



รายงานประจำปี

**2555**

Annual Report 2012

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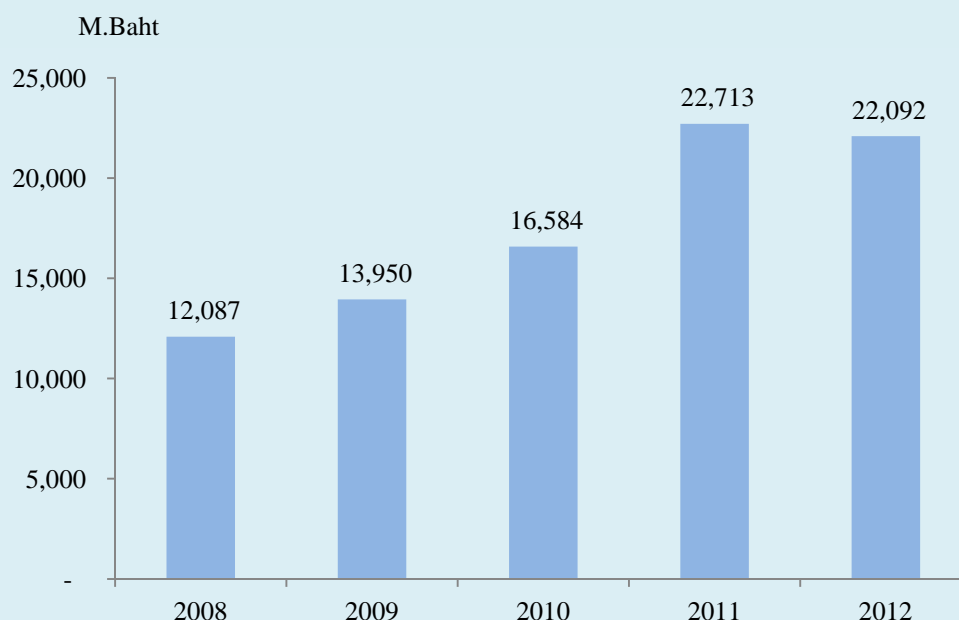
# Vision

- We are the leading 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 business success means to our suppliers, our clients and our staff
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# Summary of Financial Statements

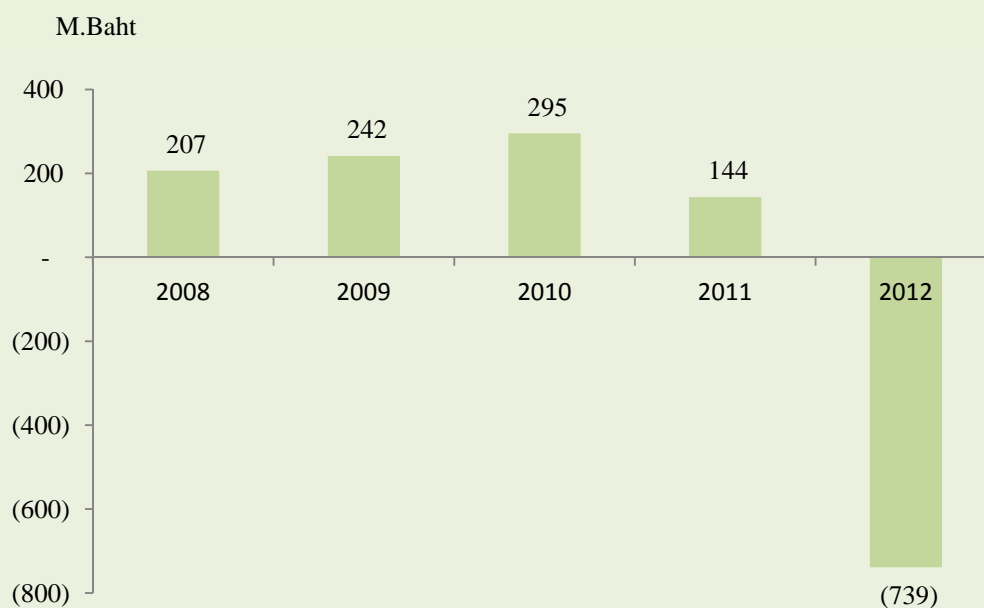
## Total Revenues

Total revenues of the company were 22,092 Million Baht, decreased by 2.7% from previous year, as a result of sales drop from 3 major Smart Phone vendors by reduced 38.8% (decrease by 3,209 Million Baht) when compared with 2011, that caused a decrease in Total Revenues.



## Net Profit

Net Loss of the company was 738.7 Million Baht. Two main reasons are 1) Loss on Smart Phone Business from 3 major Smart Phone companies, amount of 383.5 Million Baht and 2) Providing an allowance from losses of consign stock amount of 599.8 Million Baht, including two losses above totaling 983.3 Million Baht.



		2008	2009	2010	2011	2012
<b>Operating Results</b>						
Total Revenues	(M.Baht)	12,087.3	13,949.5	16,584.4	22,712.5	22,091.3
<i>Revenue Growth Rate</i>		15.2%	15.4%	18.9%	37.0%	-2.7%
Profit before interest and tax	(M.Baht)	337.0	364.8	461.3	330.2	(561.9)
<i>Profit before interest and tax Growth Rate</i>		38.9%	8.2%	26.5%	-28.4%	
Net profit	(M.Baht)	206.6	241.7	295.3	143.5	(738.7)
<i>Net Profit Growth Rate</i>		59.4%	17.0%	22.2%	-51.4%	
<b>Statement of financial position</b>						
Total Assets	(M.Baht)	2,143.2	2,981.9	3,473.2	6,018.8	4,573.4
Total Liabilities	(M.Baht)	1,314.5	1,984.0	2,231.1	4,739.2	4,057.2
Total Shareholders'Equity	(M.Baht)	828.7	999.3	1,242.1	1,279.6	516.2
<b>Financial Ratio</b>						
Gross Profit Margin		6.8%	5.4%	5.8%	4.7%	3.0%
Net Profit Margin		1.7%	1.7%	1.8%	0.6%	-3.3%
Return on Assets		10.5%	9.4%	9.1%	3.0%	-13.9%
Return on Shareholders'Equity		27.6%	26.4%	26.3%	11.4%	-82.3%
Liquidity Ratio	(Times)	1.59	1.45	1.50	1.22	1.08
Quick Liquidity Ratio	(Times)	0.95	0.95	0.92	0.43	0.66
Debt to Equity Ratio	(Times)	1.59	1.99	1.80	3.70	7.86
Interest Bearing Debt to Equity	(Times)	0.59	0.91	0.79	1.75	5.06
<b>Financial Figure per Share</b>						
Basic Earning per Share	(Baht)	1.02	1.19	1.44	0.62	(3.17)
Book Value per Share	(Baht)	4.09	4.92	5.96	6.06	2.21
Dividend per Share	(Baht)	0.35	0.40	0.50	0.25	-

**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.
- The Board of Director had resolution to approve no dividend payment due to having the operation loss in 2012 and will propose for the approval from shareholders in the 2013 Annual General Meeting of Shareholder.



# Message from the Board

## Dear Valued Shareholders

In 2012, there were many changes in an IT industry. It was the first year that the total sales of a PC has been shrunk compared to the past decade. The International Data Corporation (IDC) informed that the growth of the global PC market (both desktop and notebook) has been declined by 3.2%.

The PC downtrend is mainly affected by the popularity of a Smart Phone and tablet due to the mobility and convenience of the touch screen system. Moreover the rapid growth of the social network promotes the Smart Phone and tablet system to work well with business sector. Thus to encourage the sales of PC, Microsoft had to launch the Windows 8 which is compatible with the touch screen system in the late 2012.

Our company has been observing the Smart Phone market in many years. Therefore, the marketability in our Smart Phone sector has brought the company promising revenue in years. However in 2012, where the popularity of the Smart Phone increased, the 3 major Smart Phone companies whose we are distributor were unable to manufacture the supply to meet a highly demand. Consequently, we were unable to compete in the competitive market effectively. We had to face not only the high amount of inventory, in which the stock clearance had to be rapidly done, but also the loss in smart phone sector up to 383.5 Million Baht. In 2012, the total sales of the three major smart phone companies decreased by 38.8% (3,209 Million Baht) compared to the past year.

Moreover our company has reserved any loss from the consignment with one of our partner and entered to the rehabilitation. In present, we are in the process of recalling all goods and doing legal proceeding in order to recollect all consigned goods and/or to get pay for those goods. So we have been fully reserved the loss for 599.8 Million Baht.

In spite of the situation we have faced; our main business, the IT distributor and its peripherals, continually grows with profits. The damage of the mentioned situation has however affected the overall business. The loss we faced has an impact on our shareholders. In March 1, 2013, the Board of Directors has

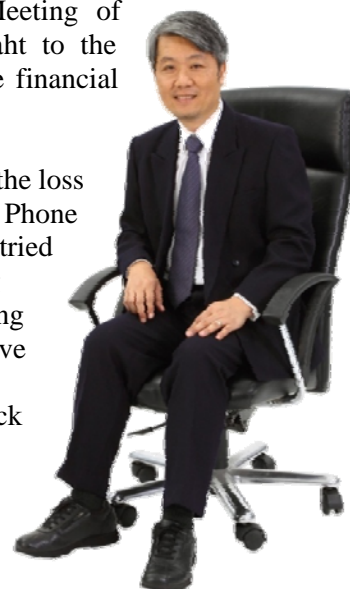
resolution to present in the Annual General Meeting of Shareholders to allocate another 379 Million Baht to the increase in share capital in order to strengthen the financial stability and to acquire the working capitals.

We highly apologize in our management (in which the loss had to be faced). Nevertheless the loss in our Smart Phone business and the mentioned consignment, we have tried to resolve all in 2012 accounting year by clearing almost all Smart Phone inventory since and reserving all loss from the consignment caused. We do believe that any damage will no longer be increased. Therefore in 2013, our business will be back on track and will continually to grow.



*(Handwritten signature of Mr. Suwit Chindasanguan)*

(Mr.Suwit Chindasanguan)  
SiS Distribution (Thailand)  
Public Company Limited  
March 18, 2013



*(Handwritten signature of Mr. Somchai Sittichaisrichart)*

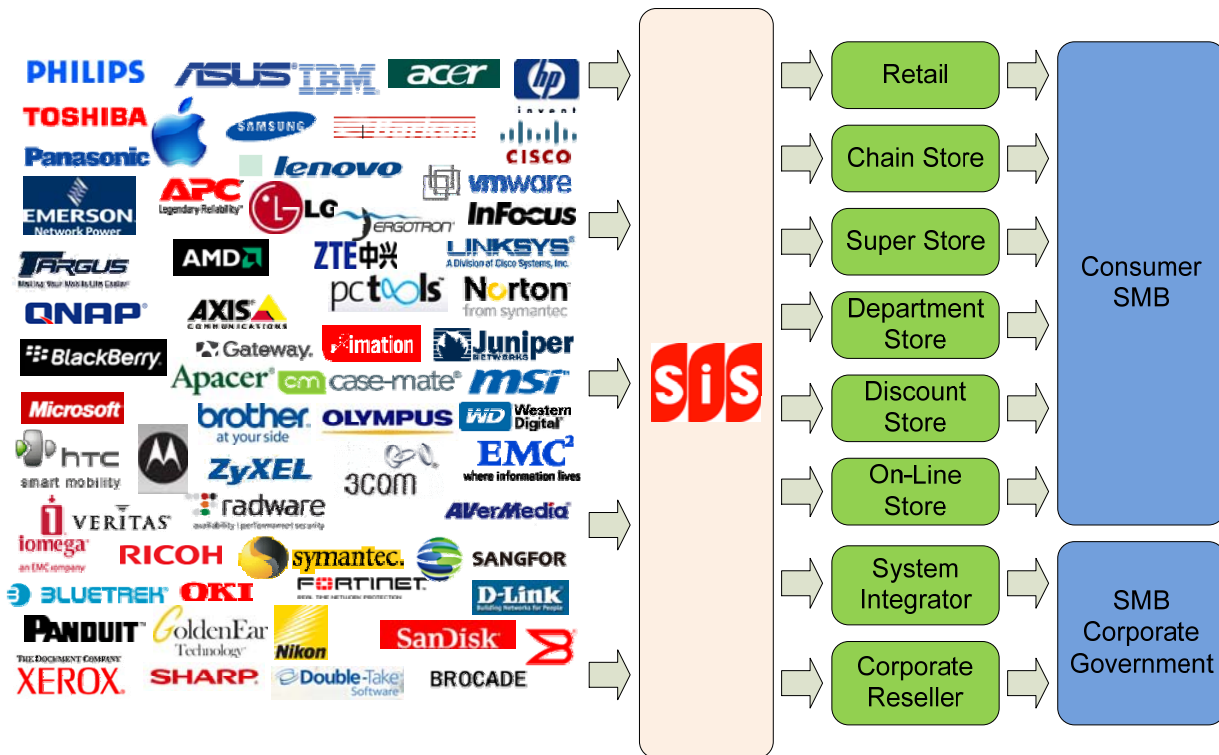
(Mr.Somchai Sittichaisrichart)  
SiS Distribution (Thailand)  
Public Company Limited  
March 18, 2013

# General Information

## SiS Distribution (Thailand) Public Company Limited

### Type of Business

SiS is a distributor of IT products for 70 leading manufactures and distributed to more than 5,000 dealers, both of consumer and corporate segments.



Some of products that have been sold by the Company

Axis, Asus, Apple, Acer, Aver, APC, Apacer, Avermedia, Alcatel, AMD, Barkan, Brocade, BlueTrek, BlackBerry, Brother, Case-Mate, CISCO, D-Link, Dell, Double Take, EMC, Emerson, Ergotron, Enzatec, Fortinet, Fujitsu, Golla, GoldenEar Technology, Hewlett Packard, HTC, Huawei, iGO, IBM, InFocus, Imation, Jabra, Juniper, Lenovo, LinkSys, LG, Microsoft, Motorola, MSI, Nuforce, Nikon, Norton, NEC, OKI, Olympus, Philips, PCTools, Panasonic, QNAP, Ricoh, Radware, Samsung, Sandisk, Symantec, Sony, Sanyo, Sangfor, Sharp, Synology, Toshiba, Targus, Transcend, Veritas, VMware, Viewsonic, Western Digital, Xerox, Zyxel, ZTE



**Company Registration Number** : Bor Mor Jor. 0107547000052  
**Website** : Center [www.sisthai.com](http://www.sisthai.com)  
Investor Relation [www.sisthai.com/investor\\_th.html](http://www.sisthai.com/investor_th.html)  
**Email** : Center [sis@sisthai.com](mailto:sis@sisthai.com)  
Investor Relation [investorinfo@sisthai.com](mailto:investorinfo@sisthai.com)  
Company Secretary [companysecretary@sisthai.com](mailto:companysecretary@sisthai.com)  
Complain/Suggest [complain@sisthai.com](mailto:complain@sisthai.com)

**Investor Relation** : Email: [investorinfo@sisthai.com](mailto:investorinfo@sisthai.com)

## Other References

**Share Registrar** : Thailand securities Depository Company Limited  
62 The Stock Exchange of Thailand Building  
Rachadapisek 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](mailto:contact.tsd@set.or.th)

**Auditor** : Mr.Ekkasit Chuthamsatid, Certified Public Accountant No. 4195,  
KPMG Phoomchai Audit Limited  
Empire Tower, 50<sup>th</sup> – 51<sup>st</sup> 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 (to take care the minority shareholders or)** : Email : [independentdirector@sisthai.com](mailto:independentdirector@sisthai.com)

**Office Location:**

Head office has a total area of 3,300 square meters locate at No.9, Pain Building, 9<sup>th</sup> floor, Ratchadapisek Road, Dindeang Sub-District, Dindeang District, Bangkok Tel. 0-2640-3000, Fax 0-2640-3780





Apart from the head office in Bangkok, the Company also has branches in form of Sales Office and Service Center in other provinces and Service Center in Bangkok as follows:

#### Sales Office and Service Center in other provinces:

- Chiangmai branch: 244 Wualai Road, Hayya Sub-District, Muang District, Chiangmai 50100  
Tel.0-5320-1901-3
- Phuket branch: 185/43 Phang-Nga Road, Taradyai Sub-district, Muang District, Phuket 83000  
Tel. 0-7633-5106-8
- Khon Kaen Branch: 114/65-66 Mittaphap Road, Nai Mueang Sub-district, Mueang Khon Kaen District, Khon Kaen Tel. 043-245-511, 043-245-588, 043-245-524
- Pattaya Branch: 151/15 Sukhumvit-Pattaya Road, Nong Prue Sub-district, Bang Lamung, Choburi Tel. 038-423-028
- Had Yai Branch: 62 Chotiwittayakul Road, Had Yai Sub-district, Had Yai District, Songkla Tel. 074-559-082-4
- Ubonratchathani Branch: 148 Pormthep Road Nai-Mueang Sub-district, Mueang, Ubonrachathani 34000  
Tel. 045-244-522

#### Service Center in Bangkok:

- Pantip Plaza: Room No. 327 Pantip Plaza, Petchburi Road, Petchburi Road Sub-District, Rajathevee District, Bangkok 10400 Tel. 0-2640-3000 ext 4003
- IT Mall: Room No. 26, 4<sup>th</sup> Floor, IT Mall Fortune Town, Ratchadapisek Road, Dindang Sub-District, Dindang District, Bangkok 10320 Tel. 0-2640-3000 ext 4004



## Main Warehouse

Main Warehouse has a total area of 10,000 square meters. The Company use operation system name “Warehouse Management” of SAP to manage and control the inventory. The Company has to scan the barcode of Product Code and Product Serial Number of every items before sending it out to customer to reduce errors, and install the IP Camera throughout the area for the security of goods and able to recheck when the company found the mistakes.



