



SiS Distribution (Thailand) Public Company Limited

ANNUAL REPORT 2014

Content

Vision and Mission	4
Summary of Financial Statements	5
Message from the Board	7
General Information	8
Organizational Structure	12
Board of Directors.....	13
Management.....	22
Change in Units of Shareholding of Directors and Management.....	26
Subsidiaries and Related Companies	27
IT Outlook.....	28
Business Characteristics, Competition and Market Share	30
Milestones of Operation in 2014.....	34
Revenue Structure	37
Management Discussion and Analysis	41
Report from the Risk Management Committee	45
Risk Factors.....	46
Major Shareholders	49
Report from the Remuneration and Nomination Committee.....	50
Remuneration of Directors and Executives	52
Employees.....	54
Report from Corporate Governance Committee.....	56
Corporate Governance Report	57
Related Transactions	76
Corporate Social Responsibilities	77
Governance Report of the Audit Committee	79
Responsibility Report of Board of Directors for Financial Report.....	83
Independent Auditor's Report.....	84
Statement of financial position	86
Statement of income.....	88
Statement of comprehensive income	89
Statement of changes in equity	90
Statement of cash flows	92
Notes to the financial statements	94
1 General Information.....	95
2 Basis of preparation of financial statements	95
3 Significant accounting policies.....	97
4 Related parties.....	105
5 Cash and cash Equivalents.....	109
6 Trade accounts receivable.....	109
7 Other receivables	110
8 Inventories	111

9	Investment in Subsidiaries	112
10	Investment in associate	114
11	Other long-term investments	115
12	Long term trade account receivable.....	115
13	Equipment.....	116
14	Intangible assets	118
15	Deferred tax	118
16	Interest-bearing liabilities	121
17	Trade accounts payable.....	121
18	Other payables	122
19	Employee benefit obligations	122
20	Share capital.....	124
21	Reserves	125
22	Operating Segment	125
23	Other income.....	127
24	Employee benefit expenses.....	128
25	Expenses by nature	128
26	Income tax expense.....	129
27	Earnings per share.....	131
28	Dividends	131
29	Financial instruments.....	131
30	Commitments with non-related parties.....	134
31	Events after the reporting period	135
32	Thai Financial Reporting Standards (TFRS) not yet adopted	135

Our Mission

- To continuously develop and advance in order to ensure our position as Thailand's premier IT company with an unsurpassed range of quality products
- To continuously train our employees to become thought-leaders in the field of technology, promoting and advising technology usage so that Thai people, Thai businesses and Thai society may become more productive and efficient
- To prosper together with our customers, suppliers, employees and society at large

Our Vision :

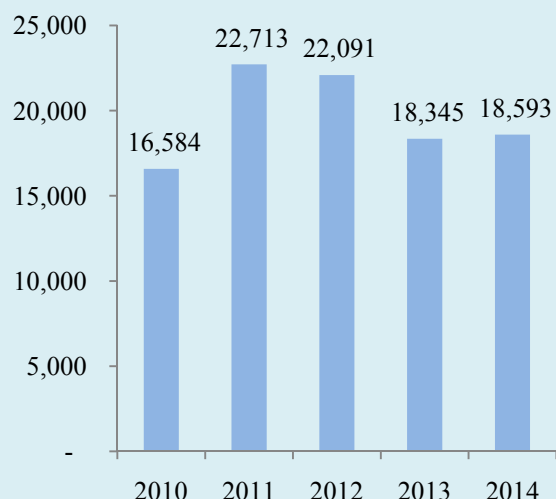
**To become Thailand's greatest IT company,
with sustainable and continuous growth,
transparent and socially responsible business
operations, and superior shareholder value**

Summary of Financial Statements

Total Revenue

Total revenue of the Company is 18,593 Million Baht which is similar to the previous year (increase 1.3%). This is in accordance with the current economics situation of Thailand which grows only 0.7%. The total revenue is ranked as 69th out of 392 listed companies in SET, reporting by SETSMART.

M. Baht

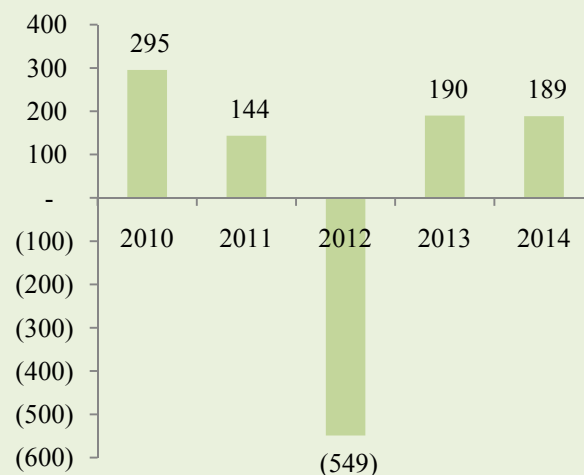


Net Profit

Net Profit of the Company is 184 Million Baht which decrease 3.2% from the previous year. This is ranked as 225th out of 392 listed companies in SET, reporting by SETSMART.

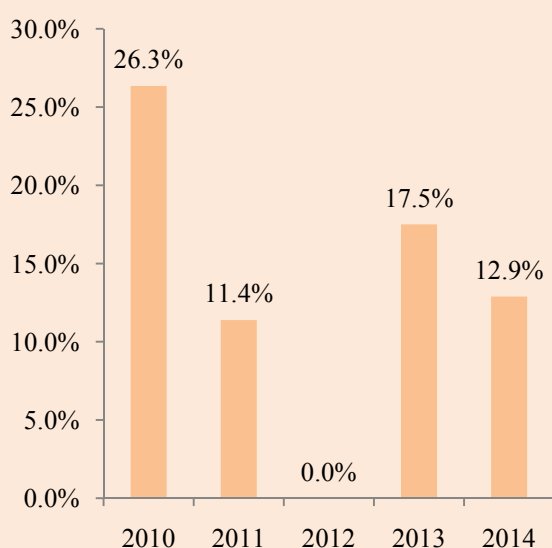
Remark : The comprehensive profit is 189 Million Baht which increase 4.5 Million Baht. This is affected by the decreasing of employee defined benefit obligations, according to the actuarial science estimation.

M. Baht



Return on Equity

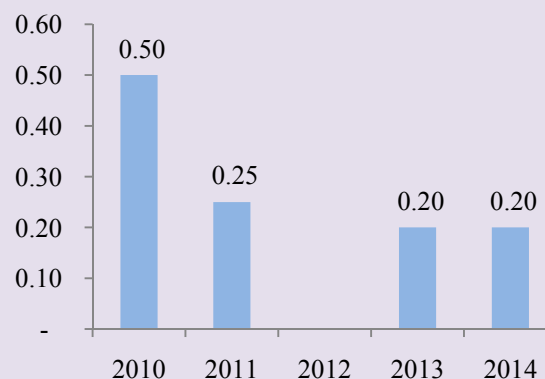
The ROE of the Company is 12.9% which is ranked as 162th out of 392 listed companies in SET, reporting by SETSMART.



Dividend

The Board of Directors has resolved to propose the Annual General Meeting of Shareholders in order to approve the dividend payment at 0.20 Baht per share, totally 70 Million Baht or 37.1% of Net Profit and a dividend yield of 3.7% on the price closed on February, 24 2015 (5.45 Baht) which was the day before notifying the resolution of dividend payment to the Stock Exchange of Thailand or 4.02% on the price closed at the last working day of 2014.

Baht/Share



		2010	2011	2012	2013	2014
Operating Results						
Total Revenue	(M. Baht)	16,584.4	22,712.5	22,091.3	18,345.1	18,592.6
<i>Revenue Growth Rate</i>		<i>18.9%</i>	<i>37.0%</i>	<i>(2.7%)</i>	<i>(17.0%)</i>	<i>1.3%</i>
Profit before financial cost and income tax	(M. Baht)	461.3	330.2	(561.9)	329.4	323.3
<i>Profit before financial cost and income tax Growth Rate</i>		<i>26.5%</i>	<i>(28.4%)</i>			<i>(1.9%)</i>
Net Profit	(M. Baht)	295.3	143.5	(549.0)	190.2	184.1
<i>Net Profit Growth Rate</i>		<i>22.2%</i>	<i>(51.4%)</i>			<i>(3.2%)</i>
Financial Position						
Total Assets	(M. Baht)	3,473.2	6,018.8	4,861.0	5,042.7	5,045.4
Total Debt	(M. Baht)	2,231.1	4,739.2	4,057.2	3,673.3	3,557.5
Equity	(M. Baht)	1,242.1	1,279.6	803.8	1,369.4	1,487.9
Financial Ratio						
Gross Profit Margin		5.83%	4.66%	3.03%	5.72%	5.19%
Net Profit Margin		1.78%	0.63%	(2.49%)	1.04%	0.99%
Return On Assets		9.15%	3.02%	(10.00%)	3.84%	3.65%
Return On Equity		26.3%	11.4%	(50.34%)	17.5%	12.9%
Current Ratio	(Times)	1.50	1.22	1.08	1.26	1.30
Quick Ratio	(Times)	0.92	0.43	0.66	0.65	0.59
Debt to Equity Ratio	(Times)	1.80	3.70	5.05	2.68	2.37
Interest Bearing Debt to Equity Ratio	(Times)	0.79	1.75	3.25	1.88	1.63
Financial Figure per Share						
Earning Per Share	(Baht)	1.44	0.62	(2.36)	0.64	0.53
Book Value Per Share	(Baht)	5.96	6.06	3.44	3.91	4.25
Dividend Per Share	(Baht)	0.50	0.25	-	0.20	0.20

Remark

- The Basic Earnings per Share was calculated by Net profit of the year 2014 divided by the weighted average number of common shares issued during the year.
- The Board of Directors had the resolution to propose the Annual General Meeting of Shareholders in 2015 in order to approve the dividend payment at 0.20 Baht per Share on the Company's performance of the year 2014 which was the same rate as the year 2013.

Message from the Board

Dear Valued Shareholders

The year 2014 was the year that Thailand faced with the rousing political crisis which significantly affected the economics. This crisis was begun when the House of Representatives had a resolution to pass the amnesty bill which there was dramatically conflict on this bill since the end of the year 2014. Consequently, this was canceled by the Senate which they was able to only retard the pass of this bill for 180 days. As a result, there was a huge protest that never occurred before, generated by the people who disagree with this amnesty bill. Then, the Prime Minister decided to dissolve the Parliament in December 2013. With this conflict, the new election was not able to set up so that Thailand was under the Caretaker Government which had the limited executive power for many consecutive months. Finally, there was the Coup d'état in May 2014.

