

รายงานประจำปี  
**2554**  
ANNUAL REPORT 2011



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

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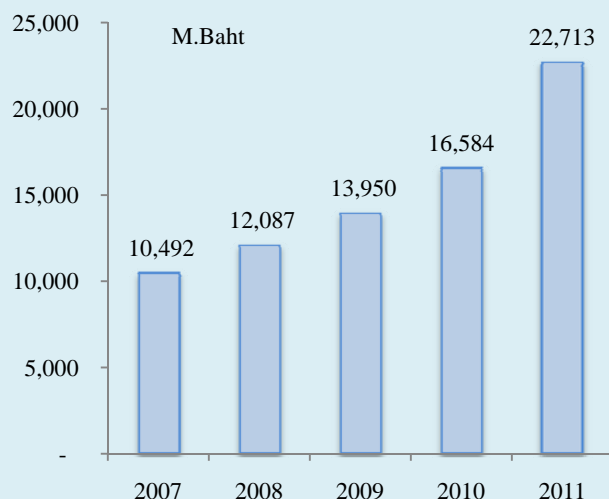
# Vision

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

# Summary of Financial Statements

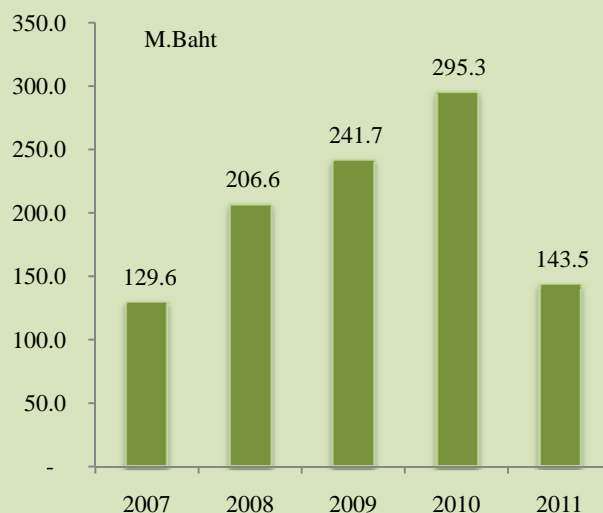
## Total Revenues

Total revenues of the company were Baht 22,713 million, increased by 37.0% from previous year, which increased more than average growth of IT Industry in 2011, research by National Electronics and Computer Technology Center (NECTEC), increased by 15.6%



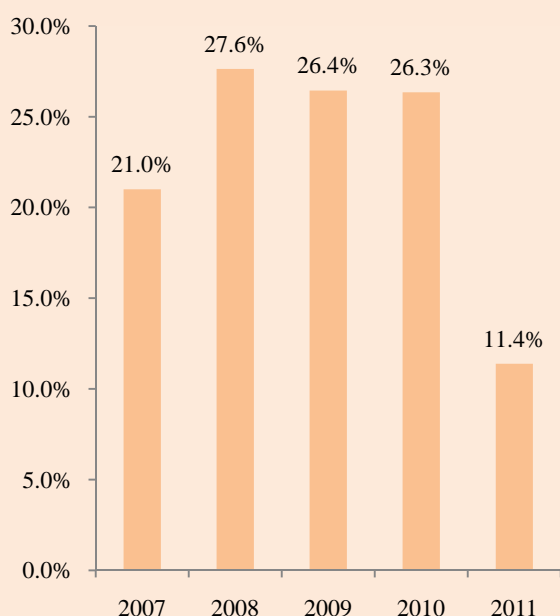
## Net Profit

Net Profit of the company was Baht 143.5 million, decreased by 51.4% from previous year, the main reasons for the decline of net profit were floods in Q4 2011 that make high inventory allowance for aging inventory. Also, the Company had loss on impairment of investment of Subsidiary Company



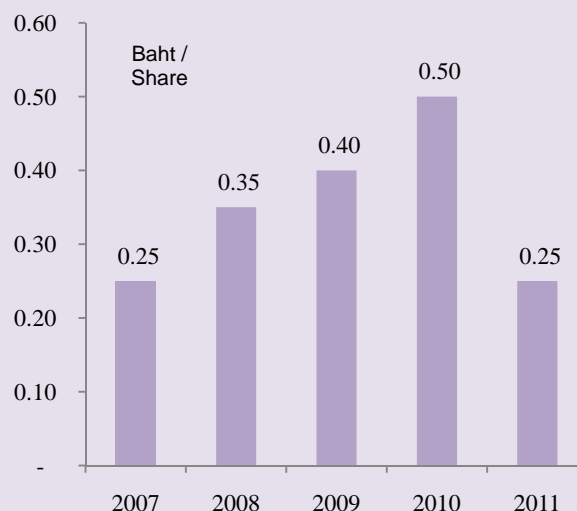
## Returns on Shareholders' Equity

Return on Shareholder's Equity ratio was 11.4%, decreased from previous year, which is decreased in line of net profit declining.



## Dividend

The Board of Director agree to propose the Annual General Meeting of Shareholder to approve dividend payment at the rate of 0.25 baht per share, by cash dividend at the rate of 0.10 per and stock dividend at the rate of 10 existing shares per 1 stock dividend or equal Baht 0.10 per share. Total dividend payment is equal to 36.8% of net profit.



		2007	2008	2009	2010	2011
<b>Operating Results</b>						
Total Revenues	(Million Baht)	10,491.7	12,087.3	13,949.5	16,584.4	22,712.5
<i>Revenue Growth Rate</i>		12.9%	15.2%	15.4%	18.9%	37.0%
Profit before interest and tax	(Million Baht)	242.7	337.0	364.8	461.3	330.2
<i>Profit before interest and tax Growth Rate</i>		24.9%	38.9%	8.2%	26.5%	-28.4%
Net Profit	(Million Baht)	129.6	206.6	241.7	295.3	143.5
<i>Net Profit Growth Rate</i>		39.4%	59.4%	17.0%	22.2%	-51.4%
<b>Statements of financial position</b>						
Total Assets	(Million Baht)	1,778.5	2,143.2	2,981.9	3,473.2	6,018.8
Total Liabilities	(Million Baht)	1,111.6	1,314.5	1,984.0	2,231.1	4,739.2
Total Shareholders' Equity	(Million Baht)	666.9	828.7	999.3	1,242.1	1,279.6
<b>Financial Ratio</b>						
Gross Profit Margin		5.6%	6.8%	5.4%	5.8%	4.7%
Net Profit Margin		1.2%	1.7%	1.7%	1.8%	0.6%
Return on Assets		6.7%	10.5%	9.4%	9.1%	3.0%
Return on Shareholders' Equity		21.0%	27.6%	26.4%	26.3%	11.4%
Liquidity Ratio	(Times)	1.55	1.59	1.45	1.50	1.22
Quick Liquidity Ratio	(Times)	1.03	0.95	0.95	0.92	0.43
Debt to Equity Ratio	(Times)	1.67	1.59	1.99	1.80	3.70
Interest-Bearing-Debt to Equity	(Times)	0.75	0.59	0.91	0.79	1.75
<b>Financial Figure per Share</b>						
Basic Earning per Share	(Baht)	0.64	1.02	1.19	1.44	0.68
Book Value per Share	(Baht)	3.31	4.09	4.92	5.96	6.06
Dividend per Share	(Baht)	0.25	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
- Dividend for 2011 that shown in table, has been approved from the Board of Directors and waiting for approval from shareholders in the 2012 Annual General Meeting of Shareholder

# Message from the Board

## To Valued Shareholders

In 2011, it was the year that Thailand had to confront with various economic and social challenges. Specifically, the general election changed the government and then many public policies were transformed. Business entities need to adjust themselves with the alter throne. Threats of natural disaster crisis attacked Thailand by big flood in various significant economic locations particularly in the industrial estates and crucial areas of Bangkok which is the capital of Thailand. According this crisis, there were a large number of damages for privates' and public's assets, and economic system. GDP of Thailand was shrunk at 9% and expected for the growth rate of 2011 equal just to 0.1% by comparison with the previous year. Furthermore, the economic and financial crises of United States and European countries problematically influence the global economy including Thailand.

For SiS Distribution (Thailand) Public Company Limited, the annual income for 2011 was 22,713 million baht (MB) increased 37% from 2010. With respect to the earning performance, our company did quite well compare to the Information Technology industry of which the industry growth was expected at 115.6% (from the research of National Science and Technology Development Agency). The major source of our company growth was from Smart Phone markets for which there was a high expansion in 2011. However, our firm has net operating profit at 143.5 MB reduced from 2010 at 51.4%. The important factor of this profit reduction is flooding problem.

Nevertheless, in 2011, our company did improve three fundamental structures by which there would be an impact on our competitive competence and operating performance in the futures. Major structure, for example, is that company sets up the new system of Enterprise Resource Program (ERP). Moreover, there are relocations of warehouses and head office for which there are a big space of inventories, and operations and management. Also, for market expansions, our company puts our feet on three provincial markets.

In particular, as the pursue of ERP for the major operations and managements, SiS set up the system of SAP ECC 6 replacing the SAP R/3 which we had used for 10 more years. This new system of SAP will significantly enhance our competitive abilities and operation efficiencies.

As the relocated and expanded warehouse, we have larger space from 4,000 square meters to 10,000 square meters. Specifically, we invest and occupy the SAP's inventory management systems. Also, there are new equipments and necessary tools in this new warehouse.

Again, with regard to the relocation of new head office, we have 3,300 square meters rather than 1,800 square meters. Furthermore, the total number of branches in upcountry is 5 units by which our company will have the strong fundamental marketing arms for our future businesses.



In 2012, it still is the very challenging year for our company. There is an expectation that the carry-on effects of the big flood in Thailand last year still impact the economic conditions of at least 2 quarters of 2012. Furthermore, the financial United States and European crises may affect Thailand economy for the whole year of 2012. To reserve our effectiveness and efficiency, beyond the

fundamental structure adjustments in 2011, we reorganize our business units into 5 sections for matching with the different 5 businesses.

Moreover, we focus on and sustainably execute our vision and missions in terms of enhancing and supporting Thai and Thai companies to be competent and have high competitive advantages by using IT products. In specific, our company intends to make a sustainable growth of our business performance and can provide the satisfied profits for shareholders. Furthermore, the good governance and disciplining compliance with the laws, rules and regulations set by the Stock Exchange of Thailand (SET) and Security Exchange Commission (SEC), including doing business with corporate social responsibility (CSR) is our way of life. In 2011, the survey report of good governance by SET, SEC, and IOD showed that our company was assessed as the 'excellence' which was the highest position. In addition, our company obtained the 100% score of the Annual General Meeting of 2011 which was evaluated by Thai investors Association Thai listed companies Association and The Securities and Exchange commission (SEC). Specifically, our company has got this AGM performance for five years continuously.

Last but not least on the behalf of Board of Directors, I would like to send our appreciations to all shareholders, employees, business partners, financiers, and vendors for your trusts and your supports on our company. More important, all of your supports can enhance Thai, Thai businesses, and Thailand to have higher efficiency and competitive competences.

Best Regards,



(Mr.Suwit Chindasanguan)  
Chairman  
SiS Distribution (Thailand)  
Public Company Limited  
March 5, 2012



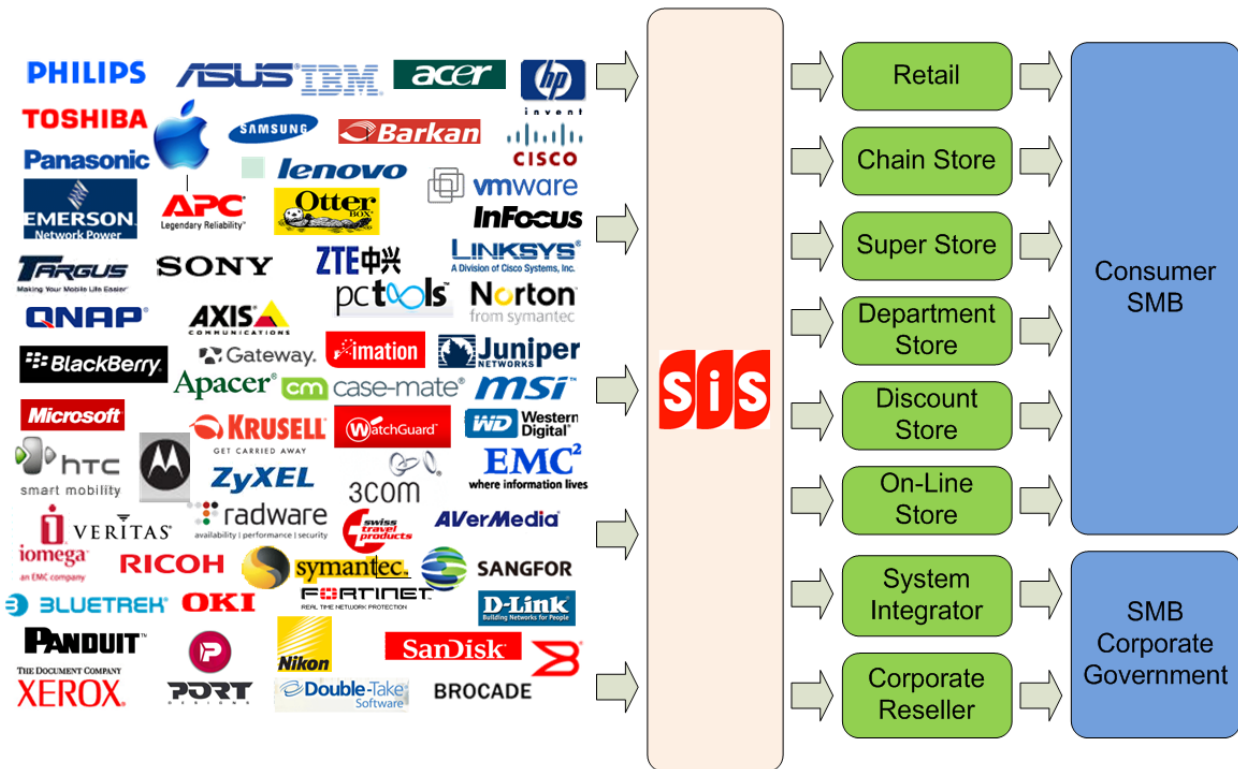
(Mr.Somchai Sittichaisrichart)  
Managing Director  
SiS Distribution (Thailand)  
Public Company Limited  
March 5, 2012

# 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, Barkan, Brocade, BlueTrek, BlackBerry, Case-Mate, CISCO, Commy, D-Link, Dell, Double Take, EMC, Emerson, Fortinet, Fujitsu, Gateway, Hewlett Packard, HTC, Hama, Huawei, iGO, IBM, Infocus, Imation, Jabra, Juniper, Klipsch, Krusell, Lenovo, LinkSys, Microsoft, Motorola, MSI, Nuforce, Nikon, Norton, NEC, OKI, Otter Box, Philips, PCTools, Panasonic, Port, QNAP, Ricoh, Radware, Samsung, Skross, Sandisk, Symantec, Sony, Sanyo, Sangfor, TomTom, T21, 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** : Ms.Jawita Yoswatananont : Tel. 0-2640-3243 :  
Email [investorinfo@sisthai.com](mailto:investorinfo@sisthai.com)  
Ms.Suwathip Pornsuwannapha : Tel. 0-2640-3040 :  
Email [investorinfo@sisthai.com](mailto:investorinfo@sisthai.com)

**Other References**

**Share Registrar** : Thailand securities Depository Company Limited  
62 The Stock Exchange of Thailand Building  
Ratchadapisek Road, Klongtoey  
Bangkok 10110  
Telephone : (662) 229 -2800 Fax : (662) 359-1259  
Call Center : (662) 229-2888  
Website: <http://www.tsd.co.th> E-mail: [contact.tsd@set.or.th](mailto:contact.tsd@set.or.th)

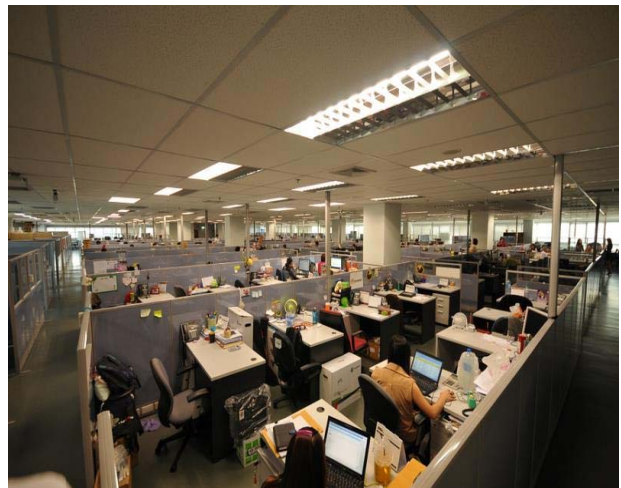
**Auditor** : Mr.Sakda Kaothanthong, Certified Public Accountant No. 4628,  
KPMG Phoomchai Audit Limited  
Empire Tower, 50<sup>th</sup> – 51<sup>st</sup> Floor, 195 South Sathorn Road, Yannawa  
Sub-District, Sathorn District, Bangkok 10120  
Telephone : (662) 677-2000 Fax : (662) 677-2222

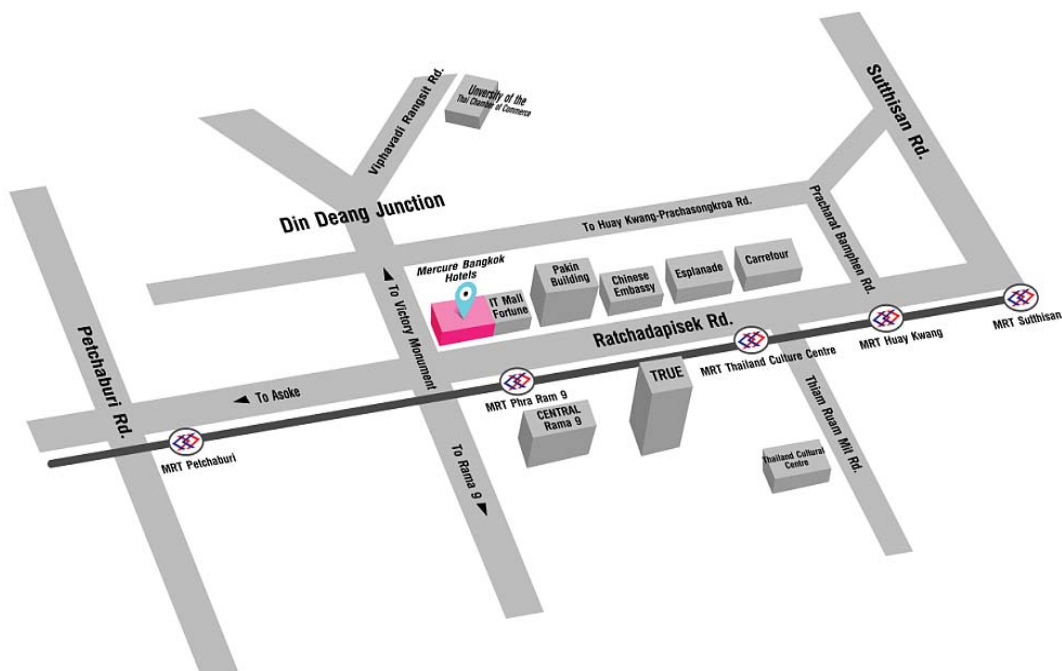
**Remark :**  
KPMG Phoomchai Audit Limited (Formerly: KPMG Audit (Thailand) Limited)) as auditor of the company to express an opinion on our financial statements based on their audits. KPMG Phoomchai Audit Limited is auditor of the company since 1999 and express unqualified opinion every year.

**Independent Director** : Email : [independentdirector@sisthai.com](mailto:independentdirector@sisthai.com)  
(to take care the minority shareholders)

**Office Location :**

Head office has a total area of 3,300 square meters locate at No.9, Pakin Building, 9<sup>th</sup> floor, Ratchadapisek Road, Dindaeng Sub-District , Dindaeng 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
- Hat Yai Branch: 62 Choti Wittayakul Road, Hat Yai Sub-district, Hat Yai District, Songkla  
Tel 074-559-082-4

#### **Service Center in Bangkok:**

- HTC Care: Room No. 4E75, 4<sup>th</sup> Floor, IT Mall Fortune Town, Ratchadapisek Road, Dindaeng Sub-District, Dindaeng District, Bangkok 10320 Tel. 0-2640-3000 ext 4001
- Pantip Plaza: Room No. 11-26 Pantip Plaza, Petchburi Road, Petchburi Road Sub-District, Rajathevee District, Bangkok 10400 Tel. 0-2640-3000 ext 4003, 0-2656-6119
- IT Mall: Room No. 26, 4<sup>th</sup> Floor, IT Mall Fortune Town, Ratchadapisek Road, Dindaeng Sub-District, Dindaeng District, Bangkok 10320 Tel. 0-2640-3000 ext 4004

## Main Warehouse:

Main Warehouse has a total area of 5,000 square meters and will expand to 10,000 square meters in March 2012. 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 item before deliver to customer to reduce errors, and install the IP Camera throughout the area as the security and able to recheck when the error was found.