### เส้นทางเดินทาง

**การเดินทางมาจากลาดกระบัง**  
 ขึ้นรถตามเส้นทางถนนสุขุมวิท-ลาดกระบัง มาถึงสามแยกไฟแดงลาดกระบัง-ร่มเกล้า ให้ชิดขวาเพื่อเลี้ยวขวาเข้าถนนร่มเกล้า หลังจากเลี้ยวขวาแล้วให้ชิดซ้ายตลอด ขึ้นรถข้ามสะพานพอลงสะพานจะพบสี่แยก ให้เลี้ยวซ้ายตรงสี่แยกไฟแดง แล้วขึ้นตรงไปเรื่อยๆ เลี้ยวทางมอเตอร์เวย์ ประมาณ 3 กม. จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้ชิดขวา เข้าถนนพินนาเขนท 3 ขึ้นตรงไปประมาณ 1 กม. จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้านอาหารขึ้นน้ำท่ารายกับหมู่บ้าน The Plant โครงการ 1

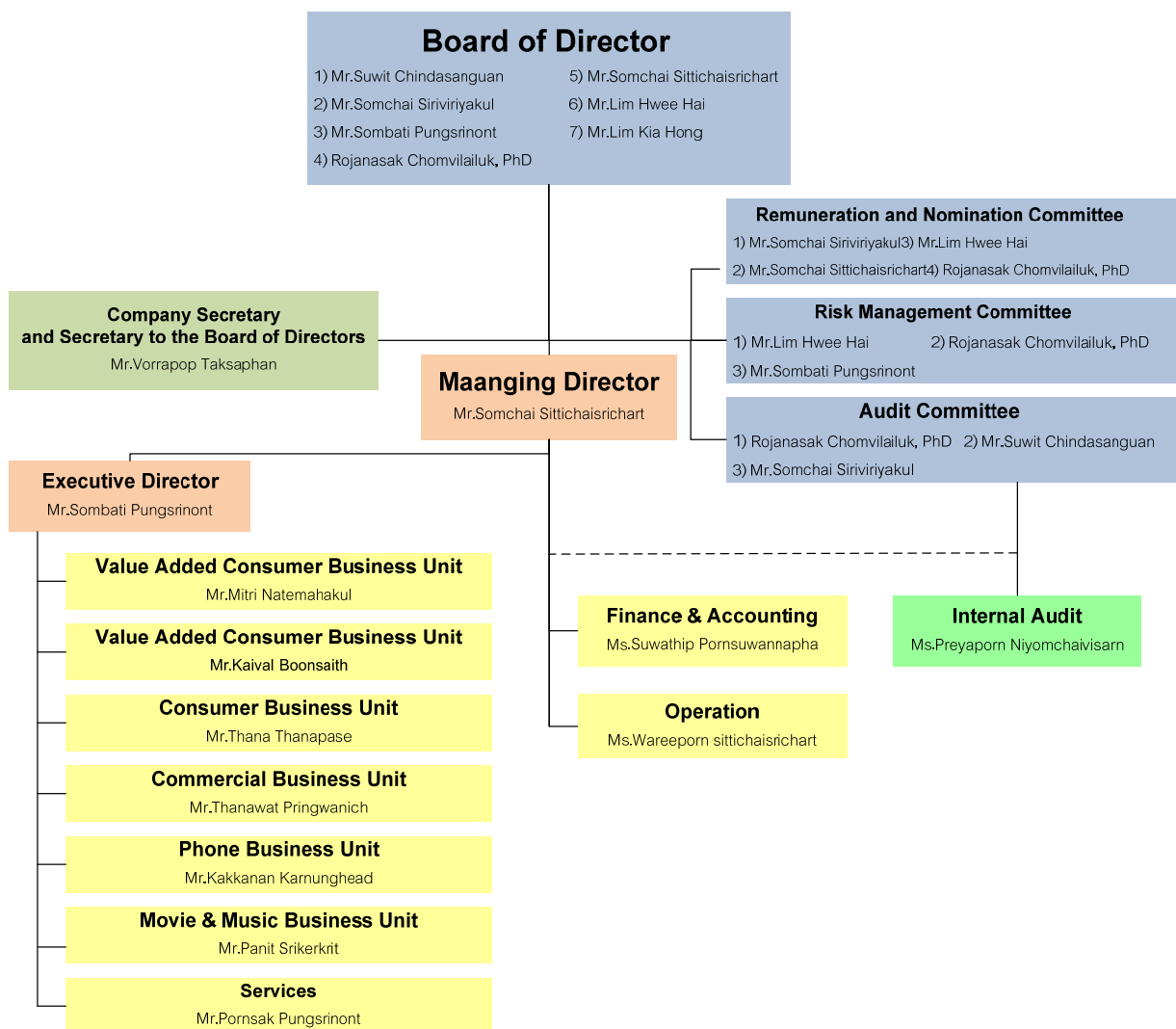
**การเดินทางมาจากมีนบุรี**  
 ขึ้นรถตามเส้นทางถนนร่มเกล้าจะไปออกถนนอ่อนนุช จนถึงสี่แยกไฟแดงเจ้าคุณทหาร ให้ขึ้นตรงขึ้นไปทางถนนอ่อนนุช ให้ขึ้นเลนกลางก่อนถึงทางแยกซ้ายถนนมอเตอร์เวย์ที่จะไปชลบุรี จะขึ้นสี่แยกไฟแดงให้ชิดขวาสุดเพื่อเลี้ยวขวาที่สี่แยกไฟแดง หลังจากเลี้ยวขวา แล้วให้ขึ้นตรงขึ้นไปเรื่อยๆ เลี้ยวทางมอเตอร์เวย์ ประมาณ 3 กม. จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้ชิดขวา เพื่อเลี้ยวขวาเข้าถนนพินนาเขนท 3 ขึ้นตรงไปประมาณ 1 กม. จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้านอาหารขึ้นน้ำท่ารายกับหมู่บ้าน The Plant โครงการ 1

**การเดินทางมาจากถนนพระรามเก้า**  
 ขึ้นรถตามถนนพระรามเก้า หรือขึ้นทางด่วนพระรามเก้า แล้วเข้าถนนมอเตอร์เวย์ ขึ้นตรงไปทางชลบุรี ประมาณ 12 กม. ให้ขึ้นเลนซ้าย จะพบทางแยกซ้ายมือออกถนนร่มเกล้า ก่อนถึงทางแยกเข้าสนามบินสุวรรณภูมิ (แต่หากเลยให้เข้าไปที่สนามบินสุวรรณภูมิ แล้วออกทางถนนร่มเกล้า หรือถนนลาดกระบัง-อ่อนนุช) ให้แยกออกทางถนนร่มเกล้า จะพบสามแยก ให้เลี้ยวซ้ายที่สามแยก แล้วขึ้นตรงขึ้นไปเรื่อยๆ เลี้ยวทางมอเตอร์เวย์ ประมาณ 3 กม. จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้ชิดขวา เพื่อเลี้ยวขวาเข้าถนนพินนาเขนท 3 ขึ้นตรงไปประมาณ 1 กม. จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้านอาหารขึ้นน้ำท่ารายกับหมู่บ้าน The Plant โครงการ 1

☛ ศูนย์บริการ เอสไอเอส (สำนักงานใหญ่)	☛ คลังสินค้า SIS ไทย
ที่ตั้ง : 33/6-9 ถนนพินนาเขนท 3 แขวงคลองสองต้นนุ่น เขตลาดกระบัง กรุงเทพฯ 10520	ที่ตั้ง : 33/6-9 ถนนพินนาเขนท 3 แขวงคลองสองต้นนุ่น เขตลาดกระบัง กรุงเทพฯ 10520
โทรศัพท์ : 02-640-3001, 3012, 3013, 3014, 3017	โทรศัพท์ : 02-640-3007
แฟกซ์ : 02-640-3299	

# Organization Structure

## SiS Distribution (Thailand) Public Company Limited



# Board of Directors

<b>Name</b>	<b>Mr.Suwit Chindasanguan</b>
<b>Position</b>	Chairman • Audit Committee • Independent Director
<b>Age</b>	59 years
<b>Nationality</b>	Thai
<b>Education</b>	Master of Science (Economics), Kasetsart university
<b>Training</b>	- Director Certification Program
<b>History from IOD</b>	- 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 - Role of Chairman - Monitoring the Quality Financial Report - IT Governance : A Strategic Path Forward - Successful Formulation & Execution of Strategy - Monitoring the System of Internal Control and Risk Management - Directors Forum 2/2012 "Risk Oversight VS Risk Management: - Whose Role is it?" - Role of the Nomination and Governance Committee (RNG)
<b>Shareholding (31/12/2012)</b>	214,000 Ordinary Shares, equal to 0.09% of total shares with voting right
<b>Year of Directorship in the Company (Independent Director)</b>	9 years



## Working Experience/Directorship or management in other businesses

<b>Working Experience</b>	Jan 2007 – Present	Chairman of Board of Director SiS Distribution (Thailand) Public Company Limited
	Jan 2004 - Present	Independent Director and Audit Committee SiS Distribution (Thailand) Public Company Limited

## Positions in other Listed Companies

1) Independent Director and Chairman of Audit Committee  
Univentures Public Company Limited

2) Risk Management Committee, MCOT Public Co.,Ltd

## Positions in other Non-Listed Companies

3 Positions as Director in other Non-Listed Companies as follows

2001 - Present Chairman  
Internet Solution & Service Provider Co., Ltd

2005 - Present Chairman, Wide Wi Max Co., Ltd

2012 - Present The Plan Committee and Rehabilitation  
Plan Management Legal Execution Department,  
Ministry of Justice



**Name** **Rojanasak Chomvilailuk, PhD**  
**Position** Chairman of Audit Committee • Remuneration and Nomination Committee • Risk Management Committee • Independent Director  
**Age** 51 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
- Monitoring the System of Internal Control and Risk Management
- Monitoring the Quality of Financial Reporting
- Will the Global Economy Stumble or Slow down? And What – Will that mean for Thailand?
- Monitoring Fraud Risk Management
- Monitoring the Internal Audit Function
- How to Develop a Risk Management Plan (HRP)

**Shareholding (31/12/2012)** 26,125 Ordinary Shares, equal to 0.01% of total shares with voting right

**Year of Directorship in the Company (Independent Director)** 9 years

**Working Experience/Directorship or management in other businesses**

<b>Working Experience</b>	Jan 2004 - Present	Independent Director and Audit Committee SiS Distribution (Thailand) Public Company Limited
	Feb 2009 - Present	Chairman of Audit Committee SiS Distribution (Thailand) Public Company Limited
	Feb 2009 - Present	Risk Management Committee SiS Distribution (Thailand) Public Company Limited
	2009 - Present	Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company Limited
	2008 - 2009	Chairman of Remuneration and Nomination Committee Distribution (Thailand) Public Company Limited

**Positions in other Listed Companies** -None-

**Positions in other Non-Listed Companies** 2 companies

2010 – Present	Independent Director, Audit Committee, Ausiris Future Co., Ltd
2010 - Present	Committee, Tiptop Logistic Co.,Ltd
2004 - Present	Lectures, Faculty-Business, The University of the Thai Chamber of Commerce Associate dean, International College,
2012	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** 56 years

**Nationality** Thai

**Education** - Master of Engineering (Civil Engineering), Tokyo Institute of  
Technology, Japan  
- Accredited Gemologist, Asian Institute of Gemological Sciences  
(AIGS)

**Training** - Director Certification Program

**History from** - Directors Accreditation Program

**IOD**

- 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

- Will the Global Economy Stumble or Slow down? and What Will  
that Mean for Thailand?

- Monitoring the Quality of Financial Reporting

- Evolving Executive Compensation with Changing Times

- Monitoring Fraud Risk Management

- Monitoring the Internal Audit Function



**Shareholding** -None -  
(31/12/2012)

**Year of Directorship in the Company (Independent Director)** 9 years

**Working Experience / Directorship or management in other businesses**

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

**Positions in other Listed Companies** -None -

**Positions in other None-Listed Companies** 3 companies

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** Authorized Director • Chairman of Risk Management Committee • Remuneration and Nomination Committee

**Age** 62 years

**Nationality** Singaporean

**Education** -Bachelor of Commerce (First Class Honors), Nanyang University  
-Master of Business Administration, The National University of Singapore

**Training from IOD** -Director Accreditation Program  
-Director Certification Program (DCP)

**Type of Director** Non Executive Director

**Shareholding (31/12/2012)** 163,125 Ordinary Shares, equal to 0.07% of total shares with voting right

**Year of Directorship in the company (Non Executive Director)** 14 years



**Working Experience / Directorship or management in other businesses**

<b>Working Experience</b>	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** -None -

**Positions in other Non-Listed Companies** -None -

**Name** Mr. Lim Kia Hong

**Position** Authorized Director

**Age** 55 years

**Nationality** Singaporean

**Education** Bachelor of Business Administration, University of Washington, USA

**Type of Director** Non Executive Director

**Shareholding (31/12/2012)** 161,250 Ordinary Shares, equal to 0.07% of total shares with voting right

**Year of Directorship in the company ( Non Executive Director )** 13 years



**Working Experience / Directorship or management in other businesses**

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

**Positions in other Listed Companies** -None -

**Positions in other Non-Listed Companies** -None -

<b>Name</b>	<b>Mr. Somchai Sittichaisrichart</b>	
<b>Position</b>	Managing Director • Authorized Director • Remuneration and Nomination Committee	
<b>Age</b>	53 years	
<b>Nationality</b>	Thai	
<b>Education</b>	-Bachelor of Engineering (Electrical Engineering), Prince of Songkhla University -Master of Business Administration, Thammasat University	
<b>Training History from IOD</b>	<ul style="list-style-type: none"> <li>- Director Certification Program</li> <li>- Directors Accreditation Program</li> <li>- CEO Succession and Effective Leadership Development</li> <li>- IT Governance : A Strategic Path Forward</li> <li>- Successful Formulation &amp; Execution the Strategy</li> <li>- What the Board Should Do in a Turnaround Situation</li> <li>- 2009 Economic Situation : necessary to Downsize the organization or not</li> <li>- IOD Breakfast Talk 1/2012 "Asian Business Models in Transformation"</li> </ul>	
<b>Type of Director</b>	Executive Director	
<b>Shareholding (31/12/2012)</b>	6,266,130 shares, equal to 2.68% of total shares with voting right and exclude shares held by	
	Ms.Wareeporn Sittichaisrichart (spouse)	6,242,160 shares
	Mr.Pete Sittichaisrichart (son)	8,314,790 shares
	Ms.Ploy Sittichaisrichart (daughter)	13,200,000 shares
<b>Year of Directorship in the Company (Executive Director)</b>	14 years	
<b>Working Experience / Directorship or management in other businesses</b>		
<b>Working Experience</b>	1999 - Present	Managing Director, SiS Distribution (Thailand) Public Company Limited
	1992 - 1998	Managing Director, M&V Technologies Co., Ltd
	1982 - 1992	General Manager, Sharp Thebnakorn Co., Ltd
<b>Positions in other Listed Companies</b>	-None -	
<b>Positions in other Non-Listed Companies</b>	2 Subsidiary Companies Managing Director, SiS Venture Co., Ltd Managing Director, Qool Distribution (Thailand) Co., Ltd	



**Name** Mr. Sombati Pungsrinont

**Position** Executive Director • Authorized Director

**Age** 56 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  
- Successful Formulation and Execution of Strategy (SFE)

**Type of Director** Executive Director

**Shareholding (31/12/2012)** 13,966,020 shares, equal to 5.98% of total shares with voting right and exclude shares held by

Ms.Suranee Pungsrinont (spouse)	110 shares
Mr.Chanont Pungsrinont (son)	4,126,300 shares
Mr.Thanakorn Pungsrinont (son)	3,850,000 shares
The Body of Person Suthana by Ms.Suranee Pungsrinont	830,940 shares

**Year of Directorship in the Company (Executive Director)** 14 years



**Working Experience / Directorship or Managements in other businesses**

**Working Experience**

1999 - Present	Executive Director, SiS Distribution (Thailand) Public Company Limited
2009 - Present	Risk Management 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  
Director, SiS Venture Co., Ltd.  
Director, Qool Distribution (Thailand) Co., Ltd.


# 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) Thana Thanapase • 8) Kaival Boonsaith



<b>Name</b>	<b>Ms.Suwathip Pornsuwannapha</b>		
<b>Position</b>	Financial Controller		
<b>Age</b>	43 years		
<b>Nationality</b>	Thai		
<b>Education</b>	Master of Accounting, Chulalongkorn University		
<b>Training History</b>	<ul style="list-style-type: none"> <li>-SiS-Chula Mini MBA : Chulalongkorn University</li> <li>-The Coaching Clinic : Management and Psychology Institute</li> <li>-CFO program / Federation of Accounting Profession</li> <li>-Risk Management Seminar &amp; Workshop / IOD</li> <li>-Preparation before new Securities and Exchange Act applied / Listed Companies Association</li> <li>-Impact from IFRS for Listed Company / Securities Analysts Association</li> <li>-Q &amp; A For Implement New Accounting Standard : (FAP)</li> </ul>		
<b>Shareholding (31/12/2012)</b>	1,371,360 Ordinary Shares, equal to 0.59% of total shares with voting right		
<b>Working Experience</b>	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.	

<b>Name</b>	<b>Ms. Wareeporn Sittichaisrichart</b>		
<b>Position</b>	Operation Manager		
<b>Age</b>	53 years		
<b>Nationality</b>	Thai		
<b>Education</b>	Bachelor of Science, Prince of Songkhla University		
<b>Training History</b>	<ul style="list-style-type: none"> <li>-FC Fundamental Course / Association of Investment Management Companies / Association of Provident Fund / Thailand Securities Institute</li> <li>-Remuneration management / Hipo Training</li> <li>-Competency Based Human Resource Management: WASO Training Co., Ltd.</li> <li>-Best Employers in Thailand 2009 Study: Hewitt Associates (Thailand) Ltd.</li> <li>-The Coaching Clinic: Management and Psychology Institute</li> <li>-GEN Y Talent Management &amp; Succession Planning, OMEGAWORLDCLASS Research Institute</li> <li>-The remuneration for Sale Representative: MPI Management &amp; Psychology Institute</li> <li>-Salary Structure Design : OMEGAWORLDCLASS Research Institute</li> </ul>		
<b>Share holding (31/2/2012)</b>	6,242,160 shares or equal to 2.7% of total shares with voting right and exclude shares held by		
	Mr.Somchai Sittichaisrichart (spouse)	6,266,130 shares	
	Mr.Pete Sittichaisrichart (son)	8,314,790 shares	
	Ms.Ploy Sittichaisrichart (daughter)	13,200,000 shares	
<b>Working Experience</b>	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 Business Unit  
**Age** 46 years  
**Nationality** Thai  
**Education** Master of Commerce, Macquarie University, Sydney, Australia  
**Training History** The Coaching clinic: Management and Psychology Institute  
**Shareholding (31/12/2012)** 72,785 Ordinary Shares, equal to 0.03% of total shares with voting  
**Working Experience** 2006 – Present General Manager of Commercial Business Unit, 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** **Mr.Panit Srikrekkrit**  
**Position** General Manger of Movie & Music Business Unit  
**Age** 45 years  
**Nationality** Thai  
**Education** Bachelor of Business Administration, Assumption University  
**Training History** -Skill Development of New Management / Hipo Training Accountancy Co.,Ltd.  
**Shareholding (31/12/2012)** -None -  
**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 Consumer Business Unit  
**Age** 51 years  
**Nationality** Thai  
**Education** Bachelor of Business Administration, Assumption University  
Master of Commerce, Thammasat University  
**Training History** - SiS-Chula Mini MBA : Chulalongkorn University  
-The Coaching Clinic : Management and Psychology Institute  
**Shareholding (31/12/2012)** -None -  
**Working Experience** 2008 – Present General Manager of Consumer Business Unit, SiS Distribution (Thailand) PublicCompany 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 Value Added Commercial Business Unit

**Age** 47 years

**Nationality** Thai

**Education** Bachelor of Business Administration  
The University of the Thai Chamber of Commerce

**Shareholdig (31/12/2012)** -None -

**Working Experience**

2008 – Present	General Manager of Value Added Commercial Business Unit, 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 Value Added Consumer Business Unit

**Age** 45 years

**Nationality** Thai

**Education** Bachelor of Marketing Management, Assumption University

**Training History** -The Coaching Clinic : Management and Psychology Institute  
- Business progress. If the tax benefits of Origin under the Free Trade Agreement (FTA) : The Thai Chamber of Commerce  
-Pricing principles and techniques

**Shareholding (31/12/2012)** -none -

**Working Experience**

2008 - Present	General Manager of Value Added Consumer Business Unit, 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.Kakkanan Karnunghead**

**Position** General Manager of Phone Business Unit

**Age** 51 years

**Nationality** Thai

**Education** Bachelor of Education, Silpakorn Unitivity

**Shareholding (31/12/2011)** - None -

**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** 46 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)
- Impact from IFRS for Listed Company / Securities Analysts Association
- Fundamentals Practice for Corporate Secretary / TLCA
- SiS-Chula Mini MBA : Chulalongkorn University
- Q & A For Implement New Accounting Standard : (FAP)



**Shareholding** 3,800 shares, equal to 0.00% of total shares with voting right

**(31/12/2012)**

**Working Experience**

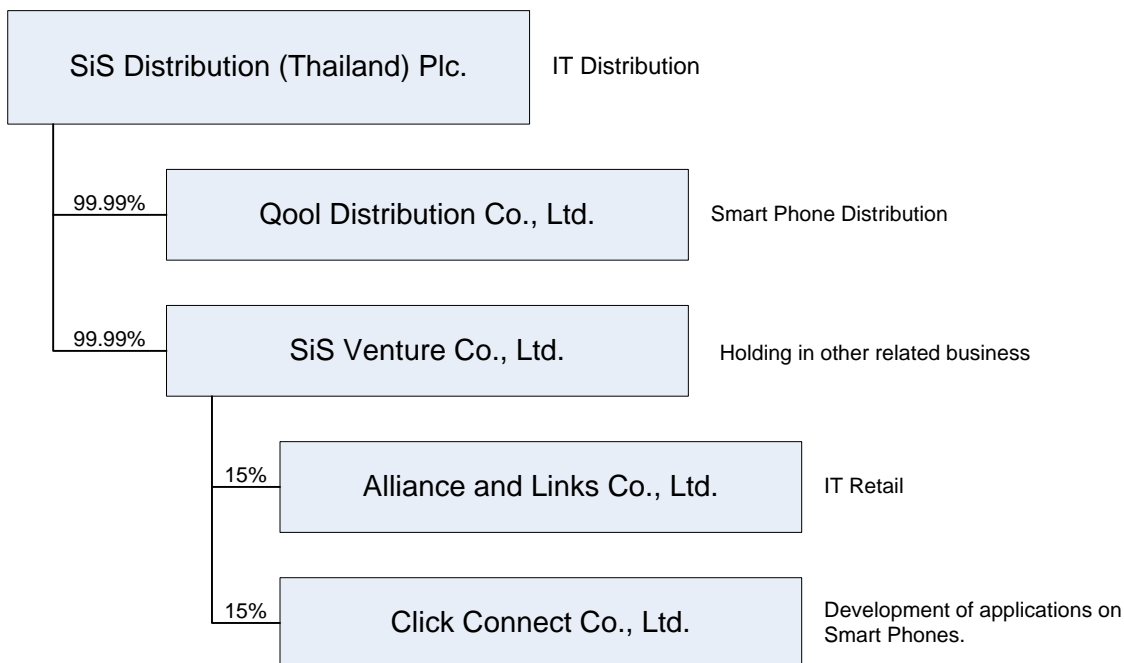
2008 – Mar 2013	Company Secretary, SiS Distribution (Thailand) PCL.
2004 – 2008	Quality Assurance Manager, SiS Distribution (Thailand) PCL.
2004 – 2008	Secretary to the Board, SiS Distribution (Thailand) PCL.
2003 – 2004	Assistant Accounting Manager, SiS Distribution (Thailand) PCL.
2001 – 2003	Senior Accountant, All Seasons Property Co., Ltd.
1998 – 2001	Accounting & Finance Manager, Siam Property Master

# Subsidiary Company and Related Company

SiS Distribution (Thailand) Public Company Limited invested in subsidiary company and related company which have the business related with the main business of the Company as follows:

Company	Type of Business	Shareholding	Held by
Qool Distribution (Thailand) Co., Ltd.	Wholesale in Smart Phone Business	99.99%	SiS Distribution (Thailand) Plc.
SiS Venture Co., Ltd.	Invest in the company which have the business related with the main business of the Company	99.99%	SiS Distribution (Thailand) Plc.
Alliance and Links Co., Ltd.	Wholesale in IT Products Business	15%	SiS Venture Co., Ltd.
Click Connect Co., Ltd.	Development of applications on Smart Phones.	15%	SiS Venture Co., Ltd.