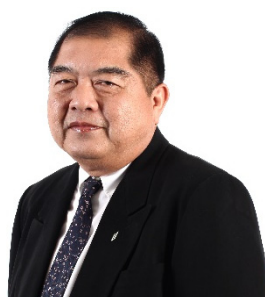
The situation that had no the stabilizing government since the end of the year 2013 and continued to the Coup d'état in May 2014, including the covering of the Martial Law through the year 2014 and the declining of the world economics affected the decreasing in the volume of foreign tourists from 26.5 Million people in 2013 to 24.8 Million people in 2014 (decreased 6.7%) as well as the declining of export at 0.4% from the previous year. This totally affected the growth of economics of the year 2014 which grew only 0.7%, comparison with the projection which was expected to grow approximately 4.0% - 4.5%.

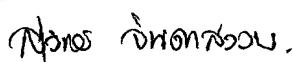
There has been the noticeable change in IT industry, World PC market as well as Thai PC market was shrunk for three consecutive years. This was because the lack of the new innovation that was able to turn end users' attention to use PC. Controversially, Smartphones were significantly improved both hardware and software that offering many benefits to users. Furthermore, the wider covering of 3G/4G generated the growth of whole Smartphones market as well as Smartphone market in Thailand more that 20% and it is believed to grow more than this in 2015. Accordingly, the Company has provided range of Smartphones to sell as well as accelerate expanded the distribution in order to cover all channels.

Although, there was this political crisis which generated the negative impact to the economics as well as the shrink in IT industry, the Company was pleased to inform that the Company still maintain the operational performance nearly to the year 2013 with the total revenue 18,593 Million Baht, increased 1.3% and the net profit 0.8%, decreased 0.8% from the previous year.

On behalf of the Board of Directors, we are grateful to the value shareholders, customers, partners, creditors and all vendors for your trustworthy and kind supports to the Company's operation though the year. Also, we would like to thank our employees and all executives for the kind corporation that has made the Company maintained the good performance similar to the previous year.

Yours Faithfully,





(Mr. Suwit Chindasaguan)
Chairman
3 March 2015





(Mr. Somchai Sittichaisrichart)
Managing Director
3 March 2015



General Information

SiS Distribution (Thailand) Public Company Limited

Business Characteristic:

Distributing IT products to operators and dealers which the Company is the distributor of more than 70 leading manufacturers to over 4,400 dealers across Thailand. The business objective is to be the leader in introducing the technology and innovation to Thailand by continuously providing a wide range of world class IT products as well as expanding the customer base.

Company Registration Number : Bor Mor Jor. 0107547000052
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) has been the Company's auditor who have performed and expressed an opinion on the Company's financial statements. Also they have been the company's auditor since 1999 and expressed unqualified opinion every year.

Independent Director who respond for the minority shareholders : Email : independentdirector@sisthai.com

Head Office Location

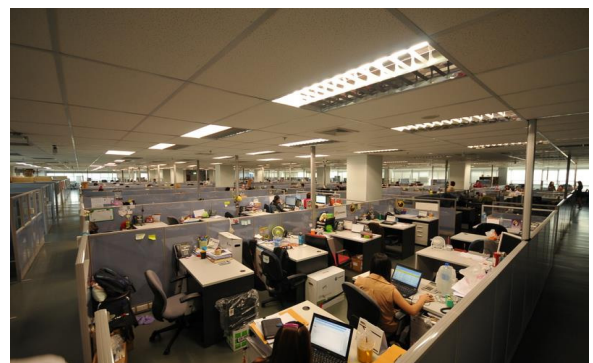
Head Office has a total area of 3,300 square meters, located at No. 9, Pakin Building, 9th Floor, Ratchadaphisek Road, Din Deang Sub-District, Din Deang District, Bangkok 10400 (Near to Fortune Town). Tel. (02)640-3000, Fax (02) 640-3780.



Head Office at Pakin Building



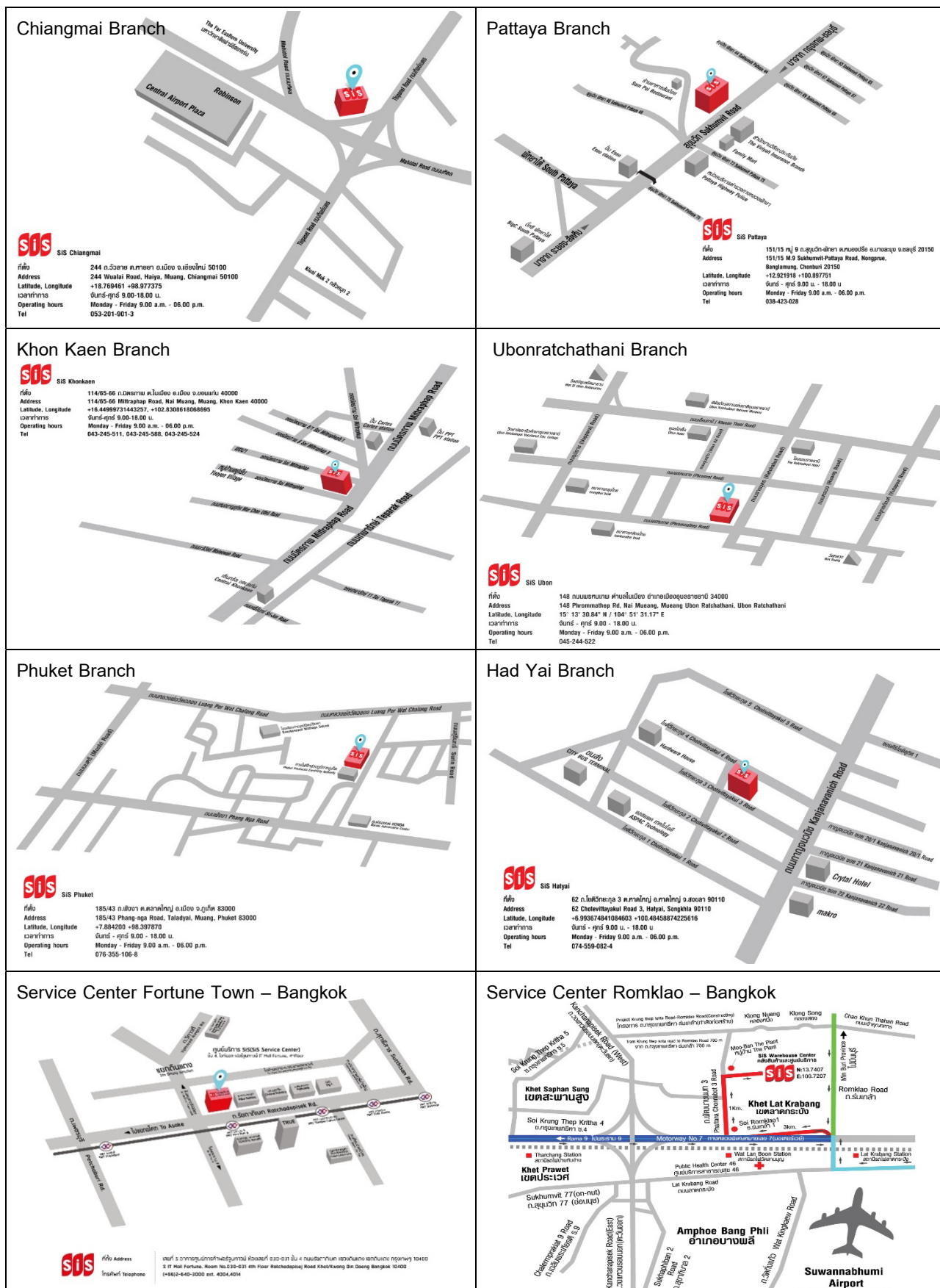
The Front of Office



Inside of the Office



Apart from the head office in Bangkok, the Company also has sale and service centers in both Bangkok and other provinces as following:



Main Warehouse

Main Warehouse has a total area of 10,000 square meters. The Company uses the SAP Warehouse Management Application to manage and control the inventory system in order to eliminate errors or mistakes in receiving and delivering. The barcode and serial number will be scanned before receiving and delivering. Also, the IP Cameras have been set up in order to maintain security and investigate in case of any failure.



SiS Warehouse Map

From Lat Krabang, Bangkok.

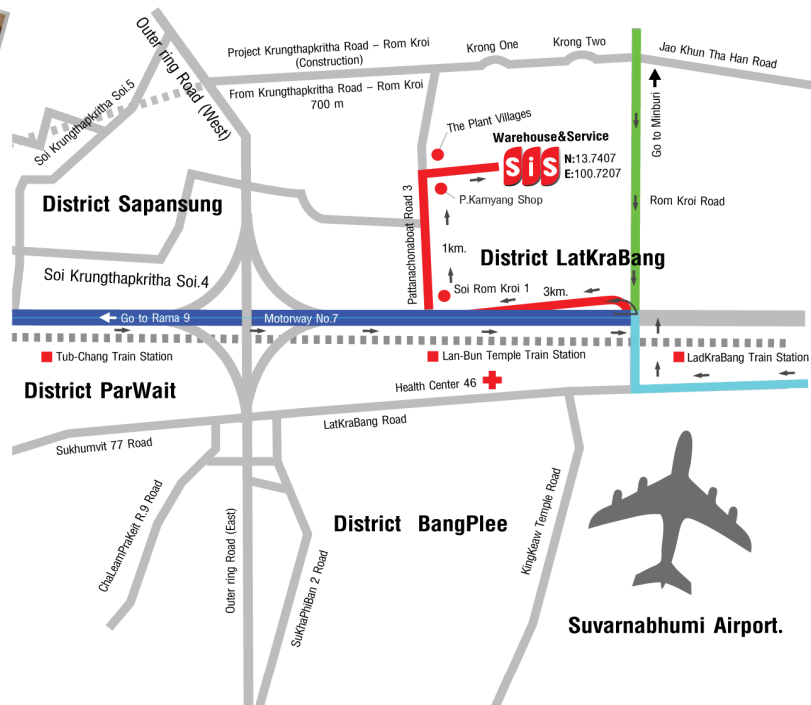
Driving along Onnut - Lat Krabang street until to three separate Traffic Lat Krabang - Rom Kroi, then turn right into the Rom Kroi road. After you turn right, then drive left over and across the bridge. Get down from the bridge, then turn left at the intersection. Drive along the Motorway about 3 km. You will find SiS sign board and The Plant, prepare to turn right into Soi Pattanachonabot 3 and go ahead for about 1 km. The warehouse is on right between the P.Kamyang Shop and The plant 1 With The Plant project 1 villages.