### เส้นทางการเดินทาง

#### การเดินทางมาจากภาคกระบี่

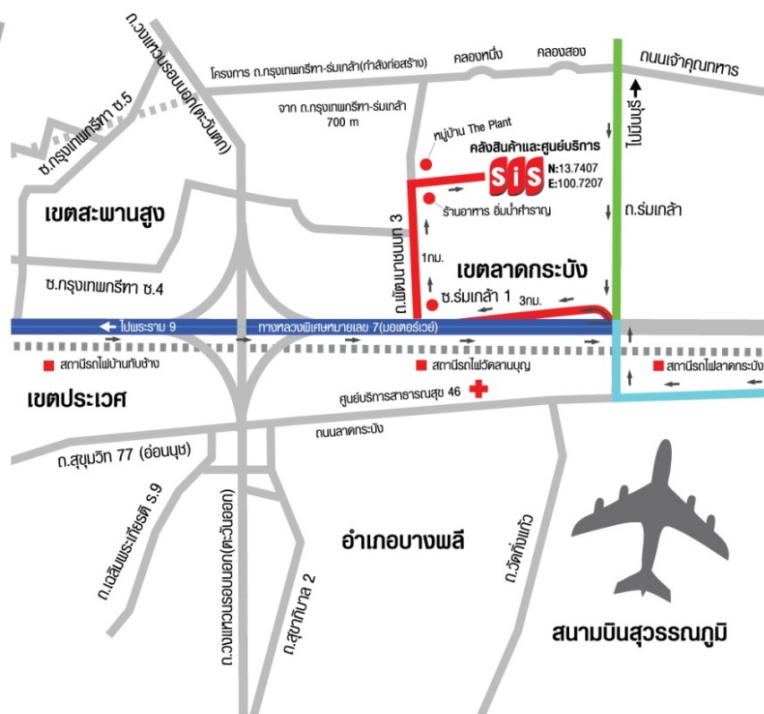
บริษัทดำเนินการขนส่ง-ภาคกระบี่ มาถึงสามแยกไฟแดง  
ภาคกระบี่-ระนอง ให้ชิดขวาเพื่อเลี้ยวขวาเข้าถนนร่มเกล้า  
หลังจากเลี้ยวขวาแล้วให้ชิดซ้ายตลอด ขับรถผ่านสะพาน  
พอลงสะพานจะพบสี่แยก ให้เลี้ยวซ้ายตรงสี่แยกไฟแดง  
แล้วชิดขวาไปเรื่อยๆ เลี้ยวทาง มอเตอร์เวย์ ประมาณ 3 ก.ม.  
จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้ชิดขวา  
เข้าถนนพืชมานบนทาง 3 ขับตรงไปประมาณ 1 ก.ม.  
จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้านอาหารอันนาคำราย  
กับหมู่บ้าน The Plant โครงการ 1

#### การเดินทางมาจากมินบุรี

บริษัทดำเนินการขนส่งจากถนนร่มเกล้าที่จะไปออกถนนพหลโยธิน  
จนถึงสี่แยกไฟแดงเข้าถนนพหลโยธิน ให้ชิดขวาขึ้นมาทางถนนพหลโยธิน  
ให้ชิดเลนกลางก่อนถึงทางแยกซ้ายเข้าถนนมอเตอร์เวย์ที่จะไปชลบุรี  
จะเห็นสี่แยกไฟแดงให้ชิดขวาสุดเพื่อเลี้ยวขวาที่สี่แยกไฟแดง  
หลังจากเลี้ยวขวา แล้วให้ชิดขวาไปเรื่อยๆ เลี้ยวทางมอเตอร์เวย์  
ประมาณ 3 ก.ม. จะพบสามแยกมีป้าย SIS และ The Plant  
แล้วให้ชิดขวา เพื่อเลี้ยวขวาเข้าถนนพืชมานบนทาง 3 ขับตรงไป  
ประมาณ 1 ก.ม. จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้านอาหาร  
อันนาคำรายกับหมู่บ้าน The Plant โครงการ 1

#### การเดินทางมาจากถนนพระรามเก้า

บริษัทดำเนินการขนส่งจากถนนพระรามเก้า หรือขึ้นทางด่วนพระรามเก้า  
แล้วเข้าถนนมอเตอร์เวย์ ขับตรงไปทางชลบุรี ประมาณ 12 ก.ม.  
ให้ชิดเลนซ้าย จะพบทางแยกซ้ายมือออกถนนร่มเกล้า ก่อนถึง  
ทางแยกเข้าสนามบินสุวรรณภูมิ (แต่หากเลยให้เข้าไปที่สนามบิน  
สุวรรณภูมิ แล้วออกทางถนนร่มเกล้า หรือถนนภาคกระบี่-ระนอง)  
ให้แยกออกทางถนนร่มเกล้า จะพบสามแยก ให้เลี้ยวซ้ายที่สามแยก  
แล้วชิดขวาไปเรื่อยๆ เลี้ยวทางมอเตอร์เวย์ ประมาณ 3 ก.ม.  
จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้ชิดขวา เพื่อเลี้ยวขวา  
เข้าถนนพืชมานบนทาง 3 ขับตรงไปประมาณ 1 ก.ม. จะเห็นคลังสินค้า  
อยู่ขวามือระหว่างร้านอาหารอันนาคำรายกับหมู่บ้าน The Plant  
โครงการ 1



#### ☛ ศูนย์บริการ เอสไอเอส (สำนักงานใหญ่)

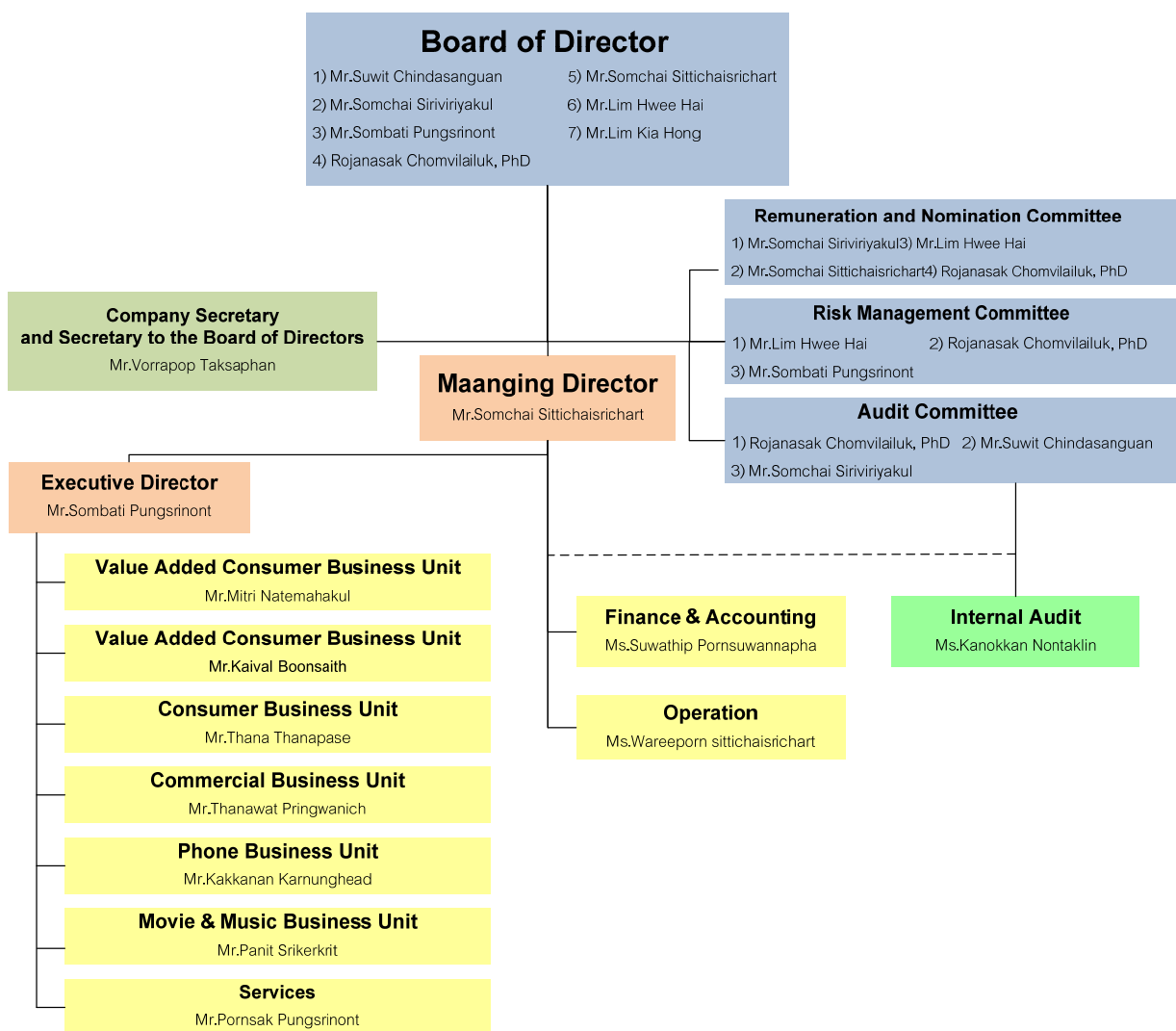
ที่ตั้ง : 33/6-9 ถนนพืชมานบนทาง 3 แขวงคลองสองต้นนุ่น  
เขตลาดกระบัง กรุงเทพฯ 10520  
โทรศัพท์ : 02-640-3001, 3012, 3013, 3014, 3017  
แฟกซ์ : 02-640-3299

#### ☛ คลังสินค้า SIS ไทย

ที่ตั้ง : 33/6-9 ถนนพืชมานบนทาง 3 แขวงคลองสองต้นนุ่น  
เขตลาดกระบัง กรุงเทพฯ 10520  
โทรศัพท์ : 02-640-3007

# 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>	58 years		
<b>Nationality</b>	Thai		
<b>Education</b>	Master of Science (Economics), Kasetsart university		
<b>Training History from IOD</b>	-Director Certification Program		
	-Director Accreditation Program		
	-Audit Committee Program		
	-Improving the Quality of Financial Reporting		
	-Role of Compensation Committee Program		
	-Audit Committee: Experience, Problem and Best Practice		
	-CG of Thai Listed Companies		
	-Board - CEO Relations : Balancing Trust and Oversight		
	-Role of Chairman		
	-Monitoring the Quality Financial Report		
-How to specify the role and authority of Independent Director to perform and effectively of their duty			
-IT Governance : A Strategic Path Forward			
-2009 economic situation: necessary to downsize the organization or not			
-Successful Formulation & Execution of Strategy			
-Monitoring the System of Internal Control and Risk Management			
<b>Shareholding (31/12/2011)</b>	140,000 Ordinary Shares, equal to 0.066% of total shares with voting right		
<b>Year of Directorship in the Company (Independent Director)</b>	7 years		
<b>Working Experience / Directorship or management in other businesses</b>			
<b>Working Experience</b>	Jan. 2007 – Present	Chairman of Board of Director SiS Distribution (Thailand) Public Company Limited	
	Jan. 2004 – Jan. 2007	Independent Director and Audit Committee, SiS Distribution (Thailand) Public Company Limited	
<b>Positions in other Listed Companies</b>	1 Position Independent Director and Chairman of Audit Committee Univentures Public Company Limited		
<b>Positions in other Non-Listed Companies</b>	2 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.	



<b>Name</b>	<b>Rojanasak Chomvilailuk, PhD</b>	
<b>Position</b>	Chairman of Audit Committee • Remuneration and Nomination Committee • Risk Management Committee • Independent Director	
<b>Age</b>	50 years	
<b>Nationality</b>	Thai	
<b>Education</b>	Doctor of Philosophy in Marketing & Management, Charles Sturt University	
<b>Training History From IOD</b>	<ul style="list-style-type: none"><li>- Fellow Member of Thai Institute of Directors Association</li><li>- Director Certification Program</li><li>- Audit Committee Program</li><li>- Directors Accreditation Program</li><li>- Audit Committee: Experience, Problem and Best Practice</li><li>- Finance for Non-finance Director</li><li>- Improving Board Decisions</li><li>- Improving the Quality of Financial Reporting</li><li>- Role of Compensation Committee Program</li><li>- Certificate of Diploma</li><li>- CEO Relations : Balancing Trust and Oversight</li><li>- Chartered Director Class</li><li>- What the Board Should Expect from the Company Secretary</li><li>- Successful Formulation &amp; Execution the Strategy</li><li>- DCP Refresher Course</li><li>- How to specify the role and authority of Independent Director to perform and effectively of their duty</li><li>- 2009 Economic Situation : necessary to Downsize the organization or not</li><li>- Monitoring the System of Internal Control and Risk Management</li></ul>	
<b>Shareholding (31/12/2011)</b>	61,250 Ordinary Shares, equal to 0.029% of total shares with voting right	
<b>Year of Directorship in the Company (Independent Director)</b>	7 years	
<b>Working Experience / Directorship or management in other businesses</b>		
<b>Working Experience</b>	2004 – Present	Independent Director and Audit Committee, SiS Distribution (Thailand) Public Company Limited
<b>Experience</b>	2009 – Present	Chairman of Audit Committee, SiS Distribution (Thailand) Public Company Limited
	2008 – Present	Remuneration and Nomination Committee, SiS Distribution (Thailand) Public Company Limited
	2008 – 2009	Chairman of Remuneration and Nomination Committee, SiS Distribution (Thailand) Public Company Limited
	2006 – 2008	Remuneration Committee, SiS Distribution (Thailand) Public Company Limited





<b>Positions in other Listed Companies</b>	- None -
<b>Positions in other Non-Listed Companies</b>	2 companies
	2009 - Present Independent Director, Ausiris Future Co., Ltd.
	2012 – Present Associate Dean, International College University of the Thai Chamber of Commerce

**Name** **Mr. Somchai Sirivichayakul**

**Position** Chairman of the Remuneration and  
Nomination Committee •Independent Director  
• Audit Committee

**Age** 55 years

**Nationality** Thai

**Education**

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

**Training History From IOD**

- Director Certification Program
- Directors Accreditation Program
- Audit Committee Program
- Audit Committee: Experience, Problem and Best practice
- IT Governance: A Strategic Part Forward
- Role of the Compensation Committee (RCC)
- Director Certification Program Refresher Course
- How to specify the role and authority of Independent  
Director to perform and effectively of their duty.
- Successful Formulation & Execution of Strategy
- Monitoring the System of Internal Control and Risk  
Management
- 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 -  
**(31/12/2011)**

**Year of Directorship in the Company (Independent Director)** 7 years



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

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

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

**Positions in other Non-Listed Companies** 6 Companies

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

**Name****Mr.Lim Hwee Hai****Position**

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

**Age**

62 years

**Nationality**

Singaporean

**Education**

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

**Training from IOD**

- Director Accreditation Program
- Director Certification Program (DCP)

**Type of Director**

Non Executive Director

**Shareholding**

131,250 Ordinary Shares, equal to 0.062% of total shares with voting right

**31/12/2011****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	Non-Executive Director: SiS Distribution (Thailand) PLC.
	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
<b>Positions in other Listed Companies</b>		None in Thailand
<b>Positions in other Non-Listed Companies</b>		2 Subsidiary Companies in Thailand

**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 (31/12/2011)** 112,500 Ordinary Shares, equal to 0.053% 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**

**Working Experience** 1999 - Present Director, SiS Distribution (Thailand) Public Company Limited

1983 - Present Chief Executive Officer, SiS Group of Companies

**Positions in other Listed Companies** None in Thailand

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



**Name** **Mr. Somchai Sittichaisrichart****Position** Managing Director • Remuneration and Nomination Committee  
•Authorized Director**Age** 51 years**Nationality** Thai**Education**

- Bachelor of Engineering (Electrical Engineering), Prince of Songkhla University
- Master of Business Administration, Thammasat University

**Training History From IOD**

- Director Certification Program
- Directors Accreditation Program
- CEO Succession and Effective Leadership Development
- IT Governance : A Strategic Path Forward
- Successful Formulation & Execution the Strategy
- What the Board Should Do in a Turnaround Situation
- 2009 Economic Situation : necessary to Downsize the organization or not


**Shareholding (31/12/2011)** 5,628,300 shares, equal to 2.665% of total shares with voting right and exclude shares held by

- Ms.Wareeporn Sittichaisrichart (spouse) 5,640,600 shares
- Mr.Pete Sittichaisrichart (son) 7,558,900 shares
- Ms.Ploy Sittichaisrichart (daughter) 12,000,000 shares

**Year of Directorship in the Company (Executive Director)** 13 years**Working Experience / Directorship or management in other businesses**

<b>Working Experience</b>	1999 - Present	Managing Director, SiS Distribution (Thailand) Public Company Limited
	2006 - Present	Remuneration & Nomination Committee, SiS Distribution (Thailand) Public Company Limited
	1992 - 1998	Managing Director, M&V Technologies Co., Ltd.
	1982 - 1992	General Manager, Sharp Thebnakorn Co., Ltd.

**Positions in other Listed Companies** - None -**Positions in other Non-Listed Companies** 2 Subsidiary Companies  
Managing Director, SiS Venture Co., Ltd.  
Managing Director,  
Qool Distribution (Thailand) Co., Ltd.

<b>Name</b>	<b>Mr. Sombati Pungsrinont</b>			
<b>Position</b>	Executive Director • Risk Management Committee •Authorized Director			
<b>Age</b>	55 years			
<b>Nationality</b>	Thai			
<b>Education</b>	<ul style="list-style-type: none"><li>- Bachelor of Engineering (Electrical Engineering), King Mongkut’s University of Technology Thonburi</li><li>- Master of Business Administration, Thammasat University</li></ul>			
<b>Training History From IOD</b>	<ul style="list-style-type: none"><li>- Director Certification Program</li><li>- Directors Accreditation Program</li><li>- Role of Compensation Committee Program</li></ul>			
<b>Type of Director</b>	Executive Director			
<b>Shareholding (31/12/2011)</b>	12,628,200 shares, equal to 5.98% of total shares with voting right and exclude shares held by			
	<ul style="list-style-type: none"><li>- Ms.Suranee Pungsrinont (spouse)</li><li>- Mr.Chanont Pungsrinont (son)</li><li>- Mr.Thanakorn Pungsrinont (son)</li><li>- The Body of Person Suthana by Ms.Suranee Pungsrinont</li></ul>		<ul style="list-style-type: none"><li>100 shares</li><li>3,696,000 shares</li><li>3,500,000 shares</li><li>755,400 shares</li></ul>	
<b>Year of Directorship in the Company (Executive Director)</b>	13 years			
<b>Working Experience / Directorship or Managements in other businesses</b>				
<b>Working Experience</b>	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.		
<b>Positions in other Listed Companies</b>	- None -			
<b>Positions in other Non-Listed Companies</b>	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 Srikerkkrit 4) Suwathip Pornsuwannapha  
5) Mitri Nademahakul 6) Wareeporn Sittichaisrichart 7) Naiyana Ariyajunya 8) Montri Treamchertivong  
9) Thana Thanapase 10) Kaival Boonsaith

**Name****Position****Age****Nationality****Education****Training History****Ms.Suwathip Pornsuwannapha**

Financial Controller

42 years

Thai

Master of Accounting, Chulalongkorn University

- SiS-Chula Mini MBA : Chulalongkorn University
  - The Coaching Clinic : Management and Psychology Institute
  - CFO program / Federation of Accounting Profession
  - Risk Management Seminar & Workshop / IOD
  - Preparation before new Securities and Exchange Act applied / Listed Companies Association
  - Impact from IFRS for Listed Company / Securities Analysts Association
- 1,212,600 Ordinary Shares, equal to 0.57% of total shares with voting right

**Shareholding  
(31/12/2011)****Working Experience**

- |                |   |
|----------------|---|
| 1999 - Present | Financial Controller, SiS Distribution (Thailand) PLC |
| 1994 – 1999    | Accounting Manager, M & V Technologies Co., Ltd.      |
| 1991 – 1993    | Senior Auditor, Coopers and Lybrand Co., Ltd.         |

**Name****Position****Age****Nationality****Education****Training History****Ms. Wareeporn Sittichaisrichart**

Operation Manager


52 years


Thai


Bachelor of Science, Prince of Songkhla University


- FC Fundamental Course / Association of Investment
  - Management Companies / Association of Provident Fund / Thailand Securities Institute
  - Remuneration management / Hipo Training
  - Competency Based Human Resource Management: WASO Training Co., Ltd.
  - Best Employers in Thailand 2009 Study: Hewitt Associates (Thailand) Ltd.
  - The Coaching Clinic: Management and Psychology Institute
  - GEN Y Talent Management & Succession Planning, OMEGAWORLDCLASS Research Institute
  - The remuneration for Sale Representative: MPI Management & Psychology Institute
  - Salary Structure Design : OMEGAWORLDCLASS Research Institute
- 5,640,600 shares or equal to 2.67% of total shares with voting right and exclude shares held by
- |   |                   |
|---|-------------------|
| - Mr.Somchai Sittichaisrichart (spouse) | 5,628,300 shares  |
| - Mr.Pete Sittichaisrichart (son)       | 7,558,900 shares  |
| - Ms.Ploy Sittichaisrichart (daughter)  | 12,000,000 shares |
- Working Experience**
- |                |  |
|----------------|--|
| 1999 – Present | Operation Manager,<br>SiS Distribution (Thailand) Public Company Limited |
| 1994 – 1999    | MIS Manager, M&V Technologies Co., Ltd.                                  |


**Shareholding  
(31/12/2011)****Working Experience**

<b>Name</b>	<b>Mr.Thanawat Pringwanich</b>			
<b>Position</b>	General Manager of Commercial Division			
<b>Age</b>	45 years			
<b>Nationality</b>	Thai			
<b>Education</b>	Master of Commerce, Macquarie University, Sydney, Australia			
<b>Training</b>	The Coaching clinic: Management and Psychology Institute			
<b>Shareholding (31/12/2011)</b>	84,850 Ordinary Shares, equal to 0.04% of total shares with voting right			
<b>Working Experience</b>	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.		