The figure shows the relationship between the subsidiary company and related companies.



# IT Industry Outlook

The International Data Corporation (IDC), a research firm, reported PC market survey result on January 10, 2013 ([http://www.idc.com/getdoc.jsp?containerId=prUS23903013 #. UUfKBhxvWAI](http://www.idc.com/getdoc.jsp?containerId=prUS23903013#.UUfKBhxvWAI)) that the fourth quarter of 2012 the total of PC delivered from worldwide manufacturers was 89.9 Million units, which decreased by 6.4% compared to the same quarter of 2011. It also showed that the whole year shipments was 352.4 Million units, which decreased by 3.2% from last year, according to the growth of the smartphone and Tablet market which had been replacing the need in PC.

In addition, the PC market had been shrinking due to the introduction of Microsoft's new operating system Windows 8 in the end of 2012, there was an alternative way for the users with the touching screen system instead of using the former mouse. This might delay some consumers' decisions in purchasing PC. The contraction of the world PC market claimed to be the first time in more than 10 years as in the past, the PC market continuously grew. It was believed that the PC sales would be picked up in 2013, since the entrepreneurs had gradually introduced PC with Windows 8 to market.

IDC reported about the smartphone market in 2012, that there were the deliveries of smartphones about 219.4 Million units in the fourth quarter of 2012, which increased by 36.4% compared to the same quarter of 2011 and it was a 45.5% share of the total mobile phone market. This was the highest proportion ever since. The smartphone shipments were 712.6 Million units in 2012, which increased from 2011 for 44.1% (<http://www.idc.com/getdoc.jsp?containerId=prUS23903013#.UUfKBhxvWAI>)

For the tablet market, IDC reported that the worldwide shipments in the fourth quarter of 2012 was at 52.5 Million units, which increased by 75.3% compared to the same quarter of 2011 ([http://www.idc.com/getdoc.jsp?containerId=prUS23926713 #. UUfm9hxvWAg](http://www.idc.com/getdoc.jsp?containerId=prUS23926713#.UUfm9hxvWAg)).

In terms of the use of information and communication technology in households, the survey by the Office for National Statistics, Ministry of Information and Communication Technology, ([www.nso.go.th](http://www.nso.go.th)), showed that the percentage of households with computers increased from 24.7% in 2011 to 26.9% in 2012, along with other statistics in the table below.

	2007	2008	2009	2010	2011	2012
Percentage of households with computers usage	17.5	19.6	20.3	22.8	24.7	26.9
Percentage of households with internet usage	n/a	8.6	9.5	11.4	13.4	18.4
Percentage of population aged over 6 years and use computer	26.8	28.2	29.3	30.9	32	33.7
Percentage of population aged over 6 years and use computer	15.5	18.2	20.1	22.4	23.7	26.5

Apart from the low rate in having computers in each household which offered chances in expanding continually, there were the other factors that could support the IT market to grow, as showed below:



**Windows 8 and the new form of PC.**

Microsoft has introduced Windows 8 to the market in the late 2012. Windows 8 was an operating system that could be used with CPU both from Intel and ARM by using the small power. There was also a user interface which was able to use both the mouse and the touch screen. From this increased capability, PC makers introduced a new form of computer that integrated between a notebook and a tablet to meet the needs of the user.



If Windows 8 was popular, there would be a huge amount of demands in new PC with Window 8 and this would help expanding the IT market in 2013.

**The expansion of the smartphones.**

The smartphone has been growing continuously in the market share for each operating system. IDC's survey found that in 2012, Android operating system was the most popular in the world market with a share market increased by 49.2% from 2011 to 68.8% in 2012.

Operating System	Units (Million Units) 2012	Market Share 2012
Android	497.1	68.80%
iOS	135.9	18.80%
BlackBerry	32.5	4.50%
Symbian	23.9	3.30%
Windows Phone/ Windows Mobile	17.9	2.50%
Others	15.1	2.10%
<b>Total</b>	<b>722.4</b>	<b>100.00%</b>



**The growth of the tablet market.**

Apart from the popularity of iPad in the tablet market, the project of the Tablet PC for Education in Thailand provided approximately eight hundred thousand of tablet PC for Grade 1 school children, in 2012. This made the Android OS grown a lot in 2013. The government continued this project and aimed to extend providing tablet to both Grade 1 and Grade 7 at the same time. So the amount of the tablet which had to be offered for this project would be about 1.6 Million units this year. This helped increasing in tablet demand in the market.



Besides from the tablet in iOS and Android, in 2013 from the introduction of Windows 8, it was expected that tablet with Windows 8 system would be more popular especially in the enterprise market.



### 3G Services

From the auction of spectrum 2100 MHz for data communication speed wireless (3G) ended. It was expected that the company would start their service in mid-2013. The PC, tablet, and smartphone users would gain benefits from the use of such devices, which could be connected to the internet all the time. This would extend the use of the communication things and helped supporting the IT industry to grow further.



### Cloud Computing

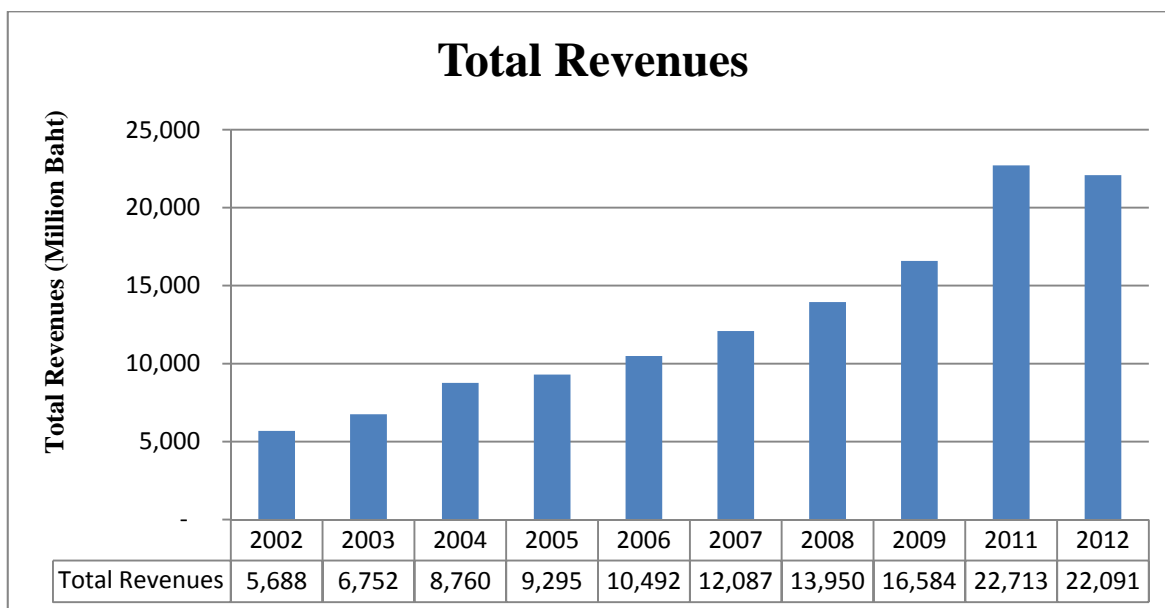
According to the increased popularity of computer applications, the cloud, which let the users to have the option in using a computer system without having to purchase a computer or program. The cloud system had been more popular both in terms of public cloud and private cloud which many organizations started improving their own data center to be up to date, more convenience and expanded their own capability faster by using the technology of cloud computing trends. The cloud computing enables businesses to improve their system to make self-organization in the IT industry to grow further.



# Competition

SiS Distribution (Thailand) Public Company Limited is an IT Distributor in Thailand, such as computer hardware, software, peripheral, and office automation equipments. The Company was established in 1998, and was listed in the Stock Exchange of Thailand in 2004.

In many years ago, the company has grown on total revenue consistently every year. In 2012, total revenue of the Company was 22,091 Million Baht. Although the company will have total revenues down 2.7% in 2012, but the decrease caused from 3 Smart Phone Vendors which could not compete in Smart Phone Market. Sales from 3 Smart Phone Vendors decreased from 8,270 Million Baht in 2011 to 5,061 Million Baht or decreased by 3,209 Million Baht while sales of IT products, exclude Smart Phone from 3 Smart Phone Vendors, increased by 17%, which represents the growth of IT industry and the competitiveness of the company.



## Improvement of Basic Infrastructure

Since 2011 to 2012, the company has improved 4 main infrastructures as follows: 1) Implement and Upgrade of new SAP version from 4.6C to ECC6 with added capabilities in many areas. This is an ongoing project to improve SAP over the next few years. 2) To Relocate and Expansion of main warehouse from 4,000 square meters to 10,000 square meters. After expansion, the company has to invest in other equipment and rework more to the appropriate warehouse with more space. 3) To Relocate and Expansion of Head Office from 1,800 square meters to 3,300 square meters and 4) Expansion of 2 more Branches to 6 Branches. This improvement of basic infrastructure, expenses will be increased at first, but in the long term, they will be the basis of the company to expand continuously.

## Business Unit Management

Apart from the improvement of basic infrastructures, the company has tried to reorganize company's business into business units. The business units are divided into sub units like subsidiary companies by focus in different type of products and services. There are 6 business units that are several differences as follows

Business Unit	Products	Strength	Channel
<b>Commercial BU</b>	APC, HP, IBM, Infocus, Lenovo, OKI, Ricoh, Xerox	Efficiency, Cost Advantage, Speed, Work Process Improvement, Provide Customer Financing	Corporate Reseller, System Integrator
<b>Consumer BU</b>	Acer, Asus, Brother, HP, Samsung, Toshiba, Zyxel	Efficiency, Cost Advantage, Speed, Work Process Improvement	IT Retailer
<b>Phone BU</b>	Acer, Asus, BlackBerry, HTC, Samsung, Sharp, ZTE	Efficiency, Cost Advantage, Speed, Work Process Improvement	Phone Retailer
<b>Value Added Commercial BU</b>	Brocade, EMC, HP, Juniper, Symantec, VMware	Solution sales, Having skilled salesperson to help customers, Technical support after sales	Selected Corporate Resellers, System Integrator
<b>Value Added Consumer BU</b>	iGo, Norton, Nikon, Olympus, Sandisk, Targus	Display Products, Provide sales promoter , Inventory Management	Selected IT Retailer
<b>Apple BU</b>	iMac, Macbook, iPod, iPad	Display Products, Provide sales promoter , Inventory Management	Apple Authorized Reseller

For Phone Business Unit in 2013, the company has appointed from more Smart Phone Vendors by focus low cost products into new market. In the first quarter of 2013, Smart Phone from ZTE and Sharp are launched with starting price at 4,900 Baht. In addition, the company will set up Consumer Electronic Business Unit to distribute other product group, not IT group such as Smart TV and Digital Music. The company is in the process of seeking the proper products. Consumer Electronic Group will focus on 2 new channels, that is, Consumer Electronics and Premium Audio Channels

## Market Coverage

The company has widely dealer networks. In 2012, the company distributed to more than 5,000 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 that always purchase products from the Company.

## The diversification of products for sale

The company has been trusted by leading IT product manufacturers more than 70 companies and appointed as their distributor in Thailand and has been contacted more from several manufacturers to appoint as distributor. The diversification of product group supported the company to supply products to customers continuously.

In the year of 2013, the company will set up one more Consumer Electronic Business Unit to test market for Consumer Electronic Products by start with Smart TV and Digital Music system that is believed to be more popular. This system has to be connected to networks which the company can use the existing channels to distribute our products easily or can sell our products as a solution to Consumer Electronics channel with more advantages.

### **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.

### **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) Board Responsibilities. From the survey of 2009 to 2012 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

### **Having Qualified Employees**

The company has a reputation for having qualified employees that have always been needed from both vendors and competitors. The company has a good process for human resource management by starting from recruitment with knowledge testing, good academic , interviewing and Reference Checking, Training and Development, Appropriate compensation that varied to company goal, adequate supply of high quality equipment and effective office solutions, providing the career opportunity for employees to work and grow, Having the fairness Policy with other parties, Encourage employee to participate in decision making, Disclosure about facts to employees, Internal communicate widely, etc, Those things are built for a long time that cause of having qualified and dedicated employees which is the essential resources to develop our business growth.



# Milestones of operation in 2012

## Seminar and Events

Through the year 2012, the company has organized seminar and attended many trade shows as follows:



Solution Week Seminar of Value Added Commercial Business Unit, which has presented and invited dealers to introduce various solutions. The seminar was held at the Meeting Room on January 25 – February 3, 2012.



Virtualizing Business Critical Application on VMware Seminar was held with VMware to educate our dealers at Grand Hyatt on November 20, 2012.



Commart Comtech Thailand 2012 is IT Trade Fair that was held at the Queen Sirikit National Convention Center during November 15 – 18, 2012.



SiS Expo was held to provide knowledge about new products and technologies to our dealers on July 24, 2012 at Swiss Hotel

### **Annual General Meeting and Recognition as Excellent Group**

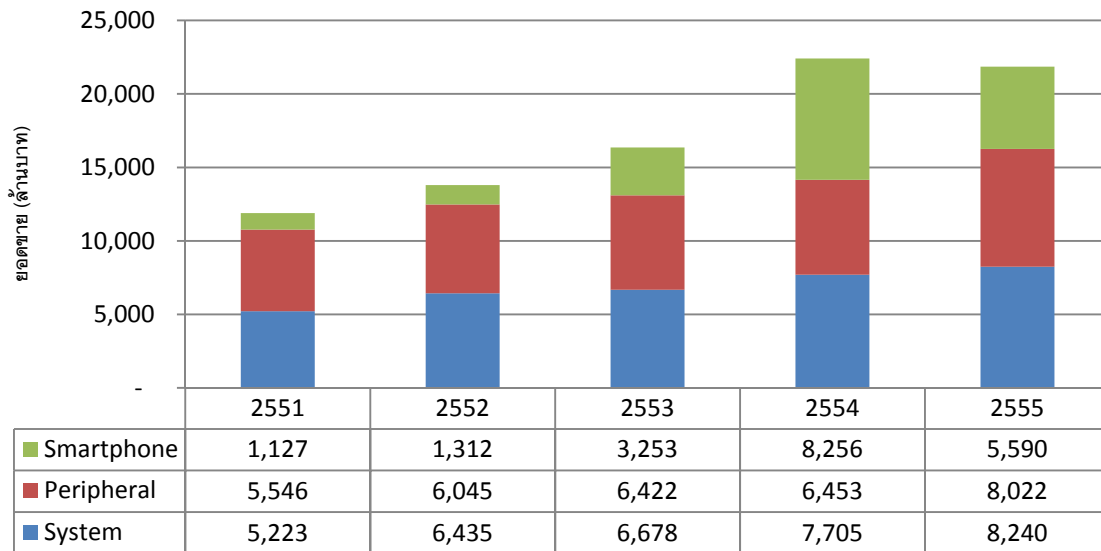
The Securities Exchange Commission (SEC), Thai Investors Association, and Listed Companies Association encouraged listed companies to increase awareness of the AGM and conducted the 2012 AGM Assessment whose fiscal year ended December 31, 2011. The company emphasizes the importance of AGM as well as 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 2012 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. You could be follow up the listed companies who got 100 scores from <http://www.thaiinvestors.com/index.php?lay=show&ac=article&Id=539361559&Ntype=683>

### **Achieve “Excellent” from CG Assessment**

The Thai Institute of Directors Association conducted a 2012 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.

# Revenue Structure

In 2012, the total revenues from sales of the company were Baht 21,852 Million, decreased by 2.5% from previous year which can be categorized in 3 product groups. The sales in the past five years were shown in table below:



The proportion of each categories and its changes were shown below

	System	Peripheral	Smartphone	Total Sales
<b>2008</b>	<b>5,223</b>	<b>5,546</b>	<b>1,127</b>	<b>11,895</b>
<i>Proportion</i>	43.9%	46.6%	9.5%	
<b>2009</b>	<b>6,435</b>	<b>6,045</b>	<b>1,312</b>	<b>13,793</b>
<i>Proportion</i>	46.7%	43.8%	9.5%	
<i>Changes</i>	23.2%	9.0%	16.4%	15.9%
<b>2010</b>	<b>6,678</b>	<b>6,422</b>	<b>3,253</b>	<b>16,354</b>
<i>Proportion</i>	40.8%	39.3%	19.9%	
<i>Changes</i>	3.8%	6.2%	147.9%	18.6%
<b>2011</b>	<b>7,705</b>	<b>6,453</b>	<b>8,256</b>	<b>22,414</b>
<i>Proportion</i>	34.4%	28.8%	36.8%	
<i>Changes</i>	15.4%	0.5%	153.8%	37.1%
<b>2012</b>	<b>8,240</b>	<b>8,022</b>	<b>5,590</b>	<b>21,852</b>
<i>Proportion</i>	37.7%	36.7%	25.6%	
<i>Changes</i>	6.9%	24.3%	-32.3%	-2.5%



## System

System represents all types of computer hardware from Server, Desktop, Notebook, Tablet, Hybrid (Notebook+Tablet) exclude Smart Phone. The company was appointed from 10 vendors as 1) Acer 2) Apple 3) Asus 4) Fujitsu 5) HP 6) IBM 7) Lenovo 8) MSI 9) Samsung 10) Toshiba



System



Desktop



Notebook



Hybrid



Tablet

## Peripheral

This represents peripheral and others that not classified to be above computer hardware, and services such as Supply, Monitor, Projector, Scanner, Printer, Hard Disk, Software, Memory, Keyboard, Mouse, Bag, Network, etc. The company was appointed from various vendors as 3Com, Avermedia, Axis, APC, Brocade, BlueTrek, Barkan, Commy, Cisco, Case-Mate, Cheval, Double-Take, D-Link, EMC, Emerson, Fortinet, Golla, Huawei, iGo, Infocus, IOMEGA, Imation, Juniper, Linksys, LG, Microsoft, Nuforce, Norton, Nikon, OKI, Philips, Panasonic, PC-Tools, QNAP, Ricoh, Radware, Symantec, Sandisk, Sanyo, Sangfor, Targus, VMware, Xerox, Western Digital, ZTE, Zyxel,



## Smart Phone

This represents Smart phone. In 2012, the company has distribute Smart Phone from 6 vendors as 1) Acer 2) Asus 3) Blackberry 4) HTC 5) Motorola 6) Samsung



# Explanation and Analysis from management

## Performance

During the first half of the year 2012, IT Industry was adversely affected from the floods in late 2011. As many manufacturers in industrial estates have been damaged by floods and have to cease production that caused some product groups shortage continuously through the first half of 2012. Besides, the effect of the flood reduced demand by overall. Most consumers, who get affected, have spent their money to solve the damage from the flood. In the second half of the year, when Microsoft has set the date for the official launch of Windows 8 to the market in October ended, many consumers delay to buy computers and wait for new Windows 8 hardware designs. Especially from this event, it caused a decrease in sales of PC, over supplies and price competition to boost sales that made profit from manufacturers and distribution channel reduced.

During the last quarter in 2012 of Smart Phone Business, sales normally increase in the West. Most new products are introduced to the market and the company purchases new different Smart Phone models from our vendors in the fourth quarter of 2012. When severe flooding occurred, it caused of decline in sales plus Smart Phone from our 3 major Smart Phone companies unable to meet customer needs. From these reasons, they caused over-stock that needs to accelerate the sell-out in order to minimize loss and made the company loss from Smart Phone business in 2012.