From Minburi.

Driving along the road that would be out to On Nut Road. until to Jao Khun Tha Han intersection, straight up into OnNut road. You should drive on the middle lane before the left to Motorway, the same way to Chonburi, You will see Intersection, prepare to turn right. After you turn right, Drive along the Motorway about 3 km. You will find SiS sign board and The Plant prepare to turn right into Soi Pattanachonabot 3 and go ahead for about 1 km. The warehouse is on right between the P.Kamyang Shop and The plant 1

From Rama 9 Road.

Driving along Rama 9 Road or get on Rama 9 expressway. Access into motorway, straight up to Chonburi for about 12 km. You should be in left, then will find the way to Rom Kroi Road. Before the crossway to Suvarnabhumi Airport (if you pass, please find the way out to Rom Kroi or Lat Krabang - On Nut Road) You will get away from Rom Klov and find three raise, then turn left. Drive along the Motorway about 3 km. You will find SiS sign board and The Plant, prepare to turn right into Soi Pattanachonabot 3 and go ahead for about 1 km. The warehouse is on right between the P.Kamyang Shop and The plant 1 With The Plant project 1 villages.



SiS Service Centre (Head Office)

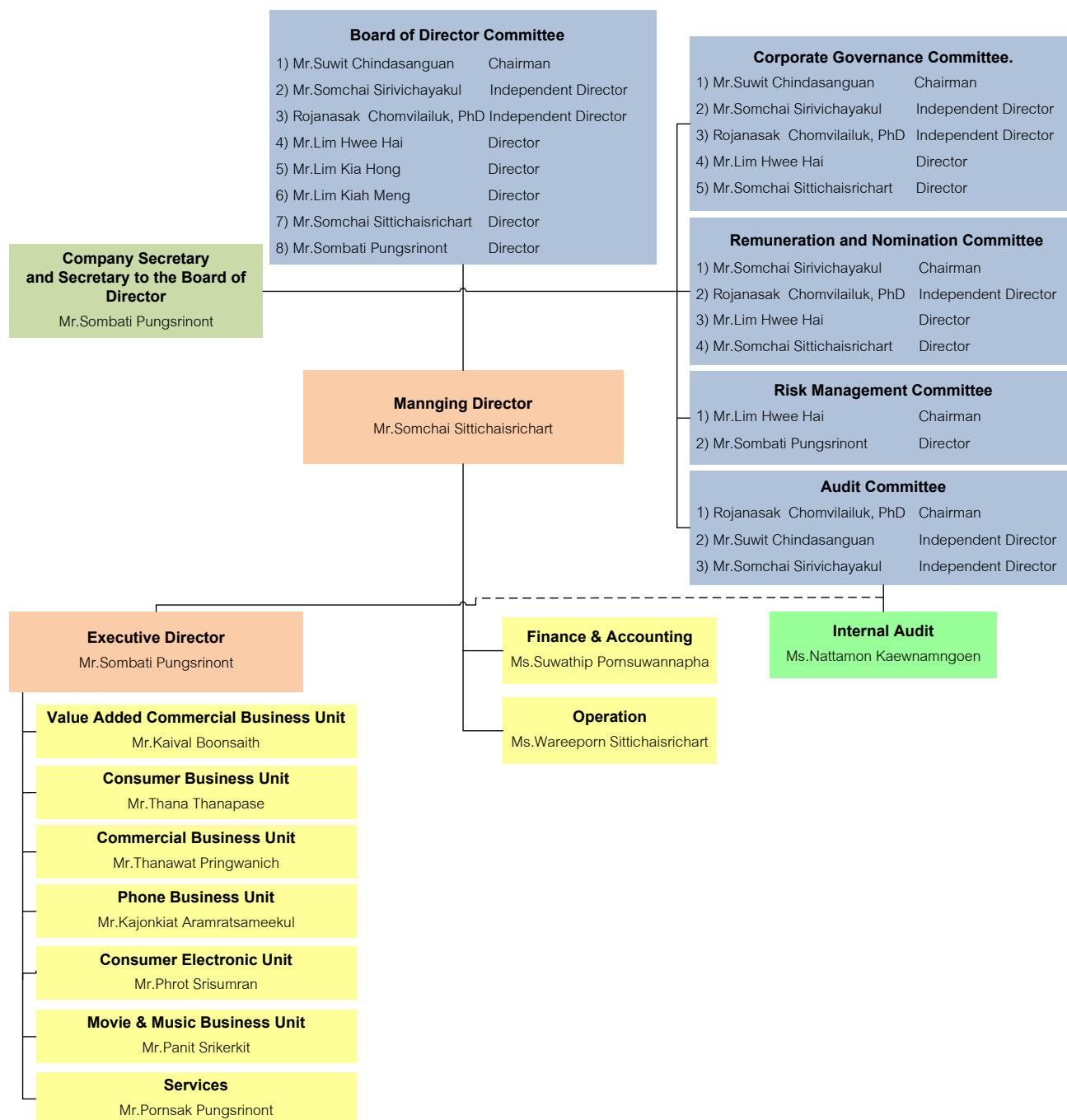
Address : 88/6-9.SOI PATTANACHONNABOT 3,
KLONGSONGTONNOON, LADKRABANG,
BKK 10520
Tel : 02-640-3001, 3012, 3013, 3014, 3017
Fax : 02-640-3299

SiS Warehouse (New)

Address : 88/6-9.SOI PATTANACHONNABOT 3,
KLONGSONGTONNOON, LADKRABANG,
BKK 10520
Tel : 02-640-3007

Organizational Structure

SiS Distribution (Thailand) Public Company Limited



Board of Directors



From left to right

1) Mr. Somchai Sirivichayakul (Independent Director – Chairman of Remuneration and Nomination Committee) • 2) Mr. Lim Kiah Meng (Director) • 3) Mr. Somchai Sittichaisrichart (Managing Director) • 4) Mr. Suwit Chindasanguan (Independent Director – Chairman) • 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**Position****Age****Nationality****Education**

Training from IOD

Mr. Suwit Chindasanguan

Chairman • Audit Committee •
Independent Director • Chairman of
Corporate Governance Committee

61 Years

Thai

Master of Sciences (Economics),
Kasetsart University

- 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"
- Director Certificate Program Update DCPU 1/2014

**Shareholding (31 Dec 14)**

323,003 shares, equal to 0.09 of total shares with voting right

**Date and Number of Year of
Independent Directorship**

9 February 2004 – 11 Years

Working Experience/Directorship or Management in Other Businesses**Working Experience**

2013 – Present Chairman of Corporate Governance Committee
SiS Distribution (Thailand) PCL.

2007 – Present Chairman
SiS Distribution (Thailand) PCL.

2004 – Present Independent Director and Audit Committee
SiS Distribution (Thailand) PCL.

**Positions in Other Listed
Companies**

Independent Director and Chairman of Audit Committee
Univentures 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 Chairman, Wide Wi Max Co., Ltd.

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

Name**Position****Age****Nationality****Education****Training from IOD****Shareholding (31 Dec 14)****Date and Number of Year of Independent Directorship****Working Experience/Directorship or Management in Other Businesses****Working Experience****Positions in Other Listed Companies****Positions in Other Non-Listed Companies****Rojanasak Chomvilailuk, PhD.**

Chairman of Audit Committee •
Remuneration and Nomination
Committee • Corporate Governance
Committee • Independent Director

53 Years

Thai

Doctor of Philosophy in Marketing &
Management,

Charles Sturt University

- Directors 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?



39,430 shares, equal to 0.01% of total shares with voting right

9 February 2004 – 11 Years

2013 - Present	Corporate Governance Committee SiS Distribution (Thailand) PCL.
2009 - Present	Chairman of Audit Committee SiS Distribution (Thailand) PCL.
2009 - Present	Remuneration and Nomination Committee SiS Distribution (Thailand) PCL.
2009 - 2014	Risk Management Committee SiS Distribution (Thailand) PCL.
2008 - 2009	Chairman of Remuneration and Nomination Committee, SiS Distribution (Thailand) PCL.
2004 - Present	Independent Director and Audit Committee, SiS Distribution (Thailand) PCL.

-None-

2013 - Present	Director, Master Degree in Retail Management Curriculum, Faculty of Business Administration, The University of the Thai Chamber of Commerce
2013 - 2013	Audit Committee, Ausiris Future Co., Ltd.
2012 - 2013	Association Dean, International College, The University of the Thai Chamber of Commerce
2010 - Present	Independent Director, Ausiris Future Co., Ltd.
2010 - Present	Director, Tiptop Logistic Co., Ltd.
2004 - Present	Lecturer, Faculty of Business Administration, The University of the Thai Chamber of Commerce

Name**Position****Age****Nationality****Education****Training from IOD****Shareholding (31 Dec 14)****Date and Number of Year of Independent Directorship****Working Experience/Directorship or Management in Other Businesses****Working Experience****Positions in Other Listed Companies****Positions in Other Non-Listed Companies****Somchai Sirivichayakul**

Chairman of Remuneration and Nomination •
Audit Committee • Corporate Governance
Committee • Independent Director

58 Years

Thai

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

- Director Certification Program
- Directors Accreditation Program
- Audit Committee Program
- Audit Committee: Experience, Problem and Best practice
- IT Governance: A Strategic Part Forward
- Role of the Compensation Committee (RCC)
- Director Certification Program Refresher Course
- Successful Formulation & Execution of Strategy
- Monitoring the System of Internal Control and Risk Management
- Will the Global Economy Stumble or Slow down? and What Will that Mean for Thailand?
- Monitoring the Quality of Financial Reporting
- Evolving Executive Compensation with Changing Times
- Monitoring Fraud Risk Management
- Monitoring the Internal Audit Function
- ควรกำหนดบทบาทและอำนาจหน้าที่ของกรรมการอิสระอย่างไร เพื่อให้สามารถปฏิบัติหน้าที่ได้อย่างมีประสิทธิภาพ

None

9 February 2004 – 11 Years

2013 - Present	Corporate Governance Committee SiS Distribution (Thailand) PCL.
2009 - Present	Chairman of Remuneration and Nomination Committee SiS Distribution (Thailand) PCL.
2006 - 2009	Remuneration and Nomination Committee SiS Distribution (Thailand) PCL.
2004 - Present	Independent Director and Audit Committee SiS Distribution (Thailand) PCL.
2004 - 2009	Chairman of Audit Committee SiS Distribution (Thailand) PCL.
2004 - 2009	Chairman SiS Distribution (Thailand) PCL.

