174,000**

At the annual general meeting of the shareholders of the Company held on 2 April 2010, the Company's shareholders passed the resolution as follow:

(a) Approved the Company to register the reduction of a registered capita of the Company from 205,000,000 shares, with par value of Baht 1, totaling Baht 205,000,000 to 203,174,100 ordinary shares, with par value of Baht 1, totaling Baht 203,174,100 by cancelling the unpaid 1,825,900 ordinary shares, with par value of Baht 1, totaling Baht 1,825,900 to match with the unexercised 1,825,900 warrants.

(b) Approved the Company to register the increase of a registered capital of the Company totaling Baht 10,000,000 from Baht 203,174,100 to be Baht 213,174,100, with par value of Baht 1 each, totaling Baht 213,174,100 to be reserved from the exercise of warrants which were allotted to the Directors and employees including any employee (s) who is also a Director under Employee Stock Option Plan (ESOP) Scheme and also to support the ESOP by means of the issuance of 10,000,000 ordinary shares.

In June 2010, there were warrant holders (note 16) who had exercised their right to buy the Company's ordinary shares, totaling 3,621,750 shares, at the exercise price based on the book value of the ordinary shares of the Company pursuant to the latest financial statements. The exercise price was Baht 5.27 per share. The increase of share capital was registered with the Ministry of Commerce on 7 June 2010.

In December 2010, there were warrant holders (note 16) who had exercised their right to buy the Company's ordinary shares, totaling 1,747,325 shares, at the exercise price based on the book value of the ordinary shares of the Company pursuant to the latest financial statements. The exercise price was Baht 5.55 per share. The increase of share capital was registered with the Ministry of Commerce on 9 December 2010.

Notes to the financial statements

For the years ended 31 December 2010 and 2009

16 Warrants

In 2005, the Company has issued 5,000,000 units of warrants to the Company's directors and employees. The details of the Warrants are as follows:

Type of warrants	:	Specified-Holder-Name and Non-Transferable Warrants to buy ordinary shares to be newly issued by the Company.
Number of units	:	5 million units
Maturity	:	5 years
Offering	:	Offer to the Company's directors and employees
Offering price	:	Baht 0 per unit
Exercise price	:	Equal to book value of the ordinary shares of the Company pursuant to the latest financial statements.
Exercise date	:	The first exercise can be done after the Company's shares have been traded in the Stock Exchange of Thailand for at least 1 year. The first exercise starts on 30 June 2005 up to 9 June 2009. Each warrant holder can exercise not more than 25 percent of all warrants allotted to such warrant holder at each exercise date and can exercise an additional 25 percent of the total warrants allotted on the next scheduled date of exercise (every 3 months period)
Exercise right per unit	:	1 unit to 1 ordinary share
Number of ordinary shares allotted and reserved for the Warrants	:	Ordinary shares to be newly issued by the Company.

The warrants expired on 9 June 2009. As of that date holders of 3,174,100 warrants had exercised their rights to buy ordinary shares of the Company.

In 2010, the Company issued 10,0000,000 units of warrants to the Company's directors and employees. The details of the Warrants are as follows:

Type of warrants	:	Specified-Holder-Name and Non-Transferable Warrants to buy ordinary shares to be newly issued by the Company.
Number of units	:	10 million units
Maturity	:	3 years
Offering	:	Offer to the Company's directors and employees
Offering price	:	Baht 0 per unit
Exercise price	:	Equal to book value of the ordinary shares of the Company pursuant to the latest financial statements.
Exercise date	:	The first exercise can be done after the Company's shares have been traded in the Stock Exchange of Thailand for at least 1 year. The first exercise starts on 1 June 2010 up to 31 May 2013. Each warrant holder can exercise not more than 50 percent of all warrants allotted to such warrant holder at each exercise date and can exercise an additional 12.5 percent of the total warrants allotted on the next scheduled date of exercise (every 6 months period)
Exercise right per unit	:	1 unit to 1 ordinary share
Number of ordinary shares allotted and reserved for the warrants	:	10 million shares

Notes to the financial statements

For the years ended 31 December 2010 and 2009

17 Additional paid-in capital and reserves

Share premium

The share premium account is set up under the provisions of Section 51 of the Public Companies Act B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). The account is not available for dividend distribution.

