



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



รายงานประจำปี
2556
Annual Report 2013

Contents

Vision and Mission	4
Summary of Financial Statements	5
Message from the Board	7
General Information	8
Organization Structure	13
Board of Directors	14
Change in Units of shareholding of Directors and Management.....	26
Subsidiaries and Related Companies	27
IT Industry Outlook.....	28
Competition	30
Milestones of operation in 2013.....	32
Revenue Structure	34
Management Discussion and Analysis.....	37
Report from the Risk Management Committee	40
Risk Factors.....	41
Major Shareholders.....	44
Report from the Remuneration and Nomination Committee	45
Remuneration of Directors and Executives	47
Employees.....	49
Report from Corporate Governance Committee	51
Corporate Governance Report	53
Related Transactions	68
Corporate Social Responsibilities.....	69
Governance Report of the Audit Committee	75
Responsibility Report of the Board of Director for Financial Report	79
Independent Auditor's Report	80
Statement of financial position	82
Statement of comprehensive income	84
Statement of changes in equity	85
Statement of cash flows	87
Notes to the financial statements.....	89
1 General information.....	90
2 Basis of preparation of financial statements	90
3 Changes in accounting policies	91
4 Significant accounting policies.....	93
5 Related parties.....	100
6 Cash and cash equivalents	104
7 Trade accounts receivable	104
8 Other receivables.....	105
9 Inventories.....	106
10 Investment in subsidiaries	106

11	Other long-term investments	108
12	Long term account receivable	108
13	Equipment	109
14	Intangible assets	111
15	Deferred tax	111
16	Interest-bearing liabilities	114
17	Trade accounts payable	115
18	Other payables	115
19	Employee benefit obligations	116
20	Share capital	116
21	Reserves	118
22	Operating Segment	118
23	Other income	120
24	Employee benefit expenses	121
25	Expense by nature	121
26	Income tax expense	122
27	Earnings (loss) per share	123
28	Dividends	124
29	Financial instruments	124
30	Commitments with non-related parties	127
31	Contingent liabilities	127
32	Events after the reporting period	128
33	Thai Financial Reporting Standards (TFRS) not yet adopted	128

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Vision

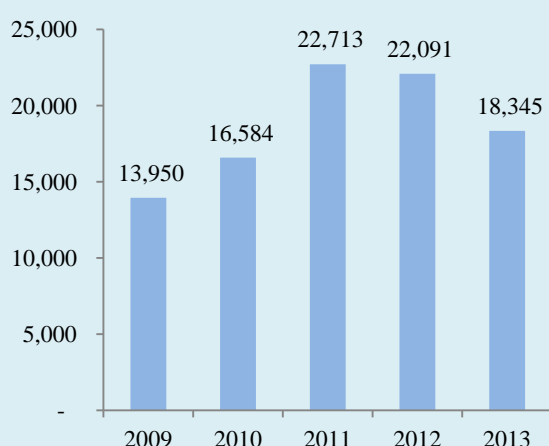
- We are the leading IT business in Thailand with continuous development and good corporate governance for transparency
 - We support technology in any area and provide various high quality products to enhance skills of Thai people and Thai entrepreneurs
 - We deliver sustainable growth and long-term value to shareholders
 - Our staff are skillful and able to give good advice to clients
 - Our business success means to our suppliers, our clients and our staff
- 
- A smaller, light blue wireframe globe is located in the bottom right corner of the page, mirroring the design of the larger globe on the left.

Summary of Financial Statements

Total Revenues

Total revenues of the company were 18,345 Million Baht, decreased by 3,746 Million Baht or 17% mainly due to the decrease in sales of 3 major Smart Phone Vendors with total sales of 4,895 Million Baht when compared to last year. The company reduced both sales and purchase because its products were not popular.

M.Baht



Net Profit

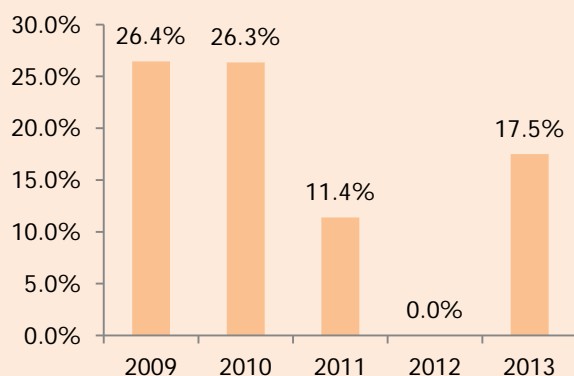
Net Profit of the company was 190 Million Baht or Return on Equity of 17.5%, which was from the performance improved after solving 2012 damages and losses from Smart Phone business.

M.Baht



Returns of Shareholders' Equity

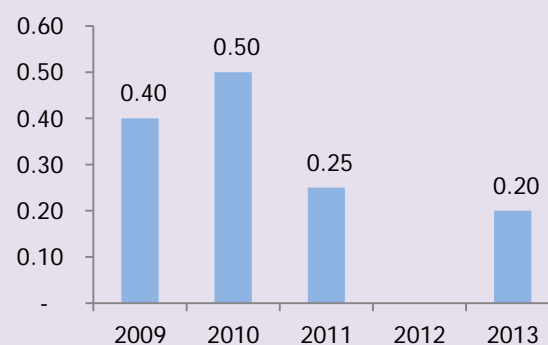
Returns on Shareholders' Equity ratio was 17.5%, being in the number 82 of the highest Returns on Shareholders' Equity Company in the Stock Exchange of Thailand (Information from SETSMART) while Returns on Shareholders' Equity of SET was 14.4%. Thus, the ROE of the Company was higher than SET.



Dividend

The Board of Directors has resolved to propose to the Shareholders' Annual Meeting to approve a dividend of Baht 0.20 per share, totaling 70 Million Baht or 36.8 per cent of net profit and being a dividend yield of 4.58% on the price closed on February 21, 2014 which was the day before notifying the resolution of dividend payment to the Stock Exchange of Thailand.

Baht/Share



		2009	2010	2011	2012	2013
Operating Results						
Total Revenues	(M.Baht)	13,949.5	16,584.4	22,712.5	22,091.3	18,345.1
<i>Revenue Growth Rate</i>		<i>15.4%</i>	<i>18.9%</i>	<i>37.0%</i>	<i>-2.7%</i>	<i>-17.0%</i>
Profit before financial cost and income tax	(M.Baht)	364.8	461.3	330.2	(561.9)	329.4
<i>Profit before financial cost and income tax growth rate</i>		<i>8.2%</i>	<i>26.5%</i>	<i>-28.4%</i>		
Net Profit	(M.Baht)	241.7	295.3	143.5	(549.0)	190.2
<i>Net Profit Growth Rate</i>		<i>17.0%</i>	<i>22.2%</i>	<i>-51.4%</i>		
Statement of financial position						
Total Assets	(M.Baht)	2,981.9	3,473.2	6,018.8	4,861.0	5,042.7
Total Liabilities	(M.Baht)	1,984.0	2,231.1	4,739.2	4,057.2	3,673.3
Total Shareholders' Equity	(M.Baht)	999.3	1,242.1	1,279.6	803.8	1,369.4
Financial Ratio						
Gross Profit Margin		5.40%	5.83%	4.66%	3.03%	5.72%
Net Profit Margin		1.73%	1.78%	0.63%	-2.49%	1.04%
Return On Assets		9.43%	9.15%	3.02%	-10.00%	3.84%
Return On Equity		26.4%	26.3%	11.4%	-50.3%	17.5%
Liquidity Ratio	(Times)	1.45	1.50	1.22	1.08	1.26
Quick Liquidity Ratio	(Times)	0.95	0.92	0.43	0.66	0.65
Debt to Equity Ratio	(Times)	1.99	1.80	3.70	5.05	2.68
Interest Bearing Debt to Equity Ratio	(Times)	0.91	0.79	1.75	3.25	1.88
Financial Figure per share						
Basic Earning per share	(Baht)	1.19	1.44	0.62	-2.36	0.64
Book Value per share	(Baht)	4.92	5.96	6.06	3.44	3.91
Dividend per share	(Baht)	0.40	0.50	0.25	-	0.20

Remarks:

- Basic earnings per share is calculated by dividing net profit for the year by the weighted average number of common shares in issue during the year.
- The Board of Director has resolved to propose to the Shareholders to approve a dividend of Baht 0.20 per share for 2013 company's performance which will be proposed for the approval from shareholders in the Annual General Meeting.

Message from the Board

Dear Valued Shareholders

Many agencies originally made a positive forecast for the Thai economy in the year 2013. Economic growth was expected to be 5-6%, as a positive continuation from 2012 growth of 6.5%. Export was expected to grow by 10%. However, several factors such as high global economic fluctuation, US economic uncertainty, the slow recovery of European economy, and an unexpectedly large flow of US dollars into Asian financial market led to a sudden appreciation of Thai currency. As the year progressed, confidence in US economy grew and Thai currency depreciated significantly towards the end of the year.

Furthermore, the population's spending power rapidly decreased due to a sharp increase in debt ratio at 79.5% of GDP. This rapid rise in debt ratio mainly stemmed from 2 governmental projects: First Car subsidies and First Home subsidies. Government was also slow to invest, resulting in decreased investment from private sector. Towards the end of the year, Thailand suffered from intense political instability and mass protests across the nation, in response to the lost of trust in the government due to Amnesty Bill and their attempts to amend the law and constitution. Thus 2013 ended with an export contraction of 0.31% and a small positive economic growth of 2.9%, figures much lower than original forecast.

For IT industry, 2013 was yet another year where PC demand had declined. According to International Data Corporation (IDC), a leading research center, the number of PC exchanged globally in 2013 contracted 10%. This is a second year of PC demand contraction after many years of positive growth. For Thailand, National Science and Technology Development Agency (NSTDA) announced that the Thai market for PC contracted 8.8% in 2013. As PC is a major sector of IT industry, its demand contraction had a significant negative impact on IT industry in sales revenues.

Although Thailand suffered from poor economic growth and contracted IT industry, leading to a 17% decline in 2013 SiS revenues (to 18,345 Million Baht), the company reports a net profit of 190 Million Baht, or an ROE of 17.5%.

2014 appears to be another difficult year due to continued intense political conflict with no clear solution. The political situation has significantly impacted the nation's economy, tourism and investment. Meanwhile, the population's spending power remains low. Many agencies have forecast 2014 economic growth to be as low as 2.8%. SiS will continue to monitor the situation closely, and adapt its operations and strategy accordingly.

The Board of Directors would like to thank all shareholders, employees, customers, creditors and our vendors for your continual trust in the company. As always, our vision is to encourage usage of technology which will result in performance, competitiveness and productivity improvement for all Thai citizens and businesses.



(Signature of Mr. Suwit Chindasanguan)

(Mr. Suwit Chindasanguan)
SiS Distribution (Thailand) Public
Company Limited
March 5, 2014



(Signature of Mr. Somchai Sittichaisrichart)

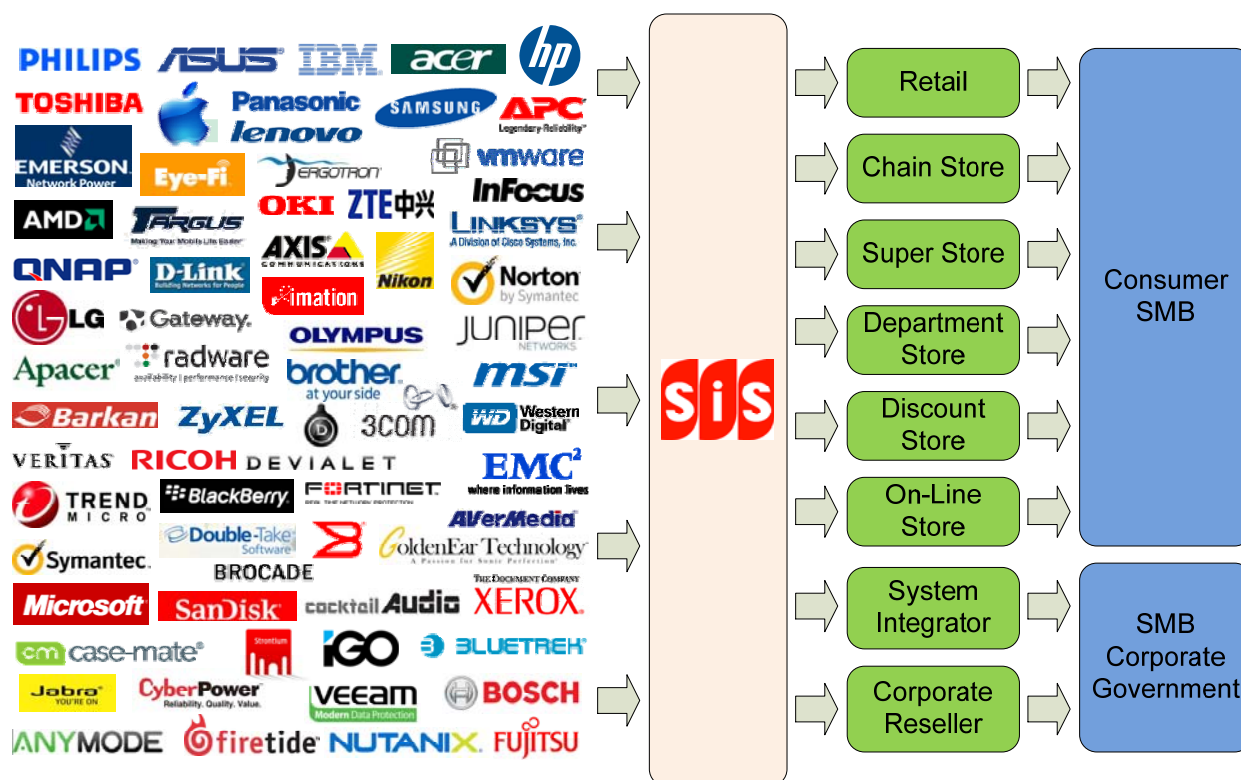
(Mr. Somchai Sittichaisrichart)
SiS Distribution (Thailand) Public
Company Limited
March 5, 2014

General Information

SiS Distribution (Thailand) Public Company Limited

Type of Business:

SiS is a leading IT product Distribution of 70 leading manufacturers to more than 5,000 dealers. Its business objective is leading to introduce many of IT products from others to Thailand. From a wide range of products and a broad customer base, the Company intends to expand continually in both products and customer base.



Some products that have been sold by the Company

Axis, Asus, Apple, Acer, Aver, APC, Apacer, Avermedia, Alcatel, AMD, Anymode, Barkan, Brocade, BlueTrek, BlackBerry, Brother, Bosch, Case-Mate, Cyber Rack, Cyber Power, D-Link, Dell, Double Take, Devialet, EMC, Emerson, Ergotron, Fortinet, Fujitsu, Firetide, Golla, GoldenEar Technology, Hewlett Packard, Huawei, iGO, IBM, Infocus, Imation, Jabra, Juniper, Lenovo, LinkSys, LG, Microsoft, MSI, Nikon, Norton, Nutanix, OKI, Olympus, Philips, PCTools, Panasonic, QNAP, Ricoh, Radware, Samsung, Sandisk, Symantec, Sanyo, Strontium, Trend Micro, Toshiba, Targus, Veritas, VMware, Veeam, Western Digital, Xerox, Zyxel, ZTE

Company Registration : Bor Mor Jor. 0107547000052

Number

Website : www.sisthai.com

Email : Center sis@sisthai.com

Company Secretary companysecretary@sisthai.com

Complain/Suggest complain@sisthai.com

Investor Relation : Website : www.sisthai.com/investor_th.html

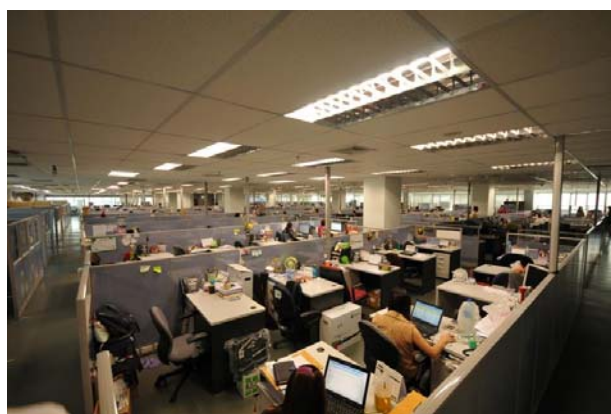
Email : investorinfo@sisthai.com

Other References

- Share Registrar** : Thailand securities Depository Company Limited
62 The Stock Exchange of Thailand Building
Ratchadaphisek Road, Klongtoey
Bangkok 10110
Telephone : (662) 229 -2800 Fax : (662) 359-1259
Call Center : (662) 229-2888
Website: <http://www.tsd.co.th> E-mail: contact.tsd@set.or.th
- Auditor** : Mr.Ekkasit Chuthamsatid, Certified Public Accountant No. 4195,
KPMG Phoomchai Audit Limited
Empire Tower, 50th - 51st Floor, 195 South Sathorn Road, Yannawa
Sub-District, Sathorn District, Bangkok 10120
Telephone : (662) 677-2000 Fax : (662) 677-2222
- Remark :**
KPMG Phoomchai Audit Limited (Formerly: KPMG Audit (Thailand) Limited)) as auditor of the company to express an opinion on our financial statements based on their audits. KPMG Phoomchai Audit Limited is auditor of the company since 1999 and express unqualified opinion every year.
- Independent Director to take care the minority shareholders** : Email : independentdirector@sisthai.com

Office Location

Head office has a total area of 3,300 square meters locate at No.9, Pakin Building, 9th floor, Ratchadaphisek Road, Din Deang Sub-District, Din Deang District, Bangkok 10400 (Closed to Fortune Town)
Tel. (02) 640-3000, Fax (02) 640-3780





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

Chiangmai Branch

244 Wualai Road, Hayya Sub-District, Muang District, Chiangmai 50100
Tel. (053) 201901-3

Phuket Branch

185/43 Phang-Nga Road, Taradyai Sub-district, Muang District, Phuket 83000
Tel. (076) 344106-8

Khon Kaen Branch

114/65-66 Mittaphap Road, Nai Muang Sub-district, Muang Khon Kaen District, Khon Kaen
Tel. (043) 245511, (043) 245588, (043) 245524

Pattaya Branch

151/15 Sukhumvit-Pattaya Road, Nong Prue Sub-district, Bang Lamung, Choburi 20150
Tel. (038) 423028

Had Yai Branch

62 Choti Wittayakul Road, Had Yai Sub-district, Had Yai District, Songkla 90110
Tel. (074) 559082-4

Ubonratchathani Branch

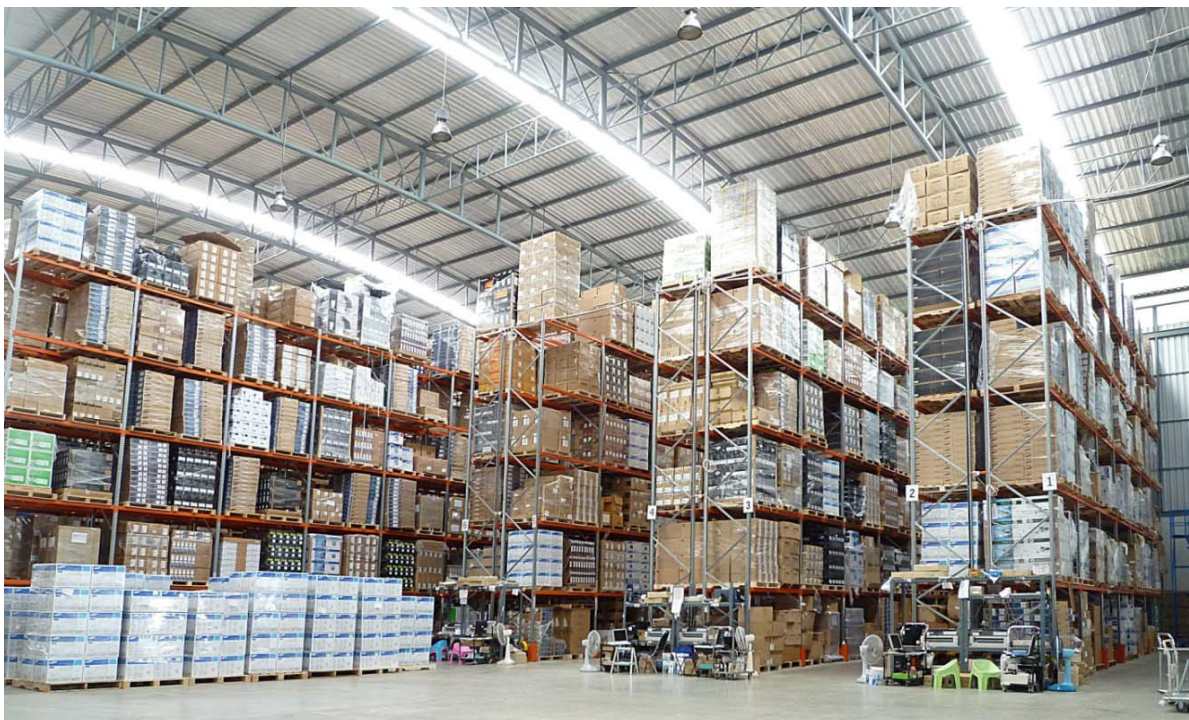
148 Pormthep Road Nai-Muang Sub-district, Muang, Ubonratchathani 34000
Tel. (045) 244522

Service Center in Bangkok

IT Mall Room No. 26, 4th Floor, IT Mall Fortune Town, Ratchadaphisek Road, Din Daeng Sub-District, Din Daeng District, Bangkok 10400 Tel. (02) 640-3000 ext 4004

Main Warehouse and Service Center in Bangkok

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



เส้นทางการเดินทาง

การเดินทางมาจากลาดกระบัง
ขับรถตามเส้นทางถนนลาดกระบัง มาถึงแยกไฟแดงลาดกระบัง-ร่มเกล้า ให้ชิดขวาเพื่อเลี้ยวขวาเข้าถนนร่มเกล้า หลังจากเลี้ยวขวาแล้วให้ชิดซ้ายตลอด ขับรถข้ามสะพานพอถึงสะพานจะพบสี่แยก ให้เลี้ยวซ้ายตรงสี่แยกไฟแดง แล้วขึ้นตรงไปเรื่อยๆ เลียบทาง บ่อเตนท์เวย์ ประมาณ 3 ก.ม. จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้ชิดขวา เข้าถนนพัฒนาชนบท3 ขึ้นตรงไปประมาณ 1 ก.ม. จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้านอาหารขึ้นน้ำพริกกับหมู่บ้าน The Plant โครงการ1

การเดินทางมาจากมีนบุรี
ขับรถตามเส้นทางถนนร่มเกล้าที่จะไปออกถนนอ่อนนุช จนถึงสี่แยกไฟแดงเจ้าคุณทหาร ให้ขึ้นตรงขึ้นมาทางถนนอ่อนนุช ให้ขับเลนกลางก่อนถึงทางแยกซ้ายเข้าถนนบ่อเตนท์เวย์ที่จะไปบ่อเตนท์เวย์ จะเห็นสี่แยกไฟแดงให้ชิดขวาสุดเพื่อเลี้ยวขวาให้สี่แยกไฟแดง หลังจากเลี้ยวขวา แล้วให้ขึ้นตรงขึ้นไปเรื่อยๆ เลียบทางบ่อเตนท์เวย์ ประมาณ 3 ก.ม. จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้ชิดขวา เพื่อเลี้ยวขวาเข้าถนนพัฒนาชนบท 3 ขึ้นตรงไปประมาณ 1 ก.ม. จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้านอาหารขึ้นน้ำพริกกับหมู่บ้าน The Plant โครงการ1

การเดินทางมาจากถนนพระรามเก้า
ขับรถตามถนนพระรามเก้า หรือขึ้นทางด่วนพระรามเก้า แล้วเข้าถนนบ่อเตนท์เวย์ ขึ้นตรงไปทางบ่อเตนท์เวย์ ประมาณ 12 ก.ม. ให้ขับเลนซ้าย จะพบทางแยกซ้ายมือออกถนนร่มเกล้า ก่อนถึงทางแยกเข้าสนามบินสุวรรณภูมิ (แต่หากเลยให้เข้าไปที่สนามบินสุวรรณภูมิ แล้วออกทางถนนร่มเกล้า หรือถนนลาดกระบัง-อ่อนนุช) ให้แยกออกทางถนนร่มเกล้า จะพบสามแยก ให้เลี้ยวซ้ายที่สามแยก แล้วขึ้นตรงไปเรื่อยๆ เลียบทางบ่อเตนท์เวย์ ประมาณ 3 ก.ม. จะพบสามแยกมีป้าย SIS และ The Plant แล้วให้ชิดขวา เพื่อเลี้ยวขวาเข้าถนนพัฒนาชนบท3 ขึ้นตรงไปประมาณ 1 ก.ม. จะเห็นคลังสินค้าอยู่ขวามือระหว่างร้านอาหารขึ้นน้ำพริกกับหมู่บ้าน The Plant โครงการ1