None

2012 - Present	General Manager, FCC (Thailand) Company Limited
2004 - Present	Director, Cyber Intrend Company Limited
2003 - Present	Managing Director, Profit Center Group Company
1990 - Present	Limited Partner, Sirichoke Development Partnership



Name**Position****Age****Nationality****Education****Training from IOD****Type of Director****Shareholding****(31 Dec 14)****Date and Number of Year of
Directorship****Working Experience/Directorship or Management in Other Businesses****Working Experience****Positions in Other Listed
Companies****Positions in Other Non-Listed
Companies****Mr. Lim Hwee Hai**

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

65 Years

Singapore

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

- Directors Accreditation Program
- Directors Certification Program

Non – Executive Director

- 244,687 shares, equal to 0.07% of total shares with voting right
- Indirectly holding 165,616,595 shares, equal to 47.30% by being Director of SiS Technologies (Thailand) Pte.Ltd.

12 June 2000 – 14 Years

- | | |
|----------------|---|
| 2013 - Present | Corporate Governance Committee,
SiS Distribution (Thailand) PCL. |
| 2008 - Present | Chairman of Risk Management Committee,
SiS Distribution (Thailand) PCL. |
| 2008 - Present | Remuneration and Nomination Committee,
SiS Distribution (Thailand) PCL. |
| 2004 - Present | Chairman of Remuneration and Nomination
Committee, SiS Distribution (Thailand) PCL. |
| 2000 - 2004 | Director, SiS Distribution (Thailand) PCL.
Director, SiS Distribution (Thailand) Co., Ltd. |
| 1983 - Present | Director and Managing Director
SiS Group of Companies |
| 1979 – 1982 | Manager
Banque Nationale De Paris |
| 1976 - 1978 | Senior Officer
Development Bank of Singapore |

-None-

- | | |
|----------------|---|
| 2010 - Present | Director
Qool Distribution Co., Ltd.
(which SiS Distribution (Thailand) PCL. holds
99.99% of total shares) |
| 2009 - Present | Director
SiS Venture Co., Ltd.
(which SiS Distribution (Thailand) PCL. holds
99.99% of total shares) |



Name**Mr. Lim Kia Hong****Position**

Authorized Director

Age

58 Years

Nationality

Singapore

EducationBachelor of Business Administration
University of Washington, USA**Training from IOD**

- Directors Accreditation Program DAP 115/2015

Type of Director

Non – Executive Director

Shareholding**(31 Dec 14)**

- 241,875 shares, equal to 0.07% of total shares with voting right
- Indirectly holding 165,616,595 shares, equal to 47.30%, by being Director of SiS Technologies (Thailand) Pte.Ltd.

**Date and Number of Year of Directorship**

12 June 2000 - 14 Years

Working Experience/Directorship or Management in Other Businesses**Working Experience**

2004 - Present	Director SiS Distribution (Thailand) PCL.
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

2015 - Present	Director Wiko Mobile (Thailand) Co., Ltd. (which SiS Distribution (Thailand) PCL. indirectly holds 45% of total shares via SiS Venture Co., Ltd.)
2010 - Present	Director Qool Distribution Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)
2009 - Present	Director SiS Venture Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)

Name**Position****Age****Nationality****Education****Training from IOD****Type of Director****Shareholding****(31 Dec 14)****Date and Number of Year of****Directorship****Working Experience/Directorship or Management in Other Businesses****Working Experience****Positions in Other listed Companies****Positions in Other Non-Listed****Companies****Mr. Somchai Sittichaisrichart**

Managing Director • Authorized Director •
Remuneration and Nomination • Committee
• Corporate Governance Committee

55 Years

Thai

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

- Director Certification Program
- Directors Accreditation Program
- IT Governance : A Strategic Path Forward
- CEO Succession and Effective Leadership Development
- What the Board Should Do in a Turnaround Situation
- ภาวะเศรษฐกิจ 2552 : จำเป็นหรือไม่ต้อง Downsize องค์การ
- IOD Breakfast Talk 1/2012 "Asian Business Models in Transformation"
- Capital Market Leader Program (SEC/Sasin)
- Chartered Director Class (CDC) Nov - 2014
- How to Measure the Success of Corporate Strategy HMS 4/2014

Executive Director

9,457,961 shares, equal to 2.7% of shares with voting right, excluding
shares 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

17 June 1998 – 16 Years

- | | |
|----------------|---|
| 2013 - Present | Corporate Governance Committee
SiS Distribution (Thailand) PCL. |
| 2008 - Present | Remuneration and Nomination Committee
SiS Distribution (Thailand) PCL. |
| 2004 - Present | Managing Director,
SiS Distribution (Thailand) PCL. |
| 1998 - 2004 | Managing Director,
SiS Distribution (Thailand) Co., Ltd. |
| 1992 – 1998 | Managing Director
M & V Technologies Co., Ltd. |
| 1982 - 1992 | General Manager,
Sharp Thepnakorn Co., Ltd. |

-None-

- | | |
|----------------|--|
| 2015 - Present | Director, Wiko Mobile (Thailand) Co., Ltd.
(which SiS Distribution (Thailand) PCL. indirectly
holds 45% of total shares via SiS Venture Co., Ltd.) |
| 2014 - Present | Director, Nippon Pack Trading Co., Ltd.
(which SiS Distribution (Thailand) PCL. indirectly
holds 49% of total shares via SiS Venture Co., Ltd.) |
| 2010 - Present | Director, Qool Distribution Co., Ltd.
(which SiS Distribution (Thailand) PCL. holds 99.99%
of total shares) |
| 2009 - Present | Director, SiS Venture Co., Ltd.
(which SiS Distribution (Thailand) PCL. holds 99.99%
of total shares) |



Name**Position****Age****Nationality****Education****Training from IOD****Type of Director****Shareholding****(31 Dec 14)****Date and Number of Year of****Directorship****Working Experience/Directorship or Management in Other Businesses****Working Experience****Positions in Other Listed Companies****Positions in Other Non-Listed****Companies****Mr. Sombati Pungsrinont**

Executive Director • Authorized Director •
Risk Management Committee • Company
Secretary

58 Years

Thai

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

Master of Business Administration,

Thammasat University

- Director Certification Program
- Directors Accreditation Program
- Role of the Compensation Committee
- Successful Formulation and Execution of Strategy
- Risk Management Committee Program RMP 6/2015

Executive Director

- 21,080,010 shares, equal to 6.02% of total shares with voting right, excluding shares held by
- Mr. Chanont Pungsrinont (Son) 6,228,145 shares
- Mr. Thanakorn Pungsrinont (Son) 7,065,469 shares

17 June 1998 – 16 Years



Name**Mr. Lim Kiah Meng****Position**

Authorized Director

Age

60 Years

Nationality

Singapore

Education

Bachelor of Commerce,
Nanyang University Singapore
Master of International Management,
American Graduate School of
International Management, USA

Training from IOD

- Directors Accreditation Program DAP 115/2015

Type of Director

Non – Executive Director

Shareholding**(31 Dec 14)**

Indirectly holding 165,616,595 shares,
equal to 47.30%, by being Director of SiS
Technologies (Thailand) Pte.Ltd.

**Date and Number of Year of
Directorship**

26 April 2013 – 2 Years

Working Experience/Directorship or Management in Other Businesses**Working Experience**

2013 - Present	Director, SiS Distribution (Thailand) PCL.
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

- None -

Companies

Management



From Left to Right

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

Name	Ms. Suwathip Pornsuwannapha	
Position	Financial Controller	
Age	45 Years	
Nationality	Thai	
Education	Master of Accounting, Chulalongkorn University	
Training	<ul style="list-style-type: none"> • SiS-Chula Mini MBA : Chulalongkorn University • The Coaching Clinic : Management and Psychology Institute • CFO Program: FAP • 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 14)	2,069,896 shares, equal to 0.59 of total shares with voting right	
Working Experience	1999 – Present	Financial Controller SiS Distribution (Thailand) PCL.
	1994 – 1999	Accounting Manager M & V Technologies Co., Ltd.
	1991 – 1993	Senior Auditor Coopers and Lybrand Co., Ltd.



Name	Ms. Wareeporn Sittichaisrichart	
Position	Operation Manager	
Age	55 Years	
Nationality	Thai	
Education	Bachelor of Science, Prince of Songkhla University	
Training	<ul style="list-style-type: none"> • FC Fundamental Course: Association of Investment Management Companies / Association of Provident Fund / Thailand Securities Institute • Remuneration Management: Hypo Training and Consultancy Co., Ltd. • Competency Based Human Resource Management: • WASO Training Co., Ltd. • The Coaching Clinic: Management and Psychology Institute • GEN Y Talent Management & Succession Planning: • OMEGA WORLD CLASS Research Institute • The Remuneration for Sale Representative: MPI Management and Psychology Institute • Salary Structure Design: OMEGA WORLD CLASS Research Institute 	
Shareholding (31 Dec 14)	9,421,780 shares, equal to 2.70% of total shares with voting right, excluding shares held by <ul style="list-style-type: none"> • 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	Operation Manager SiS Distribution (Thailand) PCL.
	1994 – 1999	MIS Manager M & V Technologies Co., Ltd.



Name **Mr. Thanawat Pringwanich**
Position General Manager of Commercial Business Unit
Age 48 Years
Nationality Thai
Education Master of Commerce, Macquarie University, Sydney, Australia
Training • The Coaching Clinic: Management and Psychology Institute
Shareholding 49,484 shares, equal to 0.01 of total shares with voting right
(31 Dec 14)
Working
Experience

2006 – Present	General Manager, Commercial Business Unit, SiS Distribution (Thailand) PCL
2003 – 2005	Sale and Marketing Manager, Datapro Computer System Co., Ltd.
2002 – 2003	Business Consultant, Kenan Institution of ASIS
2000 – 2002	Sale Manager, The Value System Co., Ltd.



Name **Mr. Panit Srikrerkkrit**
Position General Manager of Movie & Music Business Unit
Age 47 Years
Nationality Thai
Education Bachelor of Business Administration, Assumption University
Training • Skill Development of New Management: Hipo training
 Consultancy Co., Ltd.
Shareholding -None-
(31 Dec 14)
Working
Experience

2004 – Present	General Manager, Movie & Music Business Unit SiS Distribution (Thailand) PCL
2002 – 2004	Marketing Manager GMM Grammy PCL.
1999 – 2002	Product Manager Pioneer Electronics (Thailand) Co., Ltd.
1998 – 1999	Product Manager, BMG Entertainment (Thailand) Co., Ltd.