In term of 2012 performance, Total revenues of the company were 22,092 Million Baht, decreased by 2.7% from the previous year. However, if the company categorized products into 2 groups, IT Product Group (System and Peripheral) and Smart Phone, Sales from IT was 16,262 Million Baht, increased by 14.9% and Sales from Smart Phone was 5,590 Million Baht, decreased by 32.3% when compared with the previous year. Therefore, the decline in sales of 2.7% was from Smart Phone since 3 major Smart Phone companies unable to produce their products to serve customer needs that caused of decline in sales

In term of profit, Net Loss of the company was 739 Million Baht. Two main reasons are 1) Loss on Smart Phone Business from 3 major Smart Phone companies, amount of 384 Million Baht because the company had to accelerate the sell-out in order to reduce stock as explained above and 2) Providing an allowance from loss of consign stock amount of 600 Million Baht. The company has fully provided an allowance from loss of goods that unable to return and also filed a claim for payment under the rehabilitation due to Hardware House International Co., Ltd. has submitted its request for the rehabilitation to the Central Bankruptcy Court and the Court has ordered the rehabilitation including having legal obligation to criminal court. This is currently under inquiry by investigator.

## No Dividend Payment

From the company's loss and working capital requirement , The Board of Directors has resolution and approved no dividend payment from the 2012 Company's operating results ended December 31, 2012 that will be present to shareholders in the Annual General Meeting of Shareholders 2013 for approval.



## 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 82.8% of total assets. The details are as follows

**Accounts Receivable** As at December 31, 2012, Accounts Receivable is 2,595.1 Million Baht that increased by 758.4 Million Baht or 41.3% from the previous year. Average Collection Period is 40.8 days and totally account receivables increased when compared with 2011. Due to end of 2011, there was the flood that caused huge decline in sales and also account receivables. The Average Collection Period at 40.8 days is considered as normal which conforms to Average Industry Collection Period.

In general, 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 according to projected payment period.

In 2012, the Average Collection Period of the company is shown in table below:

	2009	2010	2011	2012
<b>Accounts Receivable (M.Baht)</b>	1,824	2,018	1,837	2,595
<b>Average Collection Period (Days)</b>	43.2	46.2	34.9	40.8

**Inventory** As at December 31, 2012, Inventory is 1,191 Million Baht that decreased 1,979 Million Baht or 62% from 2011, equivalent to 38.9 days of Average Day Sale Period. In general, the company has a policy to maintain inventory at 15 days for general products but 30-45 for new products or minimum order set by vendors, it caused sometimes higher inventory level as the company needed in the previous year. The company has high inventory level since the beginning of the year due to the flood that caused our sales drop and also many new models of Smart Phone arrived at the end of 2011. However, those inventory problem has already been solved. So, inventory as at the year ended reduced to be 1,191 Million Baht which is in the proper level.

In 2012, the Average Days Sales Period of the company are shown in table below

	2009	2010	2011	2012
<b>Inventory (M.Baht)</b>	919	1,152	3,171	1,191
<b>Average Days Sale Period (Days)</b>	23.9	24.7	37.9	38.9

### 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 93.7% of total liabilities. The details are as:

**Accounts Payable** As at December 31, 2012, Accounts Payable is 1,191 Million Baht, equivalent 29.4 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 more values more unutilized bank facilities, the company will choose to pay vendor earlier. So, Average Payment Period is less than 30 days

	2009	2010	2011	2012
<b>Accounts Payable (M.Baht)</b>	905	991	2,274	1,191
<b>Average Payment Period (Days)</b>	20.9	22.1	27.5	29.4

**Loan from financial institution** As at December 31, 2012, Loan from financial institution is 2,610 Million Baht, increased 16.4% from 2011. Debt to Equity is 7.9 and Interest-Bearing-Debt to Equity is 5.1

Loan from financial institution has increased from loss of operation in 2012 that caused of working capital reduced. From this reason, the company will raise of fund by share capital increase in 2013. Due to being solve over aging-stock, the company expects to return our performance back to normal and having profitability and could be reduced the borrowing level down.

	2009	2010	2011	2012
<b>Loan from financial institution (M.Baht)</b>	907	976	2,243	2,610
<b>Interest Expense (M.Baht)</b>	30.9	38.6	58.1	100.9
<b>Debt to Equity</b>	1.99	1.80	3.7	7.9
<b>Interest-Bearing-Debt to Equity</b>	0.91	0.79	1.8	5.1

### Shareholders' Equity

Shareholders' Equity was 516 Million Baht in 2012 and has decreased from the previous year due to loss from 2012 operation.

### Cash flow

#### Cash flow from operating activities

By overall, in 2012, the company had Cash Cycle at 50.3 days and Cash Flow from operating activities decreased 305 Million Baht and cash cycle was 45.3 days.

Decreasing of main operation cash flow in 2012 were

- Net Loss of 2012	738.7	Million Baht
- Accounts Receivable increased	771.5	Million Baht
- Accounts payable decreased	1,081.3	Million Baht

But the increasing of main operation cash flow in 2012 was

- Inventory decreased	2,033.8	Million Baht
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# Report from the Risk Management Committee

Dear Valued Shareholders

The Board of Directors have realized and are concerned with the importance of risk and risk management, their effect on the Company's performance and business continuity. Specifically, Risk Management Committee has been appointed by the Board of Directors for managing the Company's significant risks. The Committees developed and set up risk management policy and plan for screening and coping with the crucial hazards. In addition, the risk treatment and management are proposed by the Committee. The terms of duties of Risk Management Committee is 3 year audit comprised 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 Head of Risk Management Team)

Risk Management Committee appointed Risk Management Team which consists of Managing Director, Executive Director, General Manager, and representatives from all relevant departments. This team jointly develops risk management policy, plan and evaluation approaches, monitoring and controlling methods, prevention measures and resolution approaches. All these important aspects are developed and set up following the world standard procedures and practices of Risk Management.

In 2012, both the world and the Thai economy continued to be in turmoil and great uncertainty. There were also significant changes in the IT industry and Smartphone industry. The shift in consumer buying habit of tablet pc versus laptop computer was one such significant change. Consumer's sudden lost of interest in Blackberry phone and favoring Samsung Smartphone was another one. The Risk Management Committee (RMC) continued to recommend to the Board to review the Company's progress in implementing new strategic plan, including the reorganization of Company's business into different business units. The business units are to realign its focus in high profit value add business rather than the low margin volume business. This is to ensure the Company can continuously operate profitably and within the acceptable level of strategic risk.

During the year, the RMC continued to report and highlight to the Management certain operational risk that the Company was severely subjected to, including extraordinary high inventory and account receivable. The RMC also worked out a delegation of authority plan to be approved by the Board. This would ensure certain large commitment on behalf of the Company by the Management would be subjected to review and approval from the Board before they are committed.

The RMC would continue to monitor and control risk through the Risk Management Team's report. Together with the new delegation of authority plan, the RMC believe that the Company would be able control major risk. With good compliance on governance procedure and regulator's directive, the RMC hope to help the Company achieve its business goals without much negative effect from uncertainties and risk.

The RMC express its gratitude in advance for all shareholders and stakeholders' trust in the Company.



(Mr.L Hwee Hai)  
The Chairman of Risk Management Committee  
SiS Distribution (Thailand) Public Company Limited

March 18, 2013

# 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 vendors

In 2009, the company had share from the biggest vendor at 41% of total sales. The company has entrusted from other vendors to be distributor more, that was a result to reduce share from the biggest vendor to 17.5% in 2012. Although risk from reliance on vendor will be reduce but 42% of total sales were from only 3 vendors of totally over 70 vendors which the company still manage this risk continually as follows:

	2009	2010	2011	2012
Sales from the biggest vendors to Total sales	41%	31%	26%	18%

## Maintain a good relationship with Manufacturers

The Company has several investments to improve efficiencies. To be a good partner with vendors, the company is a major customer with vendors also. Our relation is two-ways relation which both are important partner of each other.

## Portfolio expansion

The Company continually expands our portfolio with other products. In 2012, the company is appointed from essential vendors, which are Brother, LG. Moreover, the company will continue to increase more and more in 2013 onward

## Improvement to work effectively

The company has continually improved to be an important corporate and key in the IT industry. For example:

## Market Coverage

In 2012, the Company has dealer network that consists of over 5,000 dealers in the IT sector, all of which have opened accounts and purchased products from the company (In 2009, there are 4,450 dealers and increased to 4,804 dealers in 2010, over 5,000 dealers from 2011 onwards respectively). The company can assist vendors to distribute more quickly to over 5,000 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 dealers**

Our Credit teams are able to manage small dealers effectively and now more than 2,500 dealers having credit lines used for purchasing our products immediately. This will supports vendors providing credit and selling to small dealers more quickly.

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

## 2) Risk from changes in technology which impact on inventory

As our core products are computers and peripherals 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 to be low level**

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:

	2005	2006	2007	2008	2009	2010	2011	2012
<b>Inventory (M.Baht)</b>	<b>672</b>	<b>488</b>	<b>566</b>	<b>789</b>	<b>919</b>	<b>1,152</b>	<b>3,171</b>	<b>1,191</b>
<b>Average Day Sales (Days)</b>	27.4	25.9	20.5	22.5	23.9	24.7	37.9	38.9

- **Delegate to Specialize 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 ECC6 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. 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 5,000 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.

In 2012, the Company has reorganized our business structure by setting up 6 Business Units that could be differently managed. Two of the six are Value Added business units that manage high margin products by increase value added services in. From the expansion in this area will reduce risk from price competition.

#### 5) **Risk from Accounts Receivable**

The company has mostly the credited sales. 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, in 2012, , the company has bough trade insurance to cover some part of debts and also set 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, 2012, the company has short term loan from financial institutes in amount of 2,610 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.

#### 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 ECC6 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.

# Major Shareholders

The following is the list of our top 10 major shareholders as of December 30, 2012 as:

Number	Name of Shareholder	Shareholding	% of Shares
1	SIS TECHNOLOGIES (THAILAND) PTE. LTD.	109,725,000	47.0%
2	Total Shares of Sittichaisrichart's Family are comprised of	34,023,080	14.6%
	- Somchai Sittichaisrichart (Managing Director)	6,266,130	
	- Wareeporn Sittichaisrichart (spouse)	6,242,160	
	- Pete Sittichaisrichart (son)	8,314,790	
	- Ploy Sittichaisrichart (daughter)	13,200,000	
3	Total Shares of Pungsrinont's Family are comprised of	22,773,370	9.8%
	- Sombati Pungsrinont (Executive Director)	13,966,020	
	- Suranee Pungsrinont (spouse)	110	
	- Chanont Pungsrinont (son)	4,126,300	
	- Thanakorn Pungsrinont (son)	3,850,000	
	- The Body of Person Suthana by Suranee Pungsrinont	830,940	
4	Sompong Cholkadeedumrongkul	8,070,000	3.5%
5	Thai NVDR Co.,Ltd.	2,548,010	1.1%
6	Synnex (Thailand) Public Company Limited	2,647,580	1.1%
7	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG	2,702,700	1.2%
8	Viroj Kosoltanawong and Rakchanok Lumadokpan by Viroj Kosoltanawong	2,147,200	0.9%
9	Viparat Lertsiwaporn	1,796,520	0.8%
10	Wisut Sirowet	1,700,000	0.7%
	<b>Total Shares of top 10 major shareholders</b>	<b>188,133,460</b>	<b>80.6%</b>
	<b>Total Shares</b>	<b>233,465,770</b>	

## 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.

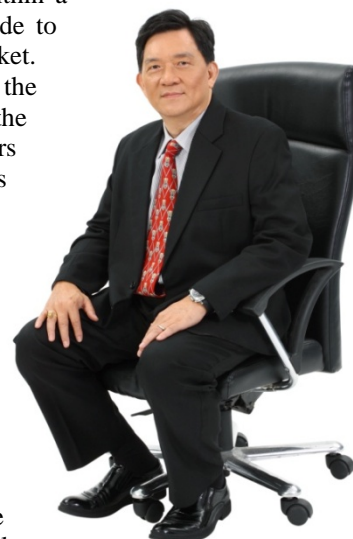
# Report from the Remuneration and Nomination Committee

## Dear Valued Shareholders

The Remuneration and Nomination Committee was appointed by the Board of Directors, has three-year period of its position and consists of 4 members by Mr. Somchai Sirivichayakul (Independent Director) as the Chairman of the Remuneration and Nomination Committee, Dr. Rojanasak Chomvilailak (Independent Director), Mr. Lim Hwee Hai (Non-executive Director) and Mr. Somchai Sittichaisrichart (Managing Director) as the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee has duties as assigned in the Charter. With careful consideration in remuneration and nomination by the Board of Directors and sub-committees, and give reasonable suggestion to the Board of Directors. In year 2012, there are 2 annual meetings which the Remuneration and Nomination Committee has attended to consider following:

1. To consider and evaluate the performance of the company, and results of its operations by comparing goal and business plan of the year 2012 to make decision on remuneration for executive directors that is consistent with the result of evaluation. These also include reviewing the remuneration of Directors and Sub committees for the year 2013. The Remuneration and Nomination Committee has discretion to adjust compensation used since 2009 to meet obligations and requirements that increased by regulatory agencies and in line with current economic condition, hence the company did not meet the performance target. Therefore, consideration has been made to use the same rate as in 2012 for another one year. Detail of the remuneration committee and senior management in year 2012 is set out in Annual Report of the year 2012 individually. For remuneration policy of Board of Directors and Committees in 2013 will propose in detail in the Notice of Annual General Meeting of Shareholders.
2. To consider the succession plan, which has operated continuously since 2010. By increasing the recruitment process to be a successor or replace the position of Executive Director, within a reasonable time. Also developing necessary knowledge and skills to provide to make the enhance Company stability and continuously competitive in the market.
3. In the year 2013, there will be Directors that are retired by rotation in the Committee. The Remuneration and Nomination Committee have offers the opportunity for shareholders to nominate candidates to the Board of Directors which will be elected by the rules and in duration of the company report news via the Security Exchange of Thailand for the Board of Directors consideration and presents to Shareholders in Annual meeting. However, there are nominee raise by shareholders. The Remuneration and Nomination Committee, then decides to let Directors who retire by rotation be re-elected to the position for another term, as they are eligible and not prohibited by the rules.
4. As per increasing in requirements of regulatory agencies and laws relating to public companies, The Remuneration and Nomination Committee have an opinion to add one more independent directors and one non-executive director to scrutinize the work of the sub committees and lesser the burden of the Board of Directors. Plan for new independent director and new executive director recruitment will be present to shareholders in the Annual General Meeting of Shareholders 2013 for approval.



The Remuneration and Nomination Committee recognizes the importance of maximizing shareholder value, including those related parties. The committee ensures perform its duties with caution, fairness, and transparency in determining the remuneration of directors and committees. To increase motivation for operations to work continuously make an outstanding performance to the company.

Mr.Somchai Sirivichayakul  
Chairman of The Remuneration and Nomination Committee  
SiS Distribution (Thailand) Public Company Limited  
March 18, 2013

# 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 two 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.

### 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.

### 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 2012, Shareholders approved the total budget 6 Million Baht for the company to be paid as remuneration to Directors. The actual payment for the year 2012 was 3,830,000 Baht and will be proposed the Shareholders to approve the director remuneration for the year 2013 not more than Baht 6 Million in the 2013 Annual General Meeting of Shareholders.

In 2012, 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	<ul style="list-style-type: none"> <li>Chairman</li> <li>Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> <li>Audit Committee</li> <li>Chairman of Remuneration and Nomination Committee</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> <li>Chairman of Audit Committee</li> <li>Chairman of Remuneration and Nomination Committee</li> <li>Risk Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> <li>Remuneration and Nomination Committee</li> <li>Chairman of Risk Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>Director</li> </ul>	<ul style="list-style-type: none"> <li>Managing Director</li> <li>Remuneration and Nomination Committee</li> </ul>	<ul style="list-style-type: none"> <li>Executive Director</li> <li>Risk Management Committee</li> </ul>
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	60,000	40,000	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			40,000	60,000			40,000
special bonus	420,000	270,000	270,000	-	-	-	-
<b>Total</b>	<b>1,170,000</b>	<b>920,000</b>	<b>1,060,000</b>	<b>280,000</b>	<b>160,000</b>	<b>120,000</b>	<b>120,000</b>

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 11 Executives in 2012 was paid in the form of monthly salary, quarterly bonus and yearly bonus totaling 42,563,000 Baht. The 11 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) Mr.Panit Srikrekkrit           | General Manager of Movie & Music Division          |
| 7) Mr.Thana Thanapase             | General Manager of Consumer Division               |
| 8) Mr.Kaival Boonsaith            | General Manager of Value Added Commercial Division |
| 9) Mr.Kakkanan Karnunghead        | General Manager of Phone Division                  |
| 10) Mr. Mitri Nademahakul         | General Manager of Value Added Consumer Division   |
| 11) Mr. Vorrappop Taksaphan       | Company Secretary                                  |



## **Provident Fund of Management**

The money has been paid by the 11 executives for provident fund in 2012 totaled Bath 1,888,800. 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:

<b>Length of Services</b>	<b>Rate received</b>
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

The company 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 2012, 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://trt.listedcompany.com/misc/20121203-TRT-BrochureCGR2012.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 59 companies in this group. SiS was also awarded ‘Excellent’ CG score since 2009 which shows our commitment to good corporate governance and our compliance with governance guideline provided by Stock Exchange of Thailand.

The company is 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 Sufficiency 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

Companies with Excellent CG Scoring by alphabetical order

No	Symbol	Public Company Limited	No	Symbol	Public Company Limited
1	ADVANC	Advanced Info Service	32	PSL	Phosico Shipping
2	AOT	Airports Of Thailand	33	PTT	PTT
3	ASIMAR	Asian Marine Services	34	PTTEP	PTT Exploration and Production
4	BAFS	Bangkok Aviation Fuel Services	35	PTCC	PTT Global Chemical
5	BANPU	Banpu	36	QH	Quality Houses
6	BAY	Bank Of Ayudhya	37	RATCH	Robinson Electricity Generating Holding
7	BBL	Bangkok Bank	38	ROBINS	Robinson Department Store
8	BCP	The Bangkok Petroleum	39	RS	RS
9	BECL	Bangkok Expressway	40	SAMART	Samart Corporation
10	BKI	Bangkok Insurance	41	SAMTEL	Samart Telecom
11	BMCL	Bangkok Metro	42	SAT	Sorbonne Advance Technology
12	BTS	BTS Group Holdings	43	SC	SC Asset Corporation
13	CPN	Central Pattana	44	SCB	The Siam Commercial Bank
14	CSL	CS Lovers	45	SCC	The Siam Cement
15	DET	Diamond Building Products	46	SE-ED	Se-Education
16	EASTW	Eastern Water Resources Development And Management	47	SIM	Smart Mobile
17	EGCO	Electricity Generating	48	SIS	SIS Distributor (Thailand)
18	ERW	The Erawan Group	49	SNC	SNC Finner
19	GRAMMY	GMM Grammy	50	SYMC	Synergy Communication
20	HEMRAJ	Hemraj Land And Development	51	THAI	Thai Airways International
21	ICC	I.C.C. International	52	TIP	Dhipaya Insurance
22	IRPC	IRPC	53	TPCO	TPCO Foods
23	KBANK	Kasikornbank	54	TSCCO	TSCCO Financial Group
24	KK	Kiatkwin Bank	55	TCT	T Krongkhe Industries
25	KTB	Krung Thai Bank	56	TMB	TMB Bank
26	LPN	L.P.N. Development	57	TOP	Thai Oil
27	MCOT	MCOT	58	TSTE	The Super Terminal
28	NGU	The Newcity Insurance	59	TTA	Thosren Thai Agencies
29	NOBLE	Noble Development			
30	PNCL	Phra Charua			
31	PS	Phosico Real Estate			

To recognize and perform, the list of companies attaining 'Good', 'Very Good' and 'Excellent' levels of recognition without regulatory violation from 1 January 2011 to 29 October 2012 is published.



## 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 treats 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 2012, the Company was joined in Opportunity Days to declared the operation's results of first and second quarter 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, 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](mailto:investorinfo@sisthai.com)

In the Annual General Meeting of Shareholders No.1/2012 dated April 20<sup>th</sup> 2012, 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. There is also "Investor Relations" page in the company's website at [www.sisthai.com](http://www.sisthai.com) to provide useful information. The Investors can send the suggestions or inquiries via email at [investorinfo@sisthai.com](mailto: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 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
2011	100	100.0
2012	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:

### 1. *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

#### A. *Employee Safety and healthy*

##### I. *Minimize fire risks*

Change in working procedures to minimize fire risks. All devices are checked to prevent overloading electrical circuits, provide smoking area and no smoking in warehouse and office, etc.

##### II. *Emergency Plan*

Participate in an annual fire drill held by the landlord when fired, using fire extinguishers and assign responsible persons in case of fire. Make sure nothing blocks emergency exits.