☛ ศูนย์บริการ เอสไอเอส (สำนักงานใหญ่)

ที่ตั้ง : 33/6-9 ถนนพัฒนาชนบท 3 แขวงคลองสองต้นนุ่น เขตลาดกระบัง กรุงเทพฯ 10520

โทรศัพท์ : 02-640-3001, 3012, 3013, 3014, 3017

แฟกซ์ : 02-640-3299

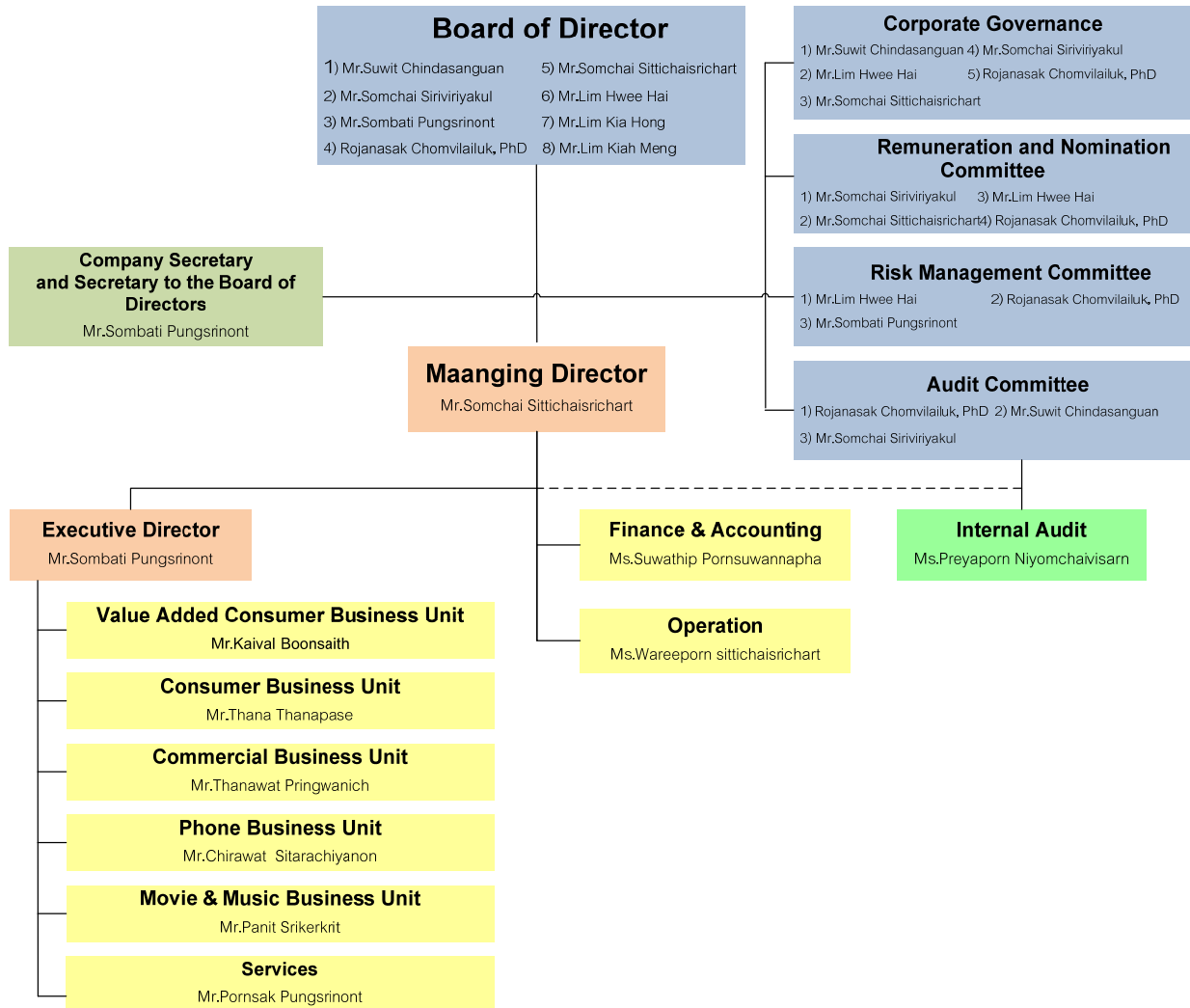
☛ คลังสินค้า SIS ไทย

ที่ตั้ง : 33/6-9 ถนนพัฒนาชนบท 3 แขวงคลองสองต้นนุ่น เขตลาดกระบัง กรุงเทพฯ 10520

โทรศัพท์ : 02-640-3007

Organization Structure

SiS Distribution (Thailand) Public Company Limited





Board of Directors



From left to right

1) Mr.Somchai Sirivichayakul (Independent Director – Chairman of the Remuneration and Nomination Committee) •2) Mr.Lim Kiah Meng (Director) •3) Mr.Somchai Sittichaisrichart (Managing Director) •4) Mr.Suwit Chindasanguan (Independent Director – Chairman – Chairman of Corporate Governance Committee) •5) Mr.Sombati Pungsrinont (Executive Director) •6) Mr.Lim Hwee Hai (Chairman of Risk Management Committee) •7) Mr.Lim Kia Hong (Director) •8) Rojanasak Chomvilailuk, PhD. (Independent Director – Chairman of Audit Committee)

Name	Mr.Suwit Chindasanguan			
Position	Chairman • Audit Committee • Independent Director • Chairman of Corporate Governance			
Age	60 years			
Nationality	Thai			
Education	Master of Science (Economics), Kasetsart university			
Training from IOD	<ul style="list-style-type: none">• Director Certification Program• Directors Accreditation Program• Audit Committee Program• Improving the Quality of Financial Reporting• Role of the Compensation Committee• Role of the Chairman Program• Monitoring the Quality of Financial Reporting• Monitoring the System of Internal Control and Risk Management• Monitoring the Internal Audit Function• Monitoring Fraud Risk Management• Successful Formulation & Execution of Strategy• Role of the Nomination and Governance Committee• Risk Management Committee Program• Audit Committee: Experience, Problem and Best Practice• CG of Thai Listed Companies• IT Governance : A Strategic Path Forward• Directors Forum 2/2012 "Risk Oversight VS Risk Management"			
Shareholding (31 Dec. 2013)	323,003 shares, equal to 0.09 % of total shares with voting right			
Date and Number of year of Independent Directorship	9 February 2004 – 10 years			
Working Experience/Directorship or management in other businesses				
Working Experience	2013 - Present	Chairman of Corporate Governance Committee SiS Distribution (Thailand) Public Company		
	2007 - Present	Chairman SiS Distribution (Thailand) Public Company		
	2004 - Present	Independent Director and Audit Committee SiS Distribution (Thailand) Public Company		
Positions in other Listed Companies	1) Independent Director and Chairman of Audit Committee Univentures Public Company Limited 2) Risk Management Committee MCOT Public Company Limited			
Positions in other Non-Listed Companies	2013 - Present	Chairman Theme Ad Corporation Co., Ltd.		
	2012 - Present	The Plan Committee and Rehabilitation Plan Management Legal Execution Department, Ministry of Justice		
	2005 - Present	ChairmanWide Wi Max Co., Ltd.		
	2001 - Present	Chairman Internet Solution & Service Provider Co., Ltd.		

Name	Rojanasak Chomvilailuk, PhD.		
Position	Chairman of Audit Committee • Remuneration and Nomination Committee • Risk Management Committee • Corporate Governance Committee • Independent Director		
Age	52 years		
Nationality	Thai		
Education	Doctor of Philosophy in Marketing & Management, Charles Sturt University		
Training from IOD	<ul style="list-style-type: none">• Director Certification Program• Directors Accreditation Program• Audit Committee Program• Finance for Non-finance Director• Improving the Quality of Financial Reporting• Role of the Compensation Committee• Chartered Director Class• DCP Refresher• Successful Formulation & Execution of Strategy• Monitoring the System of Internal Control and Risk Management• Monitoring the Internal Audit Function• Monitoring Fraud Risk Management• How to Develop a Risk Management Plan• Improving Board Decisions• Audit Committee: Experience, Problem and Best Practice• Fellow Member of Thai Institute of Directors Association• Certificate of Diploma• CEO Relations : Balancing Trust and Oversight• What the Board Should Expect from the Company Secretary• Monitoring the Quality of Financial Reporting• Will the Global Economy Stumble or Slow down? And what will that mean for Thailand?		
Shareholding (31 Dec. 2013)	39,430 shares, equal to 0.01 % of total shares with voting right		
Date and Number of year of Independent Directorship	9 February 2004 - 10 years		
Working Experience/Directorship or management in other businesses			
Working Experience	2013 - Present	Corporate Governance Committee SiS Distribution (Thailand) Public Company	
	2009 - Present	Chairman of Audit Committee SiS Distribution (Thailand) Public Company	
	2009 - Present	Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company	
	2007 - 2009	Chairman of Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company	
	2004 - Present	Independent Director and Audit Committee SiS Distribution (Thailand) Public Company	
Positions in other Listed Companies	None		
Positions in other Non-Listed Companies	2013 - Present	Audit Committee, Ausiris Future Co., Ltd	
	2012 - Present	Associate dean, International College, The University of the Thai Chamber of Commerce	
	2010 - Present	Independent, Ausiris Future Co., Ltd	
	2010 - Present	Committee, Tiptop Logistic Co., Ltd	
	2004 - Present	Lectures, Faculty-Business, The University of the Thai Chamber of Commerce	

Name	Mr. Somchai Sirivichayakul	
Position	Chairman of the Remuneration and Nomination Committee • Audit Committee • Corporate Governance Committee • Independent Director	
Age	57 years	
Nationality	Thai	
Education	Master of Engineering (Civil Engineering), Tokyo Institute of Technology, Japan Accredited Gemologist, Asian Institute of Gemological Sciences (AIGS)	
Training from IOD	<ul style="list-style-type: none">• Director Certification Program• Directors Accreditation Program• Audit Committee Program• DCP Refresher• Role of the Compensation Committee• Successful Formulation & Execution of Strategy• Monitoring the System of Internal Control and Risk Management• Monitoring the Internal Audit Function• Monitoring the Quality of Financial Reporting• Monitoring Fraud Risk Management• Audit Committee: Experience, Problem and Best Practice• IT Governance : A Strategic Path Forward• Will the Global Economy Stumble or Slow down? And what will that mean for Thailand?• Evolving Executive Compensation with Changing Times• How to specify the role and authority of Independent Director to perform effectively of their duties.	
Shareholding (31 Dec. 2013)	None	
Date and Number of year of Independent Directorship	9 February 2004 - 10 years	
Working Experience/Directorship or management in other businesses		
Working Experience	2013 - Present	Corporate Governance Committee SiS Distribution (Thailand) Public Company
	2009 - Present	Chairman of the Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company
	2006 - 2009	Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company
	2004 - Present	Independent Director and Audit Committee SiS Distribution (Thailand) Public Company
	2004 - 2009	Chairman of Audit Committee SiS Distribution (Thailand) Public Company
	2004 - 2007	Chairman SiS Distribution (Thailand) Public Company
Positions in other Listed Companies	None	
Positions in other Non-Listed Companies	2012 - Present	General Manager, FCC (Thailand) 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	Authorized Director • Chairman of Risk Management Committee • Remuneration and Nomination Committee • Corporate Governance Committee	
Age	64 years	
Nationality	Singaporean	
Education	Bachelor of Commerce (First Class Honors), Nanyang University Master of Business Administration, The National University of Singapore	
Training from IOD	<ul style="list-style-type: none"> • Director Certification Program • Directors Accreditation Program 	
Type of Director	Non Executive Director	
Shareholding (31 Dec. 2013)	<ul style="list-style-type: none"> • 244,687 shares, equal to 0.07 % of total shares • with voting right • Indirectly holding 165,616,595 shares, equal to 47.3% by being director of SiS Technologies (Thailand) Pte. Ltd. 	
Date and Number of year of Directorship	12 June 2000 - 13 years	
Working Experience/Directorship or management in other businesses		
Working Experience	2013 - Present	Corporate Governance Committee SiS Distribution (Thailand) Public Company
	2008 - Present	Chairman of Risk Management Committee SiS Distribution (Thailand) Public Company
	2008 - Present	Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company
	2006 - 2008	Chairman of the Remuneration and Nomination Committee SiS Distribution (Thailand) Public Company
	2004 - Present	Director SiS Distribution (Thailand) Public Company
	2000 - 2004	Director SiS Distribution (Thailand) Co., Ltd.
	1983 - Present	Director and President SiS Group of Companies
	1979 - 1982	Manager, Banque Nationale De Paris
	1976 - 1978	Senior Officer, Development Bank of Singapore
Positions in other Listed Companies	None	
Positions in other Non-Listed Companies	Director SiS Venture Co., Ltd. (Holding 99.99% by SiS Distribution (Thailand) Public Company Limited) Director Qool Distribution Co., Ltd. (Holding 99.99% by SiS Distribution (Thailand) Public Company Limited)	



Name Mr. Lim Kia Hong
Position Authorized Director
Age 57 years
Nationality Singaporean
Education Bachelor of Business Administration, University of Washington, USA
Type of Director Non Executive Director
Shareholding (31 Dec. 2013)

- 241,875 shares, equal to 0.07 % of total shares with voting right
- Indirectly holding 165,616,595 shares, equal to 47.3% by being director of SiS Technologies (Thailand) Pte. Ltd.



Date and Number of year of Directorship 12 June 2000 - 13 years

Working Experience/Directorship or management in other businesses

Working Experience	2004 - Present	Director SiS Distribution (Thailand) Public Company
	2000 - 2004	Director SiS Distribution (Thailand) Co., Ltd.
	1983 - Present	Chief Executive Officer SiS Group of Companies

Positions in other Listed Companies None

Positions in other Non-Listed Companies Director, SiS Venture Co., Ltd. (Holding 99.99% by SiS Distribution (Thailand) Public Company Limited)
 Director, Qool Distribution Co., Ltd. (Holding 99.99% by SiS Distribution (Thailand) Public Company Limited)

Name Mr. Lim Kiah Meng
Position Authorized Director
Age 60 years
Nationality Singaporean
Education Bachelor of Commerce, Nanyang University, Singapore
 Master of International Management, American Graduate School of International Management, USA
Type of Director Non Executive Director
Shareholding (31 Dec. 2013) Indirectly holding 165,616,595 shares, equal to 47.3% by being director of SiS Technologies (Thailand) Pte. Ltd.



Date and Number of year of Directorship 26 April 2013 - 1 year

Working Experience/Directorship or management in other businesses

Working Experience	2013 - Present	Director SiS Distribution (Thailand) Public Company
	2007 - Present	Vice Chairman, SiS Group of Companies
	1986 - Present	Executive Director, SiS Group of Companies
	1979 - 1986	Bank of America

Positions in other Listed Companies None

Positions in other Non-Listed Companies None

Name	Mr. Somchai Sittichaisrichart	
Position	Managing Director • Authorized Director • Remuneration and Nomination Committee • Corporate Governance Committee	
Age	54 years	
Nationality	Thai	
Education	Bachelor of Engineering (Electrical Engineering) Prince of Songkhla University Master of Business Administration, Thammasat University	
Training from IOD	<ul style="list-style-type: none"> • 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 • IOD Breakfast Talk 1/2012 "Asian Business Models in Transformation" 	
Type of Director	Executive Director	
Shareholding (31 Dec. 2013)	<ul style="list-style-type: none"> • 9,457,961 shares, equal to 2.7 % of total shares with voting right exclude shared held by • Ms.Wareeporn Sittichaisrichart (spouse) 9,421,780 shares • Mr.Pete Sittichaisrichart (son) 12,550,164 shares • Ms.Ploy Sittichaisrichart (daughter) 19,923,796 shares 	
Date and Number of year of Directorship	17 June 1998 - 15 years	
Working Experience/Directorship or management in other businesses		
Working Experience	2013 - Present	Corporate Governance Committee SiS Distribution (Thailand) Public Company
	2004 - Present	Managing Director SiS Distribution (Thailand) Public Company
	1998 - 2004	Managing Director SiS Distribution (Thailand) Co., Ltd.
	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	Managing Director SiS Venture Co., Ltd. (Holding 99.99% by SiS Distribution (Thailand) Public Company Limited) Managing Director Qool Distribution Co., Ltd. (Holding 99.99% by SiS Distribution (Thailand) Public Company Limited)	



Name	Mr. Sombati Pungsrinont	
Position	Executive Director • Authorized Director • Risk Management Committee • Company Secretary	
Age	57 years	
Nationality	Thai	
Education	Bachelor of Engineering (Electrical Engineering) King Mongkut's University of Technology Thonburi Master of Business Administration Thammasat	
Training from IOD	<ul style="list-style-type: none"> • Director Certification Program • Directors Accreditation Program • Role of the Compensation Committee • Successful Formulation and Execution of Strategy 	
Type of Director	Executive Director	
Shareholding (31 Dec. 2013)	<ul style="list-style-type: none"> • 21,080,010 shares, equal to 6.02 of total shares with voting right and exclude shares held by • Mr.Chanont Pungsrinont (son) 6,228,145 shares • Mr.Thanakorn Pungsrinont (son) 7,065,469 shares 	
Date and Number of year of Directorship	17 June 1998 - 15 years	
Working Experience/Directorship or management in other businesses		
Working Experience	2009 - Present	Risk Management Committee SiS Distribution (Thailand) Public Company
	2004 - Present	Executive Director SiS Distribution (Thailand) Public Company
	1998 - 2004	Executive Director SiS Distribution (Thailand) Co., Ltd.
	1992 - 1998	Executive Director M&V Technologies Co., Ltd.
	1992 - 1997	Executive Director Tanawat Information System Co., Ltd.
Positions in other Listed Companies	None	
Positions in other Non-Listed Companies	Executive Director SiS Venture Co., Ltd. (Holding 99.99% by SiS Distribution (Thailand) Public Company Limited) Executive Director Qool Distribution Co., Ltd. (Holding 99.99% by SiS Distribution (Thailand) Public Company Limited)	



Management



From left to right

1) Mr. Panit Srikerkkrit (General Manager Movie & Music Business Unit) •2) Ms. Wareeporn Sittichaisrichart (Operations Manager) •3) Mr. Kaival Boonsaith (General Manager Value Added Commercial Business Unit) •4) Mr. Thana Thanapase (General Manager Consumer Business Unit) •5) Ms. Suwathip Pornsuwannapha (Financial Controller) •6) Mr. Thanawat Pringwanich (General Manager Commercial Business Unit)

Name Ms.Suwathip Pornsuwannapha
Position Financial Controller
Age 44 years
Nationality Thai
Education Master of Accounting, Chulalongkorn University
Training

- 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
- Q & A For Implement New Accounting Standard : (FAP)



Shareholding (31 Dec. 2013) 2,069,896 Shares, equal to 0.59 % of total shares
 • with voting right
Working Experience 1999 - Present Financial Controller
 SiS Distribution (Thailand) Public Company Limited
 1994 – 1999 Accounting Manager, M & V Technologies Co., Ltd.
 1991 – 1993 Senior Auditor, Coopers and Lybrand Co., Ltd.

Name Ms. Wareporn Sittichaisrichart
Position Operation Manager
Age 54 years
Nationality • Thai
Education Bachelor of Science, Prince of Songkhla University
Training

- FC Fundamental Course : Association of Investment
- Management Companies / Association of Provident Fund/ Thailand Securities Institute
- Remuneration management / Hipo Training
- Competency Based Human Resource Management : WASO Training Co., Ltd.
- Best Employers in Thailand 2009 Study: Hewitt Associates (Thailand) Ltd.
- The Coaching Clinic : Management and Psychology Institute
- GEN Y Talent Management & Succession Planning : OMEGAWORLDCLASS Research Institute
- The remuneration for Sale Representative : MPI Management & Psychology Institute
- Salary Structure Design : OMEGAWORLDCLASS Research Institute



Shareholding (31 Dec. 2013)

- 9,421,780 Shares, equal to 2.7% % of total shares with voting right exclude shares held by
- Mr.Somchai Sittichaisrichart (spouse) 9,457,961 shares
- Mr.Pete Sittichaisrichart (son) 12,550,164 shares
- Ms.Ploy Sittichaisrichart (daughter) 19,923,796 shares

Working Experience 1999 - Present Operations Manager
 SiS Distribution (Thailand) Public Company Limited
 1994 – 1999 MIS Manager, M&V Technologies Co., Ltd.

Name	Mr.Thanawat Pringwanich	
Position	General Manager - Commercial Business Unit	
Age	47 years	
Nationality	Thai	
Education	Master of Commerce, Macquarie University, Sydney, Australia	
Training	<ul style="list-style-type: none"> • The Coaching Clinic : Management and Psychology Institute 	
Shareholding (31 Dec. 2013)	49,584 shares, equal to 0.01% of total shares with voting	
Working Experience	2006 – Present	General Manager of Commercial Business Unit SiS Distribution (Thailand) Public Company Limited
	2003 – 2005	Sales & Marketing Manager Datapro Computer System Co., Ltd.
	2002 – 2003	Business Consultant Kenan Institution of ASIS
	2000 – 2002	Sales Manager, The Value System Co., Ltd.



Name	Mr.Panit Srikrekrit	
Position	General Manger - Movie & Music Business Unit	
Age	46 years	
Nationality	Thai	
Education	Bachelor of Business Administration, Assumption University	
Training	<ul style="list-style-type: none"> • Skill Development of New Management / Hipo Training Accountancy Co., Ltd. 	
Shareholding (31 Dec. 2013)	None	
Working Experience	2004 - Present	General Manager of Movie & Music Division SiS Distribution (Thailand) Public Company Limited.
	2002 - 2004	Marketing Manage GMM Grammy Public Company Limited
	1999 - 2002	Product Manager Pioneer Electronics (Thailand) Co., Ltd.
	1998- 1999	Product Manager BMG Entertainment (Thailand) Co., Ltd.



Name	Mr.Thana Thanaphase	
Position	General Manager of Consumer Business Unit	
Age	52 years	
Nationality	Thai	
Education	Bachelor of Business Administration, Assumption University	
Training	Master of Commerce, Thammasat University	
	SiS-Chula Mini MBA : Chulalongkorn University	
	The Coaching Clinic : Management and Psychology Institute	
Shareholding (31 Dec. 2013)	None	
Working Experience	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.



Name	Mr.Kaival Boonsaith	
Position	General Manager of Value Added Commercial Business Unit	
Age	48 years	
Nationality	Thai	
Education	Bachelor of Business Administration The University of the Thai Chamber of Commerce	
Shareholding (31 Dec. 2013)	None	
Working Experience	2008 - Present	General Manager of Value Added Commercial Business Unit SiS Distribution (Thailand) Public Company Limited.
	2003 - 2008	Vice President, Total Access Communication Co., Ltd.
	2002 - 2003	Senior Sales Manager, Hewlett Packard (Thailand) Co., Ltd.
	1997 - 2002	Major Account Manager Compaq Computer (Thailand) Co., Ltd.