Legal reserve

The legal reserve is set up under the provisions of Section 116 of the Public Companies Act B.E. 2535. Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

18 Segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments is based on the Group's management an internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operations involve principally a single industry segment, by trading in computer components and office automation equipment and providing service and rental of computers and accessories and trading in Digital Disc - Movie and Music. The operations carried on in the single geographic area of Thailand. The segment information for the years ended 31 December 2010 and 2009 comprised of:

Business segments

The Group comprises the following main business segments:

Segment 1	Computer components and office automation equipment
Segment 2	Providing service and rental of computers and accessories
Segment 3	Digital Disc - Movie and Music
Segment 4	Smart shop

Geographic segment

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

Revenue and the operation's result resulting from business segments in the Group's consolidated financial statements for the year ended 31 December 2010 and 2009 were as follows:

Notes to the financial statements

For the years ended 31 December 2010 and 2009

Business segment results

	Consolidated financial Statements				
	Trading in computer components and office automation equipment	Providing service and rental of computers and accessories	Trading in Digital Disc - Movie and Music	Trading in Smart Shop	Total
			(in million Baht)		
For the year ended 31 December 2010					
Revenue	15,525	67	115	714	16,421
Cost	(14,639)	(48)	(103)	(673)	(15,463)
Gross profit	886	19	12	41	958
Selling and administrative expenses					(660)
Finance costs					(39)
Other income					164
Profit before income tax					423
Income tax					(128)
Net profit					**295**
Equipment - net					**45**
Total assets					**3,473**
For the year ended 31 December 2009					
Revenue	13,158	82	104	530	13,874
Cost	(12,460)	(65)	(94)	(506)	(13,125)
Gross profit	698	17	10	24	749
Selling and administrative expenses					(460)
Finance costs					(31)
Other income					76
Profit before income tax					334
Income tax					(92)
Net profit					**242**
Equipment - net					**36**
Total assets					**2,983**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

	Separate financial Statements				
	Trading in computer components and office automation equipment	Providing service and rental of computers and accessories	Trading in Digital Disc - Movie and Music	Trading in Smart Shop	Total
			(in million Baht)		
For the year ended 31 December 2010					
Revenue	14,651	67	115	687	15,520
Cost	(13,862)	(48)	(103)	(648)	(14,661)
Gross profit	789	19	12	39	859
Selling and administrative expenses					(623)
Finance costs					(38)
Other income					155
Profit before income tax					353
Income tax					(98)
Net profit					**255**
Equipment - net					**45**
Total assets					**3,123**
For the year ended 31 December 2009					
Revenue	13,158	82	104	530	13,874
Cost	(12,460)	(65)	(94)	(506)	(13,125)
Gross profit	698	17	10	24	749
Selling and administrative expenses					(460)
Finance costs					(31)
Other income					76
Profit before income tax					334
Income tax					(92)
Net profit					**242**
Equipment - net					**36**
Total assets					**2,992**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

	Separate financial Statements				
	Trading in computer components and office automation equipment	Providing service and rental of computers and accessories	Trading in Digital Disc - Movie and Music	Trading in Smart Shop	Total
			(in million Baht)		
For the year ended 31 December 2010					
Revenue	14,651	67	115	687	15,520
Cost	(13,862)	(48)	(103)	(648)	(14,661)
Gross profit	789	19	12	39	859
Selling and administrative expenses					(623)
Finance costs					(38)
Other income					155
Profit before income tax					353
Income tax					(98)
Net profit					**255**
Equipment - net					**45**
Total assets					**3,123**
For the year ended 31 December 2009					
Revenue	13,158	82	104	530	13,874
Cost	(12,460)	(65)	(94)	(506)	(13,125)
Gross profit	698	17	10	24	749
Selling and administrative expenses					(460)
Finance costs					(31)
Other income					76
Profit before income tax					334
Income tax					(92)
Net profit					**242**
Equipment - net					**36**
Total assets					**2,992**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

19 Other income

	Note	Consolidated financial statements 2010	Consolidated financial statements 2009	Separate financial statements 2010	Separate financial statements 2009
		(in Baht)			
Income from marketing refund		81,955,547	48,388,872	72,090,302	48,388,872
Interest income	4	25,240,084	9,963,776	25,223,187	9,953,514
Others	4	56,383,334	17,215,304	57,840,548	17,215,304
Total		**163,578,965**	**75,567,952**	**155,154,037**	**75,557,690**

20 Selling expenses

	Consolidated financial statements 2010	Consolidated financial statements 2009	Separate financial statements 2010	Separate financial statements 2009
	(in Baht)			
Advertising and marketing expenses	181,623,982	63,992,231	149,292,759	63,992,231
Selling expenses	22,484,005	17,930,585	22,484,005	17,930,585
Employee benefit expenses	18,162,509	12,831,889	18,162,509	12,831,889
Others	3,265,975	3,236,139	3,265,975	3,236,139
Total	**225,536,471**	**97,990,844**	**193,205,248**	**97,990,844**