##### III. *Personal Hygiene*

The Company keeps our workplace clean, well vented; provide sufficient lighting, enough washing basins and toilets. And employees help to keep it clean regularly.

##### IV. *First Aid Kits*

The company keeps sufficient first aid kits, provide regular first aid training to our employees and first aid room

##### V. *Safety Orientation*

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

#### B. *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. The company gives employees an opportunity to let us know whenever they need to rotate to work in the like and skillful that the company will consider the appropriation in all cases.

#### C. *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 company provided more other benefits as follows:

##### I. *Quarterly and Yearly Bonus*

The company has paid quarterly and yearly bonus according to the performance of the company, the performance of each Business Unit and the performance of each employee.

##### II. *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. At the end of program, the company does continuously issue new ESOP. In the Annual General Meeting of Shareholders No.1/2010, 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.

##### III. *Yearly Health Check Program*

The Company provided free medical check-ups to promote good health. After having the results, the company also provided the physician to advice good health practices. เพื่อให้มีสุขภาพดี

##### IV. *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 as follow

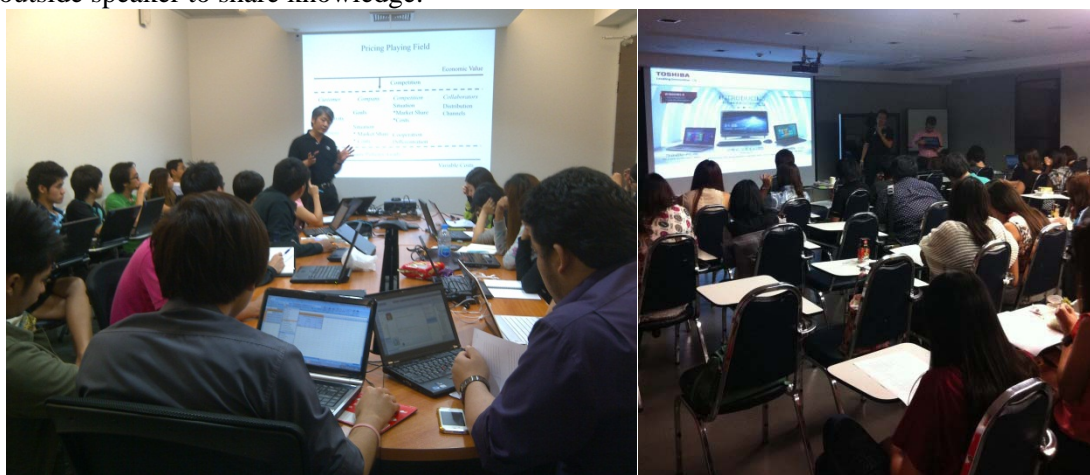
<b>Length of Services</b>	<b>Rate received</b>
Under 2 years	Refund only the employee contributions and benefits from the fund
2-3 years	Refund employee contributions and 20% of company contributions together with benefits from the fund
3-4 years	Refund employee contributions and 40% of company contributions 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

**V. *Personal Accident Insurance***

Apart from provident fund, we also provide our employees with accident insurance coverage worldwide by 24 hours. In 2012, the company had total insured over 200 Million Baht.

**D. *Employee training and development programs***

The Company realized the important of employee training and development programs by given orientation to every new employee. Also, buddy system is adopted to help the transition to the new career smoother. Furthermore, the company has two full-time trainers to conduct trainings, constantly assigned training budget for training courses all year round, provide both on the job training and invite outside speaker to share knowledge.



**E. *Adequate supply of high quality equipment and effective office solutions***

The Company focuses on the employees to work efficiency by providing high quality office equipment and effective IT solutions. Every employee has computer and internet access and provides laptop computer and wireless solution to employees who work from outside at all time. 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.<sup>3</sup>

**F. *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.

**G. *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



## **H. *Employee right to opinions***

Whether it is about problems or solutions, the company encourages 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.

## **2. *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. Furthermore, the company's priority is to work with products that are environmental friendly, safe to consumers and utilizable. The company aims to provide sufficient information to consumers and continually work on improving after sales service to achieve higher customer satisfaction.

## **3. *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.

## **4. *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.

## **5. *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.

## **6. *Competitors***

The Company believes in free market and fair competition. It is believed that the system of free competition will improve the efficiency, competitors are treated under the best practice, do not destroy others reputation, do not accuse to others with dishonesty. 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.

## **7. Community and Environment**

### **A. Anti-Corruption Policy**

Transparency is our believe hence the company is acting against corruption. The company is committed to zero tolerance policy and strictly prohibit our employees to participate in any corruption activities. The company has a system to accept a report of corruption anonymously to encourage people to report corruption.

### **B. Community**

As good neighbors, the company consistently gets involved with activities relating to the development of local areas around our headquarter and upcountry offices. The company conducts 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”

### **C. Respect of human rights and fair labor standards**

The Company encourages and respects human rights and strongly refrain from any human rights violations such as child labor exploitation. We also promote the practice among our suppliers.

### **D. 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.

#### **I. Environment friendly products**

The Company is persistent on sourcing products that are environmental friendly. For example, products that save energy or pass environmental standard. Even though it means higher cost, the company does our best to keep the price gap as small as possible.

#### **II. Employee knowledge about the environment**

To encourage our employee to care for the environment. Hence, a course which provides knowledge of the environment is part of our e-learning system.

#### **III. Energy efficiency**

To save energy, the company carefully selected office equipment that is energy efficient and changed how to use devices to save energy. Each of our lighting switches can be turned on and off individually and set up responsible person to take care off during the lunch break and after work in order to minimize energy waste as well as air conditionings that will be adjusted to the proper temperature and disable if not required

#### **IV. Using Resources Efficiently Program**

The Company has many projects to use our resource efficiently as follows:

##### **Electronic Workflow**

The Company has developed electronic workflow to replace paper form usage and approval more than 10 years. Currently, 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. The company continues to develop more electronic workflow in order to replace normal process that required paper.

##### **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.

##### **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.

##### **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.

##### **Video Conferencing**

To save energy and reduce travel costs, the company use video conferencing system to arrange a meeting between head office and branches which can communicate face-to-face simultaneously through computer screen in different locations.

#### **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, 2012 to December 31, 2012, The Company will be held The 2013 Annual General Meeting of Shareholders on April 26, 2013 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](http://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](http://www.sisthai.com).

In the Annual General Meeting of Shareholders No.1/2013 that will be held on Friday April 26, 2013, 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 experiences 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:

- 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
- 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
- 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.

- 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.
- 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.
- 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.
- 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.
- 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.
- No other impediments or impairments to express independent opinions concerning the operations of the company.

### **Director's 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.

### **Directors 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 2011, there are several courses that directors attended as follows.

Mr.Suwit Chindasanguan – Chairman (Independent Director)

- Directors Forum 2/2012 "Risk Oversight VS Risk Management: Whose Role is it?"

- Role of the Nomination and Governance Committee (RNG)

Dr.Rojanasak Chomvilailuk – Chairman of the Audit committee (Independent Director)

- How to Develop a Risk Management Plan (HRP)

Mr.Somchai Sittichaisrichart – Managing Director

- IOD Breakfast Talk 1/2012 "Asian Business Models in Transformation"

Mr.Sombati Pungsrinont – Executive Director

- Successful Formulation and Execution of Strategy (SFE)

### **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 2012, 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:

- o 1. 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.
2. 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.
3. 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 by setting 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. The first session of the meeting has opened to all directors exclude Managing Director and Executive Director to discuss; 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 2012	Total
1. Mr.Suwit Chindasangaun	5/5	12/12			1/1	18/18
2. Mr.Somchai Sirivichayakul	4/5	12/12	2/2		1/1	19/20
3. Dr.Rojanasak Chomvilailuk	5/5	12/12	2/2	2/2	1/1	22/22
4. Mr.Somchai Sittichaisrichart	5/5		2/2		1/1	8/8
5. Mr.Sombati Pungsrinont	5/5			2/2	1/1	8/8
6. Mr.Lim Hwee Hai	4/5		2/2	2/2	1/1	9/10
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](mailto:complain@sisthai.com), and investors sent through email [investorinfo@sisthai.com](mailto: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.

## Disclosure of the sale and purchase of Company Shares

To comply with the Corporate Governance, the Company requires all executives and directors to disclose and report the sale and purchase of Company shares to the Board of Meeting by add the issue of sale and purchase in one of quarterly agenda.

## Report of Conflict of Interests

All directors and executives must report to the Company all interests of their own and other related persons. This interest is related to its management affairs or its subsidiaries and. To determine the company having conflicts of interests information that may lead to take the interests of the company and its subsidiaries in accordance with the announcement of the Capital Market Commission Th.No. 2/2009 stated the requirements to comply with Good Governance. The company set guidelines that the company secretary is responsible to file the report of interests at Head Office and submit this report to the Chairman and Audit Committees within 7 days from the day informing from reporter.

## 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](http://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 2011, direct and indirect communication can be summarized as follows:

- Emails and Telephone	27 times
- Interviewed on earnings with the press	2 times
- Analyst meeting	1 times
- Company visit by institution investor	2 times
- Company visit by individual investor	2 times
- Opportunity Day	2 times

### **Role of the Company Secretary**

The Board appointed Mr. Vorrappop 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 2012 which could involve conflicts of interests are laid out below:

Related Parties	Relationship	Amount (Baht)	Type of transaction and the Audit Committee's Opinion
Sales			
Alliance & Link Corporation Co., Ltd.	15% shareholding by the Company	17,430,143	Selling of company's products <b>The Audit Committee's Opinion</b> 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	710,302,164	Selling of company's products <b>The Audit Committee's Opinion</b> The Audit Committee has decided that this transaction is in accordance with market price and treated as general customers.
Click Connect Co., Ltd.	15% shareholding by the Company	433,296	Selling of company's products for office equipment <b>The Audit Committee's Opinion</b> The Audit Committee has decided that this transaction is in accordance with market price and treated as general customers.
Purchases			
Alliance & Link Corporation Co., Ltd.	15% shareholding by the Company	30,004,378	Purchase product for sale <b>The Audit Committee's Opinion</b> The Audit Committee has decided that this transaction is in accordance with market price and treated as other its customer.
Hardware House International Co., Ltd.	Subsidiary Company of Alliance & Link Corporation Co., Ltd	121,405,775	Purchase product for sale <b>The Audit Committee's Opinion</b> The Audit Committee has decided that this transaction is in accordance with market price and treated as other its customer.
Click Connect Co., Ltd.	15% shareholding by the Company	5,681,280	Purchase software license to bundle with our smart phone products <b>The Audit Committee's Opinion</b> The Audit Committee has decided that this transaction is in accordance with market price and treated as other its customer.



Related Parties	Relationship	Amount (Baht)	Type of transaction and the Audit Committee's Opinion
<b>Management Fee</b>			
SiS International Holdings Limited	Ultimate parent of the group and some common directors	13,678,639	Fee for sharing the combined executive staff cost, negotiating with manufacturers to appoint SiS (Thailand) as distributor for various products, etc. <b>The Audit Committee's Opinion</b> 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.
<b>Rental</b>			
Hardware House International Co., Ltd.	Subsidiary Company of Alliance & Link Corporation Co., Ltd	2,679,310	Rental charged for placing products with agreed rate <b>The Audit Committee's Opinion</b> The Audit Committee has decided that this transaction was in accordance with the agreed rate.

**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

The Company had recognized the mission towards the social by emphasized on education and the environment tasks. In 2012, the Company and our employees had participated in many activities. The following are the pictures of the activities we joined in:

## Mobile Battery for Life Project

The Mobile Battery for Life Project was to reduce the environmental problems. The company joined DTAC to launch a mobile Electronics, such as the mobile phones' old batteries, mobile phones or their accessories which were out of use to be destroyed by the recycle process correctly and safe. In this project, there would be boxes provided in various points for the company clients and the branches of the Company for those who were interested in getting rid of their Electronics waste which to be done correctly.



## Blood Donation

The Company had teamed up with Thai Red Cross invited employees and the third parties who were interested in donating blood by using the meeting room of the Company on the 9th Floor, number 9, Pakin Building, Ratchadaphisek Road. It was participated from the company employees and the third parties with their spiritual practices. There were 168 people donated blood in that day.



## 985 bags of leaves to the younger students in need.

This project, the Company and Targus, a leading bag manufacturer, provided 985 Targus bags for the refugees children and orphans at Wat Chantharam School - Sisaket and Baan Kaesayai School – Surin. Wat Chantharam School was a private charity Buddhism school. There are more than 800 students here. Baan Kaesayai School was located in Sikoraphum, Surin and there were more than 100 students there.



## Congratulations the staffs of The Mall Department Store on their success in Paralympic Games 2012.

The Company and Power Mall, a major customer of the Company, supported and congratulated the staffs of The Mall Department Store who were Thai athletes joined the Paralympic Games in 2012:

1. Saisunee Chana (Wheelchair Epee Fencing) won one gold medal in the women's fencing individual epee.
2. Prawat Wahoram (Wheelchair Racing) two silver medals from the 1500 meter and 4 \* 400 m.
3. Saichon Konchen (Wheelchair Racing) one silver medals from 4 \* 400 meters and two bronze medals from the 100 m and 800 m.
4. Wassana Kutaweep (Archers)



# Governance Report of the Audit Committee of 2012

## Dear Shareholders of SiS Distribution (Thailand) Public Company Limited

The Audit Committee of SiS Distribution (Thailand) Public Company Limited is qualified as the rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Particularly, the appointed committees have various backgrounds, experiences, and skills such as strategic, accounting, financial, and inventory management. Based on these combinations of various and valuable specializations, the committees can contribute to the firm on the Audit Committee duties very well. All committees appointed by the Board of Directors are independent and composed of Dr Rojanasak Chomvilailuk as the Chairman, Mr Suwit Chindasanguan and Mr Somchai Sirivichayakul as the committees. The Audit Committee is in the position by 3 years a period.

In the financial report year of 2012, the Audit Committee had independently practiced under the charter of Audit Committee and the scope of duties, responsibilities, and authorities assigned by the Board of Directors for which the practices are complied with the SET's rules and regulations. The Audit Committee had regularly arranged 12 monthly meetings in 2012 and all members attended all sessions. Specifically, the Audit Committee also set up the meetings with Management, internal auditors, relevant operators, and auditor to consider and discuss the relevant important matters. The particular and important summaries are shown as follows:

### 1) Reviewing and monitoring the quarterly and year-end financial reports 2012

The Audit Committee reviewed the quarterly and the year-end financial reports of 2012, for which, the reports were reviewed and audited by the Auditor, and also disclosed to public for the significant issues. Furthermore, the Audit Committee inquired Management and Auditor to provide specific relevant information, and to discuss the particular matters of the financial reports in terms of sufficiency, accuracy, precise, increase and decrease of financial transactions, disclosure, and some specific problematic aspects. Moreover, the two meetings independent from the Management with outside Auditor were held. All mentioned activities were conducted to assure that the firm's financial reports were accurate, precise, and consistent with the laws and regulators' rules. Furthermore, there was an enough public disclosure.

Particularly, the Audit Committee had opinions consistent with the Auditor's opinion that the financial reports were presented fairly and conformed to the generally accepted accounting principles. However, with respect to the auditing processes and activities in 2012, the Audit Committee found the significant changes of the company's and the subsidiary company's financial statuses as follows. Total income was 22,091.30 Million Baht reduced from the previous year about 612.30 Million Baht or reduced around 2.7%. Also there was a net loss at 738.7 Million Baht compared to the net profit at 143.5 Million Baht of the year 2011. In other words, the net profit was reduced about 882.2 Million Baht. The Audit Committee found that the crucial reasons for these inferior performances of 2012 were stemmed from two issues. Firstly, there was a rapidly declined popularity of the company's distributed-smart-phone products contributing at 383.5 Million Baht. Secondly, it was the damageable reservation effect at 599.8 Million Baht in the default of the relevant company on the consignment contract. Although, the company's distribution businesses of major computer and accessory products still have performed very well and gained profits, the aforementioned two injurious factors have higher impacts than the contributions of the regular businesses.

To deal with these two ruinous effects, the Audit Committee has monitored the performance of Smart phone business continuously by auditing its inventories. Moreover, in every meetings of Audit Committee, the Committees asked the Management to provide relevant and important information such as strategies and operational directions to ensure that the Management can remarkably recover the loss from this business.

For the damages from the related company on consignment contract, similarly as the Smart phone aspects, the Audit Committee acknowledged the default about the late period of the year 2012. In during the year, the Management had reported that there were the business deals with this related company. According to the reports, the Audit Committee had asked and found the possibilities of damages from the deals and then recommended to revoke products as soon as possible. Furthermore, the Audit Committee also commentated to the Management about the call for indemnity with respect to the related company's contact default. In addition, the legal actions on the related company should be concerned and executed by the Management to prevent and protect the company's and shareholders' right and benefits.

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

The Audit Committee monitored the instructions and recommendations of SEC in terms of the sufficiency assessment 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 had the appropriate processes and procedures of asset management and transparent disclosure from which the Audit Committee had the specific opinion that the company had the appropriate and effective internal control system. Furthermore, the company had the appropriate risk management systems of which there had 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.

However, in 2012, the Audit Committee found that there was a high inventory especially in the Smart-phone product groups for which the products had the rapid popularity decline. Therefore, the company had pushed the inventories by discounting their prices. For compensating these price discounts, the company asked for the compensations from the vendor. Nevertheless, the Management recently informed the Audit Committee that the vendor had the delaying and disagreeing conditions on the compensating procedures. As a result, there might be the vendor's payment lower than the expected compensation amounts. For the highest benefits and lowest damages of the company, the Audit Committee recommended the Management to accelerate the vendor's compensations.

## **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 2012 and also reviewed the Audit Committee's Charter of 2013. Moreover, the Audit Committee reviewed and approved the corrections of the Internal Audit Department's Charter to be updated and consistent with the current situations.

The Audit Committee had opinion that the company had the internal audit system that was appropriate, effective, and independent including the continuous improvement of auditing quality in terms of human capital and auditing performance. However, to efficiently achieve the Internal Audit Department's goals, the company should recruit and manage the human resources and man power to enhance the internal audit and control functions.

## **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 2012, 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 had opinion that there was no any issue, mattering in terms of overrule practices of the company with respect to the relevant regulations, Act, and any regulators' guidance directions.

## **5) Reviewing and providing opinions on related transactions and/or conflict of interest transactions to ensure that all the company's and subsidiaries' relevant transactions are reasonable, fair, and consistent with laws, rules, and regulations regulated by SET and SEC by focusing on all shareholders.**

In 2012, concerning the relevant Act, regulations, and rules, authorized by SET and SEC, the Audit Committee had opinion that all related transactions of the company and subsidiaries were normal commercial deals and supports, reasonable, fair, and highly beneficial to all shareholders. Furthermore, there were sufficient and appropriate disclosures.

However, the impact of the consignment default of the related company damaged the company. The Audit Committee recommended the Management to call for the compensations from the related company. In the case that the related company did not pay back for the damages, the Management was recommended to take a consideration on legal actions for the highest benefits of company and shareholders.



**6) Considering an appointment of the Auditor, and propose the Auditor's fees of the Year 2013 to the Board of Directors' agreement for the shareholder meeting's approval.**

The Audit Committee reviewed, selected and proposed the company's Auditor for the Year 2013. 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 performances of the Year 2012. Thus, the Audit Committee proposed the board to appoint the Auditors as in the below list, and to approve the fees for the Auditors as shown. List of Auditors is Mr. Vichien Thamtrakul CPA 3183 or Ms. Vannaporn Jongperadechanon CPA 4098 or Ms. Sureerat Thongarunsang CPA 4409 or Mr. Ekkasit Chuthamsatid CPA 4195 of KPMG Phoomchai Audit Limited for which the Audit Committee proposed them to be the Auditor for the year 2013 with the fees at 1,255,000 Baht, equal to the last year fees.

**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 SET and the SEC.

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's governance practices have continuously been improved. Specifically, in 2012, the company was evaluated as the excellent-performance listed company in terms of corporate governance practices. Moreover, the company was the 1 of the 17 listed companies which got the "Investor's Choice Award" for which the award was initiated and jointly provided by the Thai Investors Association, Securities and Exchange Commission Thailand (SEC), and The Stock Exchange of Thailand (SET). The "Investor Choice Award" was for the listed company which got the 100% performance scores for the arrangement of the Annual General Meeting of Shareholders for 4 continuous years (2009-2012). 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 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. The Audit Committee has developed their knowledge and experience by attending the relevant, various, and valuable training courses, such as the courses provided by IOD. In particular, the Audit Committee had opinion that the evaluation results of 2012 were in the satisfaction level in terms of practicing complied with the Charter and continuously attending the course of knowledge and experience development.

Overall picture in 2012, the Audit Committee had 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 had opinion that the company had 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 had 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.