Change in Units of shareholding of Directors and Management

During 2013, Directors and Management bought and sold their securities as follows:

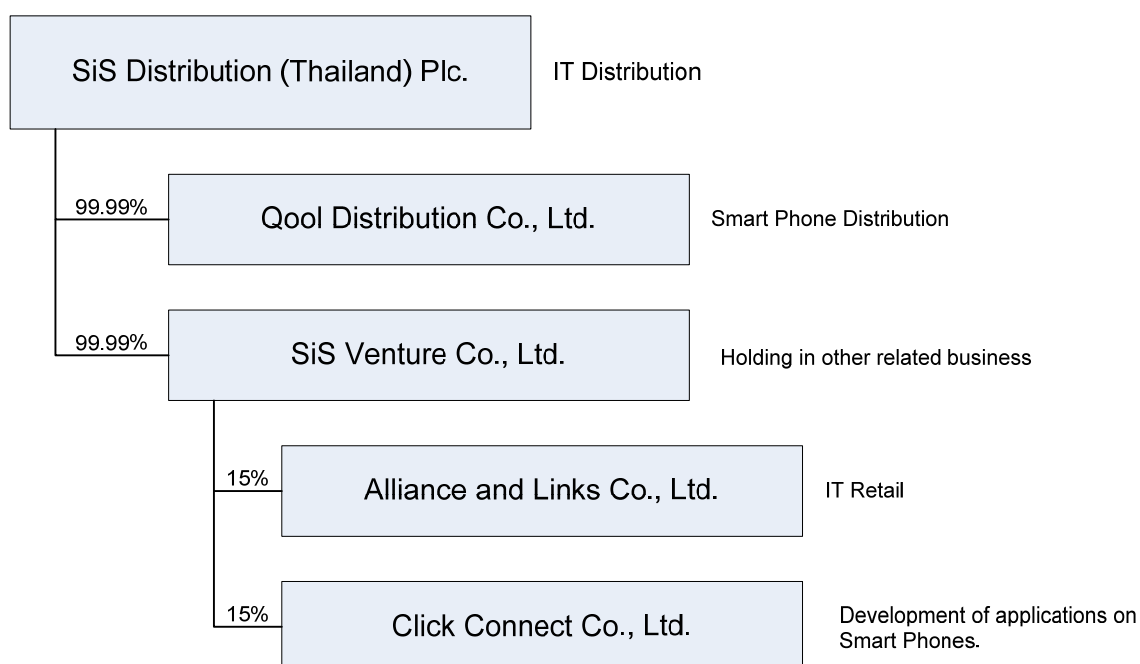
Name	Number of Shares (Unit) As of January 1, 2013	Number of Shares (Unit) Bought during 2013	Number of Shares (Unit) Sold during 2013	Number of Shares (Unit) As of December 31, 2013
Directors				
Mr.Suwit Chindasanguan	214,000	109,003	-	323,003
Rojanasak Chomvilailuk, PhD.	26,125	13,305		39,430
Mr.Somchai Sirivichayakul	-	-	-	-
Mr.Lim Hwee Hai	163,125	81,562		244,687
Mr.Lim Kia Hong	161,250	80,625		241,875
Mr.Somchai Sittichaisrichart	6,266,130	3,191,831		9,457,961
Mr.Sombati Pungsrinont	13,966,020	7,113,990		21,080,010
Mr.Lim Kiah Meng	-	-	-	-
Management				
Ms.Suwathip Pornsuwannapha	1,371,360	698,536	-	2,069,896
Ms.Wareeporn Sittichaisrichart	6,242,160	3,179,620	-	9,421,780
Mr.Thanawat Pringwanich	23,185	106,399	80,000	49,584
Mr.Panit Srikrekkrit	-	-	-	-
Mr.Thana Thanapase	-	-	-	-
Mr.Kaival Boonsaith	-	-	-	-

Subsidiaries and Related Companies

SiS Distribution (Thailand) Public Company Limited has invested in the subsidiaries and related companies that continuity with the core business of the Company, totaling 4 companies as follows:

Company	Type of Business	Shareholding	ถือหุ้นโดย
Qool Distribution (Thailand) Co., Ltd.	Distribution in Smart Phone Business	99.99%	SiS Distribution (Thailand) Public Company Limited
SiS Venture Co., Ltd.	Holding Company to invest in the related business with the core business of the Company	99.99%	SiS Distribution (Thailand) Public Company Limited
Alliance and Links Corporation Co., Ltd.	Distribution in IT Products Business	15%	SiS Venture Co., Ltd.
Click Connect Co., Ltd.	Development of applications on Smart Phones.	15%	SiS Venture Co., Ltd.

The picture shows the relationship of subsidiaries and related companies.



IT Industry Outlook

International Data Corporation (IDC), a leading research company, reported Worldwide PC shipments results that for the full year 2013, unit shipments totaled 314.6 million units, declined 10% from 2012, a record drop reflecting the changes in consuming more Smart Phone and Tablet than personal computing. So, the consumers did not buy a new PC to replace the existing one.

Top 5 Vendors, Worldwide PC Shipments, 2013 (Preliminary) (Units Shipments are in thousands)

Vendor	2013 Shipments	2013 Market Share	2012 Shipments	2012 Market Share	2013/2012 Growth
1. Lenovo	53,771	17.1%	52,348	15.0%	2.7%
2. HP	52,171	16.6%	58,129	16.6%	-10.3%
3. Dell	37,791	12.0%	38,719	11.1%	-2.4%
4. Acer Group	24,022	7.6%	33,588	9.6%	-28.5%
5. ASUS	18,666	5.9%	23,214	6.6%	-19.6%
Others	128,134	40.7%	143,386	41.0%	-10.6%
Total	314,554	100.0%	349,383	100.0%	-10.0%

Source: IDC Worldwide Quarterly PC Tracker, January 9, 2014

<http://www.idc.com/getdoc.jsp?containerId=prUS24595914>

For local PC Market in Thailand, National Science and Technology Development Agency (NSTDA) has announced 2013 Hardware Computing Market of Personal Computer is totally amount of 58,565 million baht, less than last year 8.8%. This actual amount is quite same to the World Market Estimation by IDC which is 59,656 million baht in 2014, increasing by 1.7%.

The main reason of PC Market shrinkage because personal computer has been developed for a long time, closed to saturation point and no major changes. On the other hand, Smart Phone and Tablet Market is currently more and more interesting by the new technology, steady development which can be used closely to Personal Computer and more advanced computing capability than personal computer in some areas. That is a result of the shrinking in PC market.

For Smart Phone market, IDC reported that in the worldwide Smart Phone market, vendor shipped a total of 1,004.2 million Smart Phones worldwide, having shipped one billion units in a single year for the first time, up 38.4% from 2012. Smart Phones accounted for 55.1% of all mobile phone shipments in 2013, up from 41.7% of all mobile phone shipments in 2012

Top Five Smartphone Vendors, Shipments, and Market Share, 2013 (Units in Millions)

Vendor	2013 Shipment Volumes	2013 Market Share	2012 Shipment Volumes	2012 Market Share	Year-over-Year Change
Samsung	313.9	31.3%	219.7	30.3%	42.9%
Apple	153.4	15.3%	135.9	18.7%	12.9%
Huawei	48.8	4.9%	29.1	4.0%	67.5%
LG	47.7	4.8%	26.3	3.6%	81.1%
Lenovo	45.5	4.5%	23.7	3.3%	91.7%
Others	394.9	39.3%	290.5	40.1%	35.9%
Total	1,004.2	100.0%	725.3	100.0%	38.4%

Source: IDC Worldwide Mobile Phone Tracker, January 27, 2014

<http://www.idc.com/getdoc.jsp?containerId=prUS24645514>

For Tablet market, IDC reported that for the full year 2013, worldwide tablet shipments totaled 217.1 million units, which up from 144.2 million units for the full year 2012 and represents a year-over-year growth rate of 50.6%. However, IDC expects commercial purchases of tablets to continue to accelerate in mature markets, but softness in the consumer segment--point to a more challenging environment for tablets in 2014 and beyond. While National Science and Technology Development Agency (NSTDA) reported that tablet market in Thailand grew up from 16,800 Million Baht in 2012 to 17,000 Million Baht in 2013 or up only 1.2% and forecasted of 2014 Tablet market at 18,870 Million Baht or up 11%.

<https://www.idc.com/getdoc.jsp?containerId=prUS24650614>

The expansion of tablet market is projected to slow down. One reason is Smart Phone manufacturers begin to produce large screen devices which can be replaced of tablet. No need for users to carry more devices.

For Hardware market, National Science and Technology Development Agency (NSTDA) has estimated that local hardware market is worth 87,435 Million Baht in 2013, down 4% from 2012, which reduced for the second consecutive year. But the local computer hardware market is forecast to grow 4.3% to 91,174 Million Baht in 2014.

From 2014 onwards, there are the major trends and developments which will affect to the industry in several ways as follows:

PC Development to meet the demand

Both Microsoft and Intel which are mainly PC industrial development companies have accelerated the Windows Touch development while Intel tries to develop low-power CPU to spend a longer time. Have to be followed for Microsoft and Intel whether both companies will be succeeded in PC development. If they succeed, the growth PC market will be back again.



Virtual Desktop

Virtual Desktop technology started for several years ago but the widespread of Smart Phones, tablets, and expansion of high-speed 3G connectivity that having good coverage, are boosted the needs to work elsewhere from various devices. Mostly companies have switched to Virtual Desktop work by keeping Window OS on a server in a data center and easily to use Internet-connected devices to log in from any location.



Using Cloud Technology to develop Data Center

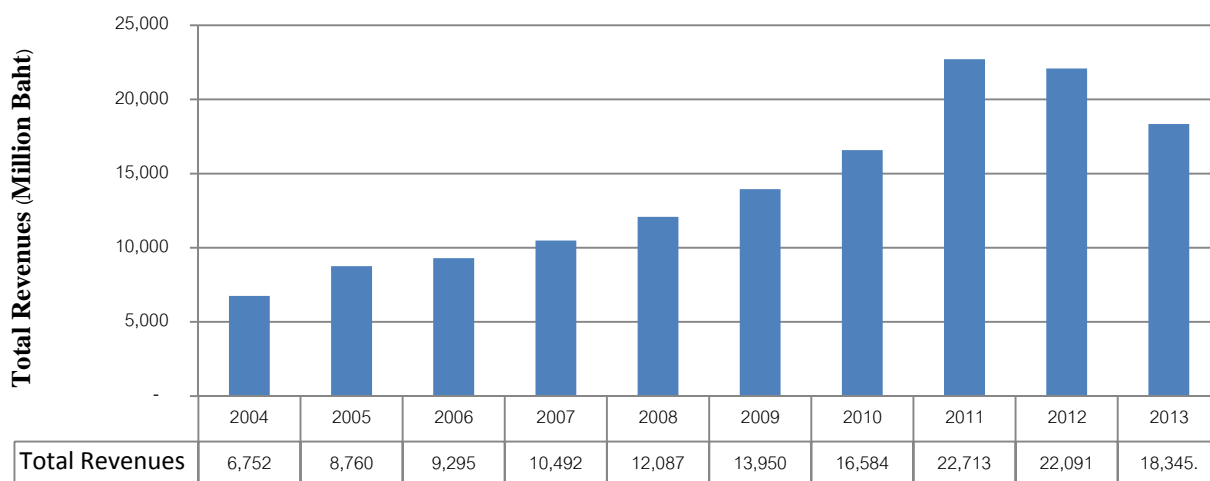
As Cloud Computing grows in popularity, mostly manufactures has developed their products and services to run in the Cloud Computing System in terms of easier management and more flexibilities to expand its business, etc. It is worth to use this technology in the business to expand IT industry growth.

Competition

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

Over the past years, the Company's revenues have grown steadily. However, for the last 2 years of 2012 and 2013, total revenues decreased because of Smart Phone business down. In 2013, Smart Phone business decreased 3,477 Million Baht (down from 5,545 Million Baht in 2012 to 2,069 Million Baht in 2013). Though, the total revenues of the Company reduced but in term of market share, (by using data from NSTDA that shown the survey and estimate of overall hardware market in Thailand is worth 87,435 Million Baht), the total revenues of the Company was 18,344 Million Baht or 21.0% market share of the overall hardware market in Thailand, that was, the Company is being one of the major distributor in IT industry.

Total Revenues (Million Baht)



Improvement of Basic Infrastructure

In 2013, the Company has implemented a 3-years project to improve e-commerce system. It consists of 3 following sub-projects that started from development of ordering system to serve our dealers to order by themselves through e-commerce which is expected to be completed in early 2014. Then, Second project, which is e-commerce system for retail dealers to easily present products to their customers in order to have a chance to increase sales volume to retail dealers. And, the last one, Marketplaces, that is a system to serve dealers who interests in online sell through e-commerce to be more convenience and efficiency. Once 3 projects fully developed, the Company is capable to adapt efficiently to retail business in the future in accordance with the consumer change.

Market Coverage

The company has widely dealer networks. In 2013, the company distributed to more than 5,000 dealers covered by both retail and corporate dealers. New comer continues to apply to be our dealers. With a huge number of dealers networks, it caused of stability in sales and it is very essential to the company to expand its business by procure various products and distribute to these dealers that always purchase products from the Company.

Diversification of products for sale

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

In 2013, the Company has been appointed to be distributor for 4 vendors named
AMD, Trend Micro, Veeam, Eye-Fi



Working system and corporate culture

The Company's working system is efficient and continuously improved. The company has invested in several systems to boost work effectiveness such as SAP ERP, Lotus Notes' Electronic Workflow, Avaya's Call center, Margento's e-commerce to serve our employee to work systematically and effectively. The company also has developed a corporate culture that is focused on learning which enhances the company's competitiveness as well as helps the company to adjust to any change that may occur.

Recognition in the importance of Good Corporate Governance

The Company has recognized in the importance and has adopted the principals of Good Corporate Governance in 5 categories namely, 1) Rights of Shareholders 2) Equitable Treatment of Shareholders 3) Role of Stakeholders 4) Disclosure and Transparency 5) Board Responsibilities. From the survey of 2009 to 2013 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. In 2013, the Company was one of 10 companies to receive SET Awards in Top Corporate Governance Report Awards.



Having Qualified Employees

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

Milestones of operation in 2013

SET Awards and 2013 Survey Results of corporate governance assessment of Thai Listed Companies

The Stock Exchange of Thailand collaborated with the Thai Institute of Directors Association (IOD) to assess corporate governance practices of listed companies for the year 2013. The Company received the “Excellent” in the categories of Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders and Disclosure and Transparency, and the “Very Good” in the category of Board Responsibilities and also received SET AWARD in Top Corporate Governance Report Awards that given to the top 10 Listed Companies.



Seminar and Events

Through the year 2013, the company has organized seminar and attended many events as follows:



Juniper Networks Seminar was held on 21 June 2013 at Ban Rai Coffee Ekkamai



Jointly organized with dealers to introduce EMC products to its customers that was held on June 19, 2013

at Grand Mercure, Ratchadaphisek



SiS, Grand Opening of an Authorized distributor of Veeam and introduce products at Arnoma Hotel on September 17, 2013



SiS Expo Seminar talking about Connecting on Cloud was held on SiS Meeting Room on August 22, 2013

Award “Distributor of the Year – ASEAN” from VMware

VMware is one of the Cloud and Virtualization Company in the world. The Company was appointed to be distributor of VMware for several years. In 2013, the Company received Distributor of the Year – ASEAN Award which is awarded to distributor who highest achieved in ASEAN in VMware Partner Exchange 2013 On Tour



Annual General Meeting and Recognition as Excellent Group

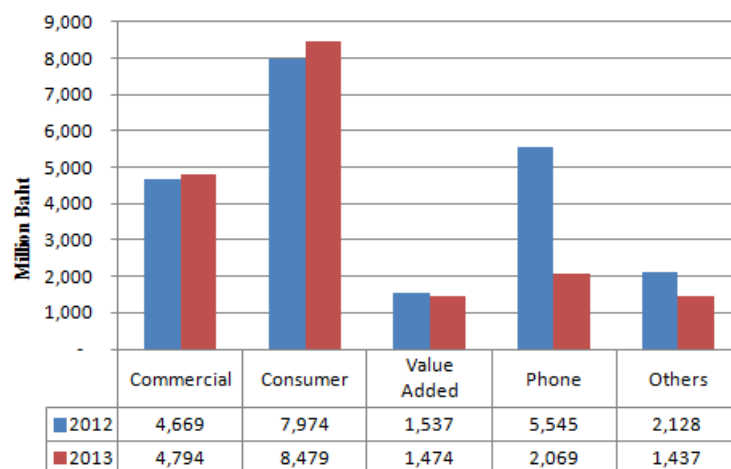
The Securities Exchange Commission (SEC), Thai Investors Association, and Listed Companies Association encouraged listed companies to increase awareness of the AGM and conducted the 2013 AGM Assessment whose fiscal year ended December 31, 2012. The company emphasizes the importance of AGM as well as 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 2013 AGM, the company has evaluated and received the full score of 100 points, being 1 of 94 full 100 score companies.

Achieve “Excellent” from CG Assessment

The Thai Institute of Directors Association conducted a 2013 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 90 - 100 scores which classified as excellent CG scoring group and a total of 87 companies classified in such group. The company aims to improve CG more and more to be sustained growth.

Revenue Structure

The 2013 total revenues of the Company were 18,345 Million Baht, decreased by 17% from last year. In 2013, the Company has divided its operations into Business Units and could be summarized its sales by business units as follows:



Products and Distribution Channels of each business units are as follows:

Commercial

Commercial is a Business Unit that distributes products to Corporate Reseller and System Integrator. Its product can be categorized as follows:

PC/Server: IBM, Lenovo, HP, Toshiba



Storage: WD NAS, QNAP, Lenovo, HP



Network: HP, Zyxel



Printer/Others: HP, Xerox, OKI, Fujitsu



Value Added

Value Added is a Business Unit that distributes products to large corporate for both private and public. Its product is new category which needs to have pre-sales and after-sales advice and can be categorized as follows:

Enterprise Storage: EMC, HP



Backup: EMC, Symantec, Veeam, Double-Take



Network: Juniper, Brocade



Security: Fortinet, Juniper, Symantec, Trend Micro



Virtualization: VMware



Surveillance: Axis, Bosch, D-Link, QNAP



Consumer

Consumer is a Business Unit that distributes IT products to small business and home use. Main distribution channel is Retail Dealers. Its product can be categorized as follows:

Printer : HP, Brother, Xerox

PC/Notebook: Acer, Asus, HP, Lenovo

Network: D-Link, Zyxel, Linksys

Monitor: Samsung, LG, Philips

Mouse/Keyboard: Microsoft

Storage: WD

Tablet: Lenovo, Acer, Asus



Phone

Phone is a Business Unit that distributes Smart

Phone and Phone

accessories such as

memory, case and power

bank to Phone Retailer.

Currently, the Company distributes Samsung, LG, Asus, Acer Phone.



Management Discussion and Analysis

Performance

In 2012, the Company has reorganized of its business into different business units. Each unit had its own products and sales person like small companies to flexibly manage. Such organization has continued till present by different management varied to product group and target dealers.

Sales by business units in 2013 were shown in below table. Sales of Phone sharply declined from 5,545 Million Baht in 2012 to 2,069 Million Baht in 2013 or down 3,477 Million Baht because the sharp decline of the 3 major Smart Phone companies who we are distributor, was from BlackBerry, HTC and Motorola totally 5,061 Million Baht in 2012 to 165 Million Baht in 2013 or down 4,895 Million Baht.

Sales by Business Units (Million Baht)

	2012	2013	Change
Commercial	4,669	4,794	2.7%
Consumer	7,974	8,479	6.3%
Value Added	1,537	1,474	-4.1%
Phone	5,545	2,069	-62.7%
Others	2,128	1,437	-32.5%
Total	21,852	18,253	-16.5%

Operating Profit

The Company has gross profit margin of Baht 1,042.5 Million Baht or 5.7% of sales of which normal margin of this industry and net profit of Baht 190.2 Million Baht, equivalent to return of shareholder's equity of 17.5% and profit margin of 1.04%.

Dividend Payment

The Company has earnings 0.64 Baht per share and the Board of Director approved to pay cash dividend at the rate of 0.20 Baht per share from the operating results of 2013 and proposed for approval to the Annual General Meeting of Shareholders.

If the Annual General Meeting of Shareholders approve the dividend payment, total payment has to be paid 70 Million Baht, equivalent to dividend payout of 36.8% and dividend yield of 4.58% compared to the closing price on February 21, 2014 at a price of 4.38 Baht, which is the day before notification the dividend payment resolution to the Stock Exchange of Thailand.

Financial Status

Assets

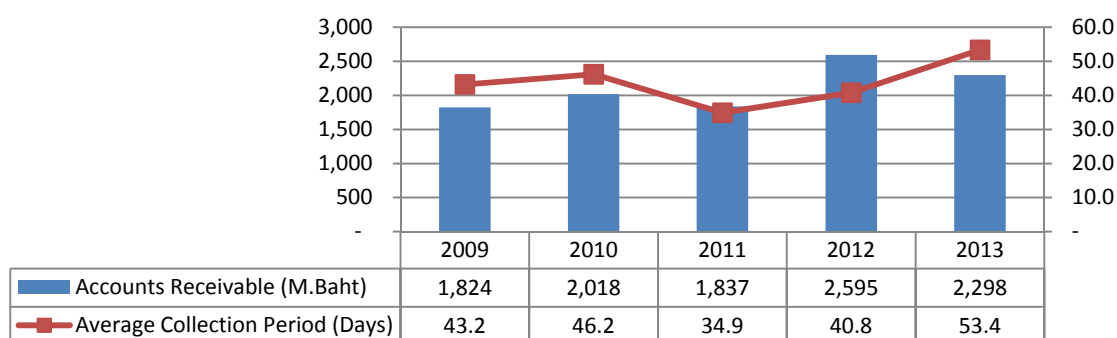
The main assets of the company are composed of 2 items that are accounts receivable and inventory. The amount of both items is 79.1% of total assets. The details are as follows:

Accounts Receivable

As at 31 December 2013, Accounts Receivable is 2,298 Million Baht that decreased by 297 Million Baht or down 11.4% from the previous year. Average Collection Period is 53.4 days which is higher but closed to industry. However, it is acceptable and does not affect the Company's operation.

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, its term of payment is on project schedule; customers always request to pay along to project payment period.

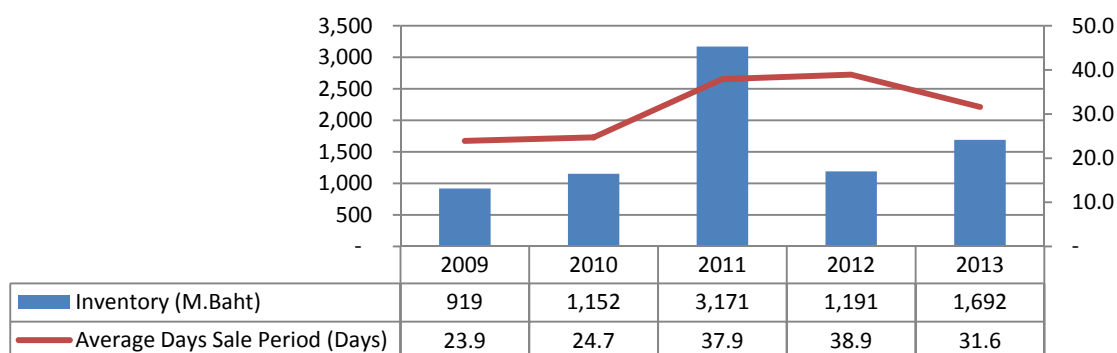
Over the past years, Accounts Receivable and Average Collection Period are shown in diagram.



Inventory

As at 31 December 2013, Inventory is 1,692 Million Baht that increases 501 Million Baht or up 42.0% from the previous year, and equivalent to 31.6 days of Average Day Sale Period. Although it is higher but it is still not a problem because most inventories are current. The Company tries to reduce average day sale period to be lower than 30 days.

Over the past years, Inventory and Average Day Sales Period are shown in diagram



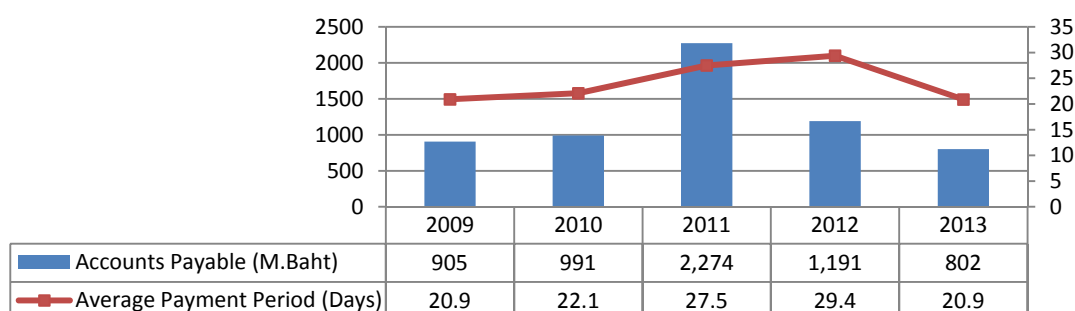
Liabilities

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 91.9% of total liabilities. The details are as follows:

Accounts Payable

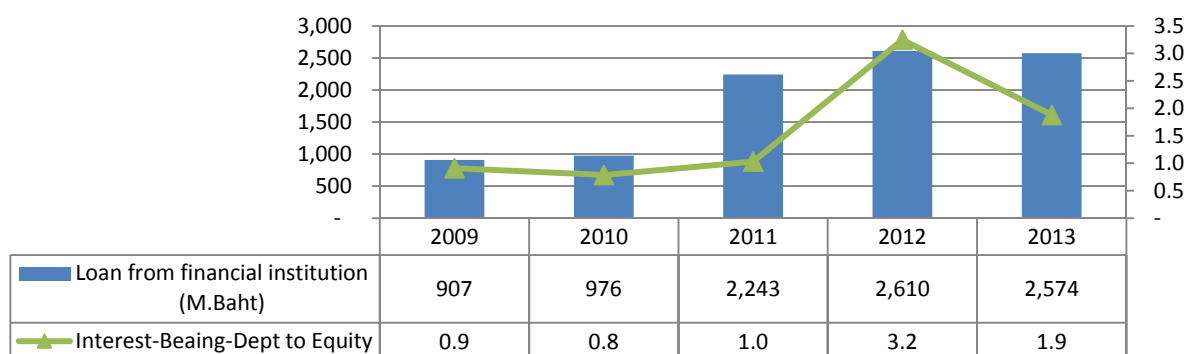
As at 31 December 31, Accounts Payable is 802 Million Baht, equivalent 20.9 days of Average Payment Period. In general, suppliers provide credit term in the range of 30 - 45 days but some suppliers offer early payment discount. If it is worth and remains unutilized bank facilities, the company will choose to pay suppliers earlier. So, Average Payment Period is less than 30 days. Furthermore, the Company has policy to pay to suppliers on schedule as agreed that is the one of good corporate governance in category of Roles of Stakeholders.