Name **Mr. Thana Thanapase**
Position General Manager of Consumer Business Unit
Age 53 Years
Nationality Thai
Education Bachelor of Business Administration, Assumption University
 Master of Commerce, Thammasat University
Training • The Coaching Clinic: Management and Psychology Institute
Shareholding -None-
(31 Dec 14)
Working
Experience

2008 – Present	General Manager Consumer Business Unit, SiS Distribution (Thailand) PCL.
2005 – 2008	General Manager Thai Samsung Electric Co., Ltd.
1996 – 2005	Consumer Sales Manager Hewlett Packard (Thailand) Co., Ltd.



Name	Mr. Kaival Boonsaith	
Position	General Manager of Value Added Commercial Business Unit	
Age	49 Years	
Nationality	Thai	
Education	Bachelor of Business Administration, The University of the Thai Chamber of Commerce	
Shareholding (31 Dec 14)	-None-	
Working Experience	2008 – Present	General Manager, Value Added Commercial Business Unit, SiS Distribution (Thailand) PCL.
	2003 – 2008	Vice President, Total Access Communication Co., Ltd.
	2545 – 2546	Senior Sales Manager, Hewlett Packard (Thailand) Co., Ltd.
	2540 – 2545	Major Account Manager, Compaq Computer (Thailand) Co., Ltd.



Name	Mr. Phrot Srisumran	
Position	General Manager of Consumer Electronic Business Unit	
Age	49 Years	
Nationality	Thai	
Education	Bachelor of Business Administration, Assumption University	
Shareholding (31 Dec 14)	-None-	
Working Experience	2014 - Present	General Manager, Consumer Electronic SiS Distribution (Thailand) PCL.
	2008 - 2013	Sale Manager LG Electronics (Thailand) Co., Ltd.
	1991 - 2008	Senior Product Manager Philips Electronics (Thailand) Co., Ltd.



Name	Ms. Nattamon Kaewnamngo	
Position	Head of Internal Audit Department and Audit Committee Secretary	
Age	30 Years	
Nationality	Thai	
Education	Bachelor of Accountancy, Kasetsart University Master of Science in Business System Integration (with SAP Technology), Brunel University, UK	
Training	<ul style="list-style-type: none"> Enterprise Risk Management COSO – ERM: FAP and Univenture PCL. Foundation of Information System: LIBT Update Thai Accounting Standard in 2011: Bunchikij Co., Ltd. Update IFRS and TFRS for NPAs: Bunchikij Co., Ltd. Hedge Accounting and Deferred Tax: Bunchikij Co., Ltd. 	
Shareholding (31 Dec 14)	-None-	
Working Experience	2015 – Present	Head of Internal Audit Department and Audit Committee Secretary SiS Distribution (Thailand) PCL.
	2008 – 2011	Senior Assistant Auditor Bunchikij Co., Ltd.



Change in Units of Shareholding of Directors and Management

During 2014, Directors and management bought and sold their securities as following:

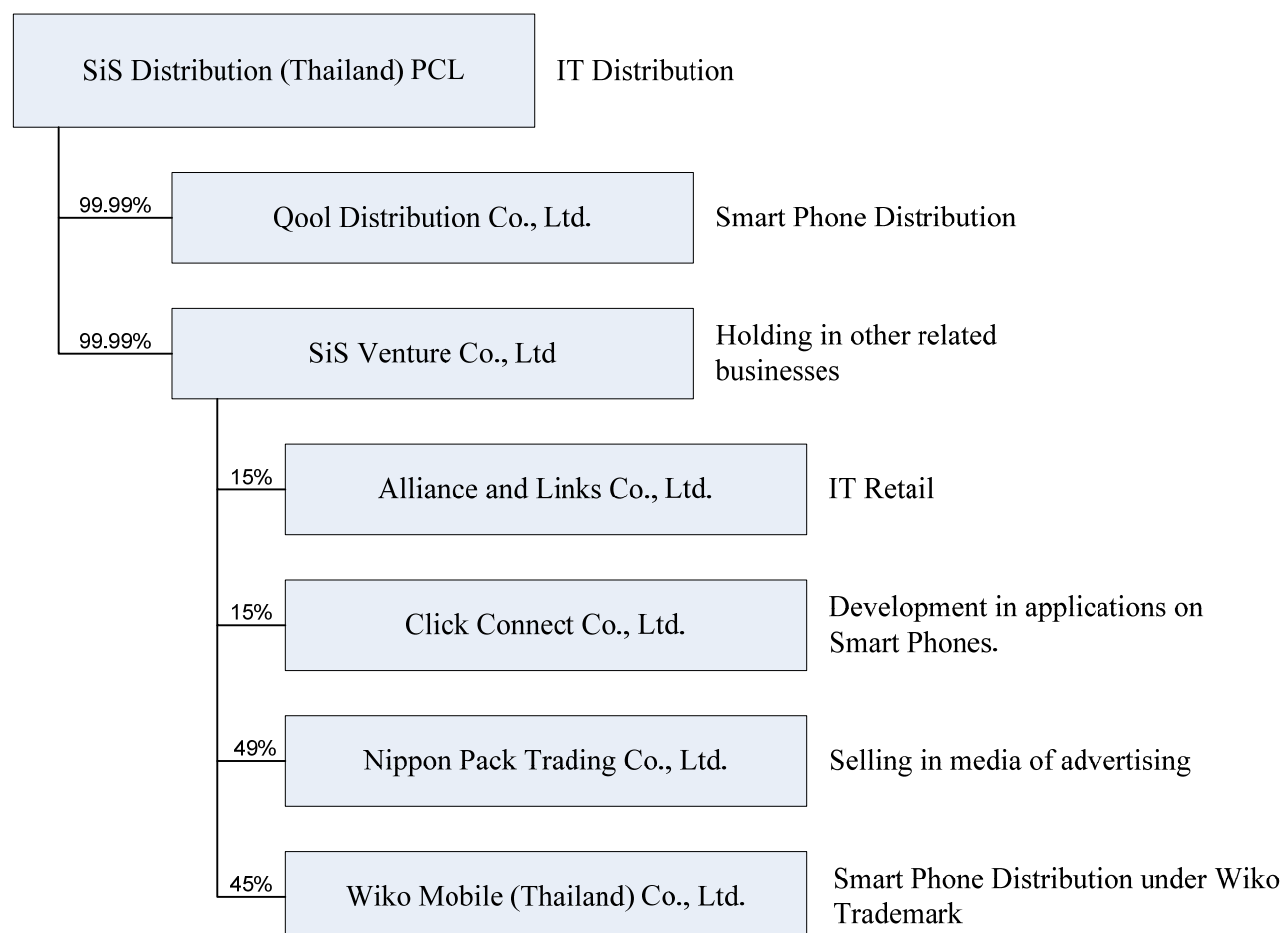
Name	Number of Shares (Unit) As of January 1, 2014	Number of Shares (Unit) Bought during 2014	Number of Shares (Unit) Sold during 2014	Number of Shares (Unit) As of December 31, 2014
Directors				
Mr. Suwit Chindasanguan	323,003	-	-	323,003
Rojanasak Chomvilailuk, PhD.	39,430	-	-	39,430
Mr. Somchai Sirivichayakul	-	-	-	-
Mr. Lim Hwee Hai	244,687	-	-	244,687
Mr. Lim Kia Hong	241,875	-	-	241,875
Mr. Somchai Sittichaisrichart	9,457,961	-	-	9,457,961
Mr. Sombati Pungsrinont	21,080,010	-	-	21,080,010
Mr. Lim Kiah Meng	-	-	-	-
Management				
Ms. Suwathip Pornsuwannapha	2,069,896	-	-	2,069,896
Ms. Wareeporn Sittichaisrichart	9,421,780	-	-	9,421,780
Mr. Thanawat Pringwanich	49,584	-	100	49,484
Mr. Panit Srikerkkrit	-	-	-	-
Mr. Thana Thanapase	-	-	-	-
Mr. Kaival Boonsaith	-	-	-	-
Mr. Phrot Srisumran	-	-	-	-

Subsidiaries and Related Companies

SiS Distribution (Thailand) Public company Limited has invested in the subsidiaries and related companies which connected to the core business of the company as following:

Company	Type of Business	Shareholding	Holder
Qool Distribution (Thailand) Company Limited	Distribution in Smart Phones	99.99%	SiS Distribution (Thailand) PCL.
SiS Venture Company Limited	Investing in businesses which connected to the core business of the company	99.99%	SiS Distribution (Thailand) PCL.
Alliance and Links Corporation Company Limited	Retailing in IT Products	15%	SiS Venture Company Limited
Click Connect Company Limited	Development in applications on Smart Phones	15%	SiS Venture Company Limited
Nippon Pack Trading Company Limited	Selling in media of advertising, emphasizing on electronic media	49%	SiS Venture Company Limited
Wiko Mobile (Thailand) Company Limited	Selling in Smartphone under Wiko Trademark	45%	SiS Venture Company Limited

The illustration of the relationship of subsidiaries and related companies.



IT Outlook

The main products of IT Industry are PC, Smartphone and Tablet. According to the core business of the Company which operates in IT industry, the Company sells and distributes in these three products group and has monitored the trend and market of these products as followings:

PC Market

International Data Corporation (IDC) which is a world class research company reported the result of PC market survey across the world in 214 that there was a delivery in PC at 308.6 Million units which decreased 2.1% by comparison with 2013. This was a consecutive decreasing since 2012 which there was a decreasing in 2013 at 10% from 2012.

Top 5 Vendors, Worldwide PC Shipments, 2014 (Preliminary) (Units Shipments are in thousands)

Vendor	2014 Shipments	2014 Market Share	2013 Shipments	2013 Market Share	2014/2013 Growth
1. Lenovo	59,233	19.2%	53,804	17.1%	10.1%
2. HP	56,849	18.4%	52,188	16.6%	8.9%
3. Dell	41,665	13.5%	37,787	12.0%	10.3%
4. Acer Group	24,104	7.8%	24,508	7.8%	-1.6%
5. Apple	19,822	6.4%	17,132	5.4%	15.7%
Others	106,952	34.7%	129,702	41.2%	-17.5%
Total Market	308,625	100.0%	315,121	100.0%	-2.1%

Source: IDC Worldwide Quarterly PC Tracker, January 12, 2015

Apart from the world PC market, IDC revealed the results of PC market in Asia Pacific (excluding Japan) survey that there was a sale of PC at 101 Million units which shrunk from 2013 at 6.3% and it had shrunk for three consecutive years since 2013 which declined precisely 10.3%. Regarding to this declining both in world market and regional market for three consecutive years, it indicated the saturation of PC market.