<b>Name</b>	<b>Ms.Naiyana Ariyajunya</b>			
<b>Position</b>	General Manager of Phone Division			
<b>Age</b>	43 years			
<b>Nationality</b>	Thai			
<b>Education</b>	Bachelor of Science, Burapha University			
<b>Training History</b>	<ul style="list-style-type: none"><li>- How to success in management of important customer/ Thailand Management Association</li><li>- The Coaching clinic: Management and Psychology Institute</li></ul>			
<b>Shareholding (31/12/2011)</b>	131,250 Ordinary Shares, equal to 0.04% of total shares with voting right			
<b>Working Experience</b>	2007 – Present	General Manager of Channel Development Division, SiS Distribution (Thailand) Public Company Limited		
	2005 - 2006	Sales & Marketing Manager, SiS Distribution (Thailand) Public Company Limited		
	2004 – 2005	Vice President, Beraza Technology Co., Ltd.		
	1999 – 2004	Sales Manager, D Computer Co., Ltd.		

<b>Name</b>	<b>Mr.Panit Srikrekkrit</b>	
<b>Position</b>	General Manger of Movie & Music Division	
<b>Age</b>	44 years	
<b>Nationality</b>	Thai	
<b>Education</b>	Bachelor of Business Administration, Assumption University	
<b>Training History</b>	- Skill Development of New Management / Hipo Training Accountancy Co.,Ltd.	
<b>Shareholding (31/12/2011)</b>	106,200 shares, equal to 0.04% of total shares with voting right	
<b>Working Experience</b>	2004 – Present    General Manager of Movie & Music Division, SiS Distribution (Thailand) PLC. 2002 – 2004      Marketing Manage, GMM Grammy PLC. 1999 – 2002      Product Manager, Pioneer Electronics (Thailand) Co., Ltd. 1998- 1999      Product Manager, BMG Entertainment (Thailand) Co., Ltd.	

<b>Name</b>	<b>Mr.Thana Thanaphase</b>	
<b>Position</b>	General Manager of Retail Division	
<b>Age</b>	50 years	
<b>Nationality</b>	Thai	
<b>Education</b>	Bachelor of Business Administration, Assumption University    Master of Commerce, Thammasat University	
<b>Shareholding (31/12/2011)</b>	120,000 shares, equal to 0.06% of total shares with voting right	
<b>Working Experience</b>	2008 – Present    General Manager of Consumer Business Unit, SiS Distribution (Thailand) Public Company Limited 2005 – 2008      General Manager, Thai Samsung Electric Company 1996 - 2005      Consumer Sales Manager, Hewlett Packard (Thailand) Co., Ltd.	

<b>Name</b>	<b>Mr.Kaival Boonsaith</b>	
<b>Position</b>	General Manager of Enterprise Division	
<b>Age</b>	46 years	
<b>Nationality</b>	Thai	
<b>Education</b>	Bachelor of Business Administration The University of the Thai Chamber of Commerce	
<b>Shareholding (31/12/2011)</b>	100,000 shares, equal to 0.05% of total shares with voting right	
<b>Working Experience</b>	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****Position****Age****Nationality****Education****Shareholding  
(31/12/2011)****Training History****Working Experience****Mr.Mitri Nademahakul**

General Manager of Accessory

44 years

Thai

Bachelor of Marketing Management, Assumption University

22,500 shares, equal to 0.01% of total shares with voting right

The Coaching clinic: Management and Psychology Institute

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****Position****Age****Nationality****Education****Shareholding  
(31/12/2011)****Working Experience****Mr.Kakkanan Karnunghead**

General Manager of Phone

50 years

Thai

Bachelor of Education, Silpakorn University

- None -

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****Position****Age****Nationality****Education****Training History****Shareholding (31/12/2011)****Working Experience****Mr.Montri Treamchertivong**

General Manager of Networking

41 years

Thai

Bachelor of Engineering (Electrical Engineering), King Mongkut's University of Technology Ladkrabang

Master of General Management, Assumption University

- The High Effective Supervision Techniques

- None -

2008 General Manager of Networking, SiS Distribution (Thailand) Public Company Limited.

2007 - 2008 Head of Sales & CR, One to One Contacts Sales Manger, Synnex Co., Ltd.

2006 Senior Manager, True Corporation PLC.



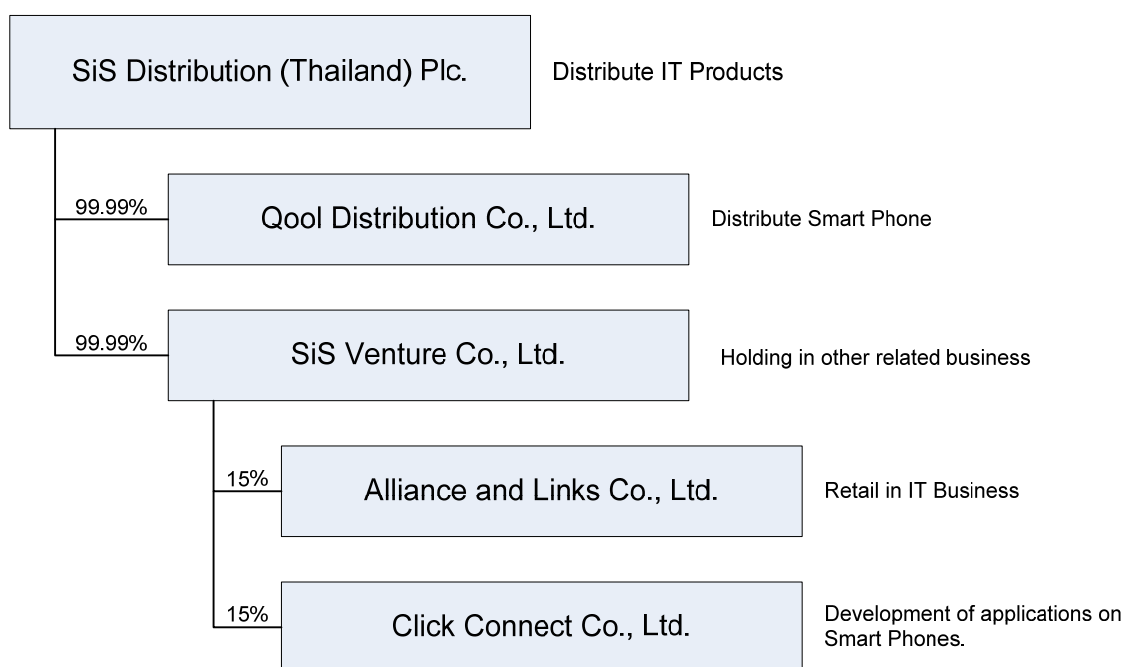
<b>Name</b>	<b>Mr. Vorrapop Taksaphan</b>	
<b>Position</b>	Company Secretary	
<b>Age</b>	44 years	
<b>Nationality</b>	Thai	
<b>Education</b>	Bachelor of Accounting, Bangkok University	
<b>Training History</b>	<ul style="list-style-type: none"> <li>- Risk Management Seminar &amp; Workshop / IOD</li> <li>- Investigation of Fraud Irregularities / The Institute of Internal Auditors of Thailand (IIAT)</li> <li>- Preparation before new Securities and Exchange Act applied / Listed Companies Association</li> <li>- What the Board Should Expect from the Company Secretary / IOD</li> <li>- Planning and trend of Internal Auditing under crisis of economy / The Institute of Internal Auditors of Thailand (IIAT)</li> <li>- Fundamentals Practice for Corporate Secretary / TLCA</li> <li>- Impact from IFRS for Listed Company / Securities Analysts Association</li> <li>- SiS-Chula Mini MBA : Chulalongkorn University</li> </ul>	
<b>Shareholding (31/12/2011)</b>	43,700 shares, equal to 0.02% of total shares with voting right	
<b>Working Experience</b>	<p>2008 - Present      Company Secretary, SiS Distribution (Thailand) PLC.</p> <p>2004 -2008        Quality Assurance Manager, SiS Distribution (Thailand) PLC.</p> <p>2004 -2008        Secretary to the Board, SiS Distribution (Thailand) PLC.</p> <p>2003 - 2004       Assistant Accounting Manager, SiS Distribution (Thailand) PLC.</p> <p>2001 - 2003       Senior Accountant, All Seasons Property Co., Ltd.</p>	

# Subsidiary and Related Companies

SiS Distribution (Thailand) Public Company Limited invested in subsidiary and related companies 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	<b>99.99%</b>	SiS Distribution (Thailand) Plc.
SiS Venture Co., Ltd.	Holding investment	<b>99.99%</b>	SiS Distribution (Thailand) Plc.
Alliance and Links Co., Ltd.	Wholesale in IT Products Business	<b>15%</b>	SiS Venture Co., Ltd.
Click Connect Co., Ltd.	Development of applications on Smart Phones.	<b>15%</b>	SiS Venture Co., Ltd.

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



# IT Industry Outlook

The Policy Research Department of National Science and Technology Development Agency (NSTDA) researched the market of ICT industry in Thailand for the year 2011 that estimated the computer hardware market in 2011 to reach a value of Baht 94,195 million, increased from 2010 by 15.6%. And they forecast the computer hardware market in 2012 to reach value of Baht 108,012 million, increased from 2011 by 14.7%. The product's value that is expected to be the highest increase is Notebook/Netbook which will be worth 40,500 million baht in 2012, or increased by 11.4% from 2011.

The high expansion of the IT industry conform with the survey result of National Statistics, Ministry of Information and Communication Technology ([www.nso.go.th](http://www.nso.go.th)), that survey the use of information and communication technology in households as the table below:

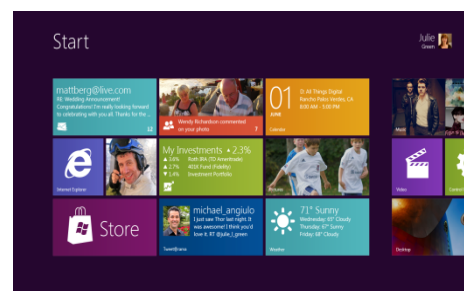
	2005	2006	2007	2008	2009	2010	2011
Percentage of households with computers usage	n/a	15.0	17.5	19.6	20.3	22.8	24.7
Percentage of population aged over 6 years and use computer	24.5	25.9	26.8	28.2	29.3	30.9	32.0
Percentage of population aged over 6 years and use internet	12.0	14.2	15.5	18.2	20.1	22.4	23.7

The survey result of households with computer increased continuously and reached 24.7% in the 2011, although the number has increased, but the rate of computer usage still low, and make the demand of IT products in Thailand has increase steadily. Likewise, the survey results of the population aged over 6 years use the computer and internet increased to 32.0% and 23.7%. The increment of people to use computer and internet will help to drive IT Market growth, and the Company will benefit from this expansions because the Company is a main distributor of computers and communications equipment for various brands of computers such as Acer, Asus, Apple, HP, Lenovo, Samsung, Toshiba and communications equipment Cisco, D-Link, Huawei, Linksys, ZTE.

Apart from the low rate of computer usage, there are also other factors that support the growth of IT market as follows:

## Windows 8 and new style of Computer

Microsoft has announced the introduction of Windows 8 into the market in 2012, which Windows 8 will be an operation system that compatible with the CPU from both Intel and ARM that use low energy, and release new User Interface that can use with mouse or finger. From the increasing of computer performance, The PC Manufacturer has introduced the new style of computer which combination of Notebook and Tablet, to meet the needs of users and help to expand IT Market in 2012



### Expansion of Smartphone market

The Smartphone market continuously growing, Gartner, the leader of Market Research Company, published that worldwide smartphone sales reached 468 million units in the 2011, a 58% increased from 2010, and predicts that will reach 630 million units in 2012 or 35% increase from 2011. The company believes that the growth of smartphone in Thailand will be in line with the worldwide direction and the expansion will benefit to the Company because the Company is a distributor of the smartphone in various brands such as Acer, BlackBerry, HTC, Motorola and Samsung



### Expansion of Tablet market

Since Apple launched iPad to Worldwide, the Tablet Market has grown in high amount in 2011 and predicts that will growth continuously in 2012. Apart from Apple's OS, there are new OS of Tablet to release to the market such as Windows 8 and Android 4.0; many manufactures will produce the Tablet that compatible with such OS to the market. The Company is a distributor of the Tablet in various brands such as Apple, Acer, Asus, Lenovo, Motorola, Samsung and Toshiba.



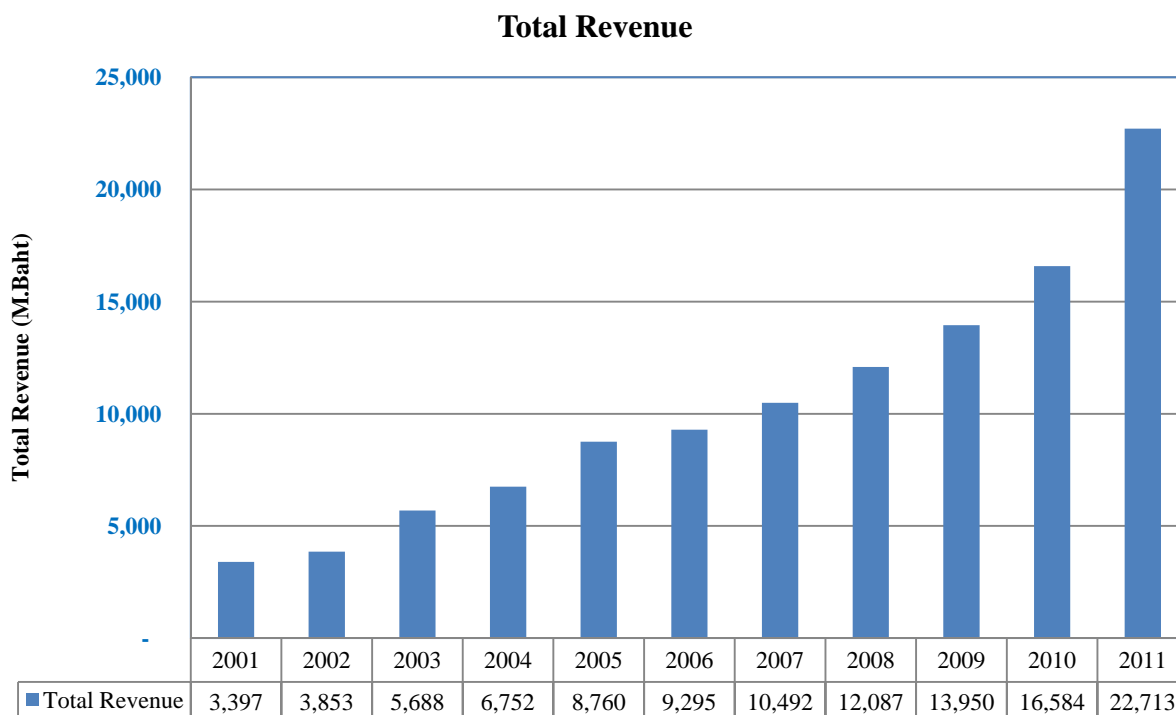
### Expansion of 3G Services area

From the expansion of 3G service provider at their frequency such as TrueMove, AIS, DTAC, and new frequency at 2100 MHz from TOT, include the auction of frequency at 2100 MHz in 2012. The Company believes that the service area for 3G technology will increase quite high in 2012, which will make the 3G communication devices work better and encourage the need of user to purchase any devices or equipments to be used more such as notebook, table and smartphone.

# Competition

SiS Distribution (Thailand) Public Company Limited is a distributor of technology products 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. For the year 2011, total revenue of the Company was Baht 22,713 million, increase 37% compared to the year 2010. The growth of industry and the competitiveness of the Company show in the chart below:



The company's market share can be estimated from a survey on computer hardware market value for 2009 – 2012 by The Policy Research Department of National Science and Technology Development Agency (NSTDA) compared with SiS's total revenue as follows:

	2009		2010		2011		2012	
	Value	Growth	Value	Growth	Value	Growth	Value	Growth
Hardware Market Value	72,345		81,461	12.6%	94,195	15.6%	108,012	14.7%
Total Revenues of SiS	13,950	15.4%	16,584	18.9%	22,713	37.0%		
Market Share of SiS	19.3%		20.4%		24.1%			

According to the above information, the company's total revenue shows an increase of market share from 19.3% in 2009 to 24.1% in 2011. This means the company has strong competitiveness.

## Remark:

At the time of preparing this report, NSTDA has no final report. Therefore, the above data from NSTDA are draft version, the market value may be changed from our proposed when NSTDA announce the final version in March 2012.

## **Implement of Basic Infrastructure**

In 2011, the Company has improved the main infrastructures as follows:

### **New SAP**

The Company has used Enterprise Resource Planning Program of SAP since 1999. The SAP is a high performance system and popular to use in worldwide leading company. However, the work flow has been designed since 1999 and it has great change in present, as well as SAP also has been upgraded to Version ECC6 with added capabilities in many areas. The Company decided to implement the SAP ECC6 and spent more than 2 years for the operation, the Company has started to use new SAP since 1 January 2011 onwards. By the year 2011, the Company limited to use the program to reduce errors that may affect to the whole systems. In the year 2012, the Company will expand to use more programs to ensure that the Company has enough informations and high performance of work. From the upgrade of SAP ECC6, the Company can use this system not less than next 10 years.

### **Expansion of Main Warehouse**

The original warehouse of the Company is located on Rama 9 Road Soi 13, there are 4 floors with 1,000 square meters of each layer, total areas was 4,000 square meters and leased for more than 10 years. In the year 2009, the Company found that there was not enough space to keep inventory, and started to find new new warehouse. In April of 2011, the Company has moved main warehouse to Pattanachonnabot 3 Road, Lardkrabang Distirict (near Suvarnabhumi Airport). The warehouse has ceiling 10 meters high and utilize at 5,000 square meters in the first phase, the space will be 10,000 square meters in march 2012. And believe that the new warehouse has enough space to use not less than five years.

### **Expansion of Head Office**

The original Head Office of the Company is located at Chamnan-Phenchati Building, Rama 9 Road with the total space at 1,800 square meters and leased this office since the year 2000. In the year 2009, the Company found that there was not enough space to work and has moved Head Office to Pakin Building, Ratchadapisek Road in August 2012 with total space at 3,300 square meters and believes that the new Head Office has enough space to use for several years.

### **Expansion of Branches in other province**

Before the year 2011, the Company has 2 upcountry branches used for sales office and service center in Chiangmai and Phuket. The upcountry markets have the high potential of growth, the Company has expanded branch to upcountry more and opened 3 branches in Khon Kaen, Pattaya and Hatyai. The Company will use these branches for sales office and service center to cover the service for all areas of Thailand.

Apart from such continuous improvement of the main infrastructures, the Company has strong infrastructure in many areas and increases the strong competitiveness of the company in the future as follows:

## **Market Coverage**

The company has widely dealer networks. In 2011, we distributed to 5,361 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.

### **Working system and corporate culture**

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

### **Strong and transparent financial status**

The company has a strong financial status. Its shareholders' equities have been increased continuously. In 2011, shareholders' equities rose to Baht 1,280 million.

Apart from an increasing numbers of shareholders' equities, the company's constant growth is shown in its total revenues every year. The company is entrusted by financial institutions which the company has received a credit facilities totally 6,000 million baht by having 37% of credit used at the end of 2011.

### **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 2011 Good Corporate Governance of listed company from IOD, the company's assessment was in excellent, highest level. That represents the emphasis of Good Corporate Governance which supports sustainable growth as well

# Milestones of operation in 2011

## 1. Events and Exhibition

Through the year 2011, the Company participated in events and trade shows to promote either in terms of sales or public relations. The followings are trade shows that the company attended.



**Thailand Mobile Expo 2011**  
February 3 – 6, 2011, Queen Sirikit Center



**ComMart 2011**  
March 17 – 20, 2011, Queen Sirikit Center



**IT Pro Security Conference & Expo**  
August 25, 2011, Pullman Hotel



**ComMart X Gen 2011**  
July 21 – 24 2001, Queen Sirikit Center



**SiS Expo**  
October 18 2011, Arnoma Hotel



**Thailand Mobile Expo 2011**  
September 29 – October 2 2011, Queen Sirikit

## 2.Opportunity Days and Analyze Meeting

The Company presented the 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> quarter at Opportunity Day which was held by The Stock Exchange of Thailand. The presentation was broadcasted to investors who cannot join the event and also allowed them to ask live questions. The archive of the event can also be accessed later on at The Stock Exchange of Thailand Website.

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



## 3. 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 2011 AGM Assessment whose fiscal year ended December 31, 2010. 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 2011 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.