Over the past years, Accounts Payable and Average Payment Period are shown in diagram.



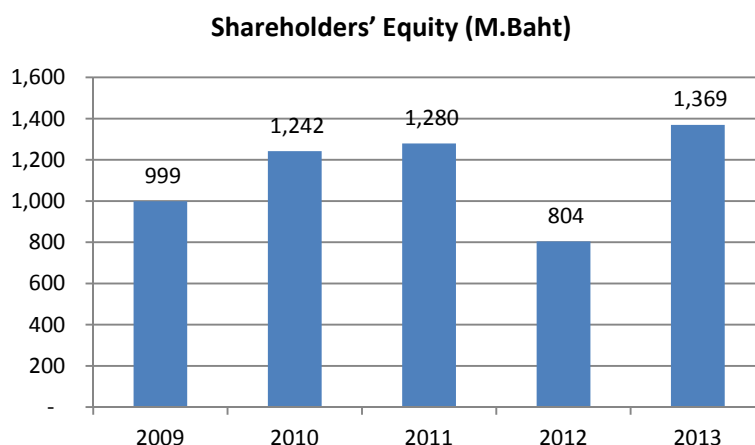
Loan from financial institution

As at 31 December 31 2013, Loan from financial institution is 2,574 Million Baht. Interest-Bearing-Debt to Equity is 1.9 that is to be improved because the Company increased the authorized share capital of 116.7 Million shares at the offer price of 3.25 Baht per share allotted to the existing shareholder. From the fund raised, Shareholder's Equity increase 375.5 Million Baht.



Shareholders' Equity

Shareholders' Equity is 1,369 Million Baht in 2013, or increases 566 Million Baht from the fund raised of 376 Million Baht and Net profit for the year of 190 Million Baht.



Cash flows

Cash flows from operating activities

By overall, in 2013, Cash Cycle of the Company was 64.1 days and Cash Flow from operating activities decreased 243.5 Million Baht.

Main items to decrease cash flows from operating activities in 2013 were

- Increasing in inventory 495.8 Million Baht
- Decreasing in Accounts Payable 392.9 Million Baht

Main items to increase cash flows from operating activities in 2013 were

- Decreasing in Accounts Receivable 253.1 Million Baht
- Net Profit 190.2 Million Baht

If the Company is able to reduce inventory level to be lower than 30 days, cash flow from operating activities will be improved.

Report from the Risk Management Committee

Dear Valued Shareholders

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

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

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



In 2013, the world economy improved and was in a steadier state compared to the previous year. However, the Thai economy continued to face challenges due to the turmoil in political situation. Thai Baht was much weaker and fell by more than 10% in value compared to the USD. The consumer market was especially weakened due to these two factors, i.e. turbulent political situation and weak Thai Baht.

The Risk Management Committee continued to review and monitor the Company's progress in implementing new strategic plan. The objective was to ensure the Company can continue to operate profitably and within an acceptable level of strategic risk.

During the year, the Risk Management Committee continued to report and highlights to Management certain operational risk, including high inventory and account receivable.

To achieve the Company's business goal, the Risk Management Committee plans to continuously monitor and control risks through the Risk Management Team's report. Based on these approaches, we would like to assure all stakeholders that we can prevent and protect the Company from suffering in various risk events. Specifically, the Company can effectively and efficiently control all major risks and achieve good governance including regulatory compliance. The Risk Management Committee expresses its gratitude for all stakeholders' trust in the Company.

A handwritten signature in black ink, appearing to be 'L. H. Hai'.

(Mr.L Hwee Hai)

The Chairman of Risk Management Committee
SiS Distribution (Thailand) Public Company Limited
March 5, 2014

Risk Factors

There are the major risks which can be affected the company's performance and the investors as well as follow:

1) Risk from reliance on few vendors

In 2009, the Company had share from the biggest vendor at 41% of total sales which was the high risk to rely on vendor. The company has entrusted from other vendors to be distributor more, that was a result to reduce share from the biggest vendor to 21% in 2013. Although risk from reliance on the biggest vendor reduced and over 70 vendors appointed the Company to be distributor but 50% of total sales were from only 3 vendors. The Company continues to monitor and focus on this factor to mitigate risk as follows

	2009	2010	2011	2012	2013
Sales from the biggest vendors to Total sales	41%	31%	26%	18%	21%

- **Maintain a good relationship with Vendors**

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

- **Portfolio expansion**

The Company continually expands our portfolio by sourcing more products that do not conflicted with the existing vendors. In 2013, the Company was appointed to be distributor such as AMD, Veeam, Eye-Fi, Trend Micro and continues to increase more and more in the following year of 2014.

- **Continually improvement**

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

- **Market Coverage**

In 2013, the Company has dealer networks that consist of over 5,000 dealers in the IT sector, all of which have opened accounts and purchased products from the company. The company can support vendors to distribute its products to over 5,000 dealers with quickness and efficiency.

- **Product storage and distribution**

The Company has an effective and good warehouse management system, a total area of 10,000 square meters for storage and quick delivery to all dealers even small orders. In Bangkok area, the product will be delivered within a same day for orders before 11.00 am and next day for orders after 11.00 am as well as cities out of Bangkok. That is the efficiency management.

- **Management for small dealers**

The Company has a credit team that is able to manage small dealers effectively and now more than 2,500 dealers having credit lines used for purchasing our products immediately. This also will support vendors for credit lines given and starting to sell its products to small dealers more quickly.

- **E-commerce**

In 2013, the Company has implemented e-commerce system that being on trial at the end of 2013. This system will be served our dealers to place order 24 hours by their own. Exclude placing order, the Company continually adds on other services to allow our dealers to do it themselves

From the above, the Company performs the important function in IT industry of Thailand that causes many vendors would like to continually appoint us to be their distributors. Both existing and new vendors would like to contact us to distribute their products more and more. That is the company's policy to expand our business by sourcing some more new products to mitigate risk from reliance on few vendors.

2) Risk from technology changes which impact on inventory

As our core products are computers and peripherals which its technologies are changed very fast. Inventory can be easily obsolete and cause business damaged. The Company has set up following procedures to manage inventory risks:

- **Minimum Inventory Control**

The Company has a policy to keep inventory in a range of 15 to 30 days by type of product. Which product has a sale records, inventory level will be reduced to 15 days but for new coming products and unknown its demand, inventory level will be kept more than that but not over 45 days to quick resolve when market changes. Inventory level for the year are shown in the table below:

	2006	2007	2008	2009	2010	2011	2012	2013
Inventory (M.Baht)	488	566	789	919	1,152	3,171	1,191	1,692
Average Day Sales (Days)	25.9	20.5	22.5	23.9	24.7	37.9	38.9	31.6

- **Delegate to Specialize Product Manager**

The Company delegates Product Manager to manage its product in terms of ordering, inventory management and marketing, and provides product specialist to focus on individual 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 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, users and related person always realize accurate data

- **Inventory Management**

Management always focuses on the inventory level. Top executive has conducted weekly meeting with product manager to review inventory balance and inventory aging to see the trend changes and set up the procedures to solve issues more quickly that leads to reduce the damage of inventory. Besides, these strategies could be built as one of the company cultures in term of the inventory prioritization.

3) Risk from foreign currency

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

4) Risk from competition and low gross margin

It Distributor is highly competitive and its margin is low but IT industry is large and high growth. In 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 in the form of Business Units to be able to differently manage. Besides Volume Business Unit, the Company has set up Value Added Business Units to manage high margin products by increasing more services to reduce risk from price competition.

5) Risk from Accounts Receivable

The company has mostly the credited sales. The majority of our dealers could not provide collateral covered all their debts including many dealers are small companies which not much more funding. If our accounts receivable are nonperforming and unable to pay on scheduled, it may effects our liquidity, working capital or the result of the operation. However, the company thoroughly reviews credit status before credit given to our dealers and credit control department is separate from sales to ensure that credit is considered independently. In order to reduce the risk of bad debt, in 2013, the company has bought trade insurance to cover some part of debts and also set an allowance of doubtful accounts in order to accurately reflect financial status.

6) Risk from working capital

From the structure of IT distribution, cash cycle is in the range of 45 to 60 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, 2013, the company has short term loan from financial institutes in amount of 2,574 Million Baht. If all financial institutes call loan back simultaneously, the company may face financial problem. From being to be listed company, the Company has options to increase more working capital. Moreover, the Company has diversified in lending from several financial institutions to reduce risk of reliance on any one major financial.

7) Risk from reliance on human resources

IT is a business which requires IT knowledge staff to join with. Besides, the Company recruits experienced staff to join with the Company, the Company still have training continuously to maximize the effectiveness of our customer services. If capable and skillful staff resign from the company, it may impact to business operations and ability to expand in short term and additional cost required in training new staff for replacement and issues the warrants for the employees to purchase stock option at special price by exercisable based on the service period to motivate the feeling of the ownership which leads to the better performance and longer service period. Besides, the company uses many strategies to manage the risk of the dependency on human resources. For example, the company separates sale department off marketing department which allows the customers contact with 2 division instead of 1 to avoid the risk of the dependency on human resources. Also, the company has improved the working system by applying more the information systems such as ERP system of SAP ECC6 and the Electronic Workflow of Lotus Notes., This leads to the smoothly, speedy and accurately working structure with the warning system for the errors and reduce some reliance on the human resources. Additionally, the company has set the management structure by diversifying the responsibility to many executives and substituting the work with the similar employees' performance in many levels to support the decrease of the reliance of human resources.

Major Shareholders

The following is the list of our top 10 major shareholders as of December 30, 2013 as:

Number	Name of Shareholder	Shareholding	% of Shares
1	SIS TECHNOLOGIES (THAILAND) PTE. LTD.	165,616,595	47.3%
	Total Shares of Sittichaisrichart's Family are	51,353,701	14.7%
2	comprised of		
	- Mr.Somchai Sittichaisrichart (Managing Director)	9,457,961	
	- Ms.Wareeporn Sittichaisrichart (spouse)	9,421,780	
	- Mr.Pete Sittichaisrichart (son)	12,550,164	
	- Ms.Ploy Sittichaisrichart (daughter)	19,923,796	
	Total Shares of Pungsrinont's Family are	34,373,624	9.8%
3	comprised of		
	- Mr.Sombati Pungsrinont (Executive Director)	21,080,010	
	- Mr.Chanont Pungsrinont (son)	6,228,145	
	- Mr.Thanakorn Pungsrinont (son)	7,065,469	
4	Mr.Sompong Cholkadeedumrongkul	16,485,800	4.7%
	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB	5,206,410	1.5%
5	CLIENT SEG		
6	Synnex (Thailand) Public Company Limited	3,971,370	1.1%
7	The Body of Person Viroj Kosoltanawong and Rakchanok Lumadokpan by Viroj Kosoltanawong	3,970,800	1.1%
8	Thai NVDR Co., Ltd.	3,804,455	1.1%
		2,562,275	0.7%
9	Ms.Patinya Supha-amornkul		
10	Ms.Viparat Lertsitwapan	2,415,031	0.7%
	Total Shares of top 10 major shareholders	289,760,061	82.7%
	Total Shares	350,198,655	

Remark

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

Report from the Remuneration and Nomination Committee

Dear Valued Shareholders

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

The Remuneration and Nomination Committee has duties as assigned in the Charter. With careful consideration in remuneration and nomination by the Board of Directors and sub-committees, and give reasonable suggestion to the Board of Directors. In year 2013, there are 2 annual meetings which the Remuneration and Nomination Committee has attended to consider following:

1. To consider and evaluate the performance of the company, and results of its operations by comparing goal and business plan of the year 2013 to make decision on remuneration for executive directors that is consistent with the result of evaluation. These also include reviewing the remuneration of Directors and Sub committees for the year 2014. The Remuneration and Nomination Committee has discretion to adjust compensation used since 2009 to meet obligations and requirements that increased by regulatory agencies and in line with current economic condition, hence the company did not meet the performance target. Detail of the remuneration committee and senior management in year 2013 is set out in Annual Report of the year 2013 individually. For remuneration policy of Board of Directors and Committees in 2014 will propose in detail in the Notice of Annual General Meeting of Shareholders.
2. To consider the succession plan, which has operated continuously since 2010. By increasing the recruitment process to be a successor or replace the position of Executive Director, within a reasonable time. Also developing necessary knowledge and skills to provide to make the enhance Company stability and continuously competitive in the market.
3. In the year 2014, there will be Directors that are retired by rotation in the Committee. The Remuneration and Nomination Committee have offers the opportunity for shareholders to nominate candidates to the Board of Directors which will be elected by the rules and in duration of the company report news via the Security Exchange of Thailand for the Board of Directors consideration and presents to Shareholders in Annual meeting. However, there are nominee raise by shareholders. The Remuneration and Nomination Committee, then decides to let Directors who retire by rotation be re-elected to the position for another term, as they are eligible and not prohibited by the rules.
4. After the nomination of one more Non-executive Director which has been approved by the past 2013 Annual General Meeting of Shareholders and as per increasing in requirements of regulatory agencies and laws relating to public companies, the Remuneration and Nomination Committee have considered thoroughly for one more independent directors to scrutinize the work of the sub committees and lesser the burden of the Board of Directors and not yet finalized since some directors has an opinion that no urgent need for increasing one more dependent director now because of economic slowdown which it is difficult to predict the 2014 operating results. The Remuneration and Nomination Committee will re-consider this issue in the next time.

5. In the year 2013, the Remuneration and Nomination Committee proposed to appoint the Corporate Governance Committee which is comprised of Mr.Suwit Chindasanguan (Independent Director), Rojanasak Chomvilailuk, PhD. (Independent Director), Mr.Somchai Sirivichayakul (Independent Director), Mr.Lim Hwee Hai (Non-executive Director) and Mr.Somchai Sittichaisrichart (Managing Director) which has been approved by the Board of Directors and began to work in August 2013.



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

Mr.Somchai Sirivichayakul
Chairman of The Remuneration and Nomination Committee
SiS Distribution (Thailand) Public Company Limited
March 5, 2014

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.

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 2 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.

Attendance fee for the Risk Management Committees

Risk Management Committee attending Risk Management Committee meetings held 4 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.

Attendance fee for the Corporate Governance Committees

Corporate Governance Committee attending Corporate Governance Committee meetings shall receive an attendance fee of 20,000 Baht per meeting. Chairman of the Corporate Governance Committee shall receive an additional of 10,000 Baht.

Special Bonus

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

In 2013, Shareholders approved the total budget 6 Million Baht for the company to be paid as remuneration to Directors. The actual payment for the year 2013 was 4,410,000 Baht and will be proposed the Shareholders to approve the director remuneration for the year 2014 not more than Baht 6 Million in the 2013 Annual General Meeting of Shareholders.

In 2013, all directors were received the remuneration separate by remuneration type as follows:

Name	Suwit Chindasanguan	Somchai Sirivichayakul	Rojanasak Chomvilailuk	Lim Hwee Hai	Lim Kia Hong	Lim Kia Meng	Somchai Sittichaisrichart	Sombati Pungsrinont
Position	<ul style="list-style-type: none"> •Independent Director •Audit Committee •Chairman •Chairman of Corporate Governance Committee 	<ul style="list-style-type: none"> •Independent Director •Audit Committee •Chairman of Remuneration and Nomination Committee •Corporate Governance Committee 	<ul style="list-style-type: none"> •Independent Director •Chairman of Audit Committee •Remuneration and Nomination Committee •Risk Management Committee •Corporate Governance Committee 	<ul style="list-style-type: none"> •Director •Remuneration and Nomination Committee •Chairman of Risk Committee •Corporate Governance Committee 	<ul style="list-style-type: none"> •Director 	<ul style="list-style-type: none"> •Director 	<ul style="list-style-type: none"> •Managing Director •Remuneration and Nomination Committee •Corporate Governance Committee 	<ul style="list-style-type: none"> •Executive Director •Risk Management Committee
Monthly retaining fee for board	240,000	120,000	120,000	120,000	120,000	80,000	-	-
Monthly retaining fee for audit committee	300,000	300,000	390,000	-	-	-	-	-
Attendance fee for board	180,000	120,000	120,000	120,000	80,000	40,000	120,000	120,000
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	-	-	80,000	120,000	-	-	-	80,000
special bonus	420,000	270,000	270,000	-	-	-	-	-
Total	1,230,000	960,000	1,140,000	400,000	200,000	120,000	160,000	200,000

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 (12%), Operation & Corporate Governance (18%) compared with the business target, Financial & Operation's Results (70%) 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 8 Executives in 2013 was paid in the form of monthly salary, quarterly bonus and yearly bonus totaling 39,092,472 Baht. The 8 Executives and Company Secretary are as follows:

- | | |
|-----------------------------------|---|
| 1) Mr.Somchai Sittichaisrichart | Managing Director |
| 2) Mr.Sombati Pungsrinont | Executive Director and Company Secretary |
| 3) Ms.Suwathip Pornsuwannapha | Financial Controller |
| 4) Ms.Wareeporn Sittichaisrichart | Operations Manager |
| 5) Mr.Thanawat Pringwanich | General Manager of Commercial Business Unit |
| 6) Mr.Panit Srikrekkrit | General Manager of Movie & Music Business Unit |
| 7) Mr.Thana Thanapase | General Manager of Consumer Business Unit |
| 8) Mr.Kaival Boonsaith | General Manager of Value Added Commercial Business Unit |

Provident Fund of Management

The money has been paid by the 8 executives for provident fund in 2013 totally 1,714,650 Bath.

The Executives must have worked at least 2 years up will received some amount of the fund and in full amount of the fund when they have worked for years up as follows:

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

Employees

The Company employs over 521 employees, divided by the company's employees of 385 persons which comprised of 8 executives and 377 employees, and 136 employees from outsource.

	SiS	Outsource	Total
Sales (No. of employees)	165	93	258
Marketing (No. of employees)	73	0	73
Finance (No. of employees)	23	0	23
Warehouse (No. of employees)	27	37	64
Support (No. of employees)	29	0	29
Service (No. of employees)	27	0	27
Others (No. of employees)	33	6	39
Total (No. of employees)	377	136	513
Employee Benefits (Million Baht)	177.0	18.0	195.0

Employee Benefits comprises of 1) Salary 2) Quarterly Bonus 3) Incentive (For Sales and Product Person Only) 4) Yearly

Provident Fund of Employee

The money has been paid by the 377 employees for provident fund in 2013 totally 5,545,141 Bath.

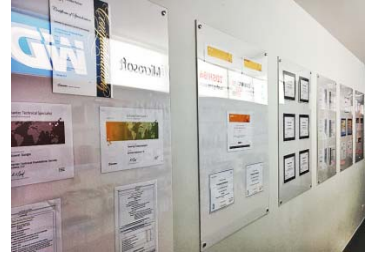
Employee must have worked at least 2 years up will received some amount of the fund and in full amount of the fund when they have worked for years up as follows:

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

Employee Development

The Company's policy encourages the employees to develop their knowledge, potential and the ability as per career path and also have a good attitude to grow up with the Company through a self-learning process, training and seminars.

In 2013, the Company assigned one sales trainer for sales training and 5 product trainers for product training and also there is one external trainer for a whole year for project sales training and major customer sales training.



In addition, the Company provided the space to display the certificates from the employees who have trained and passed the exams to recognize the employees and encourage the employees to learn more and more.

The Company encourages the employees to access the e-learning and test the exam from vendor website by setting up one of a KPI and reward additionally for the employees who pass the exam.

The Company has a large meeting room which support over 300 people and lots of medium and small meeting rooms with the equipments that can make meetings more effectively. Provide an orientation and a “mentor” system for all new employees and also one full-time trainer focusing only training. The training budget has been set every year. There are both internal training which directly related to the job and other training from invited trainer.



In 2013, The Average hour of training is 19 hours a year per person.

Report from Corporate Governance Committee

Dear Valued Shareholders

The Board of Directors of SiS Distribution (Thailand) Public Company Limited had a resolution in the Board of Meeting No.3/2513 dated August 9, 2013 to appoint the Corporate Governance Committee that consists of 5 members by Mr.Suwit Chindasanguan (Independent Director) as the Chairman, Mr.Lim Hwee Hai (Non-executive Director), Rojanasak Chomvilailak PhD. (Independent Director), Mr. Somchai Sirivichayakul (Independent Director) and Mr. Somchai Sittichaisrichart (Managing Director) as the committee.

The Corporate Governance Committee has duties and responsibilities to set out a good governance policy and business code of conduct, to reassess and review Ethics as well as a code of best practices to comply with laws and recommend the Code of Best Practices to the Company.

The Corporate Governance Committee is aware of the importance and strives to run our businesses by compliance with Principles of Corporate Governance and Business Ethic. The committee provides the operational framework and sets the Company's corporate governance policy to concrete a vital role in business operations resulting in efficient and effective management, to build Shareholders and Stakeholders Confidence, to encourage the business operation to be complied with the Corporate Governance policy and Business Ethics and to revise the guidelines to be complied with the good Corporate Governance. To encourage the corporate governance practices, the Company has been assessed to be excellent level in the following assessments.

SET Awards in Top Corporate Governance Report

The Stock Exchange of Thailand (SET), together with Money & Banking Magazine held SET Awards 2013, which this year will celebrate its 10th anniversary, and TRIS Corporation Limited is a consultant to do the evaluation. The Company is one of 10 companies that received Top Corporate Governance Report Awards.



“Excellent” in Corporate Governance Report

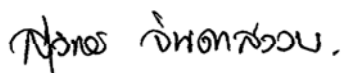
The findings in 2013 from a corporate governance assessment of listed companies conducted by The Thai Institute of Directors (IOD), the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC), the Company is considered as Excellent which is the highest group and has a score at or above the 90 percent level together with 87 companies. The Company is aware of the importance and adopts the Stock Exchange of Thailand's guidelines and is continually classified as excellent CG scoring group since 2009.



100 Score in AGM Assessment

The Securities and Exchange Commission Thailand, the Stock Exchange of Thailand collaborate with and the Thai Investors Association and the Thai Listed Companies Association have organized AGM Assessment program every year and announced that the Company is one of 94 the perfect 100 percent companies in the 2013 AGM Assessment. The Company continually achieved 100 percent since 2009 which indicates the awareness of importance and Equitable Treatment of Shareholders.

The past recognitions reflect the intention of the Company in doing business by compliance with the good Corporate Governance. The Company will improve the management standards which promote its sustainable growth.



(Mr.Suwit Chindasanguan)
Chairman of Corporate Governance Committee
5 March 2014



Corporate Governance Report

The Company fully recognizes the importance of corporate governance. The Board of director and top managements jointly, succeeds 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 unceasingly and sustainably grow. The company monitors and complies with good corporate governance framework as provided by Stock Exchange of Thailand (SET).

The Company is committed to operating our business with high ethical and environmental standards, fulfilling our corporate social responsibility, maintaining excellent corporate governance, opposing the infringement of intellectual properties and copyrights, fostering a transparent internal system which helps to prevent corruption, and to adopt Sufficient Economy philosophy. In order to succeed in sustainable operational business, the Company encourages all employees to adopt good corporate governance to comply with guidelines of corporate governance provided by Stock Exchange of Thailand (SET), Thai Institute of Directors (IOD), and Securities and Exchange Commission (SEC), as outlined in this report.

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.
- In 2014, Directors and Management have to report buying and selling of their company's securities 1 business day in advance to the Board of Directors before trade date including with notification to the employees to stop their securities trading at the ended of each quarter and the company's operating results has not yet been made public to prevent insider trading.
- To provide the opportunity for Shareholders to query about the operation's results of the Company. In 2013, shareholders sent their query about the operation via e-mail and telephone several times and the Company replied all query as well as the opportunity for Shareholders, Analyst to meet with the Executives.
- To provide the opportunity for Shareholders to propose matter to be included as an agenda of Shareholder meeting and sent their questions in advance via the Company's website 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
- To facilitate investors and others who are interested in investment with the Company to get accurate company's information timely, there is the Investor Relations Department to help them with correct information and fast service. There is also "Investor Relations" page in the company's website at www.sisthai.com to provide useful information. The Investors can send the suggestions or inquiries via email at investorinfo@sisthai.com.