For PC Market in Thailand in 2014, it was expected that there was a slight declining as well as world and regional market. The main reason was PC has been developed quite a long time until it was saturated; however there was no significant change in technology that was able to increase its competency. Whereas, Smart phone and Tablet which are new products and they has been developed to work efficiently. Also, the highlight is they are small, portable and it is able to connect with the available network all the times. This enhances Smartphone and Tablet to be used instead of PC for many dimensions. Consequently, consumers turn more their attentions to use them then affect the declining in PC.

Smartphone Market

For Smartphone market, IDC reported the world Smartphone market in 2014 that there was the high sale in Smartphone which reached 1,301.1 Million units. This also reached the peak of the sale in Smartphone that increased 27.6% from the previous year and this was the consecutive increasing from 2013 which had increased from 2012 38.4%. However, it is expected that Smartphone is able to continue grow in 2015.

In Thailand, it was expected that there was the sale in Smartphone at 12 Million units and it is likely to increase to 16 Million units in 2015. This is because the wide covering of the 3G network as well as the reduction in prices and the competency of Smartphone.

Top Five Smartphone Vendors, Shipments, Market Share and Year-Over-Year Growth, Calendar Year 2014 Preliminary Data (Units in Millions)

Vendor	2014 Shipment Volumes	2014 Market Share	2013 Shipment Volumes	2013 Market Share	Year-Over-Year Change
Samsung	318.2	24.5%	316.4	31.0%	0.6%
Apple	192.7	14.8%	153.4	15.1%	25.5%
Huawei	73.6	5.7%	49.0	4.8%	50.4%
*Lenovo	70.0	5.4%	45.5	4.5%	54.1%
LG	59.2	4.6%	47.8	4.7%	24.0%
Others	587.3	45.1%	407.4	40.0%	44.2%
Total	1,301.1	100.0%	1,019.4	100.0%	27.6%
*Lenovo + Motorola	96.5	7.4%	58.4	5.7%	65.4%

Source: IDC Worldwide Quarterly Mobile Phone Tracker, January 29, 2015

Tablet Market

IDC reported the volume of the world tablet market in the 4th quarter of the year 2014 that there was the sale in tablet at 76.1 Million units, declining 3.2% which was the first declining after the release in 2010. Nevertheless, the total sale of tablet in the world market in the year 2014 was 229.6 million units which increase 4.4% from the previous year.

Top Five Tablet Vendors, Shipments, Market Share, and Growth, Calendar Year 2014 (Preliminary Results, Shipments in millions)

Vendor	2014 Unit Shipments	2014 Market Share	2013 Unit Shipments	2013 Market Share	Year-over-Year Growth
1. Apple	63.4	27.6%	74.3	33.8%	-14.6%
2. Samsung	40.2	17.5%	39.7	18.1%	1.1%
3. ASUS	11.5	5.0%	12.2	5.6%	-5.5%
4. Lenovo	11.2	4.9%	7.8	3.5%	43.5%
5. Amazon.com	3.3	1.4%	9.8	4.4%	-66.4%
Others	100.0	43.6%	76.1	34.6%	31.4%
Total	229.6	100.0%	219.9	100.0%	4.4%

Source: IDC Worldwide Quarterly Tablet Tracker, February 2, 2015

The shrink of tablet in the 4th quarter of the year 2014 or the slight increasing of tablet might caused from the bigger screen of the Smartphone that reduce the necessary of using tablet. In Thailand, it is believed that tablet market in Thailand was declining in 2014 and this would continue declining until 2015.

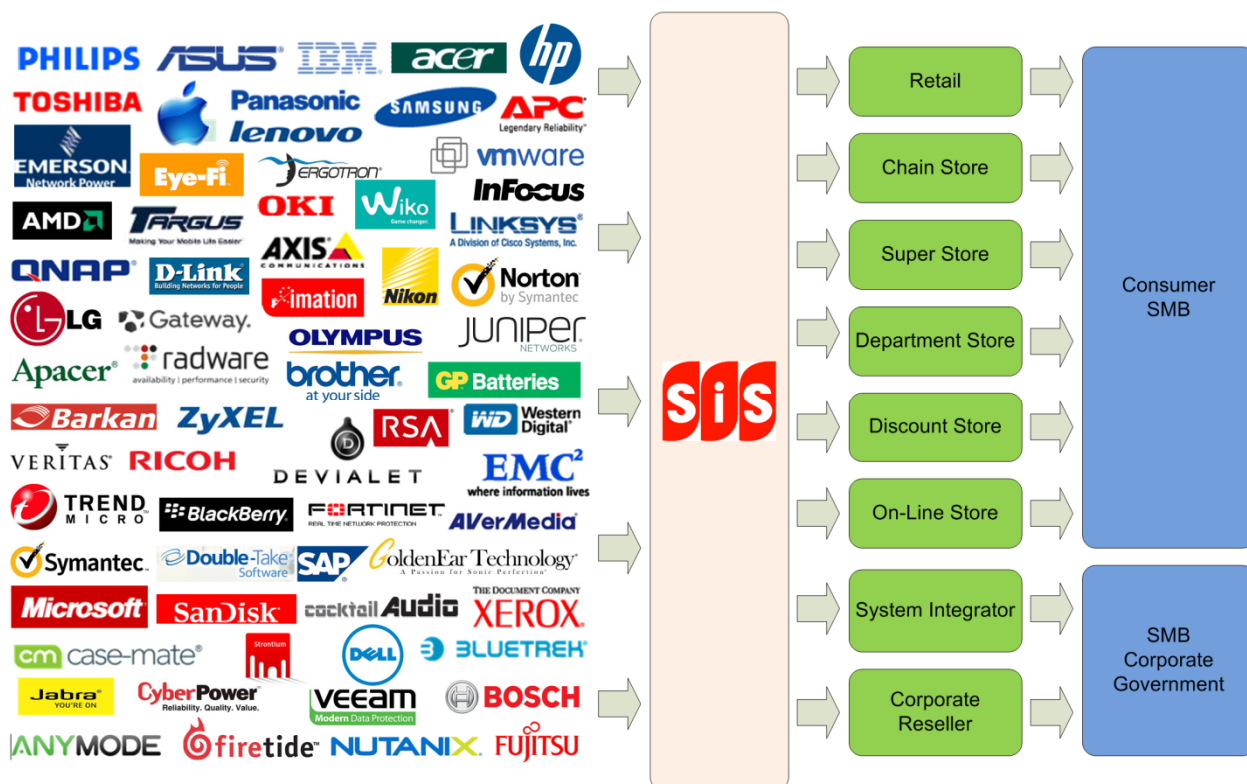
Business Characteristics, Competition and Market Share

Business Characteristics

The Company operates in IT distribution which purchases products and services from approximately 70 suppliers and distributes to various channel. In 2014, the Company has distributes products and services to approximately 4,400 dealers and retailers which will re-sell to end users, corporate as well as government sector.

Majority of products is the Information Technology (IT) products which cover all products categories, ranging from products that used in households such as computer, printer, Smartphone and tablet to the products that used in corporate such as server computer, network, data storage, software and other peripheral equipments. The top ten products with highest revenue of the year 2014 (sequenced by the alphabet) are Acer, Apple, Asus, Dell, EMC, Hewlett Packard, IBM, Lenovo, Philips and Samsung.

All customers of the Company are retailer and reseller that purchase products from the Company to re-sell. They are categorized into 2 groups. The first group is the resellers and retailers who re-sell to users and households such as Banana IT/Mobile, HomePro, Power Buy, Power Mall, IT City, Advice, J.I.B, TG Fone, J Mart, etc., including the online reseller such as Lazada, C Discount etc. The second group is the resellers to corporate both small and large enterprises such as Metro System Corporation PCL, Advance Information Technology PCL, MFC PCL and Yib In Soi Co., Ltd., etc.

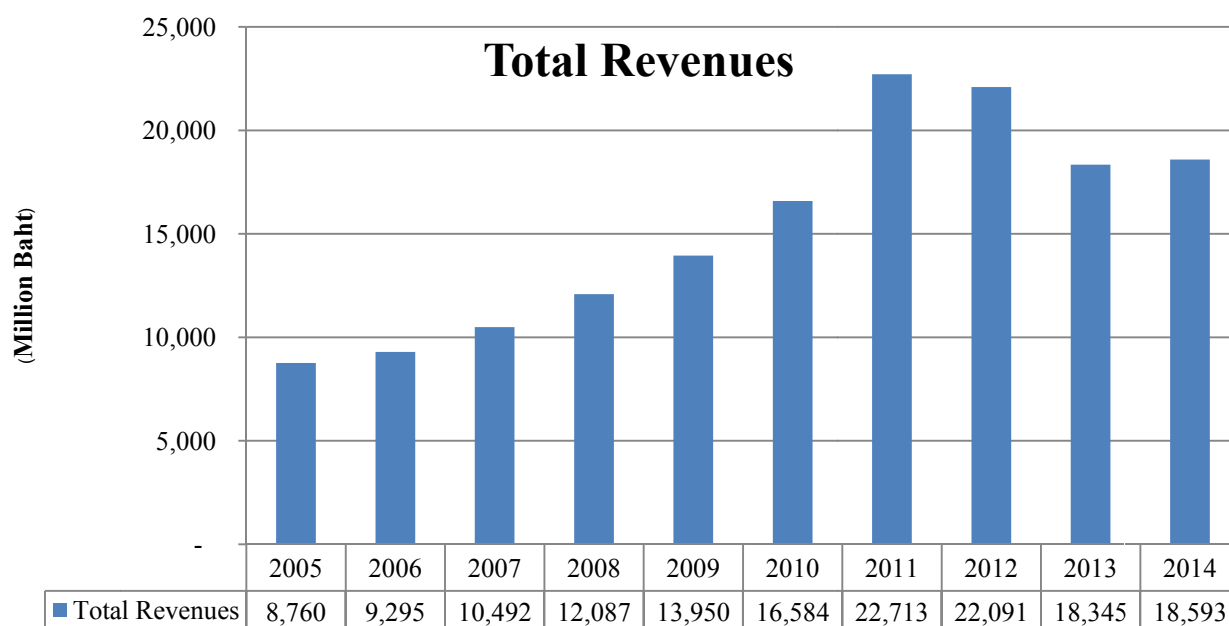


The Status of the Company and its Competition

SiS Distribution (Thailand) Public Company Limited was established in 1998 and the Company was listed in the Stock Exchange of Thailand in 2004.