## 4.Achieve “Excellent” from CG Assessment

The Thai Institute of Directors Association conducted a 2011 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.

## 5.Sale and Service Branch in Khon Kaen, Pattaya and Hat Yai

To expand our upcountry business, company has opened 3 more branches in Khon Kaen, Pattaya and Hat Yai in 2011, totally 5 sale and service branches:

1) North : Chiang Mai 2) Northeast : Khon Kaen 3) East : Pattaya 4) Upper South : Phuket 5) Lower South: Hat Yai



Chiang Mai Branch



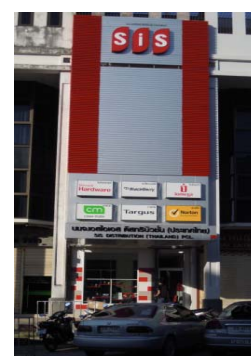
Pattaya Branch



Khon Khean Branch



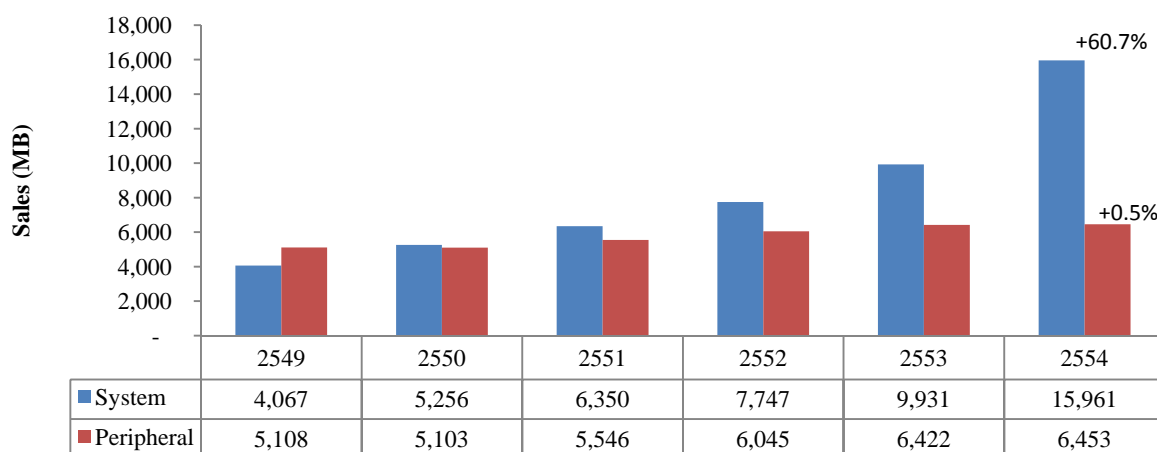
Phuket Branch



Hat Yai Branch

# Revenue Structure

In 2011, the total revenues from sales and services were 22,414 million baht increased by 37.1% from 2010. Revenue from sales can be categorized in 2 product groups of System and Peripheral by compared with 6 years past performance as table and graph below. The sales of Systems and Peripheral were 15,961 and 6,453 million baht by 60.7% and 0.5% increased from 2010.



## System

System represents all types of computer hardware from Server, Desktop, Notebook, PDA and Smart Phone. The company was appointed from 15 manufacturers as 1) Acer 2) Apple 3) Asus 4) BlackBerry 5) Fujitsu 6) Gateway 7) HP 8) HTC 9) IBM 10) Lenovo 11) MSI 12) Motorola 13) Samsung 14) Toshiba 15) Viewsonic



Server



Desktop



Notebook



Tablet



Smart Phone

## Peripheral

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



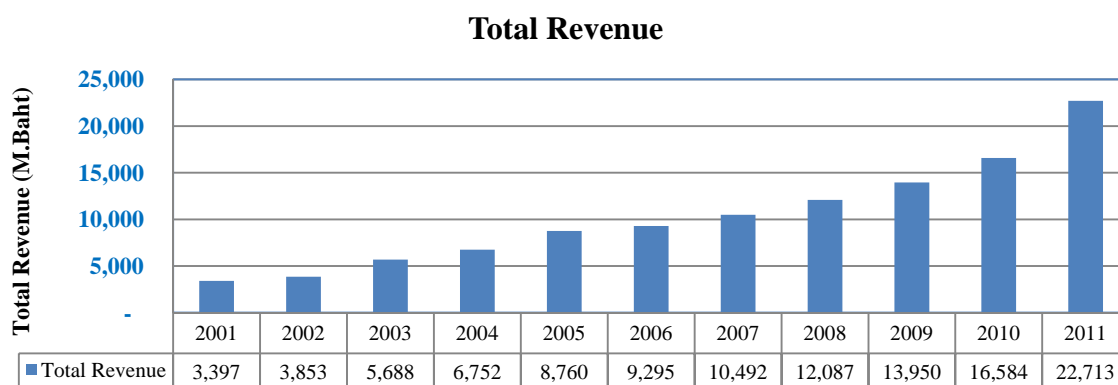
# Explanation and Analysis from management

## Performance

Although the 2011 was the year of economic downturn in Europe and America. Specifically, the general election changed the government and then many public policies were transformed. Business entities need to adjust themselves with the alter throne. Thai economy still grew up in the first three quarters until the impact of the floods in Quarter 4 that was severe and widespread. Thai GDP shrank 9% or grew only 0.1% from 2010.

For our revenues, the annual income for 2011 was 22,713 million baht (MB), increased 37% from 2010. With respect to the earning performance, our company did quite well compared to survey computer market by National Science and Technology Development Agency (NSTDA) of which the industry growth was expected at 15.6% from 2010. The major source of growth was from Smart Phone markets which its various brand are distributed by the company.

But in term of profit, the company has net operating profit at 143.5 million baht reduced from 2010 at 51.4%. Two factors of this profit reduction are 1) Provision of allowance for obsolete and defective stocks reserved by 119 million baht from slow moving stocks in Quarter 4 that caused from flood and sales not achieved to target 2) Impairment of investment 51 million baht that caused from operation loss in investing company and being in the process of filing chapter 11. From both reason, net operating profit reduced to 143.5 million baht.



## Earnings and Dividend per share

The company has earnings 0.68 baht per share and the board of director approved the allotment of the net profit and proposed the dividend payment to the shareholder from operating results of 2011 by in cash and stock as follows:

Dividend by	Dividend per share
Cash	0.15 Baht
Stock (10 existing shares : 1 stock dividend) at par 1 Baht	0.10 Baht
<b>Total</b>	<b>0.25 Baht</b>

### Remark:

In case that any shareholder holds the indivisible share remaining after such allocation, the dividend shall be paid by cash instead of stock dividend at the rate of Baht 0.10 per share.

## 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 83.2% of total assets. The details are as follows:

- **Accounts Receivable** As at December 31, 2011, Accounts Receivable is 1,836.7 million baht that decreased 180.8 million baht or down 9.0% from 2010. Average Collection Period is 34.9 days. In 2011, average collection period decreased from the flood that caused drop in sales and Account Receivable.

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 for over 30 days payment by including interest in.

	2009	2010	2011
Accounts Receivable (M.Baht )	1,824	2,018	1837
Average Collection Period (Days)	43.2	46.2	34.9

- **Inventory** As at December 31, 2011, Inventory is 3, million baht that increased 175% from 2010 equivalent to 37.9 days of average day sale period. In general, the company has a policy to maintain inventory at 2 weeks of sales level but 30-45 for new products or minimum order set by manufacturers, it caused higher inventory level as we needed. This year, there was many new models of Smart Phone arrived that caused higher inventory than normal.

	2009	2010	2011
Inventory (M.Baht)	919	1,152	3,171
Average Days Sale Period (Days)	23.9	24.7	37.9

### 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 95.3% of total liabilities. The details are as follows:

- **Accounts Payable** As at December 31, 2011, Accounts Payable is 2,274 million baht, equivalent 27.5 days of Average Payment Period. In general, suppliers provide credit period of 30 days but some vendors offer high discount for early payment and at the time that having lower interest and more unutilized bank facilities, the company will choose to pay vendor earlier. So, Average Payment Period is less than 30 days.

	2009	2010	2011
Accounts Payable (M.Baht)	905	991	2,274
Average Payment Period (Days)	20.9	22.1	27.5

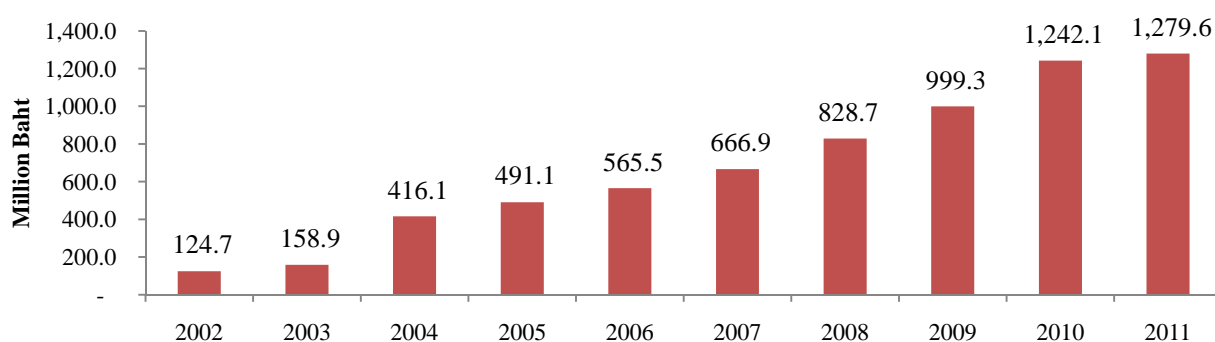
- **Loan from financial institution** As at December 31, 2011, Loan from financial institution is 2,243 millionbaht, increased 129.8% from 2010. Debt to Equity is 3.7 and Interest-Bearing-Debt to Equity is 1.80. Loan from financial institution has increased from higher in inventory level from 1,152 million baht to 3,171 million baht at end of 2011.

	2009	2010	2011
Loan from financial institution (M.Baht)	907	976	2,243
Interest Expense (M.Baht)	30.9	38.6	58.1
Debt to Equity	1.99	1.80	3.7
Interest-Bearing-Debt to Equity	0.91	0.79	1.8

### Shareholders' Equity

Shareholders' Equity increased to 1,279.6 million baht in 2011 and has increased continuously to support expansion of the company as well. (The Company was listed on the Stock Exchange of Thailand in 2004)

#### Owner Equity



### Cash flow

#### Cash flow from operating activities

Increasing of main operating cash flow in 2011 is

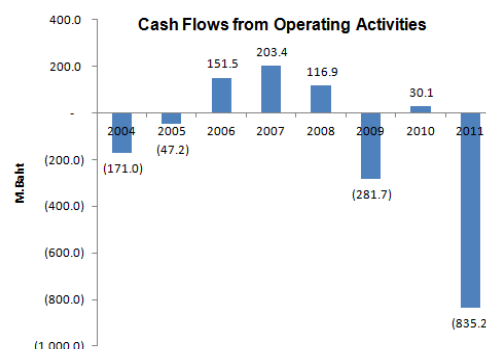
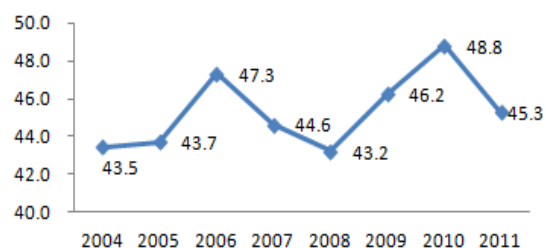
- Net profit of 2011 is 144 million baht
- Provision of allowance for obsolete and defective stocks is 119 million baht
- Accounts Receivable decreases 146 million baht
- Accounts payable increase by 1,248 million baht

Decreasing of main operating cash flow in 2011 is

- Inventory increases by 2,138 million baht

By overall, in 2010, the company had Cash Flow from operating activities decreased 835 million baht and cash cycle was 45.3 days.

#### Cash Cycle (Day)



# Appropriate of profits for the year of 2011

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

For the operating results in 2011, the board of director approved the allotment of the net profit and proposed the dividend payment to the shareholder by 2 types:

First, paid as cash dividend at the rate of Baht 0.15 per share.

Second, paid as ordinary shares of the Company at the par value Baht 1 per share to the Company's shareholders at the rate of 10 (Ten) existing shares per 1 (One) stock dividend the rate of 10 existing shares per 1 stock dividend, totally for both types at Baht 0.25 per share. If the company could get the approval from shareholders, the company would pay 2011 dividend of 31.7 million baht in cash and 21.1 million shares in stock, totally 36.8 % of net profit for this year, as below table.

	2004	2005	2006	2007	2008	2009	2010	2011
Net Profit (Million Baht)	75.4	88.1	93.0	129.6	206.6	241.7	295.3	143.5
Registered and Paid up share (Million Share)	200.0	200.9	201.5	201.7	203.2	203.2	208.5	211.2
Cash Dividend per share (Baht)	0.075	0.10	0.14	0.25	0.35	0.40	0.50	0.15
Stock Dividend per share (10 existing shares : 1 stock dividend) that converted for dividend payment per share (Baht)								0.10
Total Dividen Payment (Million Baht)	15.0	20.1	28.2	50.4	71.1	81.3	104.3	52.8
Dividen Payout	19.9%	22.8%	30.3%	38.9%	34.4%	33.6%	35.3%	36.8%

## Remark:

In case that any shareholder holds the indivisible share remaining after such allocation, the dividend shall be paid by cash instead of stock dividend at the rate of Baht 0.10 per share.

# Report from the Risk Management Committee

**Dear Valued Shareholders**

The Board of Directors and employees 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 :

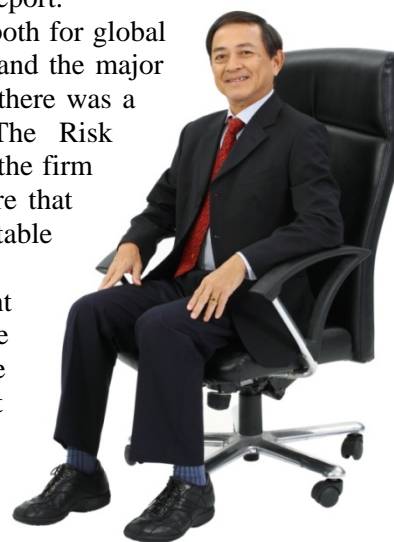
1. Mr. Lim HweeHai (Non Executive Director as the Chairman)
2. Dr. RojanasakChomvilailuk (Independent Director as the Committee)
3. Mr. SombatiPungsrinont (Executive Director as the Committee and the Head of Risk Management Team).

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.

Risk Management Committee has performed duties under the Charter of Risk Management approved by the Board of Directors. In 2011, the Risk Management Committee held two meetings. Particularly, the Risk Management Team arranged four meetings to monitor, assess, and report the significant risks to the Head of Risk Management Team. All relevant staff joined to resolve the risks which were in the warning zones beyond the acceptable risk edges. The aims of the Risk Management Team are to reduce the risks down to the acceptable and manageable levels, and eliminate the risks as much as the Team could do. Furthermore, the Risk Management Committee disclosed the important risks that may affect business performance and all stakeholders in the Annual Report.

In specific, the year of 2011 was the remarkably uncertain time both for global and Thailand, such as economic uncertainty, financial crises in Europe, and the major changes in IT markets, etc. With respect to these macroeconomic risks, there was a high potential hazard on the Company's strategic achievement. The Risk Management Committee recommended the Board of Directors to review the firm strategic plan, including management processes and approaches to ensure that the Company can continuously and certainly operate under the acceptable strategic risks.

To achieve the Company's business goals, the Risk Management Committee plans to continuously monitor and control risks through the Risk Management Team's reports. According to these approaches, we would like to assure shareholders and all stakeholders to be assured that we can prevent and protect the Company away from the dangerous situations in time and on time. Specifically, the Company can effectively and efficiently control all major risks and be complied with the good governance procedures and all regulators' directives. The Risk Management Committee does appreciate all shareholders and stakeholders in advance here-for your trust in the Company.



(Mr.Lim Hwee Hai)

The Chairman of Risk Management Committee  
**SiS Distribution (Thailand) Public Company Limited**

March 5, 2011

# Risk Factors

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

## 1) Risk from reliance few manufacturers

In 2009, the company had share from the biggest manufacturer at 41% of total sales. The company has entrusted from other manufacturer to be distributor more, that was a result to reduce share from the biggest manufacturer from 26% in 2011. Although risk from reliance manufacturer will be reduce but 54% of total sales were from only 3 manufacturers of totally over 70 manufacturers which the company still manage this risk continually as follows:

	2009	2010	2011
Sales from the biggest manufacturer to Total sales	41%	31%	26%

- **Maintain a good relationship with Manufacturers**

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

- **Portfolio expansion**

The Company continually expands our portfolio with other products. In 2011, the company is appointed from essential vendors, which are Dell, Sangfor. Moreover, the company will continue to increase more and more in 2012 onwards.

- **Improvement to work effectively**

Since the company has improved in several areas to benefit to vary aspects of manufacturers, this leads the company to be an important key in the IT industry and most manufacturers would like to appoint the company to be distributor. For example:

- **Market Coverage**

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

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

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

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

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

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

- **Inventory management 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:

	2004	2005	2006	2007	2008	2009	2010	2011
Average Day Sales (Days)	22.4	27.4	25.9	20.5	22.5	23.9	24.7	37.9

- **Delegate to Product Manager**

The Company delegates Product Manager to manage its product in terms of ordering, inventory management and marketing. This has provided specialist to focus on individual product brands. When the problem occurred, it can be solved quickly. The company realizes that inventory management is key factor in the evaluation of Product Manager.

- **Inventory Reserve for obsolete stock**

The Company monthly sets an allowance for obsolete and defective stock by reviewing the aging of inventory. This reserve is sufficient. When there is inventory on hand, reserve is provided by reviewing the aging of inventory. So, profit that shown in financial statement is always deducted from inventory burden.

- **Data System**

The Company has invested in warehouse management system on SAP 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. In 2011, the company purchases the products from foreign country approximately 43%. 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 5 Buiness Units that could be differently managed. Two of the five are Value Added business units that manage high margin products by increase value added services in. From the expansion in the area will reduce risk from price competition.

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

In 2011, the company has the credited sales approximately 55% of total sales and the majority of our dealers could not provide collateral covered all their debts including many dealers are small companies which not much more funding. If our accounts receivable are nonperforming and unable to pay on scheduled, it may effects our liquidity, working capital or the result of the operation. However, the company thoroughly reviews credit status before credit given to our dealers and credit control department is separate from sales to ensure that credit is considered independently. In order to reduce the risk of bad debt, the Company sets an allowance of doubtful accounts in order to accurately reflect financial status. In the past of 2011, the company has boughttrade inrance to cover AR.

## **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, 2011, the company has short term loan from financial institutes in amount of 2,243 million baht. If all financial institutes call loan back simultaneously, the company may face financial problem. From being to be listed company, the Company has options to increase more working capital. Moreover, the Company has diversified in lending from several financial institutions to reduce risk of reliance on any one major financial institution, less than 50% of total credit exposures are used. And from the increased earnings that caused of shareholders' equity increased every year and from shareholders' equity increased, if the company selects not to pay vendors earlier, cut off long term sales and control inventory levels in 20 days within year of 2013, the company will be able to run business without bank loan.

## **7) Risk from reliance on staff**

IT is a business which requires IT knowledge staff to join with. Besides, the Company recruits experienced staff to join with the Company, the Company still have training continuously to maximize the effectiveness of our customer services. If capable and skillful staff resign from the company, it may impact to business operations and ability to expand in short term and additional cost required in training new staff for replacement and issues the warrants for the employees to purchase stock option at special price by exercisable based on the service period to motivate the feeling of the ownership which leads to the better performance and longer service period. Besides, the company uses many strategies to manage the risk of the dependency on human resources. For example, the company separates sale department off marketing department which allows the customers contact with 2 division instead of 1 to avoid the risk of the dependency on human resources. Also, the company has improved the working system by applying more the information systems such as ERP system of SAP 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.

## 8) Risk from the economic crisis in Europe and America

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

- **Growth of IT industry**

IT Industry in Thailand's still far from saturation. National statistical Office reported that, in 2011, only 24.7 percent of businesses in Thailand own computer. As computer is essential tools for both business and household segment, we believe that the needs of IT in Thailand still have much on demand.

- **Competitive cost structure**

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

- **Variety of products and diversified channels**

Because of our wide variety of products and diversified distribution channels, our risk from diversification on specific products or channels could help to cope and adjust on positive and negative effect as well.

- **Business expansion plan**

In 2012, the Company would reorganize its business structure into 5 Business Units as the subsidiary company that could be different managed. Each business unit could set own strategy and take care its products that could be different from others. The Company believes that this new model will be more flexible and well organized to expand our business and reduce the impact from economic crisis as well.