In the Annual General Meeting of Shareholders No.1/2013 dated April 26th 2013, the Directors answer all inquiries of shareholders entirely

Dividend Policy

The Company has a policy to pay dividends at a rate of approximately 40% of net profit after tax and legal reserve. The Board of Directors has the authority to exempt or change such policy at any time under such conditions that having to maximize benefits to shareholders such as reserve for loan repayment, investment to expand our business or significant change in the market which may affect the company's future cash flows.

The Company has not determined the ratio of dividend payout of subsidiaries to the Company which its dividend payments are subject to our performance in each year. ๖

Annual General Meeting of Shareholders

The Company held the Annual General Meeting of Shareholders according to the good practice of Regulator Agencies. The Securities and Exchange Commission (SEC) coordinated with Thai Investors Association and Thai Listed Companies Association jointly assess the quality of AGM Meeting every year, the Company has been evaluated the meeting as the table below. The Company improved the process of meeting in line with the recommendation of AGM Checklist and the Company got full score from the assessment of AGM Meeting that show the Company recognizes the important of shareholders and effort to treat all shareholders equally.

Year	Full Score	Score received
2006	100	56.4
2007	110	72.0
2008	110	102.5
2009	100	100.0
2010	100	100.0
2011	100	100.0
2012	100	100.0
2013	100	100.0

For the Operating Results period January 1, 2013 to December 31, 2013, The Company will be held The 2014 Annual General Meeting of Shareholders on April 18, 2014. The Board of the Directors, Subcommittee Members, some of the Management attends the meeting. The details are as follows:

- To provide the opportunity for the shareholders to nominate persons for election as directors and shareholders can download the AGM invitation letter from www.sisthai.com.
- To provide the opportunity for the shareholders to propose agenda items and send questions in advance on company's web site named www.sisthai.com under section "Investor Relation" and sub section "Proposal of AGM Agendas" and to allow the shareholders to access the guidelines of Agenda proposal items also.
- To provide 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 summarize the result clearly in the meeting and then report result to public in the next working day.
- 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
- 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.

Role of Stakeholders

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

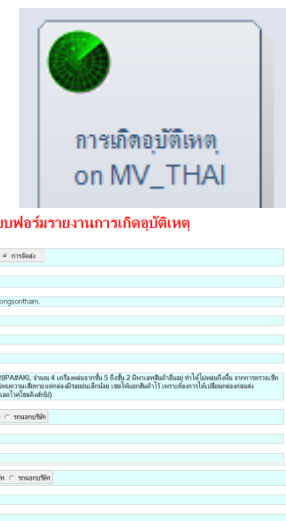
1. Employee

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

A. Employee Safety, healthy and work environment

I. Safety at Work

The Company has implemented safety both in work place by providing a suitable plan, the wide of companionway is enough, unobstructed. The investment in terms of purchasing equipment must be considered the safety for an important factor including the purchase of additional equipment. For more safety, in year 2013, the Company purchased the special camera to support the forklift driver seeing the position clearly. Even it does not popular in Thailand; the Company has to order abroad directly. The Company has a database system to record all accidents that occur. This is to keep track of employee related issues to find solutions and prevent accidents not happening again. In year 2013, there were 11 times accidents, which was taking place at the warehouse and the detail was recorded every time. One employee has been injured and has to stop working for 6 days. The medical expense was paid by the Company and the rest has been insured.



II. Minimize fire risks

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

III. Emergency Plan

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

IV. Personal Hygiene

The Company keeps our workplace clean, well vented, provide sufficient lighting, enough washing basins and toilets, and encourages employees help to keep it clean regularly. The Company provides flu and hepatitis vaccination and supports 50%.



V. First Aid Kits

The Company keeps sufficient first aid kits; provide regular first aid training to our employees and first aid room.

VI. Safety Orientation

Training for employee safety which is part of our new employee orientation.

B. Provide the opportunity for employees to work in skillful job

Employees have the opportunity to work in the like and skillful, when the Company would like to recruit new staff for the vacant position, the Company provides the opportunity for existing staff to apply first before requires from outside. The applied staff has to pass the recruit selection process as well. The company gives employees an opportunity to let us know whenever they need to rotate to work in the like and skillful that the company will consider the appropriation in all cases.

C. **Appropriate Remuneration and Staff benefits**

The Company had the policy to set the good compensation scheme to employees by compared with the same industry every year. In addition of regular salary, the company provided more other benefits as follows:

I. **Quarterly Bonus**

The Company has set quarterly target and quarterly bonus to all employees according to the performance of each business unit and the performance of the Company in order to create a good conscience to work together to achieve the quarterly target.

II. **Yearly Bonus**

The Company has set yearly bonus to all employees in each year according to the performance of the Company and the performance of each employee.

III. **Employee Stock Option Program**

To motivate employees to be owner and reward the good remunerations that link to company's performance, the company issued 5,000,000 units of warrant at the first time when the company listed in the Stock Exchange of Thailand in 2004. The warrant can be partially exercised within 5 years period. As of expired date in 2009, holders of 3,174,100 warrants had exercised their rights to buy ordinary shares of the company. At the end of program, the company does continuously issue new ESOP. In the Annual General Meeting of Shareholders No.1/2010, the Board of Director asked for approval from Shareholders to issue new ESOP amount 10,000,000 units for Directors, Executives and Employees within 3 years exercise period.

IV. **Yearly Health Check Program**

The Company provided free medical check-ups to promote good health. After having the results, the company also provided the physician to advice good health practices together with the flu and hepatitis vaccination and supported 50%.

V. **Provident Fund**

The Company provided the provident funds for every employee since 2003, both the Company and employees contribute equally at 3% or 5% of basic salary to this scheme. As of December 31, 2013 Provident Fund accumulations size totaled 80.7 Million Baht. Employees must have worked more than 2 years to be eligible for the benefits and will get all benefits of the company when they work over 5 years as follow:



Length of Services

Rate received

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

VI. **Personal Accident Insurance**

Apart from provident fund, the Company also provides our employees with accident insurance coverage worldwide by 24 hours. In 2013, the company had total insured over 221 Million Baht.

D. **Employee training and development programs**

The Company realized the important of employee training and development programs. (see details under Staff – Staff Development)

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

The Company realized the important of employees to work efficiently by providing high quality office equipment and effective IT solutions. Every employee has computer and internet access and provides laptop computer and wireless solution to employees who always work from outside. 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.

F. Appropriate annual leave

The Company sets the annual leave up to 12 days a year. The employee can take annual leave immediately after a probation period. The one, who do not utilized, will receive a lump-sum payment for accumulated and accrued annual leave.

G. Employee right to information

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

H. Employee right to opinions

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

2. Customers

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

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

The Company provided complaint channel for customers sent complaint or suggestion to the Executives directly via e-mail. The Company established complaint department to consider all complains from customer and resolve that until finish. Furthermore, the company's priority is to work with products that are environmental friendly, safe to consumers and utilizable. The company aims to provide sufficient information to consumers and continually work on improving after sales service to achieve higher customer satisfaction.

3. Partners

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

Furthermore, the Company set up the guideline for partner selection by exclusion of well-performance with the competitive price, but also consider of the social responsibilities, transparency, anti-corruption and bribes in any form of its partners.

4. **Supplier**

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

5. **Creditors**

The Company strictly complied with terms of agreement of creditors and provided the operating results information to creditors continuously, disclosed and pari passu ranked in terms of security to all creditors, repayment loans and financial cost to all creditors on schedule, good working capital management and do not spend in contrary way with objectives of the loan. The Company has not defaulted to any creditors.

6. **Competitors**

The Company believes in free market and fair competition. It is believed that the system of free competition will improve the efficiency, competitors are treated under the best practice, do not destroy others reputation, do not accuse to others with dishonesty. Conversely, if there is a chance, we will cooperate with suppliers and competitors expanding the market in IT industry with quality growth.

7. **Community and Environment**

A. **Anti-Corruption Policy**

The Company strived to work accurately, transparently, against and do not participate in corruption and bribe in any forms. The company is committed to zero tolerance policy and strictly prohibit our employees to participate in any corruption activities and has a system to accept a report of corruption anonymously and keep it confidential to encourage people to report corruption.

B. **Community**

The Company consistently supports the voluntary activities relating to the development of the surrounding communities in local areas, our head office and upcountry offices, maintain a good environment of the communities and supports to have adequate basic infrastructure according to our profitability. Specific budget is assigned each year to support CSR activities – more information is available in “Corporate Social Responsibility”

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

The Company encourages and respects human rights and strongly refrain from any human rights violations, no enforcement of labor, child labor exploitation by taking care covered to our partners.

D. **Environment**

The Company recognizes the importance of preserving the natural environment and set up to be one of our policies that we will conduct our business with environmental responsibility, prevention and minimize our impact on lives, social and environment. Our guidelines for reducing our impact on the environment are as follows:

I. **Environment friendly products**

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

II. **Employee knowledge about the environment**

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

III. **Energy efficiency**

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

IV. **Using Resources Efficiently Program**

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

Electronic Workflow

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

Print and Pick

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

Fax Server

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

Scan to email

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

Video Conference

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.

Leadership and Vision of the Boards

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

The Board of Directors, by the Managing Director, will communicate strategy, objectives, situation, and operating results of the Company to the 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.

Qualification of the Board of Directors

1. The Board of Directors of the Company must be a knowledgeable, capable, honest person; to be ethically businesslike and holds an incumbent directorship in not more than 3 businesses in order to have sufficient time to devote his/her knowledge, ability and the performance of duty to the Company.
2. The Board of Directors must possess qualifications and does not have prohibited characteristics pursuant to the law governing the public limited company and in accordance with other relevant law including the absence of the characteristics that reflect the lack of suitability to be trusted to administer as well as to manage a business in which the public is the shareholder in accordance with the Notification of the Securities Exchange Commission.
3. The Board of Directors cannot hold over maximum 5 other companies, in case of a listed companies, and do not be an obstacle to the director's duties of the company. However, this is prohibiting, the Board of Directors operate or compete with the same conditions of the company. Do not join the partnership or other legal entity as the director that has the same condition of business and competition with the company's businesses. No matter what is done to their own advantage, or benefit and others. Unless otherwise informed to the shareholders' meeting prior to being appointed.
4. An Independent Director must possess the qualification in relation to being independent in accordance with the Notification of the Securities Exchange of Thailand re Qualifications and Terms of Reference of the Audit Committee and must be capable of overseeing the interest of every shareholder on an equal basis and to preclude a conflict of interest. Moreover, they shall participate and share their opinion in Board member meeting independently.

The company has defined the definition of independent directors as follows:

Definition of Independent Director

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

1. Holds not more than 1% of the total outstanding voting shares of the Company, Subsidiary Company, Associated Company, the Company's major shareholder or controlling person of the Company, including shares held by a person related to Independent Director
2. Neither a director that has a management authority nor an employee, staff, advisor on retainer, controlling person of the company, the company's major shareholder, a subsidiary company, an associated company, a subsidiary of the same tier or any juristic person with a conflict of interest, both in the present and at least two years prior to taking the Independent Director
3. No relationship by blood or legal registration, in a nature that makes the independent director a parent, spouse, brothers and sisters, children nor spouse of children of management, major shareholders, authority figures or nominees for management and authority figures of the company or a subsidiary.
4. Is not involved or have ever been in the business relationship with the company, the company's major shareholder, a subsidiary company, an associated company or controlling person of the company with conflict of interests in a nature which may obstruct his independent judgment. Is not or have ever been significance shareholder or controlling person whose have related business with the company, the company's major shareholder, a subsidiary, an associated company or controlling person of the company, unless having been out of the aforementioned position at least two years prior to taking the Independent Director.

The term "business relationship" it shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the applicant or 20 Million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions.

5. Is not involved or have ever been auditor of the company, the company's major shareholder, a subsidiary company, an associated company or controlling person of the Company. Is not significance shareholder, controlling person or managing partner of the company's audit's firm that have auditor of the company, the company's major shareholder, a subsidiary company, an associated company or

controlling person of the company is staff, unless having been out of the aforementioned position at least two years prior to taking the Independent Director.

6. Is not involved or have ever been professional service provider such as legal or financial advisor, whose service fee exceed 2 Million Baht per year from the company, the company's major shareholder, a subsidiary company, an associated company or controlling person of the company. Is not significance shareholder, controlling person or partnership manager of above professional service firm, unless having been out of the aforementioned position at least two years prior to taking the Independent Director.
7. Is not appointed as a representative of the company's Director, major shareholders or shareholders who are related to the major shareholders of the company.
8. Do not engage in the same state business or competitive business that significance with the company or is a partner in partnership, significance shareholder or director of other same state business or competitive business that significance with the company.
9. No other impediments or impairments to express independent opinions concerning the operations of the company.

Directors Development

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

Directors Training

The Company has 8 directors composed of 3 foreign directors and 5 Thai directors. The 6 Thai directors and 1 foreign director have completed Director Certification Program (DCP) from the Thai Institute of Directors Association (IOD). The 8 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 2013, there are several courses that directors attended as follows.

Name	Topic
Mr. Suwit Chindasanguan–Chairman of the Board	RMP 1/2013 Risk Management Committee Program

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 directors 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 2013, the Company appointed one director named Mr. Lim Kiah Meng, and already provided an orientation program and the said information to new director.

Conflict of interest

The Directors' structure is independent from the operation. With 3 of 8 are independent directors (37.5%), 3 of 8 are representative of major shareholders (37.5%), 2 of 8 are representative of Executive Directors (25.0%), 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:

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

discloses all the information concerning to its operation to the employees, thus, the Company warned all employees to stop their share trading at the end of each quarter till the company submitted its operating results to the SET. In 2014, Directors and Managements have to inform the Board of Director 1 business day in advance for the buying and selling the company's securities before trade date.

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.

Corruption Prevention

The Company has recognized the severity of corruptions that will be affected the company in terms of both performance and credibility of the company greatly. Thus, the company has its policy and best practices in preventing and resolving corruption in all its forms as follows:

- To design all working systems to be able to audit and counterbalance.
- To cultivate all employee to be conscious of anti-corruption.
- To provide complaint channel for stakeholders to send fraud issues and to contact to the Executives directly via complain@sisthai.com that be notified in the Company's website. The complaint is very successful. The Company receives complains at all time and keep them in database and provide independent director channel to directly contact to independent director via independentdirector@sisthai.com
- Employees must not accept gifts that exceed 1,000 Baht.
- No seek power over others inappropriately such as promising to give the valuables to take improper advantages.
- The Company has a policy to reimburse appropriately and clearly to prevent frauds. All expenses are proved by supervisor and General Affair Department. The Company informs all employees in advance that all expenses must be reimbursed at the actual cost incurred.
- The company treats that fraud is a serious offense. When it breaches, there will be a joint committee to consider the punishment, may be reprimanding, warning notices, indemnity, terminate, law act including examination of the problem to prevent fraud occurs again.

Balancing of Non-Executive Director and Management Control

Board of Directors

There are 8 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	37.5%
Non-Executive Director	3	37.5%
Executive Director	2	25.0%

The Company has a policy for directors to holding directorship positions in the listed companies not more than 5 companies.

Audit Committee

The Audit Committee is comprised of 3 Independent Directors.

Remuneration and Nomination Committee

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

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

Role and Responsibilities of the Remuneration and Nomination Committee

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

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

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%

Corporate Governance Committee

Corporate Governance Committee is appointed from the Board of Directors Meeting No.3/2013 dated August 9, 2013 and comprised of 5 Directors. The followings are the members of Corporate Governance Committee.

Mr.Suwit Chindasangaun	Chairman of Corporate Governance Committee
Mr.Lim Hwee Hai	Corporate Governance Committee
Mr.Somchai Sittichaisrichart	Corporate Governance Committee
Rojanasak Chomvilailuk, PhD.	Corporate Governance Committee
Mr.Somchai Sirivichayakul	Corporate Governance Committee

The proportion of Corporate Governance Committee is as follows:

Type of Director	No. of Director	Percentage
Non-Executive Director	1	20%
Independent Director	3	60%
Execution Director	1	20%

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. Moreover, there was an also specific meeting between the Audit Committee and the Auditors, and then the company determined the minimum quorum. While The Committees had voted in a The Committee Meeting that The Committee was not less than two-thirds of the total membership. The company added the requirements that all Directors had a proportion of the attendance meeting over the year for at least 75%. (Except for the new directors recently as a Director during the year) Details of meeting attendance are as follows:

Name	Board of Directors Meeting	Audit Committee Meeting	Remuneration and Nomination Committee Meeting	Risk Management Committee Meeting	Annual General Meeting 2013	Total
1. Mr.Suwit Chindasangaun	5/5	12/12			1/1	18/18
2. Mr.Somchai Sirivichayakul	5/5	12/12	2/2		1/1	20/20
3. Rojanasak. Chomvilailuk, PhD.	5/5	12/12	2/2	4/4	1/1	24/24
4. Mr.Somchai Sittichaisrichart	5/5		2/2		1/1	8/8
5. Mr.Sombati Pungsrinont	5/5			4/4	1/1	10/10
6. Mr.Lim Hwee Hai	5/5		2/2	4/4	1/1	12/12
7. Mr.Lim Kia Hong	4/5				1/1	5/6
8. Mr.Lim Kiah Meng	2/3					2/3

Remark:

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

Board Self-Assessment

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 3 criteria for the assessment: to compliance with the specific strategies (12%), Operation & Corporate Governance (18%) compared with the business target, Financial & Operation's Results (70%) 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 use in company's business appropriately. The Audit Committee, in cooperation with the Internal Audit Department, determined the internal auditing covering 8 areas: 1) Sales, 2) Account Receivable and Crediting, 3) Inventory 4) Procurement and Import 5) Trade Account Payable/Expense 6) Maintenance and Services 7) Fixed Asset 8) Finance and Accounting. The Audit Committee has meeting with the Internal Audit Department every month and the Committee agree that the Company has sufficiency and appropriate in control system.

Corporate Governance Participation

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

Internal and Inside Information Control

The company has a policy to prohibit Directors, senior managements, and all employees use the internal information about financial statement and operation information, which has not yet been disclosed to the public, as information for their securities trading including their other own benefits. The company informed the Directors, the managements as well as spouses and children of immaturity and related person under section 258 of the Securities and Exchange Act B.E.2535, to understand the obligation to report their own securities holding of the company including the changes of securities holding to the SEC within three days under Section 59 and penalties under Section 275 of the Securities and Exchange Act B.E.2535, the activity above also must be reported in the Annual Report of the Company.

In addition, the company promoted to other employee do the same approach with the Executives to stop their securities trading before the financial statement has been disclosed to the public. During this period, if the employees need to buy or sell their securities, they have to inform the Company about the reason before trading and need to be approved by the Executives.

To remind employees, the company sends e-mail to all employees to aware of this guideline in every quarter.

Board's Reports

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

Audit Committee

The Audit Committee composed of 3 Independent Directors who are responsible in the quality of financial report and internal control systems.

- | | |
|---------------------------------|--|
| 1. Rojanasak Chomvilailuk, PhD. | Chairman of Audit Committee (Independent Director) |
| 2. Mr.Suwit Chindasanguan | Audit Committee (Independent Director) |
| 3. Mr.Somchai Sirivichayakul | Audit Committee(Independent Director) |

Remuneration and Nomination Committee

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 followings are the members of Remuneration and Nomination Committee.

- | | |
|---------------------------------|--|
| 1. Mr.Somchai Sirivichayakul | Chairman of Remuneration and Nomination Committee (Independent Director) |
| 2. Rojanasak Chomvilailuk, PhD. | Remuneration and Nomination Committee (Independent Director) |
| 3. Mr.Lim Hwee Hai | Remuneration and Nomination Committee(Non-Executive Director) |
| 4. Mr.Somchai Sittichaisrichart | Remuneration and Nomination Committee (Managing Director) |

Risk Management Committee

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 followings are the members of Risk Management Committee.

- | | |
|---------------------------------|--|
| 1. Mr.Lim Hwee Hai | Chairman of Risk Management Committee (Non-Executive Director) |
| 2. Mr.Sombati Pungsrinont | Risk Management Committee (Executive Director) |
| 3. Rojanasak Chomvilailuk, PhD. | Risk Management Committee |

Corporate Governance Committee

The Corporate Governance Committee composed of 1 Non-executive director, 1 Executive Director and 3 Independent Directors who are recommendation for morals and ethics to the company business. The followings are the members of Corporate Governance Committee.

- | | |
|---------------------------------|---|
| 1. Mr.Suwit Chindasanguan | Chairman of Corporate Governance Committee (Independent Director) |
| 2. Rojanasak Chomvilailuk, PhD. | Corporate Governance Committee (Independent Director) |
| 3. Mr.Somchai Sirivichayakul | Corporate Governance Committee (Independent Director) |
| 4. Mr.Lim Hwee Hai | Corporate Governance Committee (Non-Executive Director) |
| 5. Mr.Somchai Sittichaisrichart | Corporate Governance Committee (Managing Director) |

The opinion of sub-committee is 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 Directors Meeting by add the issue of sale and purchase in one of quarterly agenda. In 2014, the Company increases the regulation for directors and executives to be informed sale and purchase the Company's securities to the Board of Director 1 business day in advance before trade date.

Report of Conflict of Interests

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

Relationship with Investors

The Board recognizes the importance of information disclosure about financial statements and other information with accuracy, transparency and punctuality. The Company provides section of “Investor Relations” in company web site name www.sisthai.com to disclosure information in this website and communicates 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 2013, direct and indirect communication can be summarized as follows:

- Emails and Telephone	11 times
- Interviewed on earnings with the press	3 times
- Analyst meeting	1 time
- Company visit by institution investor	3 times
- Company visit by individual investor	1 time

Role of the Company Secretary

Company Secretary: Have duties to do the company secretary task, treat all activities according to the Regulation of the Office of the Securities and Exchange Commission and the additional duties by the Office of the Securities and Exchange Commission.

Secretary to the Board of Director: The old responsibility in coordinate 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.

Vision and Mission

The Board of Directors establishes the corporate vision and mission and disseminate to all employees and stakeholders recognition. Vision and Mission has been reviewed and approved every 5 years.

Related Transactions

The Company has adopted the Related Transaction Policy to set forth the policies and procedures to review and approval from the Board of Directors prior to transaction done. Related transactions for 2013 which may be conflict of interests as follows:

Related Parties	Type of transaction and Relationship	Amount (thousand Baht)	
		2013	2012
Click Connect Co., Ltd.	<p>The Company sells our products to Click Connect Co., Ltd. for office equipment used.</p> <p>Account Receivable balance at January 1, 2013 30 93</p> <p>Account Receivable balance at December 31, 2013 1 30</p> <p><u>Relationship</u></p> <p>SiS Venture Co., Ltd. (Subsidiary Company) held 15% of Issued and paid-up share capital.</p> <p><u>Pricing and Condition</u></p> <p>Pricing and Condition in the Related Transaction is the market price and normal condition treated as other parties</p> <p><u>The Audit Committee's Opinion</u></p> <p>The Audit Committee has an opinion that Pricing and Condition in the Related Transaction is the market price and normal condition that be treated as other parties</p>	120	433
SiS International Holdings Limited.	<p>The Company has got the suggestions, consulting, introducing and sourcing new IT manufacturers, negotiating with financial institutions including with shared services of management from SiS International Holdings Limited. Its fee that has to be paid as the contractually agreed price</p> <p><u>Relationship</u></p> <p>SiS International Holdings Limited is an ultimate parent of the Group and some common directors</p> <p><u>Pricing and Condition</u></p> <p>From 2004 onwards, the fee that has to be paid is 01.0625% of the monthly turnover.</p> <p><u>The Audit Committee's Opinion</u></p> <p>The Audit Committee has an opinion that its fee was paid as the contractually agreed price. 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>	11,374	13,679

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

To maintain a sustainable development, the Company and its subsidiaries are conducting the business with the responsibilities to society, environment and stakeholders which is defined as the Company's vision, mission, and strategy that:

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

The company prepares this corporate social responsibility report by follow to guideline provided by the Notification of the Capital Markets Supervisory Board (SEC) and the preventing incident of corruption by follow to reporting framework of The Global Reporting Initiative (GRI). The details are as follows:

Corporate Social Responsibilities in the process

Business Ethics

The Company recognizes of Business Ethics and defines to be one of the Company's vision, mission and strategy that *"We are the leading IT business in Thailand with continuous development and good corporate governance for transparency"* and takes this concept to practice in the following ways:

Anti Unfair Competition

The Company recognizes that free competition is to enhance organizational effectiveness. So, the Company also promotes Free Trade Policy, no predatory pricing, or other actions relating to monopoly, deprivation or violation of the law of unfair competition. Throughout the past years, IT is the free competitive Industry, its prices always decline, many competitors come into business, etc.

Respect of Intellectual Property Rights

The Company strictly promotes the respect of suppliers Intellectual Property Rights, no infringement of copyright and intellectual property not does business with customers or suppliers who carry on the counterfeit goods, copyright or patents infringement of goods. The Company has continued to practice for this issue such as to provide training to sales staff to be aware of copyright issues, to post that the Company prohibit or do not promote the piracy and copyright infringement at the selling point



To corporate with Mircrosoft about licensing sales training program.