21 Administrative expenses

	Consolidated financial statements 2010	Consolidated financial statements 2009	Separate financial statements 2010	Separate financial statements 2009
	(in Baht)			
Employee benefit expenses	192,145,345	143,304,881	192,145,345	143,304,881
Rental expense	44,330,082	53,249,310	44,330,082	53,249,310
Bad debts and doubtful accounts	43,540,925	2,744,619	43,540,925	2,744,619
Service charge	35,883,360	28,884,549	35,883,360	28,884,549
Depreciation and amortisation	17,468,093	14,713,614	17,468,093	14,713,614
Others	44,714,760	69,919,451	39,571,594	69,542,631
Total	**378,082,565**	**312,816,424**	**372,939,399**	**312,439,604**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

22 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Management				
Wages and salaries	54,773,667	47,691,165	54,773,677	47,691,165
Contribution to defined benefit plans	1,697,420	1,546,942	1,697,420	1,546,942
	56,471,097	**49,238,107**	**56,471,097**	**49,238,107**
Other employees				
Wages and salaries	183,191,451	141,046,816	183,191,451	141,046,816
Contribution to defined benefit plans	3,717,540	2,995,910	3,717,540	2,995,910
Other	23,398,863	12,094,044	23,398,863	12,094,044
	210,307,854	**156,136,770**	**210,307,854**	**156,136,770**
Total	**266,778,951**	**205,374,877**	**26,778,951**	**205,374,877**

The Company has established a contributory provident fund for its employees. Membership of the fund is on a voluntary basis. Contributions are made monthly by the employees at the rate of 5% of their basic salaries and by the Company at the rate of 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

23 Expense by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Include in selling expenses				
Advertising and marketing expenses	181,623,982	63,992,231	149,292,759	63,992,231
Selling expenses	22,484,005	17,930,585	22,484,005	17,930,585
Employee benefit expenses	18,162,509	12,831,889	18,162,509	12,831,889
Others	3,265,975	3,236,139	3,265,975	3,236,139
Total	**225,536,471**	**97,990,844**	**193,205,248**	**97,990,844**

Notes to the financial statements

For the years ended 31 December 2010 and 2009

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Included in administrative expenses:				
Employee benefit expenses	192,145,345	143,304,881	192,145,345	143,304,881
Rental expense	44,330,082	53,249,310	44,330,082	53,249,310
Bad debt and doubtful debt	43,540,925	2,744,619	43,540,925	2,744,619
Service charge	35,883,360	28,884,549	35,883,360	28,884,549
Depreciation and amortisation	17,468,093	14,713,614	17,468,093	14,713,614
Others	44,714,760	69,919,451	39,571,594	69,542,631
Total	**378,082,565**	**312,816,424**	**372,939,399**	**312,439,604**

24 Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		(in Baht)			
Related parties					
Interest expense	*4*	-	-	91,945	-
Other parties					
Interest expense and fee to financial institutions		38,587,516	30,946,018	38,107,410	30,946,018
Total		**38,587,516**	**30,946,018**	**38,199,355**	**30,946,018**

25 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
Current tax expense				
Current year	127,445,349	72,321,776	98,108,266	72,321,776
Under provided in prior years	-	19,786,807	-	19,786,807
Total	**127,445,349**	**92,108,583**	**98,108,266**	**92,108,583**

Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. Listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

The current tax expense in the statement of income is different from the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because the different treatment for accounting and taxation purposes of certain items of expenses, in particular, doubtful debts expenses, provision for decline in value of inventories and other non deductible tax expenses recognised in the statement of income.

26 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2010 and 2009 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		**Separate financial statements**	
	2010	2009	2010	2009
	(Baht / shares)			
Profit attributable to equity holders of the Company (Basic)	**295,282,084**	**241,727,524**	**254,931,521**	**242,094,081**
Number of ordinary shares outstanding at 1 January	203,174,100	203,174,100	203,174,100	203,174,100
Effect of shares issued on 7 June 2010	2,063,902	-	2,063,902	-
Effect of shares issued on 9 December 2010	110,106	-	110,106	-
Weighted average number of ordinary shares outstanding	**205,348,108**	**203,174,100**	**205,348,108**	**203,174,100**
Basic earnings per share basic	**1.44**	**1.19**	**1.24**	**1.19**

Diluted earnings per share

Diluted earnings per share have not been presented in the financial statements since the effect of the exercise of outstanding warrants for shares would not be material.

27 Dividend paid

At the annual general meeting of the shareholders of the Company held on 2 April 2010, the shareholders approved the appropriation of dividend of Baht 0.40 per share, amounting to Baht 81.27 million. The dividend was paid to the shareholders during 2010.

At the annual general meeting of the shareholders of the Company held on 27 March 2009, the shareholders approved the appropriation of dividend of Baht 0.35 per share, amounting to Baht 71.11 million. The dividend was paid to the shareholders during 2009.