The revenue of the Company has grown steadily every years in accordance with the expansion of the industry, except the year 2012 and 2013 that the revenue of the Company decreased due to the unpopularity of the Smartphone which sharply sold in 2011 but could not be competitive later and it started to decline since 2012 then significantly dropped in 2013. This was decreased from 5,545 Million Baht in 2012 to 2,069

Million Baht in 2013 (decreased 3,477 Million Baht). Nevertheless, the sale of Smartphone was recovered to increase as 3,542 Million Baht in 2014 after the Company was able to provide more brands of Smartphone.



The Competency in Competition

With an experience in operating over 15 years, the Company has developed the system, expanded the customer base and increase efficiency in many dimensions of competitions.

The Wide Range of Customer

The Company has the wide range of customer network. In 2014, the Company sold various products to over 4,400 customers, covering both the customers who are resellers to households and the customers who are resellers to corporate. Additionally, there have been new customers that continuously contact the Company in order to be new resellers. According to the large regular purchasing of this customer based, this influence the stability of sale and it is able to be the significant base of the business expansion by providing more new products to these regular customers.

The Diversification of Products for Sell

The Company has been trusted by over 70 international manufacturers to be their distributors. In addition, the Company still has been contacted to be the distributors continuously. According to this, the Company can provide the products to customers sustainably.

In 2014, the Company was appointed to be the distributors of 6 brands, namely Wiko, Nutanix, RSA, GP Batteries, CTH, Parallels.



Corporate System and Organizational Culture

The Company provided a number of efficient applications and continuously developed and improved the corporate system, for examples the implementation of SAP ECC6, the electronic work flow of Lotus Notes, Call Center system of Avaya and the e-commerce of Magento. This is able to serve the employees work efficiently and effectively. Also, the Company has built and developed the organizational culture as learning culture that enables sustainable improvement. Regarding to these, the company still maintain the competency in competition and it is able to adapt to face with the dynamic external environment.

Recognition in the Importance of Good Corporate Governance

The Company has recognized in the importance 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. As a result of survey from the Institute of Directors Association, the company has been considered as “Excellent” which is the highest level since 2009 until 2013. This reflects the emphasize of the good corporate governance which enhance the sustainable growth of the company. Moreover, the Company was one of ten listed companies that achieved SET Award as Excellent in good corporate governance reporting.



According to the corporate governance survey of the year 2014 which conducted the survey both in SET and MAI, totally 550 companies and this was the survey that was adjusted and modified the criteria of CGR to comply with the criteria of ASEAN CG Scorecard, the Company was considered as “Very Good” with the range of 80 – 89 from 100 points.

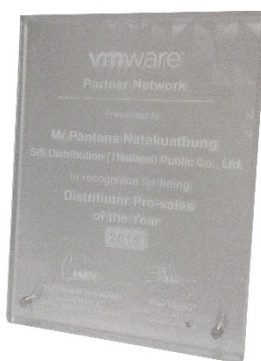
Year	Result of SiS Assessment	Range of Point	Symbol
2010	Excellent	90 -100	
2011	Excellent	90 -100	
2012	Excellent	90 -100	
2013	Excellent	90 -100	
2014	Very Good	80 - 89	

Remark: There were an adjustment and an increasing in criteria of CGR that could not compare the result to the previous years.

Having Qualified Employees

The Company has reputation in having qualified employees which demanded among the competitors and vendors. The Company provides the efficient processes of human resource management since recruitment which comprised of academic testing, the academic score assessment, the interview and the references verification to the process of knowledge improvement, the compensation which comply with the goal, the providing of working facilities, the rotation, the growth opportunity, the fair policy, the encouragement of decision, the information disclosure, the wide internal communication, etc. The accumulation of these enhances the quality and dedication of employees and they are the essential resources that will develop the Company sustainably.

Some of Awards that Our Employees Achieved



Best Visitorship

The award from Com7 which is the large retailer, given to the sale representative of the company due to his hard working.

Market Share

There are 4 companies that operate in the same business as the Company and they are considered as the large companies which directly compete with the Company, namely 1) Synnex Public Company Limited “Synnex” 2) The Value System Company Limited “Value” 3) Ingram Micro (Thailand) Company Limited “Ingram”.

Their total revenue and their market share are presented in the table below.

Year	Synnex	Value	Ingram	SiS	Total	SiS Market Share
2009	13,490	11,886	8,386	13,950	47,712	29.2%
2010	15,662	14,196	8,095	16,584	54,538	30.4%
2011	20,269	16,352	8,926	22,713	68,258	33.3%
2012	20,669	18,826	8,516	22,091	70,103	31.5%
2013	18,816	17,997	8,889	18,345	64,048	28.6%

Milestones of Operation in 2014

Seminars and Events

Through the year 2014, the Company has organized seminars and attended many events as following:



Disaster Recover for products and services of the Company Seminar at SiS's Meeting Hall.



Flash Storage Seminar by EMC at Swissotel



Norton and Sandisk Exhibition in Commart Event Thailand



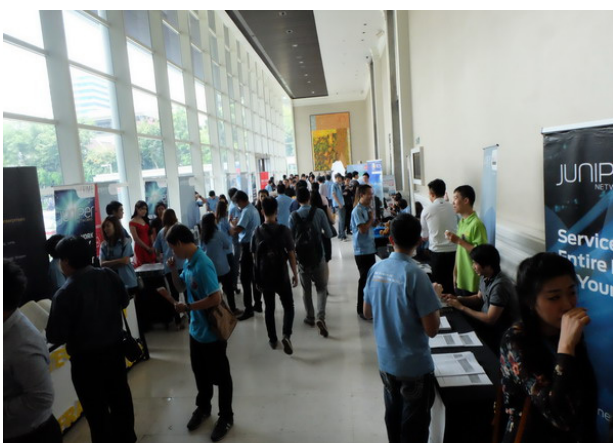
VMware and Trend Micro Seminar at The Grace Amphawa



Nutanix Seminar at Swissotel



Commercial Expo at Grand Center Point



Juniper Networks Semnar at Pullman

Some of Award and Assessments of the year 2014



Award: 2014 Honorable Partner

It is the award given by Com7 which is the customer of the company. This award give to Supplier/Distributor for kind advising and provide information related to industry as well as the trends that enhance the management.



The Arrangement of the Annual General Meeting of Shareholders

The Company was considered in term of the arrangement of the annual general meeting of shareholders assessment which conducted by the Thai Investors Association as 4 TIA level. The range of the score of this level is 90 – 99 from totally 100 points.

Corporate Governance

The Company was considered as “Very Good” in Corporate Governance which was assessed in the range of 80 – 89 points from 100 points from the Corporate Governance Assessment among listed companies in the year 2014, conducted by the Institute of Directors Association.



Best Distributor of the Year 2014 : HP Server

This award is for distributor that has the highest sale of HP Server in Thailand of the year 2014, given by Hewlett Packard (Thailand) Company Limited, one of the main suppliers of the company.



Best Performance & Contribution Partner Award 2014

This is award is for the best performance distributor of the year 2014, given by EMC Corporation which is the World Class Enterprise Storage Manufacturer.



Strek Award

The award given by a customer of the company on its celebration of the year 2014

2014 Excellence Distributor

The award from QNAP, the Network Attached Storage manufacturer, gives to the small world class companies.

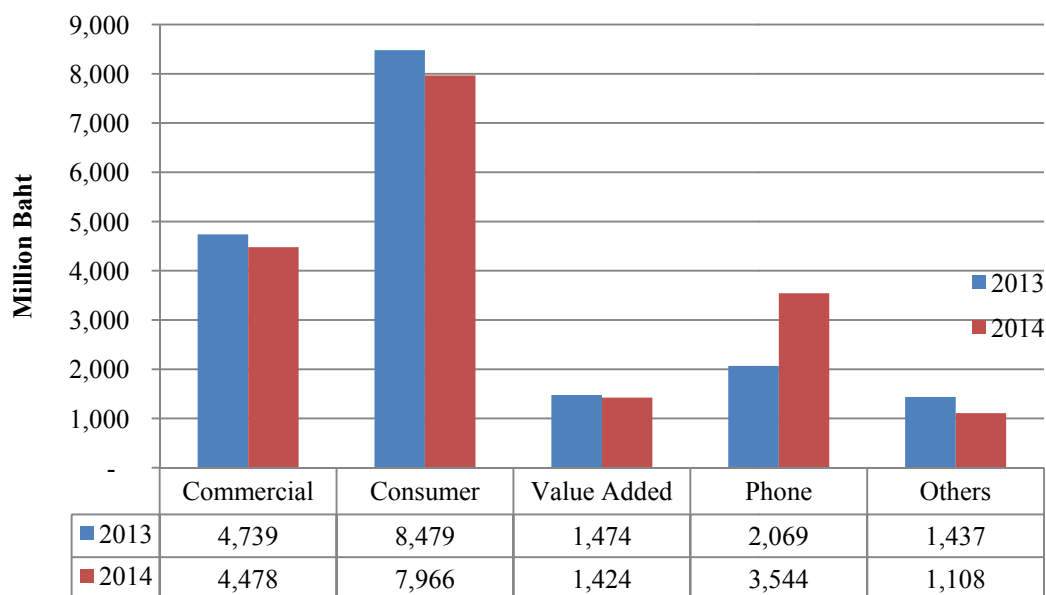


VSPEX – Partner of the Year Award

The award from EMC Corporation which is the World Class Enterprise Storage Manufacturer gives to the Company on the EMC 2014 Global Partner Summit

Revenue Structure

The businesses of the Company are categorized by products into 4 business units. Each of business unit operates in different products. However, the revenue over the past years and the details are as followings:



Commercial

The Commercial business unit distributes in general IT products which used in organizations. The distribution channel of this business unit is corporate reseller and system integrators. The main product categories are as followings:

PC/Server: IBM, Lenovo, HP, Toshiba



Storage: WD NAS, QNAP, Lenovo, HP



Network: HP, Zyxel



Printer/Others: HP, Xerox, OKI, Fujitsu



Value Added

The Value Added business unit distributes the IT products which are required pre-sales and after-sales advices. This kind of products are new innovative and high technology and mostly demanded by large organizations both private and public sectors.