In the Other hand, the Company promotes the respect of partners Intellectual Property Rights, sells software license from VMware, Symantec, Veeam, Norton, Trend Micro. Especially, the Company achieved Distributor of the year – ASEAN from VMware

In 2013, the Company has no penalties to the violations of laws and regulations.

Respect of Human Rights

The Company is conducting its business with the respect of citizenship and political rights, the right to life and liberty, Equality before the law, freedom of expression to economic, social and cultural rights including the right to work, right to education and the right to social welfare, no to child labor and no working with the partners who abuse the human rights. In 2013, the Company has no impact on the activities of human rights and not gets complaints about the violations of human rights.



To post about no piracy at the points of sale

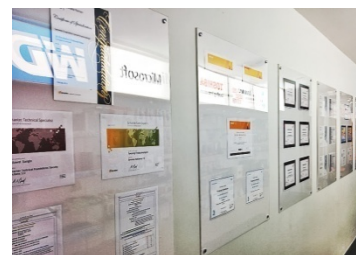
Fair Labor Practices

One of the vision and mission of the Company is *Our staff are skillful and able to give good advice to clients* and the Company recognizes the growth of the Company together with the Employees as defined in the vision and mission that *“Our business success means to suppliers, our clients and our staff”*. The Company has practiced in many areas in order to comply with the vision and mission as it relates to labor as follows:

Employee Development

The Company's policy encourages the employees to develop their knowledge, potential and the ability as per career path and also have a good attitude to grow up with the Company through a self-learning process, training and seminars.

In 2013, the Company assigned one sales trainer for sales training and 5 product trainers for product training and also there is one external trainer for a whole year for project sales training and major customer sales training.



In addition, the Company provided the space to display the certificates from the employees who have trained and passed the exams to recognize the employees and encourage the employees to learn more and more.

The Company encourages the employees to access the e-learning and test the exam from vendor website by setting up one of a KPI and reward additionally for the employees who pass the exam.

The Company has a large meeting room which support over 300 people and lots of medium and small meeting rooms with the equipments that can make meetings more effectively. Provide an orientation and a “mentor” system for all new employees and also one full-time trainer focusing only training. The training budget has been set every year. There are both internal training which directly related to the job and other training from invited trainer.

In 2013, The Average hour of training is 19 hours a year per person

Occupational Health

The Company encourages employees have a good health, good occupational health and good safety management with various activities as the followings:

Annual Physical Check-up

The Company held the annual physical check-up for all employees, which is a standard program; the blood test, urine exam, lung X-Ray, blood pressure, optometry and allow the employees can be selected more than standard to have their own information and to promote healthy. Provide a doctor to give a practical advice and answer all questions from the employees to facilitate the implementation in the office

Support the cost of the vaccine

In order to prevent the highly contagious, the Company provides employees the opportunity to take a vaccine both hepatitis and influenza vaccine and 50% of the cost supported by the Company. The Company facilitated by invited a nurse to inject in the office. If there is other epidemic apart from these, the Company will consult other health agencies to prevent other diseases.



Important Employment Statistics

Number and Turnover of Employee

	Number of Staff	% to number of staff as of January 1, 2013
No. of Employees as of January 1, 2013	440	100%
Resigned Employees in 2013	116	26%
New Employees in 2013	61	14%
No. of Employees as of December 31, 2013	385	88%

Number of Employees on Maternity Leave

The Company has a policy for the employees on maternity leave as follows:

- The employees can take 90 days maternity leave with 45 days statutory maternity pay.
- The employees after maternity leave could be returned to work in the existing position. In 2013, 9 employees also returned to work in the existing position.

	Number of Staff	%
Employees on maternity leave in 2013	9	
Employees returned to work in the existing position	9	100%

Employee Proportion

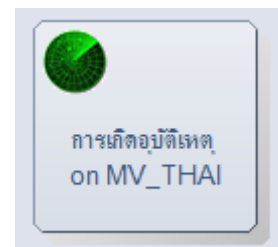
The Company is committed to providing equal employment without regard to sex, religion, and employment distribution by the company's location with the following employment information:

Level	Male	Female	Total	% of female to total
Management	6	2	8	25%
Supervisor	23	24	47	51%
Staff	150	180	330	55%

Religion	Number of Staff	%
Buddhism	366	95%
Christian	4	1%
Islam	15	4%
Total	385	100%

Safety at work

The Company has implemented safety both in work place by providing a suitable plan, the wide of companionway is enough, unobstructed. The investment in terms of purchasing equipment must be considered the safety for an important factor including the purchase of additional equipment. For more safety, in year 2013, the Company purchased the special camera to support the forklift driver seeing the position clearly. Even it does not popular in Thailand, the Company has to order abroad directly. The Company has a database system to record all accidents that occur. This is to keep track of employee related issues to find solutions and prevent accidents not happening again. In year 2013, there were 11 times accidents, which was taking place at the warehouse and the detail was recorded every time. One employee has been injured and has to stop working for 6 days. The medical expense was paid by the Company and the rest has been insured.



แบบฟอร์มรายงานการเกิดอุบัติเหตุ

สถานที่เกิดอุบัติเหตุ:

วันที่เกิดอุบัติเหตุ:

ประเภทอุบัติเหตุ:

ผู้ประสบอุบัติเหตุ:

ตำแหน่ง:

สาเหตุ:

รายละเอียด:

ผู้รายงาน:

ตำแหน่ง:

วันที่รายงาน:

ords

Place of Accident

	Head Office	Warehouse
No. of accidents occurred in 2013	-	10
No. of injury accidents	-	1
Total	-	11

Personal Accident Insurance

Apart from provident fund, we also provide our employees with accident insurance coverage worldwide by 24 hours. In 2013, the company had total insured over 221 Million Baht.

Extending benefits to partner

From our business operations, apart from the workers who are directly employed by the Company, there are the workers of the partners to work together with our employees by divided into 3 groups as partly of our warehouse employees, sales promoters and the employees of shipping companies. These employees get the benefits less than our employees, thus the Company has gradually added benefits up to these employees as the table below:

	SiS	Outsource – Warehouse	Outsource – Sales	Logistic
Quarterly Bonus	√	√		
Yearly Bonus	√	√	√	√
Annual Physical Check Up	√	√	√	√
Incentives			√	
Personal Accident Insurance	√	√	√	
Car Accident Insurance				√

End User Responsibility

The Company gives priority to End user responsibility of products and services of the Company. By covering a whole process starting from sourcing the products with high quality and have been passed the standard of inspection and safety to distribute. Providing the suggestions of product to the distribution channels. Compliance with the specifications and regulations which is responsible for the end user, including the product labels according to the Consumer Protection Act. Perform the good and efficient after-sales service such as opening a service center to cover all area. There is one service center opened daily which located in Fortune Town and another 6 upcountry service centers in Chiang Mai, Khan Kaen, Ubonratchathani, Pattaya, Phuket and Had Yai.



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In case of the end user has any inconvenient causes or any suggestions, can be contacted in several ways including via email complain@sisthai.com which has been promoted at the Company's website and the documents sent to the end user continuously.

In year 2013, the Company has no any penalties for the violation of laws and regulations concerning the provision and utilization of products and service

Environment Cares

Energy Saving

The Company has a policy to take care of the environmental by saving energy, separating workplace into sub working areas where can be closed area by area if not in used, promoting and pushing the energy saving products such as promotion new energy saving model of servers to customer, and to cultivate all employee to be conscious of energy saving such as warning signs to turn off the lights and air conditioning when leaving the meeting rooms. In case of purchasing the replaced equipments, the energy saving equipments will be considered such as LED lighting instead of the traditional one.



Warning sign to turn off the lights and air conditioning when leaving the room

Reducing Electronic Waste

The Company has cooperated with DTAC to reduce electronics waste such as old mobile phone batteries, computer equipments which are not used in order to bring into the destroying process or recycle process accurately and safely, which is operating continuously since 2012. The end users can drop at Head Office, all Service Centers both in Bangkok and upcountry including more 50 end users who participate this project throughout Thailand, these electronics waste will be returned, destroyed or recycled accurately and safely.

In 2013, the Company has no any penalties for the environment laws and regulations.



Electronic Waste Box to be placed in various areas

Protection involved corruption

In 2013, the Board of Directors establish a policy of the Company and Subsidiaries to not involve with the corruption, whether request, receive and paid bribes to be in accordance with the laws of prohibit paying bribes or support corruption and also to consider joining to the Private Sector Collective Action Coalition Against Corruption.

The Company determines that "Transparent and fair business operations" is one part of the Company's vision mission and strategy and well defines to be guidelines, policy and included as a topic of anti-corruption involving officials, politicians, political parties or private agency in the orientation. And then we provides training course to employees to promote integrity, accountability of their duties and responsibilities. This represents the commitment of the Company to abide by the best practices guidelines for business defined by Collective Action Coalition.

Community Involvement and Development

The Company has a policy to hire local labor as much as possible when expands the provincial offices. Currently, there is the proportion of provincial employment as follows:

	Number of local employees	Number of employees from others	Total	% of local employees to total
Had Yai	6	1	7	2%
Chiangmai	8	4	12	3%
Pattaya	4	3	7	2%
Ubonratchathani	3	1	4	1%
Khon Kaen	5	1	6	2%
Phuket	5	-	5	1%
Total	31	10	41	11%

Corporate Tax

The Company recognizes the importance of paying taxes to the state to apply to the undertakings as public goods and adheres to pay tax in properly, completely and on time. Corporate income tax was paid higher than the rates provided by law in the preceding years because the Company strictly considers non-deductible expenses under the Income Tax Act.

	2008	2009	2010	2011	2012	2013
Profit before Tax (M.Baht)	302.1	333.8	422.7	272.1	(662.8)	244.8
Income Tax expense (M.Baht)	95.5	92.1	127.4	128.5	75.9	52.2
Tax Rate	25%	25%	25 - 30%	30%	23%	20%
Income Tax Payment Rate	31.6%	27.6%	30.1%	47.2%		21.3%

Governance Report of the Audit Committee

Dear Valued Shareholders

The Audit Committee of SiS Distribution (Thailand) Public Company Limited consists of 3 independent directors; Rojanasak Chomvilailuk, PhD. as the Chairman of Audit Committee, Mr. Suwit Chindasangaun and Mr. Somchai Sirivichayakul as the audit committees. All audit committees are qualified as the Audit-Committee Charter's requirements that conform to the regulations and best guidance of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). All audit committees are appointed by the Board of Directors in the ordinary meeting. The audit committees are in the position by 3 years period.

To ensure that the company had effective, efficient, and sufficient corporate governance, the Audit Committee had independently practiced under the Charter of Audit Committee with the scope of duties, responsibilities, and authorities, for their reviews, audits, and monitors on the company's operations and performance, assigned by the Board of Directors. With respect to all activities of the Audit Committee, the committees had functioned to achieve the goals and objectives for maximized profits of all shareholders fairly and equally, and without conflict of interests. Furthermore, there was an adequate and appropriate internal control system to ensure that executives officiate with honesty, integrity and responsibility in accordance with the company policy.

In the financial report year of 2013, the Audit Committee had regularly arranged 12 monthly meetings and also set up the meetings with Executive Directors, Internal Auditors, relevant operators, and Auditor to consider and discuss the relevant important matters to enhance the effectiveness and the efficiency of the Audit Committee's auditing and monitoring performance. Moreover, there was an arranged meeting with Auditor and Non-Executive Directors without Executive Directors. In particular, the Audit Committee's meetings are detailed as follows:

- | | |
|---------------------------------|---|
| 1. Rojanasak Chomvilailuk, PhD. | participated in the Audit Committee meetings for 12 times |
| 2. Mr.Suwit Chindasangaun | participated in the Audit Committee meetings for 12 times |
| 3. Mr.Somchai Sirivichayakul | participated in the Audit Committee meetings for 12 times |

In addition, All Audit Committees attended the meetings with the Auditor and Non-Executive Directors without the Executive Directors.

The Audit Committee had audited, monitored, and discussed in the meetings with the Executive Directors, Management, Internal Auditors, Auditors, and Non-Executive Directors about the related and important issues summarized as follows:

1. Reviewing the quarterly and year-ended financial reports 2013

The quarterly and year-ended financial reports were reviewed and audited by the Auditor and also disclosed for the significant issues. Furthermore, the Audit Committee inquired the Executive Directors and Auditor to discuss the particular matters of financial reports in terms of accuracy, sufficiency, precise, increase and decrease of financial transactions, disclosure and risks. Moreover, the meeting with Auditor without the Executives to ensure the financial reports was prepared and provided with accuracy and precise, consistent with the laws and regulations. In specific, Audit Committee agreed with Auditor that financial statements were prepared as the Generally Accepted Accounting Principles (GAAP)

The Audit Committee reviewed and found the significant changes of financial statuses in the year 2013. In the other words, the company's and subsidiary company's financial positions were changed as follows. Total income was 18,345 million Baht, decreased from the previous year about 3,746 million Baht or 17%. However, the net profit was 190 million Baht compared to the net loss of 549 million Baht in the year 2012. Specifically, the company's earnings per share (EPS) was 0.64 Baht/share, higher than the EPS in 2012 that was minus at 2.36 Baht. As the EPS is the indicator of the company's and the subsidiary company's business potentials. In the other words, the financial status and overall operations of the company in 2013 presented the appropriate positions

2. Reviewing the operational information and internal control system

To evaluate the sufficiency, suitability, and effectiveness of internal-control system.

By the sufficient evaluation of internal-control system that meets the requirements of The Securities and Exchange Commission (SEC) and according to the internal audit results, relevant to the internal auditing as audit plan, it was found that the company had the appropriate processes and procedures of asset management and transparent disclosure sufficiently.

The Audit Committee had the specific opinion that the company had the appropriate and effective internal control system. Furthermore, the company had the appropriate risk management systems of which there had been the relationships with the company operation, internal environment management, objective identification information, relevant evidence/event identification, risk assessment, risk response, information technology and communication information.

Moreover, the Audit Committee found that the operations in the year 2013, inventories were increased 501 million Baht. However, the increase of the inventories was the highly demanded products. Then there would not have high negative impact on the company. Meanwhile, account receivable was decreased 297 million Baht compared with the year 2012. In particular, with respect to audits and analyses, the sections of account receivables which were increased were the transactions of project customers with specific contracts about delivery and payment dates. Therefore, the situations of company's inventories and account receivables were in a good operational performance and limited risks. Additionally, the company systematically bought future contracts as the policy to reduce the volatility risks of foreign exchanges. Therefore, it could be believed that the risks from foreign exchange rate were reduced.

3. Reviewing the internal audit

The Audit Committee reviewed the Internal Audit Department regarding its missions, duties, authorities, manpower, training, development plan, budget, independence of the Internal Audit Department. The Audit Committee approved the auditing plan for the year 2013, and also reviewed and approved the auditing plan for the year 2014. Moreover, the Audit Committee reviewed and approved the Internal Audit Department's Charter to be updated and consistent. The Audit Committee had opinions that the company had the appropriate, effective, and independent internal-control system for which the audit qualities were supported by the company in terms of manpower and authorities. In particular, although the company had temporary troubles in the operations of the internal audit department in the year 2013, due to the changes and lack of manpower, especially, the head of The internal audit. However, the company had seriously recruited and already hired the head of internal audit. Thus, it was believed that the internal audit department would make efficiency and better performance because of the balance of workloads and manpower in the present with the current situations.

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 2013, the Audit Committee set up the specific and relevant policy with respect to the company's compliance with the relevant regulations and Act. The Audit Committee had opinion that there was no any matter in terms of overrule practices of the company with respect to the relevant regulations, Act, and any regulators' guidance directions.

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

To ensure that all the company's and subsidiaries' relevant transactions are reasonable, fair, and consistent with laws, rules, and regulations regulated by SET and SEC by focusing on all shareholders.

The Audit Committee had opinion that all related transactions of the company and subsidiaries were normal commercial deals and supports, reasonable, fair, and highly beneficial to all shareholders. Furthermore, there were sufficient and appropriate disclosures.

6. Considering an appointment of the Auditor and propose the Auditor's fees of the Year 2014 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 2014. Furthermore, the Audit Committee proposed the Audit fee for the Board of Directors' consideration and for the approval of the Annual General Meeting (AGM). The review and evaluation processes include the previous-year-auditing fee based on the basis of sufficient knowledge, experience,

independence, and appropriateness which the Audit Committee agreed upon with respect to the evaluated performances of the Year 2013. Thus, the Audit Committee proposed the board to appoint the Auditors as in the below list, and to approve the fees for the Auditors as shown. List of Auditors is Mr. Vichy Thamtrakul CPA 3183 or Ms. Vannaporn Jongperadechanon CPA 4098 or Ms. Sureerat Thongarunsang CPA 4409 or Mr. Ekkasit Chuthamsatid CPA 4195 of KPMG Phoomchai Audit Limited for which the Audit Committee proposed them to be the Auditor for the year 2014 with the fees at 1,255,000 Baht, equal to the last year fees, which reserved the right to charge extra cost in case of special applications that required enhanced monitoring.

7. Reviewing good corporate governance.

The Audit Committee had reviewed the business/corporate practices considering the transparent and sufficient information disclosure to comply with the regulations and rules of the SET and the SEC.

The Audit Committee encouraged the Management to follow the policies of good corporate governance designed by the company. The assessment of corporate governance showed that the company's governance practices have continuously been improved.

In the current year (2013), the company was evaluated as the Excellent-Performance listed company in terms of corporate governance practices in 3 Awards.

I. SET Award for which the award was the Excellent Corporate Governance, initiated and provided by The Stock Exchange of Thailand (SET) and Financial & Banking Magazines. The consultant and assessment were operated by TRIS Corporation Limited.

II. The Excellent Corporate Governance Award which the award was initiated and jointly provided by The Thai Institute of Directors Association (IOD), The Stock Exchange of Thailand (SET), Securities and Exchange Commission of Thailand (SEC).

III. "100" full score was for the listed company which got the 100% performance scores for the arrangement of the Annual General Meeting of Shareholders. The Award was assessed by The Thai Investors Association, The Thai-Listed Company Association.

According to the good corporate governance, The Audit Committee still has practiced to support and enhance the compliance and good governance practices of the company's policy continuously.

8. Conducting self assessment of the Audit Committee.

The Audit Committee conducted a self assessment with the results of satisfaction by considering the Audit Committee's Charter and the accepted standard benchmarks of the good practices for the effectiveness improvement. The Audit Committee has developed their knowledge and experience by attending the relevant, various, and valuable training courses, such as the courses provided by IOD. In particular, the Audit Committee had opinion that the evaluation results of 2013 were in the satisfaction level in terms of practicing complied with the Charter and continuously attending the course of knowledge and experience development.

Summary

Overall image in 2013, the Audit Committee had satisfactorily worked by the Audit Committee's Charter which was approved by the Board of Directors. The Audit Committee has used their knowledge, experiences, capability, and independence including continuously provided their opinions and the updated-recommendations to Management and the Board of Directors.

The Audit Committee had opinions that the company the sufficiency, appropriateness, and effectiveness of financial reports and information, business management and operation, internal control system, internal audit system, risk management system. Also, the company had the business operations consistent and complied with the relevant business laws, regulations, rules, and any other directions of the good corporate governance.

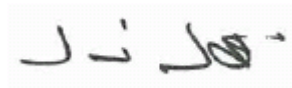
Furthermore, in 2013, it was the time for the company to accelerate development and resolve problems of the operation in 2012, impacted by two significant factors as:

1. The company managed and cleared out the rapid-declined popularity inventories by price reduces.
2. In case of the related company's consignment default, the reviewing and auditing of The Audit Committee and the internal audit department focused on the risks management policy to minimize losses to the company. While, to increase the business values which audited the management and inventories sales. The inventories management found that it had the increased inventories as 501 million Baht compared to the year 2012, but 40% of the inventories was the highly demanded products. Thus, there was no effect to the

inventories in the long term. However, The Audit Committee asked the Management to effectively manage the inventories with carefulness by company's policy.

In case of the related company's consignment default, the Audit Committee has continuously monitored and asked the Management to collect the goods' payment and revoke the unsold products from the related company. Moreover, the Audit Committee asked the Management to operate businesses with the related company with high carefulness and consult the Financial Advisor for a suggestion before doing any business further. Finally, to achieve maximum benefits to every shareholder, the Management should consider taking legal actions on the related company according to the Legal and Financial Advisors' advices. The actions have been operated in the legal processes.

For 2014, the Audit Committee designed the auditing policies for the internal audit department by focusing on the exchange rate risk, account receivables, and inventories continuously. Also, auditing various operations by the auditing plan for 2014, the operations were considered and approved by The Audit Committee. Moreover, the Audit Committee to conduct the auditing practices consistent with the concept of Risk Based Audit and good corporate governance seriously. For example, the tracking to buy the future contracts to reduce the risks from exchange-rate volatility or The Audit Committee proposed to have a review and redesign of Delegation of Authority. In addition, The Audit Committee still has studied and applied according to the new framework of COSO 2013 guidance. Thus, all opinions, recommendations, and practices of the Audit Committee are proposed to achieve the goals of the effective and efficient company performance with risk management for the all shareholder's benefits.



(Rojanasak Chomvilailuk, PhD.)

Chairman of Audit Committee

SiS Distribution (Thailand) Public Company Limited

March 5, 2014



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 Thai Financial Reporting Standards, 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 regulation.

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 has an opinion that our internal control systems of the Company is in a level of satisfaction and ensure that financial statements for 2013 of SiS Distribution (Thailand) Public Company Limited present fairly, completely, acceptably and in accordance with Thai Financial Reporting Standards.



สุวิทย์ ชินดาสูงวน

(Mr.Suwit Chindasanguan)
SiS Distribution (Thailand) Public
Company Limited
March 5, 2014



สมชาย สิตติชัยริชาร์ต

(Mr.Somchai Sittichaisrichart)
SiS Distribution (Thailand) Public
Company Limited
March 5, 2014

Independent Auditor's Report



KPMG Phoomchai Audit Ltd.

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

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Independent Auditor's Report

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

I have audited the accompanying consolidated and separate financial statements of SiS Distribution (Thailand) Public Company Limited and its subsidiaries (the "Group"), and of SiS Distribution (Thailand) Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report



Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to notes 2 and 3 to the financial statements describing the effect of the Group's adoption from 1 January 2013 of certain new accounting policies. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2012 after making the adjustments described in notes 2 and 3.

A handwritten signature in blue ink, appearing to read 'Ekkasit Chuthamsatid'.