# Major Shareholders

The following is the list of our top 10 major shareholders as of December 30, 2011 as:

Number	Name of Shareholder	Shareholding	% of Shares
1	SIS TECHNOLOGIES (THAILAND) PTE. LTD.	99,750,000	47.2%
2	Total Shares of Sittichaisrichart's Family are comprised of	30,827,800	14.6%
	- Somchai Sittichaisrichart (Managing Director)	5,628,300	
	- Wareeporn Sittichaisrichart (spouse)	5,640,600	
	- Pete Sittichaisrichart (son)	7,558,900	
	- Ploy Sittichaisrichart (daughter)	12,000,000	
3	Total Shares of Pungsrinont's Family are comprised of	20,579,700	9.7%
	- Sombati Pungsrinont (Executive Director)	12,628,200	
	- Suranee Pungsrinont (spouse)	100	
	- Chanont Pungsrinont (son)	3,696,000	
	- Thanakorn Pungsrinont (son)	3,500,000	
	- The Body of Person Suthana by Suranee Pungsrinont	755,400	
4	Sompong Cholkadeedumrongkul	10,350,300	4.9%
5	Thai NVDR Co.,Ltd.	3,035,500	1.4%
6	Synnex (Thailand) Public Company Limited	2,757,800	1.3%
7	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG	2,457,000	1.2%
8	Pattana Mektipachai	1,926,200	0.9%
9	Viparat Lertsitwaphorn	1,633,200	0.8%
10	Patinya Supha-amornkul	1,534,725	0.7%
<b>Total Shares of top 10 major shareholders</b>		<b>173,317,500</b>	<b>82.8%</b>
<b>Total Shares</b>		<b>211,183,625</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

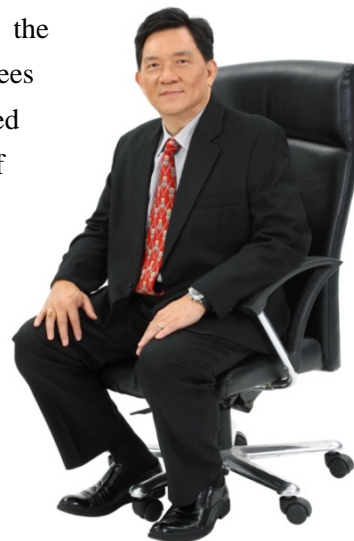
The Remuneration and Nomination Committee of SIS Distribution (Thailand) PLC was appointed by the Board of Directors on February 22<sup>nd</sup>, 2008. The R&NC consists of four members;

- 1) Mr. Somchai Sirivichayakul (Chairman and Independent Director),
- 2) Dr. Rojanasak Chomvilailak (Independent Director),
- 3) Mr. Lim Hwee Hai (Non-executive Director) and
- 4) Mr. Somchai Sittichaisrichart (Managing Director).

The R&NC, by the Charter, has three-year period of its position. In 2011, the R&NC held 2 meetings and all members participated in all meetings for functioning under the Charter of R&NC as follows:

1. The R&NC has considered and reviewed the assessment form of the Executive Directors performance with respects to the corporate goals and objectives, and then the Committees made recommendation the annual basis compensations for the Executive Directors performance for year 2011. Based upon the corporate strategic goals and objectives, the RNC evaluated and recommended the compensation of the Board of Directors and also the subcommittees.

For year 2012, the R&NC considered and recommended that the compensations for the Board of Directors and the subcommittees especially for the retaining fee and attendance fee should be remained at the same level as 2011 for another year because all criteria of compensations are still suitable and match with the duties and responsibilities of the board of directors and subcommittees. The R&NC has reviewed the director's compensations and reported to the Board of Director for agreement prior to proposing to the annual general shareholder's meeting for final approval. The R&NC has disclosed the compensation of directors by individual and the management by group total for the year 2011 and including operation's report of the R&NC in the annual report. The R&NC will propose the directors' compensation policy for the year 2012 in the invitation to the shareholders for annual general meeting



2. The succession plan for executive directors has been continued since 2010 by introducing process to search and screen the candidates. According to this process, the R&NC will provide a development plan and procedures to develop the candidates' necessary skills and knowledge for becoming the eligible top-executive successor to keep the company's sustainable competitiveness in the industry. However the R&NC will still give priority to search candidates from the internal subordinate level of executives.

3. In 2012, there will be selection and nomination of the appropriate persons to be director replacing director who will retire by rotation rule in the shareholders meeting 2012.

The shareholders can nominate person to be a director in advance of the meeting. According to the transparent criterion of director nominations, this process was disclosed in the company's website. During that time, Shareholders did not nominate any person for consideration. The R&NC therefore will nominate the retiring directors to be re-elected as directors for another period as they have appropriate qualifications and no prohibits by regulations. Detail of all information disclosed in the invitation letter.

The R&NC will operate in functions of consideration, analysis and evaluation in recommendation of directors' remuneration including the sub-committee with care, and fair systems by the international standards on which the R&NC concentrates on the benefits of all shareholders, stakeholders, and all related parties, including the fairness and the enrichment motivating the executives' future operational performance development.



(Mr.Somchai Sirivichayakul)

Chairman of The Remuneration and Nomination Committee

SiS Distribution (Thailand) Public Company Limited

March 5, 2012

# 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, in total of 30,000 baht.

### Attendance fee for the Risk Management Committees

Risk Management Committee attending Risk Management Committee meetings held 2 times a year shall receive an attendance fee of 20,000 baht per meeting. Chairman of the Risk Management Committee shall receive an additional of 10,000 baht, in total of 30,000 baht.

### Special Bonus

The special bonus shall be paid once a year to directors who are not Executive Directors according to their performance. This will be considered by the Remuneration and Nomination Committees as stated in the criteria.

In 2011, Shareholders approved the total budget 6 million baht for the Company to be paid as remuneration to Directors. The actual payment for the year 2011 was 3,870,000 baht and will be proposed the Shareholders to approve the director remuneration for the year 2012 not more than Baht 6 million in the 2011 Annual General Meeting of Shareholders.

In 2011, all directors were received the remuneration separate by remuneration type as follows:

	Nam e	Suwit Chindasanguan	Somchai Sirivichayakul	Rojanasak Chomvilailuk	Lim Hwee Hai	Lim Kia Hong	Somchai Sittichaisrichart	Sombati Pungsrinont
Position		• Chairman • Audit Committee	• Director • Audit Committee • Chairman of Remuneration and Nomination Committee	• Director • Chairman of Audit Committee • Chairman of Remuneration and Nomination Committee • Risk Management Committee	• Director • Remuneration and Nomination Committee • Chairman of Risk Management Committee	• Director	• Managing Director • Remuneration and Nomination Committee	• Executive Director • Risk Management Committee
Monthly retaining fee for board		240,000	120,000	120,000	120,000	120,000	-	-
Monthly retaining fee for audit committee		300,000	300,000	390,000	-	-	-	-
Attendance fee for board		120,000	80,000	80,000	80,000	60,000	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	-	-	-	-
Total		1,170,000	920,000	1,060,000	300,000	180,000	120,000	120,000

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

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

### Management Remuneration

The total remuneration of 13 Executives in 2011 was paid in the form of monthly salary, quarterly bonus and yearly bonus totaling 54,389,051 Baht The 13 Executives and Company Secretary are as follows:

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

## Provident Fund of Management

The money has been paid by the 13 executives for provident fund in 2011 totaled Bath 1,989,500. 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

SiS Distribution Thailand (PLC) 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 2011, which was carried out by Thai Institute of Directors (IOD), in conjunction with Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC). The full report can be found at

[http://www.sec.or.th/CG/CGR\\_2011.pdf](http://www.sec.or.th/CG/CGR_2011.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 47 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.

We are committed to operating our business with high ethical and environmental standards, fulfilling our corporate social responsibility. We are committed to maintaining excellent corporate governance; opposing the infringement of intellectual properties and copyrights; fostering a transparent internal system which helps to prevent corruption; and to adopt 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

March 5, 2011



Companies with  
Excellent CG Scoring  
by alphabetical order



No	Symbol	Public Company Limited	No	Symbol	Public Company Limited
1	ADVANC	ADVANCED INFO SERVICE	25	PS	PRUKSA REAL ESTATE
2	AOT	AIRPORTS OF THAILAND	26	PSL	PRECIOUS SHIPPING
3	BAFS	BANGKOK AVIATION FUEL SERVICES	27	PTT	PTT
4	BANPU	BANPU	28	PTTAR**	PTT AROMATICS AND REFINING
5	BAY	BANK OF AYUDHYA	29	PTTCH**	PTT CHEMICAL
6	BBL	BANGKOK BANK	30	PTTAP	PTT EXPLORATION AND PRODUCTION
7	BCP	THE BANGCHAK PETROLEUM	31	QH	QUALITY HOUSES
8	BKI	BANGKOK INSURANCE	32	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
9	BMCL	BANGKOK METRO	33	ROBINS	ROBINSON DEPARTMENT STORE
10	CPN	CENTRAL PATTANA	34	RS	RS
11	CSL	CS LOXINFO	35	SAT	SOMBOON ADVANCE TECHNOLOGY
12	EASTW	EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT	36	SC	SC ASSET CORPORATION
13	EGCO	ELECTRICITY GENERATING	37	SCB	THE SIAM COMMERCIAL BANK
14	ERW	THE ERWAN GROUP	38	SCC	THE SIAM CEMENT
15	GRAMMY	GMM GRAMMY	39	SE-ED	SE-EDUCATION
16	HEMRAJ	HEMARAJ LAND AND DEVELOPMENT	40	SIS	SIS DISTRIBUTION (THAILAND)



Companies with  
Excellent CG Scoring  
by alphabetical order



No.	ชื่อย่อหลักทรัพย์	บริษัท จำกัด (มหาชน)	No.	ชื่อย่อหลักทรัพย์	บริษัท จำกัด (มหาชน)
37	NOBLE	โนเบิล ดีเวลอปเม้นท์	54	SE-ED	ซีอีดียูเคชั่น
38	PSL	พรีเชียส ชิปปิ้ง	55	SIM	สยามการ์ด โอ-โมบาย
39	PTT	ปตท.	56	SIS	เอสไอเอส ดิสทริบิวชัน (ประเทศไทย)



## 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 2011, the Company was joined in Opportunity Days to declared the operation's results of first, second and third 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) or phone to Ms.Jawita Yoswatananont at 0-2640-3243 or Ms.Suwathip Pornsuwannapha at 0-2640-3000.

In the Annual General Meeting of Shareholders No.1/2011 dated April 8<sup>th</sup> 2011, the Directors answer all inquiries of shareholders entirely.

- To facilitate investors and others who are interested in investment with the Company to get accurate company's information timely, there is the Investor Relations Department to help them with correct information and fast service by call Khun Jawita Yoswattananont at 0-2640-3243 (main representative). There is also "Investor Relations" page in the company's website at [www.sisthai.com](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 2011 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
211	100	100.0

## Role of Stakeholders

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

- **Employee**

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

- **Employee Safety**

- **Fire Safety**

- **Minimize fire risks**

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

- **Emergency Plan**

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

- **Personal Hygiene**

We keep our workplace clean, well vented, provide sufficient lighting, enough washing basins and toilets, change finger scan to vein scan to reduce the spread of disease such as virus etc.

- **First Aid Kits**

We keep sufficient first aid kits, provide regular first aid training to our employees and first aid room.

- **Safety Orientation**

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

- **Tools**

We provide our employees with an adequate amount of high quality tools. For safety reason, the tools are properly kept and checked regularly.

- **Staff welfare**

- **Provide the opportunity for employees to work in skillful job**

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

- **Personal Accident Insurance**

Apart from provident fund, we also provide our employees with accident insurance coverage worldwide by 24 hours. In 2011, the company had total insured amount of 207 million baht.

- **Appropriate Remuneration and Staff benefits**

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

- **Employee Stock Option Program**

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

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

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

- ***Yearly Health Check Program***

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

- ***Provident Fund***

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

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

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



Staff Orientation

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

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

- ***Appropriate annual leave***

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

- ***Employee right to information***

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

- ***Employee right to opinions***

Whether it is about problems or solutions, we encourage our employees to freely share their opinions. They are positively encouraged to share their opinions at least once a

month through a specialized database. Anyone can also participate in the discussion. They have the right to make their opinions public or only available to specific persons.

- **Customers**

The Company recognized that the Customers are patronage of the Company which the Company is committed to serve utmost customer satisfactions and wish all customers to achieve and succeed in their business both short and long term through the sincerity in doing business of the Company. The Company set up short-term and long-term guidelines to make satisfactions to customer with the 4 guidelines as follows:

- Providing accurate information and treat customers with fairness
- Have adequate resources in working with customers.
- Treating customers as a trading partner.
- Providing good advice and helpful to customers.

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

Our company priority is to work with products that are environmental friendly, safe to consumers and utilizable. We aim to provide sufficient information to consumers and continually work on improving after sales service to achieve higher customer satisfaction. In case of faulty products, a recall is arranged as necessary. Even in case of a product that fails to meet customer expectation, we often consider providing a customer with full refund.

- **Partners**

The Company set up the Code of Business Ethic in purchase and procurement to work the appropriate business with the partners by honor, fairly and treat all partners equally on the win-win basis of both side. The payment for goods or services will be made according to agreement and recognized the importance of partners that are part of the success of the Company and provided the opportunity to partners who can complain directly to the Management or Independent Directors via group mail company's web site or call directly to Internal Audit Department if they got unfair operation from the company.

- **Supplier**

Working closely with suppliers to achieve the highest results is one of our believes. We believe that all of our selected suppliers have a high chance to succeed in Thailand market. This is because SiS has been persistently working on improving our competitiveness which is diversified sales channels, understanding of Thai market and high caliber employees. Our investment in joint system with suppliers to access data faster will benefit both SiS and our suppliers in term of effectiveness. We work with suppliers to introduce new products on consumers in home and corporate segments. In term of payment facility, we have arranged electronic payment method to reduce work process and decrease cost. We truly commit to the goal of mutual benefit, transparency, any agreements or laws.

- **Creditors**

The Company complied with terms of agreement of creditors strictly and provided the operating results information to creditors continuously, repayment loans and financial cost to all creditors on schedule and do not spend in contrary way with objectives of the loan.

- ***Respect of human rights and fair labor standards***

We encourage and respect human rights and strongly refrain from any human rights violations such as child labor exploitation. We also promote the practice among our suppliers.

- ***Fair Competition Policy***

We believe in free market and fair competition. It is our principle to refrain from any activities that are illegal and unethical such as engaging in an activity that could directly or indirectly damage our competitors' reputation.

- ***Anti-Corruption Policy***

Transparency is our believe hence we are acting against corruption. We are committed to zero tolerance policy and strictly prohibit our employees to participate in any corruption activities. We have a system to accept a report of corruption anonymously to encourage people to report corruption.

- ***Community***

As good neighbors, we consistently get involved with activities relating to the development of local areas around our headquarter and upcountry offices. We conduct CSR activities with a focus on sustainability in two areas which are education and environment. Specific budget is assigned each year to support CSR activities – more information is available in “Corporate Social Responsibility”.

- ***Environment***

The Company recognizes that our business activities have direct and indirect impact on the societies in which we operate. As we care about the environment and our planet, it is our commitment to prevent and minimize our impact on lives and environment. Here are our guidelines for reducing our impact on the environment.

- ***Environment friendly products***

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

- ***Employee knowledge about the environment***

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

- ***Energy efficiency***

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

- ***Using Resources Efficiently Program***

The Company has many projects to use our resource efficiently such as reducing paper supplies by:

- ***Electronic Workflow***

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

- ***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.

- ***Replace manual Fax with Fax Server***

In daily process, there is a lot of garbage that caused by printed out fax document from customers. At present, The Company has installed fax server that able to convert all fax document onto electronic document and send reminding to receivers to view their fax document via computer without printing. Result from this

solution has decreased a lot of paper usage and increased working efficiency that owner no need to walk to facsimile machine and save a lot of paper in the same time as same as in case of fax out.

- **Scan to email**

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

- **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, 2011 to December 31, 2011, The Company will be held The 2012 Annual General Meeting of Shareholders on April 20, 2012 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 2011 Annual General Meeting of Shareholders that will be held on Friday April 20, 2012, The Company will provided computer system to facilitate registration and print the voting card for each agenda. Before start the meeting, the Chairman will explain the voting method and vote counting which the Company uses the computer to help in vote counting and summary the result clearly in the meeting. In addition, Shareholders who are unable to attend the meeting, they can be appointed other person, independent directors or company secretary to act as a proxy holder and vote on behalf of them.

## Leadership and Vision of the Boards

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

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

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

## Definition of Independent Director

Independent Director is the Director who has independent decision and not relate with major shareholders, the management and related person in the Company, Subsidiary Company and Related Company. Independent Director can conduct fair deals involving of all shareholders' interest and has qualification more stringent than the regulations of the SEC and SET as follow:

1. Holds not more than 1% of all shares with voting rights of the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority, including shares held by anyone who is affiliated with them.

2. Not be a director who is involved in the management of work, an employee, a staff, an advisor receiving a regular salary, and an Entity with Controlling Authority over the Company, the Parent Company, a Subsidiary, a Associated Company, a Joint Company, subsidiaries of the same tier or any juristic person that might be in conflict with the Company, both in the present and at least two years prior to taking the independent directorship.

3. Has no connection by blood or legal registration as father, mother, spouse, sibling, son/daughter or spouse of son/daughter of the Managements, major shareholders, Entity with Controlling Authority or an individual who will be nominated as Director, Managements or Entity with Controlling Authority over the Company or the Subsidiary.

4. Has no business relationship with the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority in such a manner that may obstruct their exercise of independent discretion. Further, an Independent Director is not a Significant Shareholder or an Entity with Controlling Authority over a party with business relationship with the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority, either at the present time or within two years prior to his/her appointment as Independent Director.

5. Is not an Auditor of the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority. , and, not a Significant Shareholder, an Entity with Controlling Authority or a partner to the audit office with which the auditors of the Parent Company, a Subsidiary, Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority are associated at the present time or have been within two years prior to his/her appointment as an Independent Director.

6. Is not a person rendering any professional service or a legal or financial consultant who is paid more than Two Million Baht in service fee per year by the Company, the Parent Company, a Subsidiary, an Associated Company, a Joint Company, a Major Shareholder or an Entity with Controlling Authority, and, not a Significant Shareholder or an Entity with Controlling Authority over the Company or a partner to such professional service provider at the present time or within two years prior to his/her appointment as an Independent Director.

7. Is not a Director who is appointed to be a nominee of a Director of the Company, a Major Shareholder or a shareholder who is connected to a Major Shareholder

8. Do not engage in a business of the same or competitive to the Company, his/her is not a significant partner to a partnership or Significant Shareholder or a Director of another company which is engaged in a business of the same nature as and which is significantly competitive to that of the Company or a Subsidiary.

9. Do not have any other characteristic which prevents him/her from opining freely on the operation 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.

#### Director Training

The Company has 7 directors composed of 2 foreign directors and 5 Thai directors. The 5 Thai directors and 1 foreign director have completed Director Certification Program (DCP) from the Thai Institute of Directors Association (IOD). The 7 Directors have financial experience more than 10 years. In addition, the Audit Committee which consists of 3 Independent Directors has completed the Audit Committee Program from the Thai-IOD. In 2011, there are several courses that directors attended as follows:

Subject	Provided by	Director				
		Suwit Chindasanguan	Somchai Sirivichayakul	Rojanasak Chomvilailuk	Somchai Sittichaisrichart	Lim Hwee Hai
Directors Certification Course (English Class 27/3/2011 - 1/4/2011)	IOD					✓
Connecting transactions and transfer pricing: Accounting and Tax - the same but different (20/4/2011, 19/5/2011)	KPMG	✓	✓	✓		
Will the Global Economy Stumble or Slow down? And What Will that Mean for Thailand? (28/6/2011)	IOD	✓	✓	✓		
Fraud Risk: Challenges for Audit Committees Presentation (22/8/2011)	KPMG	✓	✓	✓		
Monitoring the Quality of Financial Reporting (25/8/2011)	IOD		✓			
Evolving Executive Compensation with Changing Times (21/9/2011)	IOD		✓			
Monitoring Fraud Risk Management (30/9/2554)	IOD		✓	✓		
Monitoring the Internal Audit Function (12/10/2011)	IOD		✓	✓		
The Audit Committees Role in Responding to the Floods (2/11/2011)	KPMG	✓	✓	✓		
Strategic Thinking, Planning and Organizational Change (3/8/2011)	IOD				✓	

### 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 2011, The Company has no new Director.

### Conflict of interest

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

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

### Business Code of Conduct

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

### Balancing of Non-Executive Director and Management Control

#### Board of Directors

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

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

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

### **The Audit Committee**

The Audit Committee is comprised of 3 Independent Directors.

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

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

<b>Type of Director</b>	<b>No. of Director</b>	<b>Percentage</b>
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 2011	Total
1. Mr.Suwit Chindasangaun	4/4	12/12			1/1	17/17
2. Mr.Somchai Sirivichayakul	4/4	12/12	2/2		1/1	19/19
3. Rojanasak Chomvilailuk, Ph.D.	4/4	12/12	2/2	2/2	1/1	21/21
4. Mr.Somchai Sittichaisrichart	4/4		2/2	1/1	1/1	8/8
5. Mr.Sombati Pungsrinont	4/4			2/2	1/1	7/7
6. Mr.Lim Hwee Hai	4/4		2/2	2/2	1/1	9/9
7. Mr.Lim Kia Hong	3/4				1/1	4/5

### Remark:

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

-The Risk Management Committee Meeting No.2 has invited Mr.Somchai Sittichaisrichart – Managing Director who's not in the Risk Management Committee to attend the meetings to give more information.