However, in 2012, there were the two significant issues influencing business operations and performances as mentioned:

- 1.) The company managed and cleared out the rapid-decline-popularity products by reducing their prices. If it was the highest benefits of shareholders, the Audit Committee asked the Management to monitor and quickly clear out the declined popularity products. Also, the Management should ask the price-reduction compensations from the vendor. Moreover, the Management should effectively and efficiently accelerate the vendor's payments.
- 2.) In the case of the related company's consignment default, the Audit Committee has continuously monitored and asked the Management to collect the goods' payment and revoke the unsold products from the related company. Moreover, the Audit Committee asked the Management to operate businesses with the related company with high carefulness and consult the Financial Advisor for a suggestion before doing any business further. Finally, for the minimum losses to the company, the Management should consider to take legal actions on the related company according to the Legal and Financial Advisors' advices.

For 2013, the Audit Committee designed the auditing policies for the Internal Audit Department by focusing on account receivables and inventories continuously. Furthermore, the Audit Committee asked the Internal Audit Department to seriously conduct the auditing practices consistent with the concept of Risk Based Audit and good corporate governance. For example, the Audit Committee proposed to have a review and redesign of Delegation of Authority of the Management to be updated and appropriate for the current situations. All opinions, recommendations, and practices of the Audit Committee are proposed to achieve the goals of the effective and efficient company performance with risk management for the all shareholders' benefits.

With my great honor to work for you, all shareholders



A handwritten signature in black ink, appearing to be 'Rojanasak Chomvilailuk'.

(Rojanasak Chomvilailuk, Ph.D.)  
Chairman of Audit Committee  
SiS Distribution (Thailand) Public Company  
Limited  
March 18, 2013

# 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 2012 of SiS Distribution (Thailand) Public Company Limited are correction, completion, belief and according to generally accepted accounting principles and related regulations.



สุวิทย์ ชินdasanguan

(Mr.Suwit Chindasanguan)  
SiS Distribution (Thailand) Public  
Company Limited  
March 18, 2013



สมชาย สิตติชัยริชาร์ต

(Mr.Somchai Sittichaisrichart)  
SiS Distribution (Thailand) Public  
Company Limited  
March 18, 2013

# Independent Auditor's Report



**KPMG Phoomchai Audit Ltd.**

Empire Tower, 50<sup>th</sup>-51<sup>st</sup> Floors  
195 South Sathorn Road  
Bangkok 10120, Thailand

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## Independent Auditor's Report

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

I have audited the accompanying consolidated and separate financial statements of SiS Distribution (Thailand) Public Company Limited and its subsidiaries, and of SiS Distribution (Thailand) Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

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.

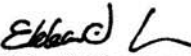


*Opinion*

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance 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 Thai Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying my opinion, we draw attention to Note 7 to the financial statements, receivable from the loss of consignment to related company in the amount of Baht 599.83 million and 584.28 million in the consolidated and separated financial statements, respectively. The Company and its subsidiary have provided an allowance of Baht 599.83 million and 584.28 million for doubtful account in consolidated and separate financial statements, respectively and are in the process of preparing for litigation proceedings.

  
(Ekkasit Chuthamsatid)  
Certified Public Accountant  
Registration No. 4195

KPMG Phoomchai Audit Ltd.  
Bangkok  
1 March 2013

# Statement of financial position

## SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

### Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents	5	77,901	185,252	67,090	82,297
Trade accounts receivable	4, 6	2,595,066	1,836,696	2,572,643	1,660,374
Other receivables	4, 7	476,445	547,481	323,614	313,029
Short-term loans to related party	4	-	-	211,050	601,500
Inventories	8	1,191,348	3,170,752	1,139,775	1,315,725
Other current assets		-	14,227	-	8,691
<b>Total current assets</b>		<b>4,340,760</b>	<b>5,754,408</b>	<b>4,314,172</b>	<b>3,981,616</b>
<b>Non-current assets</b>					
Investments in subsidiaries	9	-	-	130,329	9,970
Other long-term investments	10	8,571	8,571	-	-
Long-term trade account receivable	11	29,219	57,425	29,219	57,425
Equipment	12	141,287	136,787	140,497	136,373
Intangible assets	13	42,243	47,441	42,243	47,441
Other non-current assets		11,310	14,140	11,310	13,980
<b>Total non-current assets</b>		<b>232,630</b>	<b>264,364</b>	<b>353,598</b>	<b>265,189</b>
<b>Total assets</b>		<b>4,573,390</b>	<b>6,018,772</b>	<b>4,667,770</b>	<b>4,246,805</b>



# Statement of financial position

## SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

### Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	14	2,610,280	2,242,664	2,528,079	1,772,738
Trade accounts payable	4, 15	1,190,879	2,274,295	1,109,498	1,012,118
Other payables	4, 16	188,520	170,152	170,649	164,136
Current portion of fianace					
lease liabilities	14	1,201	1,549	1,201	1,549
Income tax payable		21,849	5,218	21,848	5,004
Other current liabilities		13,199	17,289	11,593	13,820
<b>Total current liabilities</b>		<b>4,025,928</b>	<b>4,711,167</b>	<b>3,842,868</b>	<b>2,969,365</b>
<b>Non-current liabilities</b>					
Finance lease liabilities	14	-	1,292	-	1,292
Provision for cost of assets dismantlement		3,960	3,960	3,960	3,960
Employee benefit obligations	17	27,337	22,790	27,337	22,790
<b>Total non-current liabilities</b>		<b>31,297</b>	<b>28,042</b>	<b>31,297</b>	<b>28,042</b>
<b>Total liabilities</b>		<b>4,057,225</b>	<b>4,739,209</b>	<b>3,874,165</b>	<b>2,997,407</b>
<b>Equity</b>					
Share capital	18				
Authorised share capital		250,000	213,174	250,000	213,174
Issued and paid-up share capital		233,466	211,184	233,466	211,184
Share premium	18	176,694	170,915	176,694	170,915
Retained earnings					
Appropriated					
Legal reserve	20	21,317	21,317	21,317	21,317
Unappropriated		84,688	876,147	362,128	845,982
<b>Total equity</b>		<b>516,165</b>	<b>1,279,563</b>	<b>793,605</b>	<b>1,249,398</b>
<b>Total liabilities and equity</b>		<b>4,573,390</b>	<b>6,018,772</b>	<b>4,667,770</b>	<b>4,246,805</b>

# Statement of comprehensive income

## SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

### Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
<b>Income</b>					
Revenue from sale of goods	4	21,851,786	22,413,633	17,946,033	16,243,658
Revenue from rendering of services		40,144	31,001	26,034	28,727
Other income	4, 22	171,975	267,905	213,933	210,647
Gain on exchange rate		27,370	-	14,527	-
<b>Total income</b>		<b>22,091,275</b>	<b>22,712,539</b>	<b>18,200,527</b>	<b>16,483,032</b>
<b>Expenses</b>					
Cost of sale of goods	4, 24	21,211,191	21,378,155	17,120,635	15,409,998
Cost of rendering of services		18,352	20,887	17,385	17,108
Selling expenses	24	445,098	478,460	283,158	301,622
Administrative expenses	4, 24	978,575	452,294	1,044,248	437,597
Loss on exchange rate		-	52,559	-	13,137
Finance costs	25	100,860	58,116	90,297	47,327
<b>Total expenses</b>		<b>22,754,076</b>	<b>22,440,471</b>	<b>18,555,723</b>	<b>16,226,789</b>
<b>Profit (loss) before income tax expense</b>		<b>(662,801.00)</b>	<b>272,068.00</b>	<b>(355,196.00)</b>	<b>256,243.00</b>
Income tax expense	26	(75,862.00)	(128,548.00)	(75,862.00)	(102,905.00)
<b>Profit (loss) and comprehensive income for the year</b>		<b>(738,663.00)</b>	<b>143,520.00</b>	<b>(431,058.00)</b>	<b>153,338.00</b>
<b>Basic earnings (loss) per share (Baht)</b>	27	<b>(3.17)</b>	<b>0.62</b>	<b>(1.85)</b>	<b>0.66</b>

## Statement of changes in equity

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	Consolidated financial statements				Total equity
		Issued and paid-up share capital	Share premium	Retained earnings		
				Legal reserve	Unappropriated	
<i>(in thousand Baht)</i>						
<b>Year ended 31 December 2011</b>						
<b>Balance at 1 January 2011</b>		<b>208,543</b>	<b>156,520</b>	<b>21,317</b>	<b>836,871</b>	<b>1,223,251</b>
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to owners of the Company</i>						
Issue of ordinary shares	18	2,641	14,395	-	-	17,036
Dividends to owners of the Company	28	-	-	-	(104,244)	(104,244)
<b>Total contributions by and distributions to owners of the Company</b>		<b>2,641</b>	<b>14,395</b>	<b>-</b>	<b>(104,244)</b>	<b>(87,208)</b>
Profit and comprehensive income for the year		-	-	-	143,520	143,520
<b>Balance at 31 December 2011</b>		<b>211,184</b>	<b>170,915</b>	<b>21,317</b>	<b>876,147</b>	<b>1,279,563</b>

# Statement of changes in equity

## SiS Distribution (Thailand) Public Company Limited and its Subsidiaries Statement of changes in equity

	Note	Consolidated financial statements			Total equity	
		Issued and paid-up share capital	Share premium	Retained earnings		
			Legal reserve	Unappropriated		
<i>(in thousand Baht)</i>						
<b>Year ended 31 December 2012</b>						
<b>Balance at 1 January 2012</b>		<b>211,184</b>	<b>170,915</b>	<b>21,317</b>	<b>876,147</b>	<b>1,279,563</b>
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to owners of the Company</i>						
Issue of ordinary shares	18	1,164	5,779	-	-	6,943
Stock dividends to owners of the Company	18, 28	21,118	-	-	-21,118	-
Dividends to owners of the Company	28	-	-	-	(31,678)	(31,678)
<b>Total contributions by and distributions to owners of the Company</b>		<b>22,282</b>	<b>5,779</b>	<b>-</b>	<b>(52,796)</b>	<b>(24,735)</b>
Loss and comprehensive income for the year		-	-	-	(738,663)	(738,663)
<b>Balance at 31 December 2012</b>		<b>233,466</b>	<b>176,694</b>	<b>21,317</b>	<b>84,688</b>	<b>516,165</b>

# Statement of cash flows

## SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

### Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit (loss) for the year	(738,663)	143,520	(431,058)	153,338
<b><i>Adjustments for</i></b>				
Depreciation and amortisation	35,470	28,631	35,285	28,603
Interest income	(7,209)	(2,629)	(33,451)	(8,586)
Finance costs	100,860	58,116	90,297	47,327
Unrealised (gain) loss on exchange	(1,084)	55,250	903	13,611
Loss on disposal of equipment	315	2,130	92	2,131
Loss on impairment of investments in subsidiaries	-	-	78,635	51,030
Loss on impairment of other long-term investments	-	51,030	-	-
Bad debts and doubtful debts expense	611,512	35,314	605,235	25,668
Allowance for obsolete and defective stocks (reversal)	(54,427)	118,554	12,378	27,460
Provision for defined benefit obligation	4,547	3,951	4,547	3,951
Income tax expense	75,862	128,548	75,862	102,905
	27,183	622,415	438,725	447,438
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(771,468)	145,524	(934,635)	206,851
Inventories	2,033,831	(2,137,608)	163,572	(427,410)
Other receivables	(527,378)	(420,930)	(598,362)	(171,497)
Other current assets	14,227	(13,418)	8,691	(1,641)
Long-term trade accounts receivable	28,206	(57,425)	28,206	(57,425)
Other non-current assets	2,830	(4,639)	2,670	(4,479)
Trade accounts payable	(1,081,275)	1,248,395	97,172	303,723
Other payables	31,711	(8,827)	19,825	12,605
Other current liabilities	(4,090)	(22,188)	(2,227)	(22,500)
Income tax paid	(59,231)	(186,543)	(59,018)	(131,776)
<b>Net cash provided by (used in) operating activities</b>	<b>(305,454)</b>	<b>(835,244)</b>	<b>(835,381)</b>	<b>153,889</b>



# Statement of cash flows

## SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

### Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
<b>Cash flows from investing activities</b>					
Interest received		7,209	2,629	38,359	2,345
Net cash outflow on acquisition of subsidiary		-	-	(198,994)	-
Net cash outflow on acquisition of other					
long-term investment		-	(8,571)	-	-
Purchase of equipment		(44,127)	(104,573)	(43,228)	(104,132)
Sale of equipment		255	113	140	113
Loan to related company		-	-	390,450	(601,500)
Purchase of intangible assets		(6,225)	(6,522)	(6,225)	(6,522)
<b>Net cash provided by (used in) investing activities</b>		<b>(42,888)</b>	<b>(116,924)</b>	<b>180,502</b>	<b>(709,696)</b>
<b>Cash flows from financing activities</b>					
Interest paid		(99,193)	(58,083)	(88,599)	(47,380)
Dividends paid to owners of the Company		(31,678)	(104,244)	(31,678)	(104,244)
Finance lease payments		(1,640)	(1,635)	(1,640)	(1,635)
Net proceeds from bank overdraft and					
loan from financial institutions		366,559	1,241,735	754,646	787,618
Repayment of short-term loan from related company		-	-	-	(38,000)
Proceeds from issue of ordinary shares		6,943	17,036	6,943	17,036
<b>Net cash provided by financing activities</b>		<b>240,991</b>	<b>1,094,809</b>	<b>639,672</b>	<b>613,395</b>
<b>Net increase (decrease) in cash</b>					
<b>and cash equivalents</b>					
		<b>(107,351)</b>	<b>142,641</b>	<b>(15,207)</b>	<b>57,588</b>
Cash and cash equivalents at beginning of year	5	185,252	42,611	82,297	27,709
<b>Cash and cash equivalents at end of year</b>	5	<b>77,901</b>	<b>185,252</b>	<b>67,090</b>	<b>85,297</b>
<b>Supplement disclosure of cash flows information:</b>					
Equipment purchased during the years					
are detail as follows:					
Increase in equipment during the years	12	35,038	117,619	34,143	117,178
Changes in payable on purchase of equipment		(9,089)	13,046	(9,085)	13,046
<b>Purchase of equipment paid by cash</b>		<b>44,127</b>	<b>104,573</b>	<b>43,228</b>	<b>104,132</b>
Intangible assets purchased during the years					
are detail as follows:					
Increase in intangible assets during the years	13	300	24,022	300	24,022
Changes in payable on purchase of					
intangible assets		(5,925)	17,500	(5,925)	17,500
<b>Purchase of intangible assets paid by cash</b>		<b>6,225</b>	<b>6,522</b>	<b>6,225</b>	<b>6,522</b>

**Notes to the financial statements**

**For the year ended 31 December 2012 and 2011**

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## **Notes to the financial statements**

**For the year ended 31 December 2012 and 2011**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 1 March 2013.

### **1 General information**

SiS Distribution (Thailand) Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at 9 Pakin Building, 9th Floor, Room No. 901, Ratchadaphisek Road, Din Daeng, 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 (47.00% shareholding), Sittichaisrichart Family (14.57% shareholding) and Pungsrinont Family (9.77% shareholding).

The principal activities 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 2012 and 2011 are given in notes 4 and 9.

### **2 Basis of preparation of financial statements**

#### **(a) Statement of compliance**

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

As at 31 December 2012, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 33.

#### **(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss are measured at fair value.

#### **(c) Presentation currency**

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

## **Notes to the financial statements**

**For the year ended 31 December 2012 and 2011**

**(d) Use of estimates and judgements**

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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following note 17: *Measurement of defined benefit obligations*.

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(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. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

**(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 differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

## **Notes to the financial statements**

**For the year ended 31 December 2012 and 2011**

### **(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 profit or loss 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 profit or loss.

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 profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

### **(e) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows 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.

### **(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.



## Notes to the financial statements

For the year ended 31 December 2012 and 2011

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 management reviewing as follows:

### *Computer component and office automation equipment*

Computer component and office automation equipment are reviewed by 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%

### *Smartphone and smartphone equipment*

Smartphone and smartphone equipment are reviewed by by the aging of inventory as follows:

Inventory age less than 210 days	no allowance
Inventory age during 211 - 270 days	set allowance at 20%
Inventory age during 271 - 330 days	set allowance at 40%
Inventory age during 331 - 390 days	set allowance at 60%
Inventory age during 391 - 450 days	set allowance at 80%
Without sales over 451 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**

### *Recognition and measurement*

#### *Owned assets*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised net within other income in profit or loss.

### *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 profit or loss.

### *Subsequent costs*

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred

### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit and loss 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, 10 and 12 years

No depreciation is provided on asset under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### (j) Intangible assets

#### *Software licences*

Software licences that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

#### *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of software licences from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future benefits embodied in the asset. The estimated useful lives for the current and comparative periods are 5 and 10 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### (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 profit or loss 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 loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### (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 profit or loss 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*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

#### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on long term government bond in Thailand that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

## **Notes to the financial statements**

**For the year ended 31 December 2012 and 2011**

### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### **(o) Revenue**

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

#### *Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or 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 profit or loss as it accrues.

### **(p) Finance costs**

Interest expenses and similar costs are charged to profit or loss 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) Operating leases**

Payments made under operating leases are recognised in profit or loss 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 accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.



## **Notes to the financial statements**

**For the year ended 31 December 2012 and 2011**

### *Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

### **(r) 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 date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### **(s) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for share options granted to employees.

## **4 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries are described in notes 9. Relationship with other related parties were as follows:

## SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2012 and 2011

Name of the entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel		Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group/Company.
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
Alliance & Link Corporation Co., Ltd	Thailand	15% shareholding by the subsidiary company
Click Connect Co., Ltd.	Thailand	15% shareholding by the subsidiary company
Hardware House International Co., Ltd.	Thailand	Indirect shareholding by the Company
<b>Direct subsidiaries</b>		
SiS Venture Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding
Qool Distribution (Thailand) Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods	Market price plus actual related expenses
Management income/expense	Contractually agreed price
Rental expense	Contractually agreed price
Purchase of good	Actual cost plus actual related expenses
Interest of loan from/to	Reference from interest rate of financial institution
Interest for delay payment	Agreed rate
Goods transferred from trade receivable	Contractually agreed price

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

Notes to the financial statements

For the year ended 31 December 2012 and 2011

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Sales	728,166	395,854	712,236	381,622
Purchase of goods	157,091	2,238	157,257	3,043
Management income	-	-	86,575	107,897
Management fee	13,679	14,029	11,216	10,156
Rental income	1,781	585	1,781	585
Interest income	-	4,629	26,624	10,870
Interest expense	-	-	-	110
Goods transferred from trade receivable	-	293,624	-	292,073
	<i>(in thousand Baht)</i>			
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	44,467	49,642	36,895	41,002
Other long-term benefits	1,889	1,990	1,536	1,618
Total key management personnel compensation	<u>46,356</u>	<u>51,632</u>	<u>38,431</u>	<u>42,620</u>

Balances as at 31 December with related parties are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Trade accounts receivable from related parties</b>				
Hardware House International Co., Ltd.	46,572	69,283	46,572	64,168
Click Connect Co., Ltd.	30	93	30	93
Alliance & Link Corporation Co., Ltd	-	17,914	-	13,360
	<u>46,602</u>	<u>87,290</u>	<u>46,602</u>	<u>77,621</u>
Less allowance for doubtful accounts	<u>(46,572)</u>	<u>(52,236)</u>	<u>(46,572)</u>	<u>(42,590)</u>
	<u><b>30</b></u>	<u><b>35,054</b></u>	<u><b>30</b></u>	<u><b>35,031</b></u>
<b>Other receivable</b>				
Hardware House International Co., Ltd.	599,829	-	584,284	-
Less allowance for doubtful accounts	<u>(599,829)</u>	<u>-</u>	<u>(584,284)</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accrued income</b>				
Qool Distribution (Thailand) Co., Ltd.	<u>-</u>	<u>-</u>	<u><b>5,661</b></u>	<u><b>12,922</b></u>
<b>Interest receivable</b>				
Qool Distribution (Thailand) Co., Ltd.	<u>-</u>	<u>-</u>	<u><b>1,333</b></u>	<u><b>6,241</b></u>

## SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2012 and 2011

<i>Short-term loans to related party</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011	2012	2011
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<b>Subsidiary</b>						
Qool Distribution (Thailand) Co., Ltd.	3.68-4.00	3.55-3.86	<u>-</u>	<u>-</u>	<u>211,050</u>	<u>601,500</u>

Movements during the years ended 31 December of loans to related party were as follows:

<b>Subsidiary</b>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
At 1 January	-	-	601,500	-
Increase	-	-	-	601,500
Decrease	-	-	(390,450)	-
<b>At 31 December</b>	<u>-</u>	<u>-</u>	<u>211,050</u>	<u>601,500</u>

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

<i>Trade payable to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Alliance & Link Corporation Co., Ltd.	85	86	85	86
Click Connect Co., Ltd.	-	2,395	-	2,395
Hardware House International Co., Ltd.	-	9	-	9
	<u>85</u>	<u>2,490</u>	<u>85</u>	<u>2,490</u>
<i>Other payable to related parties</i>				
SiS International Holdings Ltd.	<u>4,451</u>	<u>-</u>	<u>3,915</u>	<u>-</u>
<i>Accrued expense</i>				
SiS International Holdings Ltd.	<u>945</u>	<u>1,227</u>	<u>824</u>	<u>701</u>

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### Significant agreements with related parties

#### Management income

The Company has an agreement with a subsidiary (Qool Distribution (Thailand) Co., Ltd.) for sharing the combined staff and assets cost. The parties agreed to enter into new agreement effective from 1 January 2011 to change the monthly rate of management fee to Bath 3.68 million per month plus 1% of the net sales of the subsidiary for 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.