(Ekkasit Chuthamsatid)
Certified Public Accountant
Registration No. 4195

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2014

Statement of financial position

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements			Separate financial statements		
		31 December			31 December		
		2013	2012	2011	2013	2012	2011
			(Restate)	(Restate)		(Restate)	(Restate)
(in thousand Baht)							
<i>Current assets</i>							
Cash and cash equivalents	6	73,933	77,901	185,252	61,747	67,090	82,297
Trade accounts receivable	5, 7	2,298,030	2,595,066	1,836,696	2,190,817	2,572,643	1,660,374
Other receivables	5, 8	483,306	476,445	547,481	321,730	323,614	313,029
Short-term loans to related party	5	-	-	-	437,050	211,050	601,500
Inventories	9	1,692,048	1,191,348	3,170,752	1,581,857	1,139,775	1,315,725
Other current assets		20,420	-	14,227	17,836	-	8,691
Total current assets		4,567,737	4,340,760	5,754,408	4,611,037	4,314,172	3,981,616
<i>Non-current assets</i>							
Investments in subsidiaries	10	-	-	-	130,329	130,329	9,970
Other long-term investments	11	8,571	8,571	8,571	-	-	-
Long-term trade account receivable	12	-	29,219	57,425	-	29,219	57,425
Equipment	13	130,826	141,287	136,787	129,795	140,497	136,373
Intangible assets	14	38,586	42,243	47,441	38,586	42,243	47,441
Deferred tax assets	15	285,161	287,614	97,965	194,247	190,646	75,108
Other non-current assets		11,815	11,310	14,140	11,815	11,310	13,980
Total non-current assets		474,959	520,244	362,329	504,772	544,244	340,297
Total assets		5,042,696	4,861,004	6,116,737	5,115,809	4,858,416	4,321,913

Statement of financial position

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated financial statements			Separate financial statements		
		31 December			31 December		
		2013	2012	2011	2013	2012	2011
			(Restate)	(Restate)		(Restate)	(Restate)
(in thousand Baht)							
Current liabilities							
Short-term loans from financial institutions	16	2,573,577	2,610,280	2,242,664	2,513,356	2,528,079	1,772,738
Trade accounts payable	5, 17	801,976	1,190,879	2,274,295	781,375	1,109,498	1,012,118
Other payables	5, 18	236,144	188,520	170,152	233,838	170,649	164,136
Current portion of fianace							
lease liabilities	16	-	1,201	1,549	-	1,201	1,549
Income tax payable		6,552	21,849	5,218	6,552	21,848	5,004
Other current liabilities		18,443	13,199	17,289	18,285	11,593	13,820
Total current liabilities		3,636,692	4,025,928	4,711,167	3,553,406	3,842,868	2,969,365
Non-current liabilities							
Finance lease liabilities	16	-	-	1,292	-	-	1,292
Provision for cost of assets dismantlement		3,960	3,960	3,960	3,960	3,960	3,960
Employee benefit obligations	19	32,637	27,337	22,790	32,637	27,337	22,790
Total non-current liabilities		36,597	31,297	28,042	36,597	31,297	28,042
Total liabilities		3,673,289	4,057,225	4,739,209	3,590,003	3,874,165	2,997,407
Equity							
Share capital	20						
Authorised share capital		350,199	250,000	213,174	350,199	250,000	213,174
Issued and paid-up share capital		350,199	233,466	211,184	350,199	233,466	211,184
Share premium	20	435,415	176,694	170,915	435,415	176,694	170,915
Retained earnings							
Appropriated							
Legal reserve	21	35,020	21,317	21,317	35,020	21,317	21,317
Unappropriated		548,773	372,302	974,112	705,172	552,774	921,090
Total equity		1,369,407	803,779	1,377,528	1,525,806	984,251	1,324,506
Total liabilities and equity		5,042,696	4,861,004	6,116,737	5,115,809	4,858,416	4,321,913

Statement of comprehensive income

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	<i>Note</i>	2013	2012	2013	2012
			(Restate)		(Restate)
		<i>(in thousand Baht)</i>			
<i>Income</i>					
Revenue from sale of goods	5	18,198,371	21,851,786	17,241,291	17,946,033
Revenue from rendering of services		26,878	40,144	19,006	26,034
Other income	5, 23	119,833	171,975	121,137	213,933
Gain on exchange rate		-	27,370	-	14,527
Total income		18,345,082	22,091,275	17,381,434	18,200,527
<i>Expenses</i>					
Cost of sale of goods	5, 25	17,163,432	21,211,191	16,255,594	17,120,635
Cost of rendering of services		19,322	18,352	16,287	17,385
Selling expenses	25	338,949	445,098	320,582	283,158
Administrative expenses	5, 25	466,178	978,575	462,582	1,044,248
Loss on exchange rate		27,764	-	28,049	-
Finance costs		84,611	100,860	83,641	90,297
Total expenses		18,100,256	22,754,076	17,166,735	18,555,723
Profit (loss) before income tax expense		244,826	(662,801)	214,699	(355,196)
Income tax expense	26	(54,652)	113,787	(48,598)	39,676
Profit (loss) and comprehensive income for the year		190,174	(549,014)	166,101	(315,520)
Basic earnings (loss) per share (Baht)	27	0.64	(2.36)	0.56	(1.35)

Statement of changes in equity

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements					
			Retained earnings		
	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
Note			(in thousand Baht)		
Year ended 31 December 2012					
Balance at 1 January 2012 - as reported	211,184	170,915	21,317	876,147	1,279,563
Impact of changes in accounting policies	3	-	-	97,965	97,965
Balance at 1 January 2012 - restated	211,184	170,915	21,317	974,112	1,377,528
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Issue of ordinary shares	20	1,164	5,779	-	6,943
Stock dividends to owners of the Company	20, 28	21,118	-	(21,118)	-
Dividends to owners of the Company	28	-	-	(31,678)	(31,678)
Total contributions by and distributions to owners of the Company		22,282	5,779	(52,796)	(24,735)
Comprehensive income for the year					
Loss and comprehensive income for the year		-	-	(549,014)	(549,014)
Total comprehensive income for the year		-	-	(549,014)	(549,014)
Balance at 31 December 2012	233,466	176,694	21,317	372,302	803,779
Year ended 31 December 2013					
Balance at 1 January 2013 - as reported	233,466	176,694	21,317	84,688	516,165
Impact of changes in accounting policies	3	-	-	287,614	287,614
Balance at 1 January 2013 - restated	233,466	176,694	21,317	372,302	803,779
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners of the Company					
Issue of ordinary shares	20	116,733	258,721	-	375,454
Total contributions by and distributions to owners of the Company		116,733	258,721	-	375,454
Comprehensive income for the year					
Profit and comprehensive income for the year		-	-	190,174	190,174
Total comprehensive income for the year		-	-	190,174	190,174
Transfer to legal reserve	21	-	-	13,703	-
Balance at 31 December 2013	350,199	435,415	35,020	548,773	1,369,407

Statement of changes in equity

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of changes in equity

Separate financial statements						
			Retained earnings			
	Note	Issued and paid-up share capital	Share premium	Legal reserve (in thousand Baht)	Unappropriated	Total equity
Year ended 31 December 2012						
Balance at 1 January 2012 - as reported		211,184	170,915	21,317	845,982	1,249,398
Impact of changes in accounting policies	3	-	-	-	75,108	75,108
Balance at 1 January 2012 - restated		211,184	170,915	21,317	921,090	1,324,506
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
Issue of ordinary shares	20	1,164	5,779	-	-	6,943
Stock dividends to owners of the Company	20, 28	21,118	-	-	(21,118)	-
Dividends to owners of the Company	28	-	-	-	(31,678)	(31,678)
Total contributions by and distributions to owners of the Company		22,282	5,779	-	(52,796)	(24,735)
Comprehensive income for the year						
Loss and comprehensive income for the year		-	-	-	(315,520)	(315,520)
Total comprehensive income for the year		-	-	-	(315,520)	(315,520)
Balance at 31 December 2012		233,466	176,694	21,317	552,774	984,251
Year ended 31 December 2013						
Balance at 1 January 2013 - as reported		233,466	176,694	21,317	362,128	793,605
Impact of changes in accounting policies	3	-	-	-	190,646	190,646
Balance at 1 January 2013 - restated		233,466	176,694	21,317	552,774	984,251
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
Issue of ordinary shares	20	116,733	258,721	-	-	375,454
Total contributions by and distributions to owners of the Company		116,733	258,721	-	-	375,454
Comprehensive income for the year						
Profit and comprehensive income for the year		-	-	-	166,101	166,101
Total comprehensive income for the year		-	-	-	166,101	166,101
Transfer to legal reserve	21	-	-	13,703	(13,703)	-
Balance at 31 December 2013		350,199	435,415	35,020	705,172	1,525,806

Statement of cash flows

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
		(Restate)		(Restate)
	(in thousand Baht)			
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	190,174	(549,014)	166,101	(315,520)
<i>Adjustments for</i>				
Depreciation and amortisation	35,596	35,470	35,227	35,285
Interest income	(23,200)	(7,209)	(35,777)	(33,451)
Finance costs	84,611	100,860	83,641	90,297
Unrealised (gain) loss on exchange	19,555	(1,084)	17,819	903
Loss on disposal of equipment	236	315	177	92
Loss on impairment of investments in subsidiaries	-	-	-	78,635
Bad debts and doubtful debts expense	1,184	611,512	1,056	605,235
Allowance for obsolete and defective stocks (reversal)	(4,887)	(54,427)	18,314	12,378
Provision for defined benefit obligation	5,300	4,547	5,300	4,547
Income tax expense	54,652	(113,787)	48,598	(39,676)
	<u>363,221</u>	<u>27,183</u>	<u>340,456</u>	<u>438,725</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	253,110	(771,468)	338,028	(934,635)
Inventories	(495,813)	2,033,831	(460,396)	163,572
Other receivables	35,881	(527,378)	44,941	(598,362)
Other current assets	(20,420)	14,227	(17,836)	8,691
Long-term trade accounts receivable	29,219	28,206	29,219	28,206
Other non-current assets	(505)	2,830	(505)	2,670
Trade accounts payable	(392,939)	(1,081,275)	(330,825)	97,172
Other payables	46,975	31,711	64,401	19,825
Other current liabilities	5,244	(4,090)	6,692	(2,227)
Income tax paid	(67,496)	(59,231)	(67,495)	(59,018)
Net cash used in operating activities	<u>(243,523)</u>	<u>(305,454)</u>	<u>(53,320)</u>	<u>(835,381)</u>

Statement of cash flows

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries Statement of cash flows

		Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	Note	2013	2012 (Restate)	2013	2012 (Restate)
		(in thousand Baht)			
<i>Cash flows from investing activities</i>					
Interest received		23,200	7,209	35,462	38,359
Net cash outflow on acquisition of subsidiary		-	-	-	(198,994)
Purchase of equipment		(20,466)	(44,127)	(19,745)	(43,228)
Sale of equipment		537	255	485	140
Loan to related company		-	-	(226,000)	390,450
Purchase of intangible assets		(1,785)	(6,225)	(1,785)	(6,225)
Net cash provided by (used in) investing activities		1,486	(42,888)	(211,583)	180,502
<i>Cash flows from financing activities</i>					
Interest paid		(83,962)	(99,193)	(84,853)	(88,599)
Dividends paid to owners of the Company		-	(31,678)	-	(31,678)
Finance lease payments		(1,201)	(1,640)	(1,201)	(1,640)
Net proceeds from loan from financial institutions		(52,222)	366,559	(29,840)	754,646
Proceeds from issue of ordinary shares		375,454	6,943	375,454	6,943
Net cash provided by financing activities		238,069	240,991	259,560	639,672
Net decrease in cash and cash equivalents		(3,968)	(107,351)	(5,343)	(15,207)
Cash and cash equivalents at beginning of year	6	77,901	185,252	67,090	82,297
Cash and cash equivalents at end of year	6	73,933	77,901	61,747	67,090
Supplement disclosure of cash flows information:					
Equipment purchased during the years are detail as follows:					
Increase in equipment during the years	13	20,466	35,038	19,745	34,143
Changes in payable on purchase of equipment		-	(9,089)	-	(9,085)
Purchase of equipment paid by cash		20,466	44,127	19,745	43,228
Intangible assets purchased during the years are detail as follows:					
Increase in intangible assets during the years	14	1,785	300	1,785	300
Changes in payable on purchase of intangible assets		-	(5,925)	-	(5,925)
Purchase of intangible assets paid by cash		1,785	6,225	1,785	6,225

Notes to the financial statements

For the year ended 31 December 2013 and 2012

Notes to the financial statements

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Related parties
6	Cash and cash equivalents
7	Trade accounts receivable
8	Other receivables
9	Inventories
10	Investments in subsidiaries
11	Other long-term investments
12	Long-term trade accounts receivable
13	Equipment
14	Intangible assets
15	Deferred tax
16	Interest-bearing liabilities
17	Trade accounts payable
18	Other payables
19	Employee benefit obligations
20	Share capital
21	Reserves
22	Operating Segment
23	Other income
24	Employee benefit expenses
25	Expenses by nature
26	Income tax expense
27	Earnings (loss) per share
28	Dividends
29	Financial instruments
30	Commitments with non-related parties
31	Contingent liabilities
32	Events after the reporting period
33	Thai Financial Reporting Standards (TFRS) not yet adopted

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

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 21 February 2014.

1 General information

SiS Distribution (Thailand) Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at 9 Pakin Building, 9th Floor, Room No. 901, Ratchadaphisek Road, Din Daeng, Bangkok, Thailand.

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

The Company’s major shareholders during the financial year were SiS Technologies (Thailand) Pte. Ltd. which was incorporated in Singapore (47.29% shareholding), Sittichaisrichart Family (14.66% shareholding) and Pungsrinont Family (9.83% shareholding).

The principal activities of the Company are trading in computer component, office automation equipment, service and rental of computers and accessories and trading in Digital Disc - Movie and Music. Details of the Company’s subsidiaries as at 31 December 2013 and 2012 are given in notes 5 and 10.

2 Basis of preparation of financial statements

(a) Statement of compliance

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

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

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.

In addition to the above new and revised TFRS and Announcements, the FAP had issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 33.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- financial instruments at fair value through profit or loss are measured at fair value;
- the present value of the defined benefit obligation.

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Group's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of estimates and judgements*

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 4(r)	Current and deferred taxation
Note 15	Utilisation of tax losses
Note 19	Measurement of defined benefit obligations
Note 29	Valuation of financial instruments

3 **Changes in accounting policies**

(a) *Overview*

From 1 January 2013, 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:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group are included in notes 3(b) to 3(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

(b) Accounting for income tax

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. The accounting policy for deferred tax is described in note 4(r).

The Group adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012 (in thousand Baht)	31 December 2013	31 December 2012	1 January 2012
<i>Statement of financial position as at</i>						
Increase in deferred tax assets	294,773	294,701	111,313	203,342	197,733	87,182
Increase in deferred tax liabilities	9,612	7,087	13,348	9,095	7,087	12,074
Increase in retained earnings	285,161	287,614	97,965	194,247	190,646	75,108
Increase in total equity	<u>285,161</u>	<u>287,614</u>	<u>97,965</u>	<u>194,247</u>	<u>190,646</u>	<u>75,108</u>

	Consolidated financial statements		Separate financial statements	
	2013	2012 (in thousand Baht)	2013	2012
<i>Statement of comprehensive income for the year ended 31 December</i>				
(Increase)/decrease in income tax expense	<u>(2,453)</u>	<u>189,649</u>	<u>3,601</u>	<u>115,538</u>
Increase/(decrease) in profit for the year	<u>(2,453)</u>	<u>189,649</u>	<u>3,601</u>	<u>115,538</u>
Increase/(decrease) in earnings per share				
- Basic earnings per share (in Baht)	<u>(0.01)</u>	<u>0.81</u>	<u>0.01</u>	<u>0.50</u>
- Diluted earnings per share (in Baht)		<u>0.81</u>		<u>0.50</u>

(c) Accounting for the effects of changes in foreign exchange rates

From 1 January 2013, the Group has adopted TAS 21 (revise 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revise 2009) 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 (revised 2009) 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 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

(d) Presentation of information on operating segments

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Group's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Group's financial statements.

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 year ended 31 December 2013 and 2012

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

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

(c) Derivative financial instruments

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

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

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

(d) Hedging

Fair value hedges

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

(e) Cash and cash equivalents

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

(f) Trade and other accounts receivable

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

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

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

(g) *Inventories*

Finished goods

Inventories are measured 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%

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.

Notes to the financial statements

For the year ended 31 December 2013 and 2012

(i) Equipment

Recognition and measurement

Owned assets

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

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

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

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

Leased assets

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

Subsequent costs

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

Depreciation

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

Depreciation is charged to profit and loss on a straight-line basis over the estimated useful lives of each component 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.

Notes to the financial statements

For the year ended 31 December 2013 and 2012

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

(j) Intangible assets

Software licences

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

Amortisation

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

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

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

(k) Impairment

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

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

Calculation of recoverable amount

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

Reversals of impairment

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

(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.

Notes to the financial statements

For the year ended 31 December 2013 and 2012

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

When the 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.

Short-term employee benefits

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

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

(o) Revenue

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

Sale of goods and services rendered

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

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

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

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

Revenue from services is recognised when services are rendered.

Interest income

Interest income is recognised in profit or loss as it accrues.

(p) Finance costs

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

(q) Operating leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

Contingent rentals are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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 expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(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.

(t) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and tax assets and liabilities.

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 subsidiaries are described in notes 10. Relationship with other related parties were as follows:

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

Name of the entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel		Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group/Company.
SiS International Holdings Ltd.	Bermuda	Ultimate parent of the Group and some Common directors
SiS Technologies (Thailand) Pte. Ltd.	Singapore	Under the same control of the ultimate parent company
Alliance & Link Corporation Co., Ltd	Thailand	15% shareholding by the subsidiary company
Click Connect Co., Ltd.	Thailand	15% shareholding by the subsidiary company
Hardware House International Co., Ltd.	Thailand	Indirect shareholding by the Company
Direct subsidiaries		
SiS Venture Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding
Qool Distribution (Thailand) Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding

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

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

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Sales	120	728,166	318	712,236
Purchase of goods	-	157,091	-	157,257
Management income	-	-	27,963	86,575
Management fee	11,374	13,679	10,776	11,216
Rental income	-	1,781	-	1,781
Interest income	-	-	13,067	26,624

Key management personnel

Key management personnel compensation				
Short-term employee benefit	42,621	44,467	38,087	36,895
Other long-term benefits	1,772	1,889	1,554	1,536
Total key management personnel compensation	44,393	46,356	39,641	38,431

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<i>Trade accounts receivable from related parties</i>				
Hardware House International Co., Ltd.	46,223	46,572	46,223	46,572
Click Connect Co., Ltd.	1	30	1	30
Alliance & Link Corporation Co., Ltd.	-	-	-	-
	<u>46,224</u>	<u>46,602</u>	<u>46,224</u>	<u>46,602</u>
Less allowance for doubtful accounts	<u>(46,223)</u>	<u>(46,572)</u>	<u>(46,223)</u>	<u>(46,572)</u>
	<u>1</u>	<u>30</u>	<u>1</u>	<u>30</u>
Reversal of bad debts and doubtful debts expense for the year	<u>(349)</u>	<u>(5,664)</u>	<u>(349)</u>	<u>3,982</u>

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<i>Other receivable</i>				
Hardware House International Co., Ltd.	557,087	599,829	541,542	584,284
Less allowance for doubtful accounts	<u>(557,087)</u>	<u>(599,829)</u>	<u>(541,542)</u>	<u>(584,284)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Bad debts and doubtful debts expense (reversal) for the year	<u>(42,742)</u>	<u>599,829</u>	<u>(42,742)</u>	<u>584,284</u>
<i>Accrued income</i>				
Qool Distribution (Thailand) Co., Ltd.	<u>-</u>	<u>-</u>	<u>2,654</u>	<u>5,661</u>

Interest receivable

Qool Distribution (Thailand) Co., Ltd.	<u>-</u>	<u>-</u>	<u>1,674</u>	<u>1,333</u>
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The Company and its subsidiary (Qool Distribution (Thailand) Co., Ltd.) have agreement on consignment with a related company (Hardware House International Co., Ltd.) which has notified the call for return all consignment from those related company in November 2012 because the default agreement for consignment. The Company and its subsidiary are in the process to reclaim those losses from the related company. As at 31 December 2012 the receivable from the loss of consignment were approximately amounted to Baht 599.83 million (in the consolidated financial statements) and Baht 584.28 million (separate financial statements), respectively. The Company is on litigation proceedings, therefore, the Company and its subsidiary estimated the allowance for doubtful account, amounted to Baht 599.83 million and 584.28 million, respectively.

During 2013, Hardware House International Co., Ltd. has transferred goods in the amount of Baht 42.7 million for repayment. The Company considered net realisable value for recorded receive transferring goods in the amount of Baht 20.5 million.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

<i>Short-term loans to related party</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012	2013	2012
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary						
Qool Distribution (Thailand) Co., Ltd.	4.00-4.50	3.68-4.00	-	-	437,050	211,050

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 January	-	-	211,050	601,500
Increase	-	-	226,000	-
Decrease	-	-	-	(390,450)
At 31 December	-	-	437,050	211,050

Short-term loans to related parties were due on demand

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Trade payable to related parties				
Alliance & Link Corporation Co., Ltd.	86	85	86	85
	86	85	86	85
Other payable to related parties				
SiS International Holdings Ltd.	823	4,451	767	3,915
	823	4,451	767	3,915
Accrued expense				
SiS International Holdings Ltd.	758	945	686	824
	758	945	686	824

Significant agreements with related parties

Management income

The Company has an agreement with a subsidiary (Qool Distribution (Thailand) Co., Ltd.) for sharing the combined staff and assets cost. The parties agreed to enter into new agreement effective from 1 January 2013 to change the monthly rate of management fee to Baht 1.50 million per month plus 1% of the net sales of the subsidiary for each month.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

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	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cash on hand	174	166	174	166
Cash at banks				
- current accounts	2,104	9,971	937	7,136
Cash at banks				
- savings accounts	71,655	67,764	60,636	59,788
Total	73,933	77,901	61,747	67,090

Cash and cash equivalents of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	5	46,224	46,602	46,224	46,602
Other parties		2,522,711	2,758,693	2,414,992	2,735,892
Total		2,568,935	2,805,295	2,461,216	2,782,494
Less allowance for doubtful accounts		(270,905)	(210,229)	(270,399)	(209,851)
Net		2,298,030	2,595,066	2,190,817	2,572,643
Bad debts and doubtful debts expenses for the year		61,762	11,683	61,635	20,951

Aging analysis for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	1	81	1	81
Overdue:				
Less than 3 months	-	46,521	-	46,521
Over 12 months	46,223	-	46,223	-
	46,224	46,602	46,224	46,602

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<i>Less allowance for doubtful accounts</i>	<u>(46,223)</u>	<u>(46,572)</u>	<u>(46,223)</u>	<u>(46,572)</u>
	1	30	1	30
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	1,623,170	1,880,137	1,549,885	1,861,202
Overdue:				
Less than 3 months	688,479	555,809	654,097	551,943
3-6 months	20,453	45,812	20,401	45,812
6-12 months	8,932	178,967	8,932	178,967
Over 12 months	181,677	97,968	181,677	97,968
	<u>2,522,711</u>	<u>2,758,693</u>	<u>2,414,992</u>	<u>2,735,892</u>
<i>Less allowance for doubtful accounts</i>	<u>(224,682)</u>	<u>(163,657)</u>	<u>(224,176)</u>	<u>(163,279)</u>
	2,298,029	2,595,036	2,190,816	2,572,613
Total	2,298,030	2,595,066	2,190,817	2,572,643

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

The currency denomination of trade accounts receivable as at 31 December 2013 and 2012 were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	2,280,714	2,595,066	2,188,953	2,572,643
United States Dollars (USD)	17,316	-	1,864	-
Total	2,298,030	2,595,066	2,190,817	2,572,643

8 Other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties					
Receivable from losses of consignment	5	557,087	599,829	541,542	584,284
Accrued income	5	-	-	2,654	5,661
Interest receivable	5	-	-	1,674	1,333
		<u>557,087</u>	<u>599,829</u>	<u>545,870</u>	<u>591,278</u>
<i>Less allowance for doubtful accounts</i>		<u>(557,087)</u>	<u>(599,829)</u>	<u>(541,542)</u>	<u>(584,284)</u>
Net		-	-	4,328	6,994

Other parties

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

	Consolidated financial statements		Separate financial statements	
Note	2013	2012	2013	2012
	(in thousand Baht)			
Other account receivable from Revenue				
Department	419,254	403,392	272,787	260,652
Accrued income	54,008	57,754	40,911	47,888
Prepaid expenses	2,369	8,346	2,369	8,080
Others	7,675	6,953	1,335	-
Total	483,306	476,445	317,402	316,620
Total	483,306	476,445	321,730	323,614

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Finished goods - computer components and telecommunication components	1,734,220	1,254,420	1,618,766	1,174,383
Finished goods Digital				
Disc - Movie and Music	13,842	15,645	13,842	15,645
Goods in transit	58,494	40,678	58,494	40,678
	1,806,556	1,310,743	1,691,102	1,230,706
Less allowance for decline in value of inventories	(114,508)	(119,395)	(109,245)	(90,931)
Net	1,692,048	1,191,348	1,581,857	1,139,775
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	17,168,319	21,265,618	16,237,280	17,108,257
- Write-down to net realisable Value	18,314	12,378	18,314	12,378
- Reversal of write-down	(23,201)	(66,805)	-	-
Net	17,163,432	21,211,191	16,255,594	17,120,635

10 Investment in subsidiaries

	Separate financial statements	
	2013	2012
	(in thousand Baht)	
At 1 January	259,994	61,000
Acquisitions	-	198,994
Allowance for impairment	(129,665)	(129,665)
At 31 December	130,329	130,329

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

Investments in subsidiaries as at 31 December 2013 and 2012, and dividend income from those investments for the years then ended, were as follows:

		Separate financial statements												
		Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost-net		Dividend income	
			2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
			%		(in thousand Baht)									
Subsidiaries														
SiS Venture Co., Ltd.	Holding investment	99.99	99.99	60,000	60,000	60,000	60,000	51,030	51,030	8,970	8,970	-	-	
Qool Distribution (Thailand) Co., Ltd.												-	-	
	Trading	99.99	99.99	200,000	200,000	199,994	199,994	78,635	78,635	121,359	121,359	-	-	
Total				260,000	260,000	259,994	259,994	129,665	129,665	130,329	130,329	-	-	

All subsidiaries were incorporated in Thailand.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

11 Other long-term investments

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Other long-term investment				
Other non marketable equity security	59,601	59,601	-	-
	59,601	59,601	-	-
Less Allowance for impairment	(51,030)	(51,030)	-	-
Net	8,571	8,571	-	-

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

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

12 Long term account receivable

	Consolidated financial statements/Separate financial statements					
	2013			2012		
	Principal	Interest	Collections	Principal	Interest	Collections
	<i>(in thousand Baht)</i>					
Within one year	29,219	781	30,000	28,206	1,794	30,000
After one year but within five years	-	-	-	29,219	781	30,000
Total	29,219	781	30,000	57,425	2,575	60,000