## 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 to 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	16 times
- Interviewed on earnings with the press	11 times
- Analyst meeting	2 times
- Company visit by institution investor	2 times
- Company visit by individual investor	2 times
- Opportunity Day	3 times

## Role of the Company Secretary

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

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

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

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

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

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

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

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

### **Success plan**

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

## Related Transactions

The details of the company's related transactions for 2011 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			
SiS Technologies Pte Ltd.	Common directors	155,850	Selling of company's products <b>The Audit Committee's Opinion</b> The Audit Committee has decided that this transaction is in accordance with mutual trade assistance policies, with the selling price determined as market price plus actual expenses.
SiS Distribution (M) Sdn. Bhd.	Common directors	3,401,655	Selling of company's products <b>The Audit Committee's Opinion</b> The Audit Committee has decided that this transaction is in accordance with mutual trade assistance policies, with the selling price determined as market price plus actual expenses.
Alliance & Link Corporation Co., Ltd.	15% shareholding by the Company	10,040,082	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. and Indirect shareholding by the Company	382,012,643	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	243,220	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

Click Connect Co., Ltd.	15% shareholding by the Company	2,238,360	<p>Purchase software license to bundle with our smart phone products</p> <p><b>The Audit Committee's Opinion</b></p> <p>The Audit Committee has decided that this transaction is in accordance with market price and treated as other its customer.</p>
Management Fee			
SiS International Holdings Limited	Ultimate parent of the group and some common directors	14,029,206	<p>Fee for sharing the combined executive staff cost, negotiating with manufacturers to appoint SiS (Thailand) as distributor for various products, etc.</p> <p><b>The Audit Committee's Opinion</b></p> <p>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.</p>
Interest Income			
Alliance & Link Corporation Co., Ltd.	15% shareholding by the Company	1,950,063	<p>Interest charged for delay payment with agreed rate</p> <p><b>The Audit Committee's Opinion</b></p> <p>The Audit Committee has decided that this transaction is treated as general customers.</p>
Hardware House International Co., Ltd.	Subsidiary Company of Alliance & Link Corporation Co., Ltd. and Indirect shareholding by the Company	2,679,310	<p>Interest charged for delay payment with agreed rate</p> <p><b>The Audit Committee's Opinion</b></p> <p>The Audit Committee has decided that this transaction is treated as general customers.</p>

## Remark

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

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

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

# Corporate Social Responsibilities

As a company, we are aware of our social responsibilities and we place great importance on the environment and the education. In 2011, we participated in various programs as follows:

## Helping The Flood Victims

Our employees donate money and bring survival kits to help Flood victims at Ban Mai, Ayudhaya. This activity is initiated and operated by staff (1-2 October 2011).



## Donate computers for educational media to Kok Nam Kiang School

The company provides assistance to donate 20 computers together with installation and maintenance support from Nong Bua IT Center (our dealer) to the Director of Ban Kok Nam Kiang School, Tumbol Pamai-Ngam, Amphur Muang, Nong Bua Lam Phu which is a medium school that serves students from Kindergarten 1 through Secondary Year 3 with 15 teachers and 270 students.



## Donate computers for educational media to Kok Klang Mai Pho Thong School

The company provides assistance to donate 20 computers together with installation and maintenance support from Nong Bua IT Center (our dealer) to the Director of Kok Klang Mai Pho Thong School, which is an extended school that serves students from Kindergarten, Primary and Secondary with 17 teachers and 365 students.



# Governance Report of the Audit Committee

## Dear Valued Shareholders

The Audit Committee of SiS Distribution (Thailand) Public Company Limited has been qualified as the rules and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Specifically, the appointed committees have various backgrounds, experiences, and skills such as strategic, accounting, financial, and inventory management, and laws. Based on these combinations of various 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 2011, 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 2011 and all members attended all sessions. Specifically, the Audit Committee also set up the meetings with Management, internal auditors, relevant operators, and auditor for considering the relevant important matters. The particular and important summaries are shown as follows:

### **1) Reviewing and monitoring the year-end and quarterly financial reports 2011**

The Audit Committee reviewed the quarterly and the year-end financial reports of 2011, 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 and answer 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 meetings with outside Auditor independent from the Management 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 has opinions consistent with the Auditor's opinion that the financial reports are presented fairly and conformed to the generally accepted accounting principles.

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

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

communication information. With respect to the mentioned relationships, they drive the Audit Committee's belief on the internal control system that the system is sufficient and appropriate.

### **3) Reviewing the internal audit**

The Audit Committee reviewed the internal audit department regarding its mission, duties, authorities, scope of works, manpower, training and development plan, budget, and independence. The Audit Committee approved the auditing plan for 2011 and also reviewed and revised the Charter of Auditing Duties and Authorities to be updated and consistent with the current situations for the Charter's appropriateness.

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

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

In 2011, the Audit Committee set up the specific and relevant policy with respect to the company's compliance with the relevant regulations and Act.

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

### **5) Reviewing and providing opinions on related transactions and/or conflict of interest transactions to ensure that all firm'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 2011, concerning the relevant Act, regulations, and rules, authorized by SET and SEC, the Audit Committee has opinion that all related transactions of our firm and subsidiaries are reasonable, fair, and highly beneficial to all Shareholders. Furthermore, there are sufficient and appropriate disclosures.

### **6) Consider appointing the Auditor, and propose the Auditor's fees of the Year 2012 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 2012. Furthermore, the Audit Committee proposed the Audit fee for the Board of Directors' consideration and for the approval of the AGM. The review and evaluation processes include the previous-year-auditing fee based on the basis of sufficient knowledge, experience, independence, and appropriateness which the Audit Committee agreed upon with respect to the evaluated performance of the Year 2011. Thus, the Audit Committee proposes the board to appoint the Auditors as in the below list, and to approve the fees for the Auditors as shown. List of Auditors are Miss Mr. Vichien Thamtrakul CPA 3183 or Ms. Vannaporn Jongperadechanon CPA 4098 or Ms. Sureerat Thongarunsang CPA 4409 or Mr. Ekkasit Chuthamsatid CPA 4195 of KPMG Phoomchai Audit Limited for which the Audit Committee proposes them to be the Auditor for the year 2012 with the fees at 1,255,000 baht.

### **7) Reviewing good corporate governance. The Audit Committee had reviewed the business/corporate practices considering the transparent and sufficient information disclosure to comply with the regulations and rules of the 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 has continuously improved her governance practices. Specifically, in 2011, the company was evaluated as the excellent-performance listed company in terms of corporate governance practices. The Audit Committee still has practiced to support and enhance the compliance and good governance practices of the company continuously.

#### 8) Conducting self assessment of the Audit Committee.

The Audit Committee had conducted a self assessment with the results of satisfaction by considering the Audit Committee's charter and the accepted standard benchmarks of the good practices for the effectiveness improvement. The Audit Committee has developed their knowledge and experience by attending the relevant, various, and valuable training courses, such as IOD. In particular, the Audit Committee has opinion that the evaluation results of 2011 are 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 2011, the Audit Committee has satisfactorily worked by the Audit Committee's Charter which was approved by the Board of Directors. The Audit Committee has used their knowledge, experiences, capability, and independence including continuously provided their opinions and recommendations to Management and the Board of Directors. Finally, the Audit Committee has opinion that the Company has the sufficiency, appropriateness, and effectiveness of financial reports and information, business management and operation, internal control system, internal audit system, risk management system. Also, the Company has the business operations consistent and complied with the relevant business laws, regulations, rules, and any other directions of the good corporate governance. The Company has continuously developed her operation system to be high quality and cope with the changed business environments.

For 2012, the Audit Committee designs the auditing policies for the internal audit department by focusing on value added through auditing practices. Specifically, the audit activities should contribute the firm in terms of profit increase and cost reduction, especially for unreasonable costs. Furthermore, the internal audit department shall significantly and continuously focus on the key success factors; account receivable and inventory, including risk management. Specifically, the Audit Committee shall continuously concentrate on communication, signaling, and reminding the Management to monitor and resolve business problems to achieve our business goals and objectives. We do very appreciate for your trust on our firm.

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 5, 2012

# 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 2011 of SiS Distribution (Thailand) Public Company Limited are correction, completion, belief and according to generally accepted accounting principles and related regulations.



(Mr. Suwit Chindasanguan)

Chairman

SiS Distribution (Thailand)

Public Company Limited

March 5, 2011



(Mr. Somchai Sittichaisrichart)

Managing Director

SiS Distribution (Thailand)

Public Company Limited

March 5, 2011

# Auditors' Report



KPMG Phoomchai Audit Ltd.

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

บริษัท เคพีเอ็มซี ภูเก็ต สอบบัญชี จำกัด

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## Audit Report of Certified Public Accountant

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

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended of SiS Distribution (Thailand) Public Company Limited and its subsidiaries and of SiS Distribution (Thailand) Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated and separate financial statements of SiS Distribution (Thailand) Public Company Limited and its subsidiaries and of SiS Distribution (Thailand) Public Company Limited, respectively, for the year ended 31 December 2010 were audited by another auditor whose report dated 11 February 2011 expressed an unqualified opinion on those statements. As explained in Notes 2 and 3 to the accompanying financial statements, with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards. The consolidated and separate financial statements for the year ended 31 December 2010 have been restated accordingly. I have audited the adjustments that were applied to the restatement of those financial statements and in my opinion those adjustments are appropriate and have been properly applied.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011, and the results of operations and cash flows for the year then ended of SiS Distribution (Thailand) Public Company Limited and its subsidiaries and of SiS Distribution (Thailand) Public Company Limited, respectively, in accordance with Financial Reporting Standards.

(Sakda Kaothanthong)  
Certified Public Accountant  
Registration No. 4628

KPMG Phoomchai Audit Ltd.  
Bangkok  
22 February 2012

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.

# Statements of financial position

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

### Statements of financial position

As at 31 December 2011 and 2010

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		(Restated)		(Restated)	
(in thousand Baht)					
Current assets					
Cash and cash equivalents	6	185,252	42,611	82,297	27,709
Trade accounts receivable	5, 7	1,836,696	2,017,525	1,660,374	1,892,884
Short-term loans to related parties	5	-	-	601,500	-
Inventories	8	3,170,752	1,151,698	1,315,725	915,775
Other account receivable					
from Revenue Department		352,648	92,551	207,413	82,391
Other current assets	5, 9	209,060	34,809	114,307	59,950
Total current assets		5,754,408	3,339,194	3,981,616	2,978,709
Non-current assets					
Investments in subsidiaries	10	-	-	9,970	61,000
Other long-term investment	11	8,571	51,030	-	-
Long-term trade account receivable	12	57,425	-	57,425	-
Equipment	13	136,787	45,116	136,373	45,116
Intangible assets	14	47,441	28,346	47,441	28,346
Other non-current assets		14,140	9,501	13,980	9,501
Total non-current assets		264,364	133,993	265,189	143,963
Total assets		6,018,772	3,473,187	4,246,805	3,122,672

# Statement of financial position

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

### Statements of financial position

As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
		(Restated)		(Restated)	
(in thousand Baht)					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	15	2,242,664	975,804	1,772,738	975,804
Trade accounts payable	5, 16	2,274,295	995,772	1,012,118	704,097
Short-term loan from related parties	5	-	-	-	38,000
Current portion of fianace					
lease liabilities	15	1,549	1,464	1,549	1,464
Other accounts payable		31,977	30,894	27,645	28,768
Income tax payable		5,218	63,213	5,004	33,875
Other current liabilities	5, 17	155,464	160,938	150,311	135,545
<b>Total current liabilities</b>		<b>4,711,167</b>	<b>2,228,085</b>	<b>2,969,365</b>	<b>1,917,553</b>
<b>Non-current liabilities</b>					
Finance lease liabilities	15	1,292	3,012	1,292	3,012
Provision for cost of assets dismantlement		3,960	-	3,960	-
Employee benefit obligations	18	22,790	-	22,790	-
<b>Total non-current liabilities</b>		<b>28,042</b>	<b>3,012</b>	<b>28,042</b>	<b>3,012</b>
<b>Total liabilities</b>		<b>4,739,209</b>	<b>2,231,097</b>	<b>2,997,407</b>	<b>1,920,565</b>
<b>Equity</b>					
Share capital	19				
Authorised share capital		213,174	213,174	213,174	213,174
Issued and paid-up share capital		211,184	208,543	211,184	208,543
Share premium	19	170,915	156,520	170,915	156,520
Retained earnings					
Appropriated					
Legal reserve	21	21,317	21,317	21,317	21,317
Unappropriated		876,147	855,710	845,982	815,727
<b>Total equity</b>		<b>1,279,563</b>	<b>1,242,090</b>	<b>1,249,398</b>	<b>1,202,107</b>
<b>Total liabilities and equity</b>		<b>6,018,772</b>	<b>3,473,187</b>	<b>4,246,805</b>	<b>3,122,672</b>

# Statements of comprehensive income

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

### Statements of comprehensive income

For the years ended 31 December 2011 and 2010

		Consolidated		Separate	
		financial statements		financial statements	
Note		2011	2010	2011	2010
			(Restated)		(Restated)
		(in thousand Baht)			
<b>Income</b>					
Revenue from sale of goods	5	22,413,633	16,405,205	16,243,658	15,504,013
Revenue from rendering of services		31,001	15,627	28,727	15,623
Other income	5, 23	267,905	163,579	210,647	155,154
<b>Total income</b>		<b>22,712,539</b>	<b>16,584,411</b>	<b>16,483,032</b>	<b>15,674,790</b>
<b>Expenses</b>					
Cost of sale of goods	5, 26	21,378,155	15,451,206	15,409,998	14,644,964
Cost of rendering of services		20,887	17,758	17,108	17,755
Selling expenses	26	478,460	245,424	301,622	213,094
Administrative expenses	5, 26	504,853	408,708	450,734	407,738
Finance costs	25	58,116	38,588	47,327	38,199
<b>Total expenses</b>		<b>22,440,471</b>	<b>16,161,684</b>	<b>16,226,789</b>	<b>15,321,750</b>
<b>Profit before income tax expense</b>		<b>272,068</b>	<b>422,727</b>	<b>256,243</b>	<b>353,040</b>
Income tax expense	27	(128,548)	(127,445)	(102,905)	(98,108)
<b>Profit and comprehensive income for the year</b>		<b>143,520</b>	<b>295,282</b>	<b>153,338</b>	<b>254,932</b>
<b>Basic earnings per share (Baht)</b>	28	<b>0.68</b>	<b>1.44</b>	<b>0.73</b>	<b>1.24</b>
<b>Profit before income tax expense</b>		<b>272,068</b>	<b>422,727</b>	<b>256,243</b>	<b>353,040</b>
Income tax expense	27	(128,548)	(127,445)	(102,905)	(98,108)
<b>Profit and comprehensive income for the year</b>		<b>143,520</b>	<b>295,282</b>	<b>153,338</b>	<b>254,932</b>
<b>Basic earnings per share (Baht)</b>	28	<b>0.68</b>	<b>1.44</b>	<b>0.73</b>	<b>1.24</b>

# Statements of changes in equity

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

### Statements of changes in equity

For the years ended 31 December 2011 and 2010

Consolidated financial statements (Restated)						
		Additional paid-in capital	Retained earnings			
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
(in thousand Baht)						
Balance at 1 January 2010		203,174	133,105	20,500	642,515	999,294
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
Issue of ordinary shares	19	5,369	23,415	-	-	28,784
Dividends to owners of the Company	29	-	-	-	(81,270)	(81,270)
Total contributions by and distributions to owners of the Company		5,369	23,415	-	(81,270)	(52,486)
Profit and comprehensive income for the year		-	-	-	295,282	295,282
Transfer to legal reserve		-	-	817	(817)	-
Balance at 31 December 2010		208,543	156,520	21,317	855,710	1,242,090

Consolidated financial statements (Restated)						
		Additional paid-in capital	Retained earnings			
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
(in thousand Baht)						
Balance at 1 January 2011 - as reported		208,543	156,520	21,317	855,710	1,242,090
Impact of changes in accounting policies	3	-	-	-	(18,839)	(18,839)
Balance at 1 January 2011 - restated		208,543	156,520	21,317	836,871	1,223,251
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
Issue of ordinary shares	19	2,641	14,395	-	-	17,036
Dividends to owners of the Company	29	-	-	-	(104,244)	(104,244)
Total contributions by and distributions to owners of the Company		2,641	14,395	-	(104,244)	(87,208)
Profit and comprehensive income for the year		-	-	-	143,520	143,520
Balance at 31 December 2011		211,184	170,915	21,317	876,147	1,279,563

# Statements of changes in equity

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

### Statements of changes in equity

For the years ended 31 December 2011 and 2010

Separate financial statements (Restated)						
		Additional paid-in capital	Retained earnings			
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
(in thousand Baht)						
Balance at 1 January 2010		203,174	133,105	20,500	642,882	999,661
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
Issue of ordinary shares	19	5,369	23,415	-	-	28,784
Dividends to owners of the Company	29	-	-	-	(81,270)	(81,270)
Total contributions by and distributions to owners of the Company		5,369	23,415	-	(81,270)	(52,486)
Profit and comprehensive income for the year		-	-	-	254,932	254,932
Transfer to legal reserve		-	-	817	(817)	-
Balance at 31 December 2010		208,543	156,520	21,317	815,727	1,202,107

Separate financial statements (Restated)					
		Additional paid-in capital	Retained earnings		
	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
Note			(in thousand Baht)		
Balance at 1 January 2011 - as reported	208,543	156,520	21,317	815,727	1,202,107
Impact of changes in accounting policies	3	-	-	(18,839)	(18,839)
Balance at 1 January 2011 - restated	208,543	156,520	21,317	796,888	1,183,268
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Issue of ordinary shares	19	2,641	14,395	-	17,036
Dividends to owners of the Company	29	-	-	(104,244)	(104,244)
Total contributions by and distributions to owners of the Company		2,641	14,395	(104,244)	(87,208)
Comprehensive income for the year					
Profit and comprehensive income for the year		-	-	153,338	153,338
Balance at 31 December 2011		211,184	170,915	845,982	1,249,398

# Statements of cash flows

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

### Statements of cash flows

For the years ended 31 December 2011 and 2010

	Consolidated financial statements		Separate financial statements	
	2011	2010 (Restated)	2011	2010 (Restated)
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	143,520	295,282	153,338	254,932
<b><i>Adjustments for</i></b>				
Depreciation and amortisation	28,631	17,468	28,603	17,468
Interest income	(2,629)	(25,240)	(8,586)	(25,223)
Finance costs	58,116	38,588	47,327	38,199
Unrealised loss (gain) on exchange	55,250	688	13,611	(8)
Loss (gain) on disposal of equipment	2,130	(147)	2,130	(146)
Loss on impairment of investments in subsidiaries	-	-	51,030	-
Loss on impairment of other long-term investment	51,030	-	-	-
Bad debts and doubtful debts expense	35,314	43,541	25,668	43,541
Provision of allowance for obsolete and defective stocks (reversal)	118,554	(7,584)	27,460	(11,759)
Provision for defined benefit obligation	3,951	-	3,951	-
Income tax expense	128,548	127,445	102,905	98,108
	<u>622,415</u>	<u>490,041</u>	<u>447,437</u>	<u>415,112</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	145,524	(237,364)	206,851	(112,723)
Inventories	(2,137,608)	(224,833)	(427,410)	15,264
Finance lease receivables	-	1,626	-	1,626
Other accounts receivable				
from Revenue Department	(260,097)	(48,909)	(125,022)	(38,479)
Other current assets	(174,251)	(8,500)	(48,116)	(33,911)
Long-term trade accounts receivable	(57,425)	-	(57,425)	-
Other non-current assets	(4,639)	9,806	(4,479)	9,806
Trade accounts payable	1,248,395	89,865	303,723	(201,114)
Other accounts payable	1,077	(26,707)	(1,129)	(28,833)
Other current liabilities	(32,092)	80,693	(11,766)	55,310
Income tax paid	<u>(186,543)</u>	<u>(95,575)</u>	<u>(131,776)</u>	<u>(95,575)</u>
<b>Net cash provided by (used in) operating activities</b>	<u><b>(835,244)</b></u>	<u><b>30,143</b></u>	<u><b>150,888</b></u>	<u><b>(13,517)</b></u>

# Statements of cash flows

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

### Statements of cash flows

For the years ended 31 December 2011 and 2010

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2011	2010	2011	2010
			(Restated)		(Restated)
		(in thousand Baht)			
<b>Cash flows from investing activities</b>					
Interest received		2,629	25,240	2,345	25,223
Net cash outflow on acquisition of subsidiaries		-	-	-	(1,000)
Net cash outflow on acquisition of other long-term investment		(8,571)	-	-	-
Purchase of equipment		(104,573)	(23,412)	(104,131)	(23,412)
Proceeds from sale of equipment		113	379	113	379
Loan to related company		-	-	(601,500)	-
Purchase of intangible assets		(6,522)	(20,076)	(6,522)	(20,076)
<b>Net cash used in investing activities</b>		<b>(116,924)</b>	<b>(17,869)</b>	<b>(709,695)</b>	<b>(18,886)</b>
<b>Cash flows from financing activities</b>					
Interest paid		(58,083)	(38,404)	(47,380)	(37,936)
Proceeds from issue of ordinary shares		17,036	28,784	17,036	28,784
Net proceeds from bank overdraft and loan from financial institutions		1,241,735	68,472	787,618	98,473
Finance lease payments		(1,635)	(906)	(1,635)	(906)
Repayment of short-term loan from related company		-	-	(38,000)	-
Dividends paid to equity holders of the Company		(104,244)	(81,270)	(104,244)	(81,270)
<b>Net cash provided by (used in) financing activities</b>		<b>1,094,809</b>	<b>(23,324)</b>	<b>613,395</b>	<b>7,145</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>142,641</b>	<b>(11,050)</b>	<b>54,588</b>	<b>(25,258)</b>
Cash and cash equivalents at beginning of year	6	42,611	53,661	27,709	52,967
<b>Cash and cash equivalents at end of year</b>	<b>6</b>	<b>185,252</b>	<b>42,611</b>	<b>82,297</b>	<b>27,709</b>

#### ***Non-cash transactions***

During the year ended 31 December 2011, the Company acquired leasehold improvements, computer and office equipment and intangible assets at a total cost of Baht 142 million for consolidated financial statements and a total cost of Baht 141 million for separate financial statements of which Baht 115 million was made by cash payment for consolidated financial statements and Baht 115 million was made by cash payment for separate financial statements.