## 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Cash on hand	166	125	166	125
Cash at banks				
- current accounts	9,971	22,995	7,136	9,417
Cash at banks				
- savings accounts	67,764	162,132	59,788	72,755
<b>Total</b>	<b>77,901</b>	<b>185,252</b>	<b>67,090</b>	<b>82,297</b>

Cash and cash equivalents of the Group and the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

## 6 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
Related parties	4	46,602	87,290	46,602	77,621
Other parties		2,758,693	1,980,048	2,735,892	1,803,749
<b>Total</b>		<b>2,805,295</b>	<b>2,067,338</b>	<b>2,782,494</b>	<b>1,881,370</b>
Less allowance for doubtful accounts		(210,229)	(230,642)	(209,851)	(220,996)
<b>Net</b>		<b>2,595,066</b>	<b>1,836,696</b>	<b>2,572,643</b>	<b>1,660,374</b>
Bad debts and doubtful debts expenses for the year		<b>11,683</b>	<b>35,314</b>	<b>20,951</b>	<b>25,668</b>

Aging analysis for trade accounts receivable were as follows:



## Notes to the financial statements

For the year ended 31 December 2012 and 2011

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	81	73	81	73
Overdue:				
Less than 3 months	46,521	35,673	46,521	34,957
3-6 months	-	36,842	-	31,035
6-12 months	-	14,507	-	11,361
Over 12 months	-	195	-	195
	<u>46,602</u>	<u>87,290</u>	<u>46,602</u>	<u>77,621</u>
Less allowance for doubtful accounts	<u>(46,572)</u>	<u>(52,236)</u>	<u>(46,572)</u>	<u>(42,590)</u>
	<u><b>30</b></u>	<u><b>35,054</b></u>	<u><b>30</b></u>	<u><b>35,031</b></u>

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Other parties</b>				
Within credit terms	1,880,137	1,299,836	1,861,202	1,189,000
Overdue:				
Less than 3 months	555,809	446,819	551,943	380,900
3-6 months	45,812	135,080	45,812	135,388
6-12 months	178,967	3,050	178,967	3,172
Over 12 months	97,968	95,263	97,968	95,289
	<u>2,758,693</u>	<u>1,980,048</u>	<u>2,735,892</u>	<u>1,803,749</u>
Less allowance for doubtful accounts	<u>(163,657)</u>	<u>(178,406)</u>	<u>(163,279)</u>	<u>(178,406)</u>
	<u><b>2,595,036</b></u>	<u><b>1,801,642</b></u>	<u><b>2,572,613</b></u>	<u><b>1,625,343</b></u>
<b>Total</b>	<u><b>2,595,066</b></u>	<u><b>1,836,696</b></u>	<u><b>2,572,643</b></u>	<u><b>1,660,374</b></u>

The normal credit term granted by the Group is ranging from 30 days to 90 days.

Trade accounts receivable of the Group and the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

## 7 Other receivables

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
<b>Related parties</b>					
Receivable from losses					
of consignment	4	599,829	-	584,284	-
Accrued income	4	-	-	5,661	12,922
Prepaid expenses	4	-	-	1,333	6,241
		<u>599,829</u>	<u>-</u>	<u>591,278</u>	<u>19,163</u>
Less allowance for doubtful accounts		<u>(599,829)</u>	<u>-</u>	<u>(584,284)</u>	<u>-</u>
<b>Net</b>		<u>-</u>	<u>-</u>	<u>6,994</u>	<u>19,163</u>
<b>Other parties</b>					
Other account receivable					
from Revenue					
Department		403,392	354,401	260,652	208,987
Accrued income		57,754	174,306	47,888	75,861
Prepaid expenses		8,346	9,019	8,080	9,018
Others		6,953	9,755	-	-
<b>Total</b>		<u>476,445</u>	<u>547,481</u>	<u>316,620</u>	<u>293,866</u>
<b>Total</b>		<u>476,445</u>	<u>547,481</u>	<u>323,614</u>	<u>313,029</u>

The Company and its subsidiary (Qool Distribution (Thailand) Co., Ltd.) have agreement on consignment with a related company (Hardware House International Co., Ltd.) which has notified the call for return all consignment from those related company in November 2012 because the default agreement for consignment. The Company and its subsidiary are in the process to reclaim those losses from consignment. As at 31 December 2012 the receivable from the loss of consignment were approximately amounted to Baht 599.83 million (in the consolidated financial statements) and Bath 584.28 million (separate financial statements), respectively. The Company is in the process of preparing for litigation proceedings, therefore, the Company and its subsidiary estimated the allowance for doubtful account, amounted to Baht 599.83 million and 584.28 million, respectively.

Notes to the financial statements

For the year ended 31 December 2012 and 2011

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Finished goods - computer components and telecommunication components	1,254,420	3,302,846	1,174,383	1,352,981
Finished goods Digital Disc - Movie and Music	15,645	18,827	15,645	18,827
Goods in transit	40,678	22,901	40,678	22,470
	<u>1,310,742</u>	<u>3,344,574</u>	<u>1,230,706</u>	<u>1,394,278</u>
Less allowance for decline in value of inventories	<u>(119,395)</u>	<u>(173,822)</u>	<u>(90,931)</u>	<u>(78,553)</u>
<b>Net</b>	<b><u>1,191,348</u></b>	<b><u>3,170,752</u></b>	<b><u>1,139,775</u></b>	<b><u>1,315,725</u></b>
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	21,265,618	21,259,601	17,108,258	15,382,538
- Write-down to net realisable value	12,378	118,554	12,378	27,460
- Reversal of write-down	(66,805)	-	-	-
<b>Net</b>	<b><u>21,211,191</u></b>	<b><u>21,378,155</u></b>	<b><u>17,120,635</u></b>	<b><u>15,409,998</u></b>

9 Investment in subsidiaries

	Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
At 1 January	61,000	61,000
Acquisitions	198,994	-
Allowance for impairment	(129,665)	(51,030)
<b>At 31 December</b>	<b><u>130,329</u></b>	<b><u>9,970</u></b>

## SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the year ended 31 December 2012 and 2011

Investments in subsidiaries as at 31 December 2012 and 2011, and dividend income from those investments for the years then ended, were as follows:

	Type of business	Ownership interest		Paid-up capital		Separate financial statements				Dividend income			
		%				Cost		Impairment		At cost-net			
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<i>Subsidiaries</i>													
SiS Venture Co., Ltd.	Holding investment	99.99	99.99	60,000	60,000	60,000	60,000	51,030	51,030	8,970	8,970	-	-
Qool Distribution (Thailand) Co., Ltd.	Trading	99.99	99.99	260,000	1,000	199,994	1,000	78,635	-	121,359	1,000	-	-
<b>Total</b>				<b>260,000</b>	<b>61,000</b>	<b>259,994</b>	<b>61,000</b>	<b>129,665</b>	<b>51,030</b>	<b>130,329</b>	<b>9,970</b>	<b>-</b>	<b>-</b>

All subsidiaries were incorporated in Thailand.

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### 10 Other long-term investments

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Other long-term investment</b>				
Other non marketable equity security	59,601	59,601	-	-
	59,601	59,601	-	-
<i>Less</i> Allowance for impairment	(51,030)	(51,030)	-	-
<b>Net</b>	<b>8,571</b>	<b>8,571</b>	<b>-</b>	<b>-</b>

Other long-term investments were investments in ordinary shares of Alliance & Link Corporation Co., Ltd. and Click Connect Co., Ltd. at 15% of authorised share capital, by the Company's subsidiary (SiS Venture Co., Ltd.).

In 2011, SiS Venture Co., Ltd. set up allowance for impairment in the value of long-term investment in Alliance & Link Corporation Co., Ltd. Baht 51 million.

### 11 Long term account receivable

	Consolidated financial statements/Separate financial statements					
	2012			2011		
	Principal	Interest	Collections	Principal	Interest	Collections
	<i>(in thousand Baht)</i>					
Within one year	28,206	1,794	30,000	27,230	2,770	30,000
After one year but within five years	29,219	781	30,000	57,425	2,575	60,000
<b>Total</b>	<b>57,425</b>	<b>2,575</b>	<b>60,000</b>	<b>84,655</b>	<b>5,345</b>	<b>90,000</b>

In 2011, the Group entered into a sales agreement with a university, the payment term on sales agreement is Baht 15 million every 6 months for 3 years ending in April 2014. The Group calculates interest rate based on the average rates of interest on short-term loans from a financial institution.



Notes to the financial statements

For the year ended 31 December 2012 and 2011

12 Equipment

	Consolidated financial statements					Total
	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Construction in progress	
<b>Cost</b>						
At 1 January 2011	11,249	11,578	114,760	17,759	1,839	157,185
Additions	-	10,257	49,676	44,351	13,335	117,619
Transfer	-	-	-	10,506	(10,506)	-
Disposals	(686)	(6,063)	(13,644)	(12,808)	-	(33,201)
<b>At 31 December 2011 and 1 January 2012</b>	<b>10,563</b>	<b>15,772</b>	<b>150,792</b>	<b>59,808</b>	<b>4,668</b>	<b>241,603</b>
Additions	-	1,365	24,759	8,101	813	35,038
Transfer	-	-	4,564	917	(5,481)	-
Disposals	-	-	(10,157)	-	-	(10,157)
<b>At 31 December 2012</b>	<b>10,563</b>	<b>17,137</b>	<b>169,958</b>	<b>68,826</b>	<b>-</b>	<b>266,484</b>
<b>Depreciation</b>						
At 1 January 2011	6,097	9,689	84,808	11,475	-	112,069
Depreciation charge for the year	1,414	1,360	17,164	3,765	-	23,703
Disposals	(686)	(6,061)	(13,621)	(10,588)	-	(30,956)
<b>At 31 December 2011 and 1 January 2012</b>	<b>6,825</b>	<b>4,988</b>	<b>88,351</b>	<b>4,652</b>	<b>-</b>	<b>104,816</b>
Depreciation charge for the year	1,414	1,705	20,388	6,461	-	29,968
Disposals	-	-	(9,587)	-	-	(9,587)
<b>At 31 December 2012</b>	<b>8,239</b>	<b>6,693</b>	<b>99,152</b>	<b>11,113</b>	<b>-</b>	<b>125,197</b>
<b>Net book value</b>						
<b>At 1 January 2011</b>						
Owned assets	-	1,889	29,952	6,284	1,839	39,964
Assets under finance leases	5,152	-	-	-	-	5,152
	<b>5,152</b>	<b>1,889</b>	<b>29,952</b>	<b>6,284</b>	<b>1,839</b>	<b>45,116</b>
<b>At 31 December 2011 and 1 January 2012</b>						
Owned assets	-	10,784	62,441	55,156	4,668	133,049
Assets under finance leases	3,738	-	-	-	-	3,738
	<b>3,738</b>	<b>10,784</b>	<b>62,441</b>	<b>55,156</b>	<b>4,668</b>	<b>136,787</b>
<b>At 31 December 2012</b>						
Owned assets	-	10,444	70,806	57,713	-	138,963
Assets under finance leases	2,324	-	-	-	-	2,324
	<b>2,324</b>	<b>10,444</b>	<b>70,806</b>	<b>57,713</b>	<b>-</b>	<b>141,287</b>

Notes to the financial statements

For the year ended 31 December 2012 and 2011

	Separate financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Construction in progress	Total
<b>Cost</b>						
At 1 January 2011	11,249	11,578	114,760	17,759	1,839	157,185
Additions	-	10,257	49,235	44,351	13,335	117,178
Transfer	-	-	-	10,506	(10,506)	-
Disposals	(686)	(6,063)	(13,644)	(12,808)	-	(33,201)
<b>At 31 December 2011 and 1 January 2012</b>	<b>10,563</b>	<b>15,772</b>	<b>150,351</b>	<b>59,808</b>	<b>4,668</b>	<b>241,162</b>
Additions	-	1,365	23,864	8,101	813	34,143
Transfer	-	-	4,564	917	(5,481)	-
Disposals	-	-	(9,734)	-	-	(9,734)
<b>At 31 December 2012</b>	<b>10,563</b>	<b>17,137</b>	<b>169,045</b>	<b>68,826</b>	<b>-</b>	<b>265,571</b>
<b>Depreciation</b>						
At 1 January 2011	6,097	9,689	84,808	11,475	-	112,069
Depreciation charge for the year	1,414	1,360	17,137	3,765	-	23,676
Disposals	(686)	(6,061)	(13,621)	(10,588)	-	(30,956)
<b>At 31 December 2011 and 1 January 2012</b>	<b>6,825</b>	<b>4,988</b>	<b>88,324</b>	<b>4,652</b>	<b>-</b>	<b>104,789</b>
Depreciation charge for the year	1,414	1,705	20,207	6,461	-	29,787
Disposals	-	-	(9,502)	-	-	(9,502)
<b>At 31 December 2012</b>	<b>8,239</b>	<b>6,693</b>	<b>99,029</b>	<b>11,113</b>	<b>-</b>	<b>125,074</b>
<b>Net book value</b>						
<b>At 1 January 2011</b>						
Owned assets	-	1,889	29,952	6,284	1,839	39,964
Assets under finance leases	5,152	-	-	-	-	5,152
	<b>5,152</b>	<b>1,889</b>	<b>29,952</b>	<b>6,284</b>	<b>1,839</b>	<b>45,116</b>
<b>At 31 December 2011 and 1 January 2012</b>						
Owned assets	-	10,784	62,027	55,156	4,668	132,635
Assets under finance leases	3,738	-	-	-	-	3,738
	<b>3,738</b>	<b>10,784</b>	<b>62,027</b>	<b>55,156</b>	<b>4,668</b>	<b>136,373</b>
<b>At 31 December 2012</b>						
Owned assets	-	10,444	70,016	57,713	-	138,173
Assets under finance leases	2,324	-	-	-	-	2,324
	<b>2,324</b>	<b>10,444</b>	<b>70,016</b>	<b>57,713</b>	<b>-</b>	<b>140,497</b>

Notes to the financial statements

For the year ended 31 December 2012 and 2011

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2012 amounted to Baht 74.0 million (2011: Baht 67.9 million).

13 Intangible assets

	Consolidated financial statements/ Separate financial statements		
	Software licences	Software licences in progress <i>(in thousand Baht)</i>	Total
<i>Cost</i>			
At 1 January 2011	29,612	25,586	55,198
Additions	6,047	17,975	24,022
Transfer	42,426	(42,426)	-
Disposals	(2,644)	-	(2,644)
<b>At 31 December 2011 and 1 January 2012</b>	<b>75,441</b>	<b>1,135</b>	<b>76,576</b>
Additions	-	300	300
Disposals	-	-	-
<b>At 31 December 2012</b>	<b>75,441</b>	<b>1,435</b>	<b>76,876</b>
<i>Amortisation</i>			
At 1 January 2011	26,852	-	26,852
Amortisation charge for the year	4,927	-	4,927
Disposals	(2,644)	-	(2,644)
<b>At 31 December 2011 and 1 January 2012</b>	<b>29,135</b>	<b>-</b>	<b>29,135</b>
Amortisation charge for the year	5,498	-	5,498
Disposals	-	-	-
<b>At 31 December 2012</b>	<b>34,633</b>	<b>-</b>	<b>34,633</b>
<i>Net book value</i>			
At 1 January 2011	2,760	25,586	28,346
At 31 December 2011 and 1 January 2012	46,306	1,135	47,441
At 31 December 2012	40,808	1,435	42,243

Notes to the financial statements

For the year ended 31 December 2012 and 2011

14 Interest-bearing liabilities

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b>Current - unsecured</b>				
Bank overdrafts	-	230	-	6
Trust receipts	981,306	977,434	899,105	507,732
Loans from				
financial institutions	1,628,974	1,265,000	1,628,974	1,265,000
<b>Loans from</b>				
<b>financial institutions</b>	<b>2,610,280</b>	<b>2,242,664</b>	<b>2,528,079</b>	<b>1,772,738</b>
Current portion of				
finance lease liabilities	1,201	1,549	1,201	1,549
<b>Total</b>	<b>2,611,481</b>	<b>2,244,213</b>	<b>2,529,280</b>	<b>1,774,287</b>
<b>Non - current</b>				
Financial lease liabilities	-	1,292	-	1,292
<b>Total</b>	<b>-</b>	<b>1,292</b>	<b>-</b>	<b>1,292</b>

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December was as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Within one year	2,610,280	2,242,664	2,528,079	1,772,738
<b>Total</b>	<b>2,610,280</b>	<b>2,242,664</b>	<b>2,528,079</b>	<b>1,772,738</b>

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 year ended 31 December 2012 and 2011

*Finance lease liabilities*

Finance lease liabilities as at 31 December 2012 and 2011 were payable as follows:

	Consolidated financial statements/Separate financial statements					
	2012			2011		
	Future minimum lease payments	Interest	Present value of minimum lease payments (in thousand Baht)	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	1,233	32	1,201	1,680	131	1,549
After one year but within five years	-	-	-	1,324	32	1,292
<b>Total</b>	<b>1,233</b>	<b>32</b>	<b>1,201</b>	<b>3,004</b>	<b>163</b>	<b>2,841</b>

Financial lease payables are paid by monthly installment.

**15 Trade accounts payable**

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
(in thousand Baht)					
Related parties	4	85	2,490	85	2,490
Other parties		1,190,794	2,271,805	1,109,413	1,009,628
<b>Total</b>		<b>1,190,879</b>	<b>2,274,295</b>	<b>1,109,498</b>	<b>1,012,118</b>

Notes to the financial statements

For the year ended 31 December 2012 and 2011

The currency denomination of trade accounts payable as at 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	966,453	705,995	965,928	702,458
United States Dollars (USD)	224,426	1,568,300	143,570	309,660
<b>Total</b>	<b>1,190,879</b>	<b>2,274,295</b>	<b>1,109,498</b>	<b>1,012,118</b>

16 Other payables

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in thousand Baht)</i>			
<b>Related parties</b>					
Other payables	4	4,451	-	3,915	-
Accrued expenses	4	945	1,227	824	701
<b>Total</b>		<b>5,396</b>	<b>1,227</b>	<b>4,739</b>	<b>701</b>
<b>Other parties</b>					
Accrued marketing expenses		56,917	43,660	56,917	43,660
Accrued employee benefit expenses		39,750	51,148	39,750	51,148
Other payables		35,731	31,977	33,005	27,645
Advance received		11,728	4,168	11,728	4,168
Accrued intangible assets		11,575	17,500	11,575	17,500
Accrued equipment		-	9,086	-	9,086
Others	4	27,423	11,386	12,935	10,228
<b>Total</b>		<b>183,124</b>	<b>168,925</b>	<b>165,910</b>	<b>163,435</b>
<b>Total</b>		<b>188,520</b>	<b>170,152</b>	<b>179,649</b>	<b>164,136</b>



## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### 17 Employee benefit obligations

The Group operates defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	22,790	18,839	22,790	18,839
Current service costs and interest	4,547	3,951	4,547	3,951
<b>Defined benefit obligations at 31 December</b>	<b>27,337</b>	<b>22,790</b>	<b>27,337</b>	<b>22,790</b>

Expense recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Current service costs	3,750	3,197	3,750	3,197
Interest on obligation	797	754	797	754
<b>Total</b>	<b>4,547</b>	<b>3,951</b>	<b>4,547</b>	<b>3,951</b>

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(%)			
Discount rate	3.5	3.5	3.5	3.5
Future salary increases	6	6	6	6
Employee turnover rate	0-22	0-22	0-22	0-22

Assumptions regarding future mortality are based on published statistics and mortality tables.