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.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

13 Equipment

	Consolidated financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Construction in progress	Total
Cost						
At 1 January 2012	10,563	15,772	150,792	59,808	4,668	241,603
Additions	-	1,365	24,759	8,101	813	35,038
Transfer	-	-	4,564	917	(5,481)	-
Disposals	-	-	(10,157)	-	-	(10,157)
At 31 December 2012 and 1 January 2013	10,563	17,137	169,958	68,826	-	266,484
Additions	1,012	323	18,681	440	10	20,466
Disposals	(4,102)	(653)	(1,201)	-	-	(5,956)
At 31 December 2013	7,473	16,807	187,438	69,266	10	280,994
Depreciation						
At 1 January 2012	6,825	4,988	88,351	4,652	-	104,816
Depreciation charge for the year	1,414	1,705	20,388	6,461	-	29,968
Disposals	-	-	(9,587)	-	-	(9,587)
At 31 December 2012 and 1 January 2013	8,239	6,693	99,152	11,113	-	125,197
Depreciation charge for the year	1,351	1,776	20,119	6,910	-	30,156
Disposals	(4,102)	(653)	(430)	-	-	(5,185)
At 31 December 2013	5,488	7,816	118,841	18,023	-	150,168
Net book value						
At 1 January 2012						
Owned assets	-	10,784	62,441	55,156	4,668	133,049
Assets under finance leases	3,738	-	-	-	-	3,738
	3,738	10,784	62,441	55,156	4,668	136,787
At 31 December 2012 and 1 January 2013						
Owned assets	-	10,444	70,806	57,713	-	138,963
Assets under finance leases	2,324	-	-	-	-	2,324
	2,324	10,444	70,806	57,713	-	141,287
At 31 December 2013						
Owned assets	1,985	8,991	68,597	51,243	10	130,826
	1,985	8,991	68,597	51,243	10	130,826

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

	Separate financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Construction in progress	Total
Cost						
At 1 January 2012	10,563	15,772	150,351	59,808	4,668	241,162
Additions	-	1,365	23,864	8,101	813	34,143
Transfer	-	-	4,564	917	(5,481)	-
Disposals	-	-	(9,734)	-	-	(9,734)
At 31 December 2012 and 1 January 2013	10,563	17,137	169,045	68,826	-	265,571
Additions	1,012	323	17,960	440	10	19,745
Disposals	(4,102)	(653)	(1,074)	-	-	(5,829)
At 31 December 2013	7,473	16,807	185,931	69,266	10	279,487
Depreciation						
At 1 January 2012	6,825	4,988	88,324	4,652	-	104,789
Depreciation charge for the year	1,414	1,705	20,207	6,461	-	29,787
Disposals	-	-	(9,502)	-	-	(9,502)
At 31 December 2012 and 1 January 2013	8,239	6,693	99,029	11,113	-	125,074
Depreciation charge for the year	1,351	1,776	19,748	6,910	-	29,785
Disposals	(4,102)	(653)	(412)	-	-	(5,167)
At 31 December 2013	5,488	7,816	118,365	18,023	-	149,692
Net book value						
At 1 January 2012						
Owned assets	-	10,784	62,027	55,156	4,668	132,635
Assets under finance leases	3,738	-	-	-	-	3,738
	3,738	10,784	62,027	55,156	4,668	136,373
At 31 December 2012 and 1 January 2013						
Owned assets	-	10,444	70,016	57,713	-	138,173
Assets under finance leases	2,324	-	-	-	-	2,324
	2,324	10,444	70,016	57,713	-	140,497
At 31 December 2013						
Owned assets	1,985	8,991	67,566	51,243	10	129,795
	1,985	8,991	67,566	51,243	10	129,795

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2013 amounted to Baht 91.0 million (2012: Baht 74.0 million).

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

14 Intangible assets

	Consolidated financial statements/ Separate financial statements		
	Software licences	Software licences in progress (in thousand Baht)	Total
Cost			
At 1 January 2012	75,441	1,135	76,576
Additions	-	300	300
Disposals	-	-	-
At 31 December 2012 and 1 January 2013	75,441	1,435	76,876
Additions	-	1,785	1,785
Disposals	-	-	-
At 31 December 2013	75,441	3,220	78,661
Amortisation			
At 1 January 2012	29,135	-	29,135
Amortisation charge for the year	5,498	-	5,498
Disposals	-	-	-
At 31 December 2012 and 1 January 2013	34,633	-	34,633
Amortisation charge for the year	5,442	-	5,442
Disposals	-	-	-
At 31 December 2013	40,075	-	40,075
Net book value			
At 1 January 2012	46,306	1,135	47,441
At 31 December 2012 and 1 January 2013	40,808	1,435	42,243
At 31 December 2013	35,366	3,220	38,586

15 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Consolidate financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Deferred tax assets	294,773	294,701	203,342	197,733
Deferred tax liabilities	(9,612)	(7,087)	(9,095)	(7,087)
Net deferred tax assets	285,161	287,614	194,247	190,646

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

Movements in total deferred tax assets and liabilities during the year were as follows:

Consolidated financial statements			
	At	(Charged) / Credited to:	At
	1 January	Profit or loss	31 December
	2013	(Note 26)	2013
	(in thousand Baht)		
<i>Deferred tax assets</i>			
Trade and other accounts receivable	156,435	237	156,672
Inventories	23,879	(978)	22,901
Provisions	12,127	3,104	15,231
Fair value change of forward exchange contracts in liabilities	512	(512)	-
Loss carry forward	87,858	(968)	86,890
Others	13,890	(811)	13,079
Total	294,701	72	294,773
<i>Deferred tax liabilities</i>			
Fair value change of forward exchange contracts in assets	-	(4,084)	(4,084)
Allowance for purchased return	(7,087)	1,559	(5,528)
Total	(7,087)	(2,525)	(9,612)
Net	287,614	(2,453)	285,161

Consolidated financial statements			
	At	(Charged) /	At
	1 January	Credited to:	31 December
	2012	Profit or loss	2012
		(Note 26)	
	(in thousand Baht)		
<i>Deferred tax assets</i>			
Trade and other accounts receivable	44,396	112,039	156,435
Inventories	39,979	(16,100)	23,879
Provisions	10,042	2,085	12,127
Fair value change of forward exchange contracts in liabilities	-	512	512
Loss carry forward	-	87,858	87,858
Others	16,895	(3,005)	13,890
Total	111,312	183,389	294,701
<i>Deferred tax liabilities</i>			
Fair value change of forward exchange contracts in assets	(3,272)	3,272	-
Allowance for purchased return	(10,075)	2,988	(7,087)
Total	(13,347)	6,260	(7,087)
Net	97,965	189,649	287,614

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

	Separate financial statements		
	At 1 January 2013	(Charged) / Credited to: Profit or loss (Note 26) (in thousand Baht)	At 31 December 2013
Deferred tax assets			
Trade and other accounts receivable	153,251	210	153,461
Inventories	18,186	3,663	21,849
Provisions	12,127	2,833	14,960
Fair value change of forward exchange contracts in liabilities	279	(279)	-
Others	13,890	(818)	13,072
Total	197,733	5,609	203,342
Deferred tax liabilities			
Fair value change of forward exchange contracts in assets	-	(3,567)	(3,567)
Allowance for purchased return	(7,087)	1,559	(5,528)
Total	(7,087)	(2,008)	(9,095)
Net	190,646	3,601	194,247

	Separate financial statements		
	At 1 January 2012	(Charged) / Credited to: Profit or loss (Note 26) (in thousand Baht)	At 31 December 2012
Deferred tax assets			
Trade and other accounts receivable	42,178	111,073	153,251
Inventories	18,067	119	18,186
Provisions	10,042	2,085	12,127
Fair value change of forward exchange contracts in liabilities	-	279	279
Others	16,895	(3,005)	13,890
Total	87,182	110,551	197,733
Deferred tax liabilities			
Fair value change of forward exchange contracts in assets	(1,999)	1,999	-
Allowance for purchased return	(10,075)	2,988	(7,087)
Total	(12,074)	4,987	(7,087)
Net	75,108	115,538	190,646

The loss carry forward will be expired in fiscal year 2017. The deductible temporary differences do not expire under current tax legislation.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

16 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Current - unsecured				
Trust receipts	1,215,280	981,306	1,205,059	899,105
Loans from financial institutions	1,358,297	1,628,974	1,308,297	1,628,974
Loans from financial institutions	2,573,577	2,610,280	2,513,356	2,528,079
Current portion of finance lease liabilities	-	1,201	-	1,201
Total	2,573,577	2,611,481	2,513,356	2,529,280

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Within one year	2,573,577	2,610,280	2,513,356	2,528,079
Total	2,573,577	2,610,280	2,513,356	2,528,079

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 2013 and 2012 were payable as follows:

	Consolidated financial statements/Separate financial statements					
	2013			2012		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	<i>(in thousand Baht)</i>					
Within one year	-	-	-	1,233	32	1,201
Total	-	-	-	1,233	32	1,201

Financial lease payables are paid by monthly installment.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

17 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	5	86	85	86	85
Other parties		801,890	1,190,794	781,289	1,109,413
Total		801,976	1,190,879	781,375	1,109,498

The currency denomination of trade accounts payable as at 31 December 2013 and 2012 were as follows:

		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Thai Baht (THB)		591,013	966,453	582,473	965,928
United States Dollars (USD)		210,963	224,426	198,902	143,570
Total		801,976	1,190,879	781,375	1,109,498

18 Other payables

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties					
Other payables	5	832	4,451	767	3,915
Accrued expenses	5	758	945	686	824
Total		1,590	5,396	1,453	4,739
Other parties					
Accrued marketing expenses		68,685	56,917	67,329	56,917
Accrued employee benefit expenses		65,789	39,750	65,789	39,750
Other payables		36,611	35,731	36,300	33,005
Advance received		24,562	11,728	24,562	11,728
Accrued intangible assets		11,575	11,575	11,575	11,575
Others		27,332	27,423	26,830	12,935
Total		234,554	183,124	232,385	165,910
Total		236,144	188,520	233,838	170,649

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

19 Employee benefit obligations

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

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	27,337	22,790	27,337	22,790
Current service costs and interest	5,300	4,547	5,300	4,547
Defined benefit obligations at 31 December	32,637	27,337	32,637	27,337

Expense recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Current service costs	4,343	3,750	4,343	3,750
Interest on obligation	957	797	957	797
Total	5,300	4,547	5,300	4,547

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(%)</i>			
Discount rate	3.5	3.5	3.5	3.5
Future salary increases	6	6	6	6
Employee turnover rate	0-22	0-22	0-22	0-22

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

20 Share capital

	Par value per share <i>(in Baht)</i>	Number	2013 Baht <i>(thousand shares / thousand Baht)</i>	2012 Number Baht
Authorised				
At 1 January				
- ordinary shares	1	250,000	250,000	213,174
Reduction of shares		(16,534)	(16,534)	-
Issuance of new shares	1	116,733	116,733	36,826
At 31 December				
- ordinary shares	1	350,199	350,199	250,000

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

	Par value per share (in Baht)	Number	2013 Baht (thousand shares / thousand Baht)	2012 Number	Baht
Issued and fully paid-up					
At 1 January					
- ordinary shares	1	233,466	233,466	211,184	211,184
Issuance of new shares	1	116,733	116,733	22,282	22,282
At 31 December					
- ordinary shares	1	350,199	350,199	233,466	233,466

Issue of ordinary shares

The Company

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

In June 2012, warrant holders exercised their right to buy 0.97 million of the Company's ordinary shares at the exercise price based on the book value of the ordinary shares of the Company pursuant to the latest financial statements. The exercise price was Baht 6.18 per share. The increase of paid-up share capital was registered with Ministry of Commerce on 8 June 2012.

In December 2012, warrant holders exercised their right to buy 0.20 million of the Company's ordinary shares at the exercise price based on the book value of the ordinary shares of the Company pursuant to the latest financial statements. The exercise price was Baht 4.92 per share. The increase of paid-up share capital was registered with Ministry of Commerce on 12 December 2012.

At the annual general meeting of the shareholders of the Company held on 26 April 2013, the shareholders passed the resolution to approve the Company to decrease the authorised share capital from Baht 250 million to Baht 233 million in order to reduce the authorised share capital that the Company's employees have not exercised warrant, the remaining share of stock dividend and the remaining share capital that was not on General Mandate and approved the Company to increase the authorised share capital from Baht 233 million to Baht 350 million, with the par value of Baht 1 each, by means of the issuance of 117 million ordinary shares, with the par value of Baht 1 each. The offering price was Baht 3.25 per share. The increase of share capital was registered with Ministry of Commerce on 19 June 2013.

Subsidiary

In November 2012, the Board of Directors of SIS Distribution (Thailand) Public Company Limited has resolved to increase the authorised share capital of Qool Distribution (Thailand) Co., Ltd., from Baht 1 million to Baht 200 million, comprised of 19.9 million ordinary shares with a par value of Baht 10 per share, totalling of Baht 199 million.

Notes to the financial statements

For the year ended 31 December 2013 and 2012

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

21 Reserves

Legal reserve

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

Movements in reserves

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

22 Operating Segment

The Group has four reportable segments, as described below, which are the Group’s strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group’s reportable segments.

- *Segment 1* Commercial products
- *Segment 2* Consumer products
- *Segment 3* Value added products
- *Segment 4* Phones

None of other operations meets the quantitative thresholds for determining reportable segments in 2013 or 2012.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group’s CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

Information about reportable segments:

	Consolidated financial statements													
	Segment 1		Segment 2		Segment 3		Segment 4		Total reportable segments		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in million Baht)</i>													
External revenues	4,739	4,669	8,478	7,974	1,475	1,537	2,069	5,545	16,761	19,725	1,437	2,127	18,198	21,852
Total segment revenues	<u>4,739</u>	<u>4,669</u>	<u>8,478</u>	<u>7,974</u>	<u>1,475</u>	<u>1,537</u>	<u>2,069</u>	<u>5,545</u>	<u>16,761</u>	<u>19,725</u>	<u>1,437</u>	<u>2,127</u>	<u>18,198</u>	<u>21,852</u>
Segment gross profit (loss) before income tax	<u>261</u>	<u>282</u>	<u>407</u>	<u>419</u>	<u>193</u>	<u>128</u>	<u>107</u>	<u>(273)</u>	<u>968</u>	<u>556</u>	<u>67</u>	<u>85</u>	<u>1,035</u>	<u>641</u>
Segment assets	<u>309</u>	<u>211</u>	<u>971</u>	<u>558</u>	<u>159</u>	<u>175</u>	<u>116</u>	<u>119</u>	<u>1,555</u>	<u>1,063</u>	<u>137</u>	<u>128</u>	<u>1,692</u>	<u>1,191</u>

	Separate financial statements													
	Segment 1		Segment 2		Segment 3		Segment 4		Total reportable segments		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	<i>(in million Baht)</i>													
External revenues	4,729	4,669	8,405	7,974	1,475	1,537	1,195	1,639	15,804	15,819	1,437	2,127	17,241	17,946
Total segment revenues	<u>4,729</u>	<u>4,669</u>	<u>8,405</u>	<u>7,974</u>	<u>1,475</u>	<u>1,537</u>	<u>1,195</u>	<u>1,639</u>	<u>15,804</u>	<u>15,819</u>	<u>1,437</u>	<u>2,127</u>	<u>17,241</u>	<u>17,946</u>
Segment gross profit (loss) before income tax	<u>261</u>	<u>282</u>	<u>402</u>	<u>419</u>	<u>193</u>	<u>128</u>	<u>62</u>	<u>(88)</u>	<u>918</u>	<u>741</u>	<u>68</u>	<u>84</u>	<u>986</u>	<u>825</u>
Segment assets	<u>309</u>	<u>211</u>	<u>971</u>	<u>559</u>	<u>159</u>	<u>175</u>	<u>6</u>	<u>67</u>	<u>1,445</u>	<u>1,012</u>	<u>137</u>	<u>128</u>	<u>1,582</u>	<u>1,140</u>

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

Reconciliation of reportable segment profit or loss and assets

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Gross profit or loss				
Total profit for reportable segments	968	556	918	741
Other segment's profit	67	85	68	84
	<u>1,035</u>	<u>641</u>	<u>986</u>	<u>825</u>
Unallocated amounts:				
- Other income	147	239	140	254
- Other corporate expenses	(852)	(1,442)	(827)	(1,344)
- Finance cost	(85)	(101)	(84)	(90)
Consolidated profit (loss) before income tax	<u>245</u>	<u>(663)</u>	<u>215</u>	<u>(355)</u>
	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	<i>(in million Baht)</i>			
Assets				
Total assets for reportable segments	1,555	1,063	1,445	1,012
Other segment's assets	137	128	137	128
Other unallocated amounts	3,351	3,670	3,534	3,718
Consolidated total assets	<u>5,043</u>	<u>4,861</u>	<u>5,116</u>	<u>4,858</u>

Geographic segments

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

23 Other income

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Income from marketing refund		80,954	146,539	42,852	75,823
Interest income	5	23,200	7,209	35,777	33,451
Management income	5	-	-	27,963	86,575
Others	5	15,679	18,227	14,545	18,084
Total		<u>119,833</u>	<u>171,975</u>	<u>121,137</u>	<u>213,933</u>

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

24 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Management				
Wages and salaries	42,621	44,467	38,087	36,895
Others	1,772	1,889	1,554	1,536
	<u>44,393</u>	<u>46,356</u>	<u>39,641</u>	<u>38,431</u>
Other employees				
Wages and salaries	223,288	167,901	223,288	167,901
Others	23,412	22,479	23,412	22,479
	<u>246,700</u>	<u>190,380</u>	<u>246,700</u>	<u>190,380</u>
Total	<u>291,093</u>	<u>236,736</u>	<u>286,341</u>	<u>228,811</u>

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.

25 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:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Included in cost of sales of goods:				
Changes in inventories	(495,813)	2,033,831	(460,396)	163,572
Purchase	17,664,132	19,231,787	16,697,676	16,944,685
Provision (reversal) of allowance for obsolete and defective stocks	(4,887)	(54,427)	18,314	12,378
Total	<u>17,163,432</u>	<u>21,211,191</u>	<u>16,255,594</u>	<u>17,120,635</u>
Included in selling expenses:				
Advertising and marketing expenses	281,470	387,346	265,591	229,954
Transportation expenses	32,892	29,498	30,404	26,222
Employee benefit expenses	21,649	22,092	21,649	22,092
Others	2,938	6,162	2,938	4,890
Total	<u>338,949</u>	<u>445,098</u>	<u>320,582</u>	<u>283,158</u>

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Included in administrative expenses:				
Bad debts and doubtful accounts	41,238	611,512	41,111	605,235
Employee benefit expenses	258,696	203,270	258,696	203,270
Rental expense	37,935	37,536	37,935	37,536
Depreciation and amortisation	35,596	35,466	35,227	35,285
Service charge	15,661	17,482	15,661	16,737
Provision expenses	13,349	-	13,349	-
Management fee	11,329	13,703	10,776	11,216
Loss on impairment of investments in subsidiaries	-	-	-	78,635
Others	52,374	59,606	49,827	56,334
Total	466,178	978,575	462,582	1,044,248

26 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in thousand Baht)			
Current tax expense					
Current year		53,690	75,862	53,690	75,862
Over provided in prior year		(1,491)	-	(1,491)	-
		52,199	75,862	52,199	75,862
Deferred tax expense					
Movements in temporary differences	15	2,453	(189,649)	(3,601)	(115,538)
		2,453	(189,649)	(3,601)	(115,538)
Total		54,652	(113,787)	48,598	(39,676)

Reconciliation of effective tax rate

		Consolidated financial statements			
		2013		2012	
	Rate (%)	(in thousand Baht)		(in thousand Baht)	
Accounting profit before income tax, net		244,826		(662,801)	
Tax at the applicable tax rates	20	48,965		(152,444)	
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	2	5,687		38,657	
Net	22	54,652		(113,787)	

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

	Separate financial statements			
	2013	2012	2013	2012
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Accounting profit before income tax, net		214,699		(355,196)
Tax at the applicable tax rates	20	42,940	23	(81,695)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	3	5,658	(12)	42,019
Net	23	48,598	11	(39,676)

Income tax reduction

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

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

27 Earnings (loss) per share

Basic earnings (loss) per share

The calculation of basic earnings (loss) per share for year ended 31 December 2013 and 2012 were based on the profit (loss) for the period attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the year. The prior year's basic earnings per share has been recalculated after adjusting the number of ordinary shares to reflect the impact of stock dividend for 2012 as if the stock dividend had been distributed at the beginning of earliest period reported as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
	(thousand Baht / thousand shares)			
Profit (loss) attributable to equity holders of the Company (Basic)	190,174	(549,014)	166,101	(315,520)
	233,466	211,184	233,466	211,184
Number of ordinary shares outstanding at 1 January	-	21,118	-	21,118
Effect of shares issued on 18 May 2012	-	546	-	546
Effect of shares issued on 8 June 2012	-	11	-	11
Effect of shares issued on 12 December 2012	62,684	-	62,684	-
Effect of shares issued on 19 June 2013	-	-	-	-
Weighted average number of ordinary shares outstanding	296,150	232,859	296,150	232,859

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
	<i>(thousand Baht / thousand shares)</i>			
Basic earnings (loss) per share <i>(in Baht)</i>	0.64	(2.36)	0.56	(1.35)
Diluted earnings (loss) per share				

Diluted earnings (loss) per share for 2012 has not been presented in the financial statements since the effect of the exercise of outstanding warrants for shares would not be material.

28 Dividends

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

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

The dividends were paid to shareholders during 2012.

29 Financial instruments

Financial risk management policies

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

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

Capital management

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

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

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 16). Most of the interest rates of financial assets and liabilities of the Group are floating rates, which are based on market rates such as the interest prime rate of commercial banks, saving interest rate or other benchmark floating rates.

The effective interest rates of interest-bearing financial liabilities as at 31 December 2013 and 2012 and the periods in which those liabilities mature or re-price were as follows:

Consolidated financial statements					
	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2013					
Current					
Loan from financial institutions	1.05 - 4.60	2,574	-	-	2,574
Total		2,574	-	-	2,574
2012					
Current					
Loan from financial institutions	1.15 - 4.09	2,610	-	-	2,610
Total		2,610	-	-	2,610
Separate financial statements					
	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2013					
Current					
Loan from financial institutions	1.05 - 4.60	2,513	-	-	2,513
Total		2,513	-	-	2,513
2012					
Current					
Loan from financial institutions	1.15 - 4.09	2,528	-	-	2,528
Total		2,528	-	-	2,528

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.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

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

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in million Baht)			
United States Dollars					
Trade accounts payable	17	211	224	199	144
Trust receipts		465	352	454	270
Gross balance sheet exposure		676	576	653	414
Forward contracts	30	(693)	(512)	(616)	(270)
Net exposure		(17)	64	37	144

Credit risk

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

Liquidity risk

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

Fair value

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

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

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

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2013 and 2012

30 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in million Baht)			
<i>Non-cancellable operating lease commitments</i>				
Within one year	17	35	17	35
After one year but within five years	2	12	2	12
Total	19	47	19	47
<i>Other commitments</i>				
Unutilised credits facilities	2,162	2,771	2,002	2,433
Forward contracts	693	512	616	270
Bank guarantee	165	154	165	154
Total	3,020	3,437	2,783	2,857

Lease and service agreements

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

Forward contracts

In 2013, the Group has forward contract facilities with banks in the amount of Baht 3,843 million equivalent to USD 117 million (2012: Baht 3,892 million equivalent to USD 126 million).

As at 31 December 2013, the Group had purchased forward contracts in the amount of USD 22 million, equivalent to Baht 693.26 million. The contracts are due in June 2014 (2012: USD 16.59 million, equivalent to Baht 512.32 million which the contracts were due in June 2013).

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 either the counter parties inform the other in writing.

31 Contingent liabilities

During the year 2011, the Company has been sued by a local company due to the alleged breach of the rental property contract with a claim for damages due to loss in revenue amount of Baht 111.69 million. On 11 June 2013, the case has been concluded to be dismissed by the Civil Court.

Notes to the financial statements

For the year ended 31 December 2013 and 2012

32 Events after the reporting period

At the Board of Directors' meeting held on 21 February 2014, the Board approved to propose for approval of cash dividend at the rate of Baht 0.20 per share, in the totally amount of Baht 70.04 million, approximately, to the annual general meeting of the shareholders.

33 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new interpretations that have been issued but are not yet effective. Those new interpretations that are applicable to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements - Disclosure	2014
TIC 32	Intangible Assets-Web Site Costs	2014

Management is presently considering the potential impact of adopting and initially applying this TFRS on the Company's financial statements.