Notes to the financial statements

For the years ended 31 December 2010 and 2009

28 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Company is primarily exposed to interest rate risk from its borrowings (Note 13). Most of the interest rates of financial assets and liabilities of the Group are floating rates, which are based on market rates such as the interest prime rate of commercial banks, saving interest rate or other benchmark floating rates.

The effective interest rates of interest-bearing financial liabilities as at 31 December 2010 and 2009 and the periods in which those liabilities mature or reprice were as follows:

		Consolidated financial statements			
	Interest rates	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	*(in million Baht)*			
2010					
Current					
Loan from financial institutions	1.40 – 2.45	976	-	-	976
Total		**976**	**-**	**-**	**976**
2009					
Current					
Loan from financial institutions	1.44-3.50	907	-	-	970
Total		**907**	**-**	**-**	**970**

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For the years ended 31 December 2010 and 2009

		Separate financial statements			
	Interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
		(in million Baht)			
2010					
Current					
Loan from financial institutions	1.40 – 2.45	976	-	-	976
Short-term borrowings from related parties		38	-	-	38
Total	1.00	**1,014**	-	-	**1,014**
2009					
Current					
Loan from financial institutions	1.44-3.50	907	-	-	907
Short-term borrowings from related parties	1.00	8	-	-	8
Total		**915**	-	-	**915**

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases in foreign currencies, for the subsequent period.

At 31 December 2010 and 2009, the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		(in million Baht)			
United States Dollars					
Trade accounts payable	*14*	543	158	253	158
Gross balance sheet exposure		543	158	253	158
Forward contracts	*29*	(299)	(81)	(299)	(81)
Swap contracts	*29*	(9)	(49)	(9)	(49)
Net exposure		**235**	**28**	**(55)**	**28**

Credit risk

Credit risk is the risk arising from failure of customers or counterparties to meet their contractual obligations, which may eventually cause financial losses. The Group has determined a risk management policy through analysis of the customer and counterparties' financial status, and also by defining the rules for credit approval and debt collection period. In addition, the Group has policy to take out risk insurance for uncollectibility of accounts receivable.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair value

A number of Group's accounting policies and disclosures require the determination of fair value, for both financial and non0financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for the measurement and/or disclosure purpose based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of trade receivables, trade payables and bank overdrafts and loans from financial institutions is taken to approximate the carrying value

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the balance sheet date for the residual maturity of the contract using a risk-free interest rate (based on agreement bonds).

29 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in million Baht)			
Non-cancellable operating lease commitments				
Within one year	11	26	11	26
After one year but within five years	6	9	6	9
Total	**17**	**35**	**17**	**35**
Other commitments				
Unutilised credits facilities	2,624	2,043	2,624	2,043
Swap contracts	9	49	9	49
Forward contracts	299	81	299	81
Bank guarantee	2	15	2	15
Total	**2,934**	**2,188**	**2,934**	**2,188**

Lease and service agreements

The Company had commitments for building, warehouse and equipment lease contracts with terms of 1-3 years.

Forward contracts

In 2010, the Company has forward contract facilities with banks in the amount of Baht 863.26 million equivalent to USD 28.49 million *(2009: Baht 758.57 million equivalent to USD 22.63 million)*.

As at 31 December 2010, the Company had purchased forward contracts in the amount of USD 9.94 million, equivalent to Baht 299.14 million. The contracts are due in June 2011. *(2009: USD 2.43 million, equivalent to Baht 80.89 million which the contracts were due in June 2010)*.

Swap contracts

As at 31 December 2010, the Company had purchased a currency swap contract in the amount of USD 0.3 million. The contract is due in February 2011. *(2009: USD 1.45 million which the contracts were due in March 2010)*.

Others

In 2006, the Company entered into two Digital Disc - Movie and Music distributor agreements. The Company has to pay a portion of related income to the vendor from the sale of Digital Disc - Movie and Music, after deduction of discount as stated in the distribution agreements. The agreements were effective from 1 July 2006 and 1 October 2006 onward and will be terminated when the counter parties inform each others in writing.

30 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income tax	2013

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TFRS	Topic	Year effective
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TAS 23 (revised 2009)	Borrowing Cost	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TFRS 2	Share-based payment	2011

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and is presently considering the potential initial impact on the consolidated and separate financial statements.

TAS 19 – Employee benefits

There is currently no Thai accounting standard covering employee benefits and the Group does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways: (i) retrospectively; (ii) immediately in equity (retained earnings) at the transition date; (iii) immediately in profit or loss at the transition date; (iv) as an expense on a straight-line basis over up to five years from the transition date. Management has determined that the transitional liability as at 1 January 2011 for post-employment benefits is approximated Baht 24 million for the Group and for the Company. Management has not yet decided to choose the way to recognise and account for this liability.

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