Notes to the financial statements

For the year ended 31 December 2012 and 2011

18 Share capital

	Par value per share (in Baht)	Number	2012 Baht (thousand shares / thousand Baht)	2011 Number	Baht
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	213,174	213,174	213,174	213,174
Issuance of new shares	1	36,826	36,826	-	-
<b>At 31 December</b>					
- ordinary shares	1	<b>250,000</b>	<b>250,000</b>	<b>213,174</b>	<b>213,174</b>
<b>Issued and fully paid-up</b>					
At 1 January					
- ordinary shares	1	211,184	211,184	208,543	208,543
Issuance of new shares	1	22,282	22,282	2,641	2,641
<b>At 31 December</b>					
- ordinary shares	1	<b>233,466</b>	<b>233,466</b>	<b>211,184</b>	<b>211,184</b>

In June 2011, warrant holders (note 19) exercised their right to buy 1,628,975 of the Company's ordinary 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 6.31 per share. The increase of share capital was registered with the Ministry of Commerce on 8 June 2011.

In December 2011, warrant holders (note 19) exercised their right to buy 1,011,475 of the Company's ordinary 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 6.68 per share. The increase of share capital was registered with the Ministry of Commerce on 8 December 2011.

## **Notes to the financial statements**

### **For the year ended 31 December 2012 and 2011**

At the annual general meeting of the shareholders of the Company held on 20 April 2012, the Company's shareholders passed the resolution to approve the Company to register the increase of registered share capital of the Company from Baht 213.2 million to Baht 250 million, with the par value of Baht 1 each, by means of the issuance of 36.8 million ordinary shares, with the par value of Baht 1 each. The increase of authorised share capital was registered with Ministry of Commerce on 3 May 2012. Moreover, the shareholders still approved the appropriation of dividend to pay as ordinary shares of the Company to the Company's shareholders at the rate of 10 (Ten) existing shares per 1 (One) stock dividend at the par value of Baht 1 per share, in the totaling amount of Baht 21.12 million. The increase of paid-up share capital was registered with Ministry of Commerce on 18 May 2012.

In June 2012, warrant holders (note 19) exercised their right to buy 0.97 million of the Company's ordinary 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 Bath 6.18 per share. The increase of paid-up share capital was registered with Ministry of Commerce on 8 June 2012.

In December 2012, warrant holders (note 19) exercised their right to buy 0.20 million of the Company's ordinary 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 Bath 4.92 per share. The increase of paid-up share capital was registered with Ministry of Commerce on 12 December 2012.

In November 2012, the Board of Directors of SIS Distribution Distribution (Thailand) Public Company Limited has resolved to increase the authorised share capital of Qool Distribution (Thailand) Co., Ltd., from Baht 1 million to Baht 200 million, comprised of 19,900,000 ordinary shares with a par value of Baht 10 per share, totalling of Baht 199,000,000 million.

#### ***Share premium***

Section 51 of the Public Companies Act B.E. 2535 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"). Share premium is not available for dividend distribution.

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### 19 Warrants

In 2010, the Company issued 10,000,000 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	:	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
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Number of ordinary shares allotted and reserved for the warrants	:	10 million shares
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9.2 million warrants had been exercised during 2010 to 2012. As at 31 December 2012, there were 0.8 million unexercised warrants.

### 20 Reserves

#### *Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), 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.

#### *Movements in reserves*

Movements in reserves are shown in the statements of changes in equity.

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### 21 Segment information

Segment information is presented in respect of the Group's primary format, business segments, based on the Group's management and 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.

#### *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 segments*

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

Information on business segments as at and for the years ended 31 December 2012 and 2011 was as follows:

	Consolidated financial Statements				
	Segment 1	Segment 2	Segment 3	Segment 4	Total
	<i>(in million Baht)</i>				
<b><i>For the year ended 31 December 2012</i></b>					
Revenue	20,735	40	127	990	21,892
Cost	20,163	18	114	934	21,229
Gross profit	572	22	13	56	663
Selling and administrative expenses					(1,424)
Finance costs					(101)
Other income					199
Loss before income tax					(663)
Income tax					(76)
<b>Net loss</b>					<b>(739)</b>
<b>Equipment - net</b>					<b>141</b>
<b>Total assets</b>					<b>4,573</b>

Notes to the financial statements

For the year ended 31 December 2012 and 2011

	Consolidated financial Statements				
	Segment 1	Segment 1	Segment 1	Segment 1	Segment 1
	<i>(in million Baht)</i>				
<b>For the year ended 31 December 2011</b>					
Revenue	20,775	31	111	1,528	22,445
Cost	(19,822)	(21)	(100)	(1,456)	(21,399)
Gross profit	<u>953</u>	<u>10</u>	<u>11</u>	<u>72</u>	<u>1,046</u>
Selling and administrative expenses					(983)
Finance costs					(58)
Other income					<u>268</u>
Profit before income tax					273
Income tax					<u>(129)</u>
<b>Net profit</b>					<u><b>144</b></u>
<b>Equipment - net</b>					<u><b>137</b></u>
<b>Total assets</b>					<u><b>6,019</b></u>

22 Other income

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
Income from marketing refund		146,539	252,355	75,823	81,434
Interest income	4	7,209	2,629	33,451	13,215
Management income	4	-	-	86,575	107,897
Others	4	<u>18,227</u>	<u>12,921</u>	<u>18,084</u>	<u>8,101</u>
<b>Total</b>		<u><b>171,975</b></u>	<u><b>267,905</b></u>	<u><b>213,933</b></u>	<u><b>210,647</b></u>

23 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
<b>Management</b>				
Wages and salaries	44,467	49,642	36,895	41,002
Others	<u>1,889</u>	<u>1,990</u>	<u>1,536</u>	<u>1,618</u>
	<u><b>46,356</b></u>	<u><b>51,632</b></u>	<u><b>38,431</b></u>	<u><b>42,620</b></u>
<b>Other employees</b>				
Wages and salaries	167,901	172,612	167,901	172,612
Others	<u>22,479</u>	<u>22,056</u>	<u>22,479</u>	<u>22,056</u>
	<u><b>190,380</b></u>	<u><b>194,668</b></u>	<u><b>190,380</b></u>	<u><b>194,668</b></u>
<b>Total</b>	<u><b>236,736</b></u>	<u><b>246,300</b></u>	<u><b>228,811</b></u>	<u><b>237,288</b></u>



**Notes to the financial statements**

**For the year ended 31 December 2012 and 2011**

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.

**24 Expense by nature**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<b><i>Included in cost of sales of goods:</i></b>				
Changes in inventories	2,033,831	(2,137,608)	163,572	(427,409)
Purchase	19,231,787	23,397,209	16,944,685	15,809,947
Provision (reversal) of allowance for obsolete and defective stocks	(54,427)	118,554	12,378	27,460
<b>Total</b>	<b><u>21,211,191</u></b>	<b><u>21,378,155</u></b>	<b><u>17,120,635</u></b>	<b><u>15,409,998</u></b>
<b><i>Included in selling expenses:</i></b>				
Advertising and marketing expenses	387,346	431,907	229,954	256,379
Transportation expenses	29,498	24,717	26,222	23,407
Employee benefit expenses	22,092	16,510	22,092	16,510
Others	6,162	5,326	4,890	5,326
<b>Total</b>	<b><u>445,098</u></b>	<b><u>478,460</u></b>	<b><u>283,158</u></b>	<b><u>301,622</u></b>
<b><i>Included in administrative expenses:</i></b>				
Bad debts and doubtful accounts	611,512	35,314	605,235	25,668
Employee benefit expenses	203,270	212,118	203,270	212,118
Rental expense	37,536	27,941	37,536	27,941
Depreciation and amortisation	35,466	28,631	35,285	28,603
Service charge	17,482	13,547	16,737	13,547
Loss on impairment of other long-term investment	-	51,030	-	-
Loss on impairment of investments in subsidiaries	-	-	78,635	51,030
Others	73,309	83,713	67,550	78,690
<b>Total</b>	<b><u>978,575</u></b>	<b><u>452,294</u></b>	<b><u>1,044,248</u></b>	<b><u>437,597</u></b>

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### 25 Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
<b>Related parties</b>					
Interest expense	4	-	-	-	110
<b>Other parties</b>					
Interest expense and fee to financial institutions		100,860	58,116	90,297	47,217
<b>Total</b>		<b>100,860</b>	<b>58,116</b>	<b>90,297</b>	<b>47,327</b>

### 26 Income tax expense

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in thousand Baht)</i>				
<b>Current tax expense</b>				
Current year	75,862	126,250	75,862	100,607
Under provided in prior years	-	2,298	-	2,298
<b>Total</b>	<b>75,862</b>	<b>128,548</b>	<b>75,862</b>	<b>102,905</b>

#### *Income tax reduction*

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

The current tax expense in the consolidated and separate statements of comprehensive income is more than the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because of the different treatment for accounting and taxation purposes of certain items of income/expenses, in particular, allowance for decline in value of inventories and allowance for doubtful accounts.

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### 27 Earnings (loss) per share

#### *Basic earnings (loss) per share*

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares to reflect the impact of stock dividend as discussed in note 28 to the financial statements. The prior year's basic earnings per share has been recalculated as if the stock dividend had been distributed at the beginning of earliest period reported as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated)	2012	2011 (Restated)
	<i>(thousand Baht / thousand shares)</i>			
<b>Profit (loss) attributable to equity holders of the Company (Basic)</b>	<b><u>(738,663)</u></b>	<b><u>143,520</u></b>	<b><u>(431,058)</u></b>	<b><u>153,338</u></b>
<b>Weighted average number of ordinary shares outstanding</b>	<b><u>232,859</u></b>	<b><u>230,652</u></b>	<b><u>232,859</u></b>	<b><u>230,652</u></b>
<b>Basic earnings (loss) per share (in Baht)</b>	<b><u>(3.17)</u></b>	<b><u>0.62</u></b>	<b><u>(1.85)</u></b>	<b><u>0.66</u></b>

#### *Diluted earnings (loss) per share*

Diluted earnings (loss) 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.

### 28 Dividends

At the annual general meeting of the shareholders of the Company held on 20 April 2012, the shareholders approved the appropriation of dividends as follow;

- 1) To pay as ordinary shares of the Company to the Company's shareholders at the rate of 10 (Ten) existing shares per 1 (One) stock dividend at the par value Baht 1 per share, in the totaling amount of Baht 21.12 million.
- 2) To pay as cash dividend at the rate of Baht 0.15 per share, in the totaling amount of Baht 31.68 million.

The dividends were paid to shareholders during 2012.

At the annual general meeting of the shareholders of the Company held on 8 April 2011, the shareholders approved the appropriation of dividend of Baht 0.50 per share, amount of Baht 104.24 million. The dividend was paid to the shareholders during 2011.

## **Notes to the financial statements**

**For the year ended 31 December 2012 and 2011**

### **29 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 14). 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.

**Notes to the financial statements**

**For the year ended 31 December 2012 and 2011**

The effective interest rates of interest-bearing financial liabilities as at 31 December 2012 and 2011 and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rates (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
<b>2012</b>					
<b>Current</b>					
Loan from financial institutions	1.15 - 4.09	2,610	-	-	2,610
<b>Total</b>		<b>2,610</b>	<b>-</b>	<b>-</b>	<b>2,610</b>
<b>2011</b>					
<b>Current</b>					
Loan from financial institutions	1.40 - 3.59	2,243	-	-	2,243
<b>Total</b>		<b>2,243</b>	<b>-</b>	<b>-</b>	<b>2,243</b>
	Effective interest rates (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
<b>2012</b>					
<b>Current</b>					
Loan from financial institutions	1.15 - 4.09	2,528	-	-	2,528
<b>Total</b>		<b>2,528</b>	<b>-</b>	<b>-</b>	<b>2,528</b>
<b>2011</b>					
<b>Current</b>					
Loan from financial institutions	1.40 - 3.59	1,773	-	-	1,773
<b>Total</b>		<b>1,773</b>	<b>-</b>	<b>-</b>	<b>1,773</b>

**Foreign currency risk**

The Group is exposed to foreign currency risk relating to purchases which are denominated in foreign currencies. The Group primarily utilises 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.

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

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

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
<b>United States Dollars</b>					
Trade accounts payable	15	224	1,568	144	310
Trust receipts		352	977	270	508
<b>Gross balance sheet exposure</b>		<b>576</b>	<b>2,545</b>	<b>414</b>	<b>818</b>
Estimated forecast sales		-	(63)	-	(63)
<b>Gross exposure</b>		<b>576</b>	<b>2,482</b>	<b>414</b>	<b>755</b>
Forward contracts	30	(512)	(551)	(270)	(234)
Swap contracts	30	-	(32)	-	(32)
<b>Net exposure</b>		<b>64</b>	<b>1,899</b>	<b>144</b>	<b>489</b>

### 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 uncollectability 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 non financial 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).



## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### 30 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Non-cancellable operating lease commitments</b>				
Within one year	35	34	35	34
After one year but within five years	12	44	12	44
<b>Total</b>	<b>47</b>	<b>78</b>	<b>47</b>	<b>78</b>
<b>Other commitments</b>				
Unutilised credits facilities	2,771	3,949	2,433	3,499
Swap contracts	-	32	-	32
Forward contracts	512	551	270	234
Bank guarantee	154	7	154	7
<b>Total</b>	<b>3,437</b>	<b>4,539</b>	<b>2,857</b>	<b>3,772</b>

#### *Lease and service agreements*

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

#### *Forward contracts*

In 2012, the Company has forward contract facilities with banks in the amount of Baht 3,892 million equivalent to USD 126 million (2011: Baht 3,426 million equivalent to USD 107.63 million).

As at 31 December 2012, the Company had purchased forward contracts in the amount of USD 16.59 million, equivalent to Baht 512.32 million. The contracts are due in June 2013. (2011: USD 17.81 million, equivalent to Baht 551.26 million which the contracts were due in June 2012).

#### *Swap contracts*

As at 31 December 2012, the Company has no a currency swap contract (2011: USD 1 million which the contracts were due in February 2012).

#### *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 other in writing.

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### 31 Contingent liabilities

During the year 2011, the Company has been sued by a local company due to the alleged breach of the rental property contract with a claim for damages due to loss in revenue amount of Baht 111.69 million. As of 31 December 2012, the outcome of this case has not been concluded yet, therefore, the Company has not set up any provision for damages which may result from this case.

### 32 Events after the reporting period

At the Board of Directors' meeting of the Company held on 1 March 2013, the Board of Directors approved as follows:

- 1) To decrease the authorised share capital from Baht 250,000,000 to Baht 233,465,770 by reducing 16,543,230 ordinary shares at the par value of Baht 1 per share, totalling of Baht 16,543,230 in order to reduce the authorised share capital that the Company's directors and employees have not exercised warrants.
- 2) To increase the authorised share capital from Baht 233,465,770 to Baht 350,198,655; comprised of 116,732,885 ordinary shares at the par value of Baht 1 per share for the allotment of shares offered to the shareholders of the Company at the rate of 2 existing shares for 1 new share and the offering price of shares at the rate of 3.25 Baht.

### 33 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 12	Income tax	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

## Notes to the financial statements

For the year ended 31 December 2012 and 2011

### TAS 12 - Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carry forward of unused tax losses. Currently, the Group does not recognise deferred tax in the financial statements.

The Group will adopt TAS 12 with effect from 1 January 2013. Management is currently assessing the impact on the financial statements. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 and 2011 will be adjusted accordingly. Management estimates that the impact on the statements of financial position as at 31 December 2012 and 2011 will be as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Statement of financial position</b>				
Estimated changes as a result of the adoption retrospectively of TAS 12 – Income taxes:				
Increase in deferred tax assets	202,548	105,683	198,959	86,845
Increase in retained earnings	(202,548)	(105,683)	(198,959)	(86,845)

The impact on the statements of comprehensive income for 2013 and subsequent periods is not presently determinable.

### TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Company's reported assets, liabilities or retained earnings.

### TFRS 8 - Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group/Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group/Company's financial statements.

Notes to the financial statements

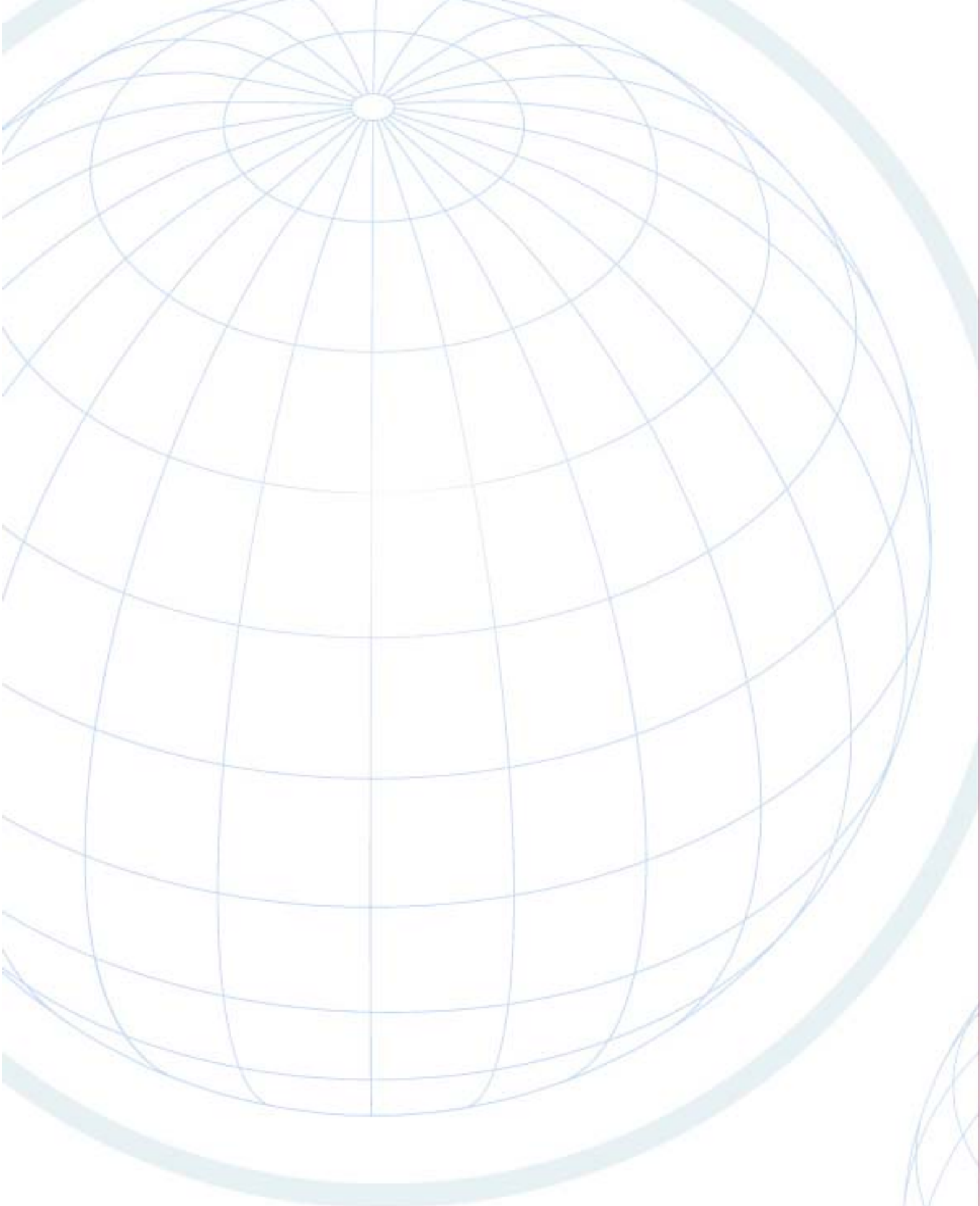
For the year ended 31 December 2012 and 2011

34 Reclassification of accounts

Certain accounts in the 2011 financial statements have been reclassified to conform to the presentation in the 2012 financial statements as follows:

	Consolidated financial statements		2011			
	Before reclass.	Reclass.	After reclass. <i>(in thousand Baht)</i>	Before reclass.	Reclass.	After reclass.
<b>Statement of financial position</b>						
Other receivables	-	547,481	547,481	-	313,029	313,029
Other account receivable from Revenue Department	352,648	(352,648)	-	207,413	(207,413)	-
Other current assets	209,060	(194,833)	14,227	114,307	(105,616)	8,691
Other payables	31,977	138,175	170,152	27,645	136,491	164,136
Other current liabilities	155,464	<u>(138,175)</u>	17,289	150,311	<u>(136,491)</u>	13,820
		<u>-</u>			<u>-</u>	
<b>Statement of comprehensive income</b>						
Administrative expenses	504,853	(52,559)	452,294	450,734	(13,137)	437,597
Loss on exchange rate	-	<u>52,559</u>	52,559	-	<u>13,137</u>	13,137
		<u>-</u>			<u>-</u>	

The reclassifications have been made in order to comply with the classification set out in the Pronouncement of the Department of Business Development “*Determination of times in the financial statement B.E. 2554*” dated 28 September 2011.



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