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

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# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

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 authorized for issue by the Board of Directors on 22 February 2012.

## 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. (Formerly address: 65 Ground, 4th Floor Chamnan Phenjati Business Center, Rama 9 Road, Huaykwang, Bangkok, Thailand.).

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

The Company's major shareholders during the financial year were SiS Technologies (Thailand) Pte. Ltd. which was incorporated in Singapore (47.23% shareholding), Sittichaisrichart Family (14.60% shareholding) and Pungsrinont Family (9.74% shareholding).

The principal businesses of the Company are trading in computer component, office automation equipment, service and rental of computers and accessories and trading in Digital Disc - Movie and Music. Details of the Company's subsidiaries as at 31 December 2011 and 2010 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
<b><i>Direct subsidiaries</i></b>				
SiS Venture Co., Ltd.	Holding investment	Thailand	99.99	99.99
Qool Distribution (Thailand) Co., Ltd. (Incorporated in June 2010)	Merchandising	Thailand	99.99	99.99

## 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"); applicable rules and regulations of the Thai Securities and Exchange Commission.

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2011:

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TFRS 2	Share-based Payment
FAP Announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 3.

# Notes to the financial statements

For the years ended 31 December 2011 and 2010

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other 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) 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.

**(c) 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 18: *measurement of defined benefit obligations*

### 3. Changes in accounting policies

**(a) Overview**

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for property, plant and equipment
- Accounting for employee benefits

Details of the new accounting policies adopted by the Group and the impact of the changes on the financial statements are included in notes 3(b) to 3(d) below. The impact of the changes on the financial statements for the years ended 31 December 2011 and 2010 financial statements is summarised as follows:

# Notes to the financial statements

For the years ended 31 December 2011 and 2010

*For the year ended 31 December 2011*

		<b>Consolidated financial statements 2011</b>	<b>Separate financial statements 2011</b>
	<i>Note</i>	<i>(in thousand Baht)</i>	
<b>Statement of financial position</b>			
Equity at 31 December 2010 - as reported		1,242,090	1,202,107
Impact of the adoption prospectively of:			
TAS 19 Employee benefits	3(d)	(18,839)	(18,839)
<b>Equity at 1 January 2011</b>		<b>1,223,251</b>	<b>1,183,268</b>
<b>Statement of comprehensive income for the year ended 31 December 2011</b>			
Decrease as a result of the adoption of:			
TAS 19 Employee benefits	3(d)	3,951	3,951
<b>Decrease in profit</b>		<b>3,951</b>	<b>3,951</b>
<b>Decrease in earnings per share (in Baht)</b>		<b>0.02</b>	<b>0.02</b>

## (b) Presentation of financial statements

The Group has adopted TAS 1 Presentation of Financial Statements (Revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Group presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

# Notes to the financial statements

For the years ended 31 December 2011 and 2010

(c) *Accounting for property, plant and equipment*

The Group has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Group are that: (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. The changes have had no material impact on the profit and earnings per share for the years ended 31 December 2011 and 2010.

(d) *Accounting for employee benefits*

The Group has adopted TAS 19 Employee Benefits.

Under the new policy, the Group's liability for post-employment benefits obligations is recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as and when payments were made.

The Group's and the Company's liability for post-employment benefit obligations as at 1 January 2011 has been determined to be Baht 19 million. The Group has opted to record the entire amount of this liability as an adjustment to retained earnings as at 1 January 2011, in accordance with the transitional provisions of TAS 19. The impact on the 2011 financial statements was as follows:

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

	Consolidated financial statements 2011 (in thousand Baht)	Separate financial statements 2011
<b><i>Statement of financial position</i></b>		
Unappropriated retained earnings as 31 December 2010		
- as reported	855,710	815,727
Increase in employee benefit obligations	(18,839)	(18,839)
<b>Unappropriated retained earnings as at 1 January 2011</b>	<b>836,871</b>	<b>796,888</b>
<b><i>Statement of comprehensive income for the year ended 31 December 2011</i></b>		
Increase in employee expenses resulting in increase in administrative expenses	3,951	3,951
<b>Decrease in profit</b>	<b>3,951</b>	<b>3,951</b>
<b>Decrease in basic earnings per share (in Baht)</b>	<b>0.02</b>	<b>0.02</b>

## 4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

### (a) Basis of consolidation

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

#### *Subsidiaries*

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

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. 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.

# Notes to the financial statements

**For the tears ended 31 December 2011 and 2010**

## 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.

### 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).

### 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.

### Cash and cash equivalents

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

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 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.

## Inventories

### *Finished goods*

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

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

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

The Group sets an allowance for the decline in value of obsolete and defective stock by 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%

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## *Smartphone and smartphone equipment*

Smartphone and smartphone equipment are reviewed 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**

### *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. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## *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.

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

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

## (j) Intangible assets

### *Software licenses*

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

## (k) Impairment

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

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

### *Calculation of recoverable amount*

## Notes to the financial statements

### For the tears ended 31 December 2011 and 2010

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.

#### (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.

# Notes to the financial statements

## For the tears ended 31 December 2011 and 2010

The calculation is performed annually 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.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

### *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 from the sale of goods 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 are significant uncertainties regarding recovery of the consideration due, associated costs, the probable return of goods or the continuing management involvement with the goods.

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

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

Revenue from services is recognised when services are rendered.

### *Interest income*

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

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

(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 charged to the income statement in the accounting period in which they are incurred.

*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.

# Notes to the financial statements

For the years ended 31 December 2011 and 2010

## 5. 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 related parties were as follows:

Name of the entities	Country of incorporation/ nationality	Nature of relationships
SiS International Holdings Ltd.	Bermuda	Ultimate parent of the group and some Common directors
SiS Technologies (Thailand) Pte. Ltd.	Singapore	Under the same control of the ultimate parent company
SiS Technologies Pte Ltd.	Singapore	Common directors
SiS International Ltd.	Hong Kong	Common directors
SiS Distribution (M) Sdn. Bhd.	Malaysia	Common directors
Alliance & Link Corporation Co., Ltd	Thailand	parent company
Click Connect Co., Ltd.	Thailand	15% shareholding by the Company
Hardware House International Co., Ltd.	Thailand	15% shareholding by the Company
		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 rate
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 2011 and 2010 with related parties are summarised as follows:

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
<b>Sales</b>				
SiS Technologies Pte Ltd.	156	6,270	156	6,270
SiS Distribution (M) Sdn. Bhd.	3,402	274	3,402	274
Qool Distribution (Thailand) Co., Ltd.	-	-	916	-
Alliance & Link Corporation Co., Ltd.	10,040	119,330	2,933	96,969
Hardware House International Co., Ltd.	382,013	569,428	373,972	567,941
Click Connect Co., Ltd.	243	-	243	-
<b>Total</b>	<b>395,854</b>	<b>695,302</b>	<b>381,622</b>	<b>671,454</b>
<b>Management income</b>				
Qool Distribution (Thailand) Co., Ltd.	-	-	107,897	25,233
<b>Interest income</b>				
Qool Distribution (Thailand) Co., Ltd.	-	-	6,241	-
Alliance & Link Corporation Co., Ltd.	1,950	958	1,950	958
Hardware House International Co., Ltd.	2,679	7,933	2,679	7,933
	<b>4,629</b>	<b>8,891</b>	<b>10,870</b>	<b>8,891</b>
<b>Goods transferred from trade receivable</b>				
Hardware House International Co., Ltd.	293,624	-	292,073	-
<b>Purchases</b>				
SiS Technologies Pte Ltd.	-	1,961	-	1,961
Qool Distribution (Thailand) Co., Ltd.	-	-	805	-
Click Connect Co., Ltd.	2,238	-	2,238	-
	<b>2,238</b>	<b>1,961</b>	<b>3,043</b>	<b>1,961</b>
<b>Interest expense</b>				
SiS Venture Co., Ltd.	-	-	110	80
Qool Distribution (Thailand) Co., Ltd.	-	-	-	12
	<b>-</b>	<b>-</b>	<b>110</b>	<b>92</b>
<b>Management fee</b>				
SiS International Holdings Ltd.	14,029	9,662	10,156	9,662
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	49,642	54,774	41,002	54,774
Other long-term benefits	1,990	1,697	1,618	1,697
<b>Total key management personnel compensation</b>	<b>51,632</b>	<b>56,471</b>	<b>42,620</b>	<b>56,471</b>

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

Balances as at 31 December 2011 and 2010 with related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Trade accounts receivable from related parties</b>				
Alliance & Link Corporation Co., Ltd	17,914	82,488	13,360	58,561
Hardware House International Co., Ltd.	69,283	352,977	64,168	351,442
Click Connect Co., Ltd.	93	-	93	-
	<u>87,290</u>	<u>435,465</u>	<u>77,621</u>	<u>410,003</u>
Less allowance for doubtful accounts	<u>(52,236)</u>	<u>(74,523)</u>	<u>(42,590)</u>	<u>(74,523)</u>
	<b><u>35,054</u></b>	<b><u>360,942</u></b>	<b><u>35,031</u></b>	<b><u>335,480</u></b>
<b>Accrued income</b>				
Qool Distribution (Thailand) Co., Ltd.	<u>-</u>	<u>-</u>	<u>12,922</u>	<u>25,233</u>
<b>Interest receivable</b>				
Qool Distribution (Thailand) Co., Ltd.	<u>-</u>	<u>-</u>	<u>6,241</u>	<u>-</u>
<b>Short-term loan to related parties</b>				
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Qool Distribution (Thailand) Co., Ltd.	3.55-3.86	-	<u>601,500</u>	<u>-</u>

# Notes to the financial statements

## For the tears ended 31 December 2011 and 2010

Movement during the periods ended 31 December 2011 and 2010 of short-term loan to related parties is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
At 1 January	-	-	-	-
Increase	-	-	601,500	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>601,500</b>	<b>-</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Trade payable to related parties</b>				
Alliance & Link Corporation Co., Ltd.	86	168	86	168
Hardware House International Co., Ltd.	9	-	9	-
Click Connect Co., Ltd.	2,395	-	2,395	-
	<b>2,490</b>	<b>168</b>	<b>2,490</b>	<b>168</b>

<b>Short-term loan from related parties</b>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010	2011	2010
	<i>(%)</i>		<i>(in thousand Baht)</i>			
<b>Subsidiary</b>						
SiS Venture Co., Ltd.	-	1.00	-	-	-	8,000
Qool Distribution (Thailand) Co., Ltd.	-	1.00	-	-	-	30,000
<b>Short-term loan from related parties</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>38,000</b>

# Notes to the financial statements

## For the tears ended 31 December 2011 and 2010

Movement during the periods ended 31 December 2011 and 2010 of short-term loan from related parties is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
At 1 January	-	-	38,000	8,000
Increase (decrease)	-	-	(38,000)	30,000
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,000</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Accrued expense</b>				
SiS International Holdings Ltd.	<b>1,227</b>	<b>810</b>	<b>701</b>	<b>810</b>
<b>Accrued interest expense</b>				
SiS Venture Co., Ltd.	<b>-</b>	<b>-</b>	<b>-</b>	<b>80</b>

### *Goods transfer from trade receivables*

In 2011, Hardware House International Co., Ltd. transferred the right of ownership in goods to the Group for payment amount Baht 294 million.

### *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 term of the agreement is from 1 September 2010 onward, and the monthly rate is 2.8% of the net sales of the subsidiary for each month. However, on 1 September 2011, the parties agreed to enter into new agreement effective from 1 January 2011 to 31 December 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.

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 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.

## 6. Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Cash on hand	125	125	125	125
Cash at banks				
- current accounts	22,995	21,223	9,417	21,177
Cash at banks				
- savings accounts	162,132	21,263	72,755	6,407
<b>Total</b>	<b>185,252</b>	<b>42,611</b>	<b>82,297</b>	<b>27,709</b>

The currency denomination of cash and cash equivalents of the Group and the Company as at 31 December 2011 and 2010 was Thai Baht.

## 7. Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
		(in thousand Baht)			
Related parties	5	87,290	435,465	77,621	410,003
Other parties		1,980,048	1,789,873	1,803,749	1,690,694
<b>Total</b>		<b>2,067,338</b>	<b>2,225,338</b>	<b>1,881,370</b>	<b>2,100,697</b>
Less allowance for doubtful accounts		(230,642)	(207,813)	(220,996)	(207,813)
<b>Net</b>		<b>1,836,696</b>	<b>2,017,525</b>	<b>1,660,374</b>	<b>1,892,884</b>
<b>Bad debts and doubtful debts expenses for the year</b>	26	<b>35,314</b>	<b>43,541</b>	<b>25,668</b>	<b>43,541</b>

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

Aging analysis for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	73	155,493	73	132,045
Overdue:				
Less than 3 months	35,673	148,279	34,957	146,265
3-6 months	36,842	131,255	31,035	131,255
6-12 months	14,507	330	11,361	330
Over 12 months	195	108	195	108
	<u>87,290</u>	<u>435,465</u>	<u>77,621</u>	<u>410,003</u>
<i>Less allowance for doubtful accounts</i>	<u>(52,236)</u>	<u>(74,523)</u>	<u>(42,590)</u>	<u>(74,523)</u>
	<b><u>35,054</u></b>	<b><u>360,942</u></b>	<b><u>35,031</u></b>	<b><u>335,480</u></b>
 <b>Other parties</b>				
Within credit terms	1,299,836	1,283,357	1,189,000	1,199,167
Overdue:				
Less than 3 months	446,819	373,225	380,900	358,236
3-6 months	135,080	9,189	135,388	9,189
6-12 months	3,050	3,343	3,172	3,343
Over 12 months	95,263	120,759	95,289	120,759
	<u>1,980,048</u>	<u>1,789,873</u>	<u>1,803,749</u>	<u>1,690,694</u>
<i>Less allowance for doubtful accounts</i>	<u>(178,406)</u>	<u>(133,290)</u>	<u>(178,406)</u>	<u>(133,290)</u>
	<b><u>1,801,642</u></b>	<b><u>1,656,583</u></b>	<b><u>1,625,343</u></b>	<b><u>1,557,404</u></b>
<b>Total</b>	<b><u>1,836,696</u></b>	<b><u>2,017,525</u></b>	<b><u>1,660,374</u></b>	<b><u>1,892,884</u></b>

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

The currency denomination of trade accounts receivable as at 31 December 2011 and 2010 was Thai Baht.

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 8. Inventories

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Finished goods - computer components	3,302,846	1,172,786	1,352,981	932,689
Finished goods Digital Disc - Movie and Music	18,827	14,239	18,827	14,239
Goods in transit	22,901	19,941	22,470	19,941
	<u>3,344,574</u>	<u>1,206,966</u>	<u>1,394,278</u>	<u>966,869</u>
Less allowance for decline in value	<u>(173,822)</u>	<u>(55,268)</u>	<u>(78,553)</u>	<u>(51,094)</u>
<b>Net</b>	<b><u>3,170,752</u></b>	<b><u>1,151,698</u></b>	<b><u>1,315,725</u></b>	<b><u>915,775</u></b>

The sale of finished goods - Digital Disc - Movie and Music is subject to the terms of an income sharing agreement with a vendor (See note 31 to the financial statements).

## 9. Other current assets

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Accrued income	5	157,645	29,526	72,122	54,760
Others	5	<u>51,415</u>	<u>5,283</u>	<u>42,185</u>	<u>5,190</u>
<b>Total</b>		<b><u>209,060</u></b>	<b><u>34,809</u></b>	<b><u>114,307</u></b>	<b><u>59,950</u></b>

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 10. Investment in subsidiaries

	Ownership interest		Paid-up capital		Cost method		Separate financial statements Impairment		At cost-net		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	%						(in thousand Baht)					
<i>Subsidiaries</i>												
SiS Venture Co., Ltd.	99.99	99.99	60,000	60,000	60,000	60,000	51,030	-	8,970	60,000	-	-
Qool Distribution (Thailand) Co., Ltd.	99.99	99.99	1,000	1,000	1,000	1,000	-	-	1,000	1,000	-	-
<b>Total</b>			<b>61,000</b>	<b>61,000</b>	<b>61,000</b>	<b>61,000</b>	<b>51,030</b>	<b>-</b>	<b>9,970</b>	<b>61,000</b>	<b>-</b>	<b>-</b>

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

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 11. Other long-term investment

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Other long-term investment</b>				
Other non marketable equity security	59,601	51,030	-	-
	<u>59,601</u>	<u>51,030</u>	<u>-</u>	<u>-</u>
Less Allowance for impairment	(51,030)	-	-	-
<b>Net</b>	<u><b>8,571</b></u>	<u><b>51,030</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

Other long-term investment was an investment 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.

## 12. Long term account receivable

	Consolidated financial statements/Separate financial statements					
	2011			2010		
	Principal	Interest	Collections	Principal	Interest	Collections
	<i>(in thousand Baht)</i>					
Within one year	27,230	2,770	30,000	-	-	-
After one year but within five years	<u>57,425</u>	<u>2,575</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><b>84,655</b></u>	<u><b>5,345</b></u>	<u><b>90,000</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

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 tears ended 31 December 2011 and 2010

## 13. Equipment

	Consolidated financial statements					Total
	Vehicles	Furniture & fixtures	Computer & office equipment	Leasehold improvements	Constructio n in progress	
	<i>(in thousand Baht)</i>					
<b>Cost</b>						
At 1 January 2010	8,282	11,514	110,509	15,599	-	145,904
Additions	2,967	706	18,707	2,160	1,839	26,379
Disposals	-	(642)	(14,456)	-	-	(15,098)
<b>At 31 December 2010 and 1 January 2011</b>	<b>11,249</b>	<b>11,578</b>	<b>114,760</b>	<b>17,759</b>	<b>1,839</b>	<b>157,185</b>
Additions	-	10,257	49,676	44,351	13,335	117,619
Transfer	-	-	-	10,506	(10506)	-
Disposals	(686)	(6,063)	(13,644)	(12,808)	-	(33,201)
<b>At 31 December 2011</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>
<b>Depreciation</b>						
At 1 January 2010	5,083	9,211	85,977	9,934	-	110,205
Depreciation charge for the year	1,014	1,120	13,055	1,541	-	16,730
Disposals	-	(642)	(14,224)	-	-	(14,866)
<b>At 31 December 2010 and 1 January 2011</b>	<b>6,097</b>	<b>9,689</b>	<b>84,808</b>	<b>11,475</b>	<b>-</b>	<b>112,069</b>
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</b>	<b>6,825</b>	<b>4,988</b>	<b>88,351</b>	<b>4,652</b>	<b>-</b>	<b>104,816</b>

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

Consolidated financial statements						
	Vehicles	Furniture & fixtures	Computer & office equipment <i>(in thousand Baht)</i>	Leasehold improvements	Construction in progress	Total
<b>Net book value</b>						
<b>At 1 January 2010</b>						
Owned assets	-	2,303	24,532	5,665	-	32,500
Assets under finance leases	3,199	-	-	-	-	3,199
	<u>3,199</u>	<u>2,303</u>	<u>24,532</u>	<u>5,665</u>	<u>-</u>	<u>35,699</u>
<b>At 31 December 2010 and 1 January 2011</b>						
Owned assets	-	1,889	29,952	6,284	1,839	39,964
Assets under finance leases	5,152	-	-	-	-	5,152
	<u>5,152</u>	<u>1,889</u>	<u>29,952</u>	<u>6,284</u>	<u>1,839</u>	<u>45,116</u>
<b>At 31 December 2011</b>						
Owned assets	-	10,784	62,441	55,156	4,668	133,049
Assets under finance leases	3,738	-	-	-	-	3,738
	<u>3,738</u>	<u>10,784</u>	<u>62,441</u>	<u>55,156</u>	<u>4,668</u>	<u>136,787</u>

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

	Separate financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment	Leasehold improvement s	Construction in progress	Total
	(in thousand Baht)					
<b>Cost</b>						
At 1 January 2010	8,282	11,514	110,509	15,599	-	145,904
Additions	2,967	706	18,707	2,160	1,839	26,379
Disposals	-	(642)	(14,456)	-	-	(15,098)
<b>At 31 December 2010 and 1 January 2011</b>	<b>11,249</b>	<b>11,578</b>	<b>114,760</b>	<b>17,759</b>	<b>1,839</b>	<b>157,185</b>
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</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>

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

	Separate financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Construction in progress	Total
<b>Depreciation</b>						
At 1 January 2010	5,083	9,211	85,977	9,934	-	110,205
Depreciation charge for the year	1,014	1,120	13,055	1,541	-	16,730
Disposals	-	(642)	(14,224)	-	-	(14,866)
<b>At 31 December 2010 and 1 January 2011</b>	<b>6,097</b>	<b>9,689</b>	<b>84,808</b>	<b>11,475</b>	<b>-</b>	<b>112,069</b>
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</b>	<b>6,825</b>	<b>4,988</b>	<b>88,324</b>	<b>4,652</b>	<b>-</b>	<b>104,789</b>
<b>Net book value</b>						
<b>At 1 January 2010</b>						
Owned assets	-	2,303	24,532	5,665	-	32,500
Assets under finance leases	3,199	-	-	-	-	3,199
	<b>3,199</b>	<b>2,303</b>	<b>24,532</b>	<b>5,665</b>	<b>-</b>	<b>35,699</b>
<b>At 31 December 2010 and 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</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>

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2011 amounted to Baht 67.9 million (2010: Baht 104.6 million).

# Notes to the financial statements

For the years ended 31 December 2011 and 2010

## 14. Intangible assets

	Consolidated financial statements/ Separate financial statements		
	Software licences	Software licences in progress (in thousand Baht)	Total
<i>Cost</i>			
At 1 January 2010	28,623	6,500	35,123
Additions	989	19,086	20,075
<b>At 31 December 2010 and 1 January 2011</b>	<b>29,612</b>	<b>25,586</b>	<b>55,198</b>
Additions	6,047	17,975	24,022
Transfer	42,426	(42,426)	-
Disposals	(2,644)	-	(2,644)
<b>At 31 December 2011</b>	<b>75,441</b>	<b>1,135</b>	<b>76,576</b>
<i>Amortisation</i>			
At 1 January 2010	26,115	-	26,115
Amortisation charge for the year	737	-	737
<b>At 31 December 2010 and 1 January 2011</b>	<b>26,852</b>	<b>-</b>	<b>26,852</b>
Amortisation charge for the year	4,927	-	4,927
Disposals	(2,644)	-	(2,644)
<b>At 31 December 2011</b>	<b>29,135</b>	<b>-</b>	<b>29,135</b>
<i>Net book value</i>			
<b>At 1 January 2010</b>	<b>2,508</b>	<b>6,500</b>	<b>9,008</b>
<b>At 31 December 2010 and 1 January 2011</b>	<b>2,760</b>	<b>25,586</b>	<b>28,346</b>
<b>At 31 December 2011</b>	<b>46,306</b>	<b>1,135</b>	<b>47,441</b>

# Notes to the financial statements

For the years ended 31 December 2011 and 2010

## 15. Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Current - unsecured</b>				
Bank overdrafts	230	-	6	-
Trust receipts	977,434	25,804	507,732	25,804
Loans from financial institutions	1,265,000	950,000	1,265,000	950,000
<b>Loans from financial institutions</b>	<b>2,242,664</b>	<b>975,804</b>	<b>1,772,738</b>	<b>975,804</b>
Current portion of finance lease liabilities	1,549	1,464	1,549	1,464
<b>Total</b>	<b>2,244,213</b>	<b>977,268</b>	<b>1,774,287</b>	<b>977,268</b>
<b>Non - current</b>				
Financial lease liabilities	1,292	3,012	1,292	3,012
<b>Total</b>	<b>1,292</b>	<b>3,012</b>	<b>1,292</b>	<b>3,012</b>

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

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Within one year	2,242,664	975,804	1,772,738	975,804
<b>Total</b>	<b>2,242,664</b>	<b>975,804</b>	<b>1,772,738</b>	<b>975,804</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.

### Finance lease liabilities

Finance lease liabilities as at 31 December 2011 and 2010 were payable as follows:

	Consolidated financial statements/Separate financial statements					
	2011			2010		
	Principal	Interest	Payments	Principal	Interest	Payments
	<i>(in thousand Baht)</i>					
Within one year	1,549	131	1,680	1,464	215	1,680
After one year but within five years	1,292	32	1,324	3,012	174	3,185
<b>Total</b>	<b>2,841</b>	<b>163</b>	<b>3,004</b>	<b>4,476</b>	<b>389</b>	<b>4,865</b>

Financial lease payables are paid by monthly installment.

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### 16. Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Related parties	5	2,490	168	2,490	168
Other parties		2,271,805	995,604	1,009,628	703,929
<b>Total</b>		<b>2,274,295</b>	<b>995,772</b>	<b>1,012,118</b>	<b>704,097</b>

The currency denomination of trade accounts payable as at 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	705,995	452,908	702,458	450,734
United States Dollars (USD)	1,568,300	542,864	309,660	253,363
<b>Total</b>	<b>2,274,295</b>	<b>995,772</b>	<b>1,012,118</b>	<b>704,097</b>

### 17. Other current liabilities

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Accrued employee benefit expenses		51,148	68,114	51,148	68,114
Accrued marketing expenses		43,660	68,759	43,660	44,019
Accrued intangible assets		17,500	-	17,500	-
Accrued equipment		9,086	-	9,086	-
Others	5	34,070	24,065	28,917	23,412
<b>Total</b>		<b>155,464</b>	<b>160,938</b>	<b>150,311</b>	<b>135,545</b>

# Notes to the financial statements

For the years ended 31 December 2011 and 2010

## 18. Employee benefit obligations

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 3(d). As stated in note 3(d), the Group has opted to record the entire amount of the transitional obligation as at 1 January 2011, totalling Baht 19 million for the Group and the Company, as an adjustment to retained earnings as at 1 January 2011.

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:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	18,839	-	18,839	-
Current service costs and interest expense	3,951	-	3,951	-
<b>Defined benefit obligations at 31 December</b>	<b>22,790</b>	<b>-</b>	<b>22,790</b>	<b>-</b>

Expense recognised in profit or loss

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Current service costs	3,197	-	3,197	-
Interest on obligation	754	-	754	-
<b>Total</b>	<b>3,951</b>	<b>-</b>	<b>3,951</b>	<b>-</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(%)</i>			
Discount rate	3.5	-	3.5	-
Future salary increases	6	-	6	-
Employee turnover rate	0-22	-	0-22	-

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

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 19. Share capital

	<i>Par value (in Baht)</i>	2011 Number	2011 Baht (thousand shares / thousand Baht)	2010 Number	2010 Baht
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	213,174	213,174	205,000	205,000
Reduction of shares	1	-	-	(1,826)	(1,826)
Issuance of new shares	1	-	-	10,000	10,000
<b>At 31 December</b>					
<b>- ordinary shares</b>	1	<b>213,174</b>	<b>213,174</b>	<b>213,174</b>	<b>213,174</b>
<b>Issued and fully paid-up</b>					
At 1 January					
- ordinary shares	1	208,543	208,543	203,174	203,174
Issuance of new shares	1	2,641	2,641	5,369	5,369
<b>At 31 December</b>					
<b>- ordinary shares</b>	1	<b>211,184</b>	<b>211,184</b>	<b>208,543</b>	<b>208,543</b>

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

- Approved the Company to register the reduction of a registered capital of the Company from 205,000,000 shares, with par value of Baht 1, totaling Baht 205,000,000 to 203,174,100 ordinary shares, with par value of Baht 1, totaling Baht 203,174,100 by cancelling the unpaid 1,825,900 ordinary shares, with par value of Baht 1, totaling Baht 1,825,900 to match with the unexercised 1,825,900 warrants.
- Approved the Company to register the increase of registered capital of the Company totaling Baht 10,000,000 from Baht 203,174,100 to Baht 213,174,100, with par value of Baht 1 each, totaling Baht 213,174,100 to be reserved for the exercise of warrants which were allotted to the Directors and employees including any employee (s) who is also a Director under Employee Stock Option Plan (ESOP) Scheme and also to support the ESOP by means of the issuance of 10,000,000 ordinary shares

The Company registered the reduction of registered capital according to (a) and the increase of registered capital according to (b) with the Ministry of Commerce on 9 April 2010 and 20 April 2010, respectively.

In June 2010, warrant holders (note 20) exercised their right to buy 3,621,750 of the Company's ordinary shares at the exercise price based on the book value the ordinary shares of the Company pursuant to the latest financial statements. The exercise price was Baht 5.27 per share. The increase of share capital was registered with the Ministry of Commerce on 7 June 2010.

## Notes to the financial statements

### For the years ended 31 December 2011 and 2010

In December 2010, warrant holders (note 20) exercised their right to buy 1,747,325 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 5.55 per share. The increase of share capital was registered with the Ministry of Commerce on 9 December 2010.

In June 2011, warrant holders (note 20) 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 20) 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.

#### *Share premium*

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

### 20. 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
Number of ordinary shares allotted and reserved for the warrants	:	10 million shares

8 million warrants had been exercised during 2010 and 2011. As at 31 December 2011, there were 2 million unexercised warrants

# Notes to the financial statements

For the years ended 31 December 2011 and 2010

## 21. Reserves

### *Legal reserve*

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

### *Movements in reserves*

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

## 22. 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.

The Group's operations involve principally in four business segments as follows:

### *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 2011 and 2010 was as follows:

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

	Consolidated financial Statements				
	Segment 1	Segment 2	Segment 3	Segment 4	Total
	(in million Baht)				
<i>For the year ended 31 December 2011</i>					
Revenue	20,775	31	111	1,528	22,445
Cost	(19,822)	(21)	(100)	(1,456)	(21,399)
Gross profit	953	10	11	72	1,046
Selling and administrative expenses					(983)
Finance costs					(58)
Other income					268
Profit before income tax					273
Income tax					(129)
<b>Net profit</b>					<b>144</b>
<b>Equipment - net</b>					<b>137</b>
<b>Total assets</b>					<b>6,019</b>
<i>For the year ended 31 December 2010</i>					
Revenue	15,576	16	115	714	16,421
Cost	(14,675)	(18)	(103)	(673)	(15,469)
Gross profit	901	(2)	12	41	952
Selling and administrative expenses					(654)
Finance costs					(39)
Other income					163
Profit before income tax					422
Income tax					(127)
<b>Net profit</b>					<b>295</b>
<b>Equipment - net</b>					<b>45</b>
<b>Total assets</b>					<b>3,473</b>

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 23. Other income

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Management income	5	-	-	107,897	25,233
Income from marketing refund		252,355	81,956	81,434	72,090
Interest income	5	2,629	25,240	8,586	25,223
Others	5	12,921	56,383	12,730	32,608
<b>Total</b>		<b>267,905</b>	<b>163,579</b>	<b>210,647</b>	<b>155,154</b>

## 24. Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
<b>Management</b>					
Wages and salaries		49,642	54,774	41,002	54,774
Others		1,990	1,697	1,618	1,697
		<b>51,632</b>	<b>56,471</b>	<b>42,620</b>	<b>56,471</b>
<b>Other employees</b>					
Wages and salaries		169,222	183,191	169,222	183,191
Others		25,446	27,116	25,446	27,116
		<b>194,668</b>	<b>210,307</b>	<b>194,668</b>	<b>210,307</b>
<b>Total</b>		<b>246,300</b>	<b>266,778</b>	<b>237,288</b>	<b>266,778</b>

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.

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 25. Finance costs

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
<b>Related parties</b>					
Interest expense	5	-	-	110	92
<b>Other parties</b>					
Interest expense and fee to financial institutions		58,116	38,588	47,217	38,107
<b>Total</b>		<b>58,116</b>	<b>38,588</b>	<b>47,327</b>	<b>38,199</b>

# Notes to the financial statements

For the years ended 31 December 2011 and 2010

## 26. 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>	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b><i>Included in cost of sales of goods:</i></b>				
Changes in inventories	(2,137,608)	(224,833)	(427,409)	15,264
Purchase	23,397,209	15,683,623	15,809,947	14,641,459
Provision (reversal) of allowance for obsolete and defective stocks	118,554	(7,584)	27,460	(11,759)
<b>Total</b>	<b>21,378,155</b>	<b>15,451,206</b>	<b>15,409,998</b>	<b>14,644,964</b>
<b><i>Included in selling expenses:</i></b>				
Advertising and marketing expenses	431,907	201,511	256,379	169,181
Transportation expenses	24,717	22,484	23,407	22,484
Employee benefit expenses	16,510	18,163	16,510	18,163
Others	5,326	3,266	5,326	3,266
<b>Total</b>	<b>478,460</b>	<b>245,424</b>	<b>301,622</b>	<b>213,094</b>
<b><i>Included in administrative expenses:</i></b>				
Employee benefit expenses	212,118	235,074	212,118	235,074
Loss on impairment of other long-term investment	51,030	-	-	-
Bad debts and doubtful accounts	35,314	43,541	25,668	43,541
Depreciation and amortisation	28,631	17,468	28,603	17,468
Rental expense	27,941	44,330	27,941	44,330
Service charge	13,547	15,995	13,547	15,995
Loss on impairment of investments in subsidiaries	-	-	51,030	-
Others	136,272	52,300	91,827	51,330
<b>Total</b>	<b>504,853</b>	<b>408,708</b>	<b>450,734</b>	<b>407,738</b>

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 27. Income tax expense

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	126,250	127,445	100,607	98,108
Under provided in prior years	2,298	-	2,298	-
<b>Total</b>	<b>128,548</b>	<b>127,445</b>	<b>102,905</b>	<b>98,108</b>

### *Income tax reduction*

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

On 11 October 2011, the Cabinet passed a resolution regarding tax measures to increase Thailand's competitiveness and approved the reduction of the corporate income tax rate from 30% to 23% of net taxable profit for the accounting period 2012 which ends on or after 31 December 2012 and to 20% of net taxable profit for the accounting period which begins on or after 1 January 2013 and onwards.

In order to give effect to the above Cabinet resolution, the Government has issued a Royal Decree under the Revenue Code regarding the Reduction and Exemption in Income Taxes (No. 530) B.E. 2554 to reduce 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.

## Notes to the financial statements

### For the tears ended 31 December 2011 and 2010

The current tax expense in the statement of 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 expenses, in particular, doubtful debts expenses and other non deductible tax expenses recognized in the statement of income.

### 28. Earnings per share

#### *Basic earnings per share*

The calculations of basic earnings per share for the years ended 31 December 2011 and 2010 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(thousand Baht / shares)			
<b>Profit attributable to equity holders of the Company (Basic)</b>	<b><u>143,520</u></b>	<b><u>295,282</u></b>	<b><u>153,338</u></b>	<b><u>254,932</u></b>
Number of ordinary shares outstanding at 1 January	208,543	203,174	208,543	203,174
Effect of shares issued on				
7 June 2010	-	2,064	-	2,064
9 December 2010	-	110	-	110
8 June 2011	924	-	924	-
8 December 2011	<u>67</u>	<u>-</u>	<u>67</u>	<u>-</u>
<b>Weighted average number of ordinary shares outstanding</b>	<b><u>209,534</u></b>	<b><u>205,348</u></b>	<b><u>209,534</u></b>	<b><u>205,348</u></b>
<b>Basic earnings per share (in Baht)</b>	<b><u>0.68</u></b>	<b><u>1.44</u></b>	<b><u>0.73</u></b>	<b><u>1.24</u></b>

#### *Diluted earnings per share*

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

### 29. Dividends

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, amounting to Baht 104.24 million. The dividend was paid to the shareholders during 2011.

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

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 30. 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 15). 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 rate

The effective interest rates of interest-bearing financial liabilities as at 31 December 2011 and 2010 and the periods in which those liabilities mature or reprice were as follows:

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

Consolidated financial statements					
	Interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in million Baht)</i>					
<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>
<b>2010</b>					
<b>Current</b>					
Loan from financial institutions	1.40 - 2.45	976	-	-	976
<b>Total</b>		<b>976</b>	<b>-</b>	<b>-</b>	<b>976</b>

Separate financial statements					
	Interest rates (% per annum)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>(in million Baht)</i>					
<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>
<b>2010</b>					
<b>Current</b>					
Loan from financial institutions	1.40 - 2.45	976	-	-	976
Short-term borrowings from related parties	1.00	38	-	-	38
<b>Total</b>		<b>1,014</b>	<b>-</b>	<b>-</b>	<b>1,014</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 years ended 31 December 2011 and 2010

At 31 December 2011 and 2010, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
		<i>(in million Baht)</i>			
<b>United States Dollars</b>					
Trade accounts payable	16	1,569	543	310	253
Loan from financial institutions		977	-	508	-
<b>Gross balance sheet exposure</b>		<b>2,546</b>	<b>543</b>	<b>818</b>	<b>253</b>
Estimated forecast sales		(63)	-	(63)	-
<b>Gross exposure</b>		<b>2,483</b>	<b>543</b>	<b>755</b>	<b>253</b>
Forward contracts	31	(551)	(299)	(234)	(299)
Swap contracts	31	(32)	(9)	(32)	(9)
<b>Net exposure</b>		<b>1,900</b>	<b>235</b>	<b>489</b>	<b>(55)</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.

# Notes to the financial statements

## For the tears ended 31 December 2011 and 2010

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).

### 31. Commitments with non-related parties

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	34	11	34	11
After one year but within five years	44	6	44	6
<b>Total</b>	<b>78</b>	<b>17</b>	<b>78</b>	<b>17</b>
<b><i>Other commitments</i></b>				
Unutilised credits facilities	3,949	2,624	3,499	2,624
Swap contracts	32	9	32	9
Forward contracts	551	299	234	299
Bank guarantee	7	2	7	2
<b>Total</b>	<b>4,539</b>	<b>2,934</b>	<b>3,772</b>	<b>2,934</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 2011, the Company has forward contract facilities with banks in the amount of Baht 3,426 million equivalent to USD 107.63 million (2010: Baht 863.26 million equivalent to USD 28.49 million).

As at 31 December 2011, the Company had purchased forward contracts in the amount of USD 17.81 million, equivalent to Baht 551.26 million. The contracts are due in June 2012. (2010: USD 9.94 million, equivalent to Baht 299.14 million which the contracts were due in June 2011).

## Notes to the financial statements

For the tears ended 31 December 2011 and 2010

### *Swap contracts*

As at 31 December 2011, the Company had purchased a currency swap contract in the amount of USD 1 million. The contract is due in February 2012. (2010: USD 0.3 million which the contracts were due in February 2011).

### *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.

## **32. Events after the reporting period**

At the Board of Directors' meeting held on 22 February 2012, the Board approved to submit for approval of cash dividend and stock dividend payment and increasing in registered capital at the Annual General Meeting of Shareholders which will be held on 20 April 2012 as follows:

- (1) Approved to allocate the profit to the dividend payment as follows:
  - A) To pay as ordinary shares of the Company which is not exceed share 21.12 million at the par value Baht 1 per share to the Company's shareholders at the rate of 10 (Ten) existing shares per 1 (One) stock dividend which the totaling amount is not exceed Baht 21.12 million, or shall be converted for dividend payment at Baht 0.10 per share. In case that any shareholder holds the indivisible share remaining after such allocation, the dividend shall be paid by cash instead of stock dividend at the rate of Baht 0.10 per share.
  - B) Paid as cash dividend at the rate of Baht 0.15 per share, or the totaling amount is not exceed Baht 31.68 million.

The total of the stock dividend and the cash dividend payment in whole year shall be equivalent to the rate of Baht 0.25 per share which can be calculated as approximately Baht 52.80 million.
- (2) To increase the registered capital of the Company under a General Mandate. The Company shall increase its registered capital by issuing the new ordinary shares 15.71million at par value of Baht 1 per share.
- (3) From 1) and 2) The Board has approved to propose the Shareholders at the Annual General Meeting for consideration of approval to increase registered capital to support stock dividend payment and for General Mandate. In this regard, the new ordinary share will be issued for shares 36.8 million at the par value of Baht 1 per share, to increase the registered capital from Baht 213.71 million (213.71 million shares at Baht 1 par value) to Baht 250 million (250 million shares at Baht 1 par value).

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## 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

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:

### *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.

# Notes to the financial statements

For the tears ended 31 December 2011 and 2010

## *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.

### 34. Reclassification of accounts

	Consolidated financial statements			2010 Separate financial statements		
	Before reclass.	Reclass.	After reclass. (in thousand Baht)	Before reclass.	Reclass.	After reclass.
<b>Statement of financial position</b>						
Trade accounts payable	990,911	4,861	995,772	699,236	4,861	704,097
Other accounts payable	35,755	(4,861)	30,894	33,629	(4,861)	28,768
		<u>-</u>			<u>-</u>	
<b>Statement of comprehensive income</b>						
Revenue from the sale of goods	16,353,723	51,482	16,405,205	15,452,531	51,482	15,504,013
Revenue from services	67,109	(51,482)	15,627	67,105	(51,482)	15,623
Cost of sales	15,414,452	36,754	15,451,206	14,612,384	32,580	14,644,964
Cost of services	48,554	(30,796)	17,758	48,551	(30,796)	17,755
Selling expenses	225,536	19,888	245,424	193,206	19,888	213,094
Administrative expense	434,554	(25,846)	408,708	429,410	(21,672)	407,738
		<u>-</u>			<u>-</u>	



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