Enterprise Storage: EMC, HP

Data Direct
**HP 3PAR StoreServ
10000 Storage**
Drive agility and efficiency in enterprise IT environments



Backup: EMC, Symantec, Veeam, Double-Take



Network: Juniper, HP



Security: Fortinet, Juniper, Symantec, Trend Micro



FORTINET



Virtualization: VMWare

vmware®



Surveillance: Axis, Bosch, D-Link, QNAP



Consumer

Consumer is the business unit that distributes the IT products which using in small enterprises and households. The main distribution channel is the Retail Dealers. The products of this business unit can be categorized as followings:

Printer: HP, Brother, Xerox

PC/Notebook: Acer, Asus, HP, Lenovo

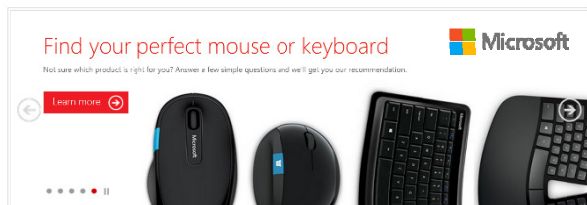
Network: D-Link, Zyxel, Linksys

Monitor: Samsung, LG, Philips

Mouse/Keyboard: Microsoft

Storage: WD

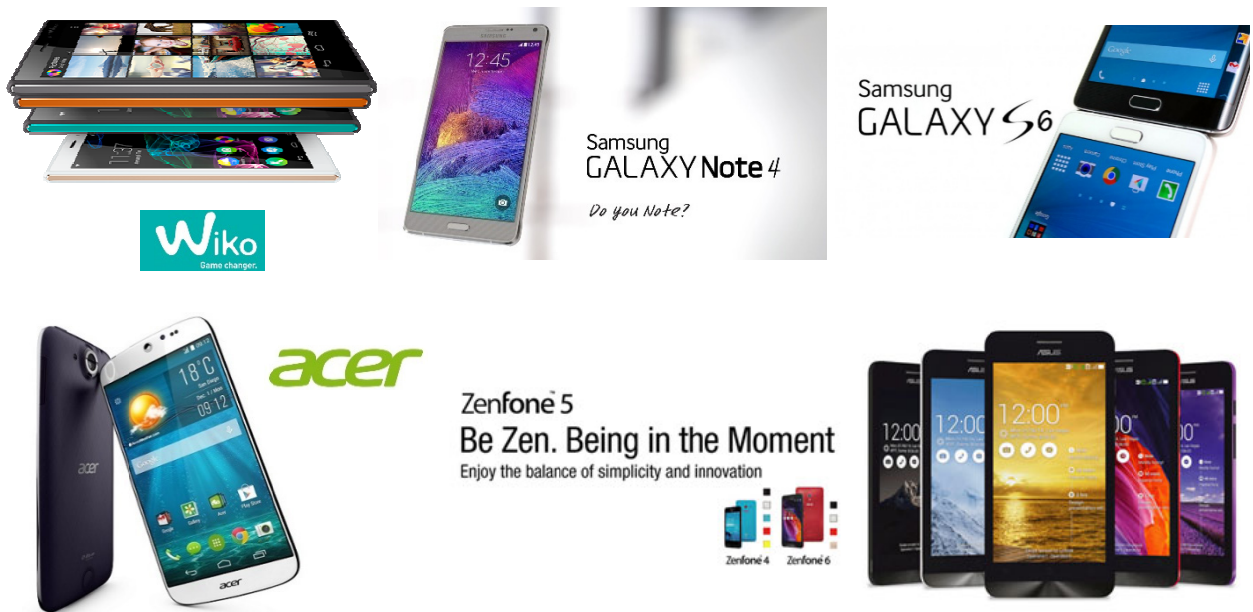
Tablet: Lenovo, Acer, Asus



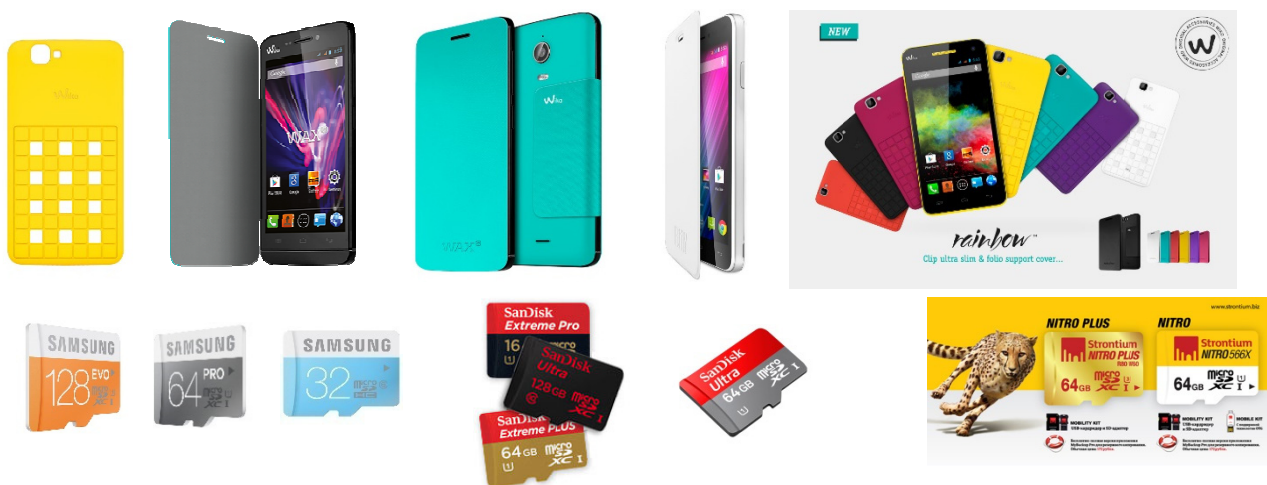
Phone

Phone is the business unit that distributes in Smartphone and Phone Accessories such as memory SanDisk/Samsung to the Phone Retailer. Currently, the Company distributes Samsung, Asus, Acer and Wiko.

Smartphone



Accessories



Management Discussion and Analysis

Performance

The total revenue of the Company in 2014 was 18,593 Million Baht which was nearly to the previous year (increased 1.3%). The sales of 3 main IT business units were decreased; especially the Consumer business unit which was the sale in IT products for households mostly decreased 513 Million Baht (6.1%). This was because there was an increasing in household debt that affects the declining in purchasing power, also the turning of consumers' attention to Smartphone.

The sale of Commercial business unit which was the IT products used in organizations also decreased because of the political crisis as well as the Coup d'état in 2014. This affected the shrink of the investment of its business sector. Also, the change in government impacted the stuck of purchasing in IT of the government.

The Sale of Value Added business unit which mostly was enterprise products, sold to Data Center of the large organizations slightly declined (3.4%). Although, the demand in this kind of product was high due to the new innovation but many projects were postponed because of this political crisis.

The sale of Phone business unit which distributing in Smartphone was only one that increased. It increased sharply 1,475 Million Baht (increased 71.3%) because there was the growth in Smartphone and the Company provided various popular products to sell such as Samsung Galaxy and Asus ZenFone. However, the increasing in the sale of Smartphone was able to recover the decreasing in other IT products then the total revenue of this year was nearly to the previous year.

The sale by Business Unit (Million Baht)

Business Unit	2013	2014	Change
Commercial	4,739	4,478	-5.5%
Consumer	8,479	7,966	-6.1%
Value Added	1,474	1,424	-3.4%
Phone	2,069	3,544	71.3%
Others	1,437	1,108	-22.9%
Total	18,198	18,519	1.8%

Operating Profit

The gross profit of the Company of the year 2014 was 954 Million Baht or 5.2% of sales which was the normal gross profit rate of this industry. The comprehensive profit was 189 Million Baht which slightly decreased from the previous year or 1.01% of the total revenue and the Return on Equity (ROE) was 12.9%

Dividend Payment

The basic earnings per share of the Company was 0.53 Baht and the Board of Directors had the resolution to propose the dividend payment of the year 2014 at 0.20 Baht per share to the Annual General Meeting of Shareholders in 2015.

In case of this dividend payment rate is approved by this Annual General Meeting of Shareholders, then the total dividend payment will be 70 Million Baht, equal to the dividend payout at 37.1% and equal to the dividend yield at 3.67% when compared with the closed price at 5.45 Baht on 24 February 2015 which was the day before notification the dividend payment resolution to the Stock Exchange of Thailand or equal to 4.02% when compared with the closed price at 4.98 Baht on 30 December 2014.

Financial Position

Assets

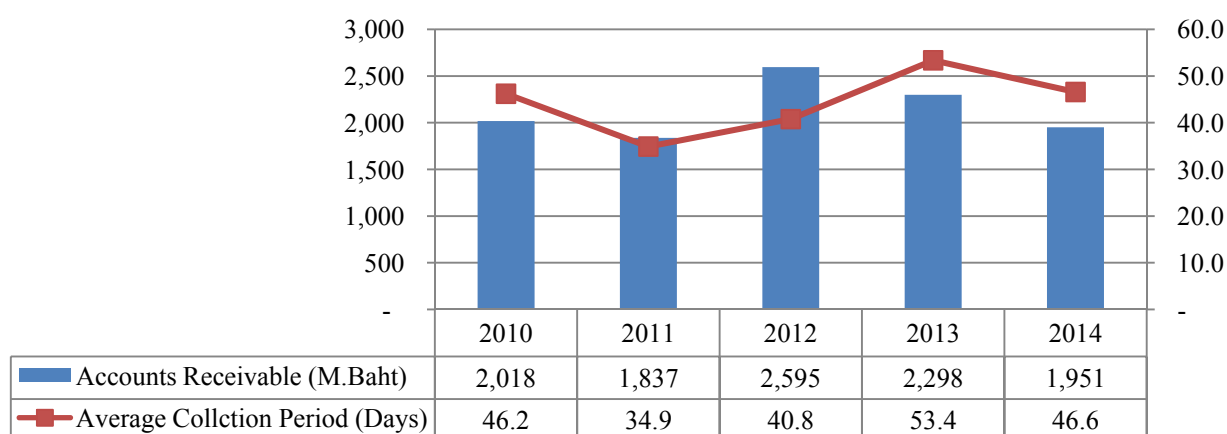
The significant assets of the Company was 2 items, they were account receivables and inventories. These 2 items was precisely 78% of the total assets. The details are as followings:

Account Receivables

As at 31 December 2014, the net account receivables of the Company was 1,951 Million Baht which was decreased 15% from the previous year. The average collection period was 46.6 days. This was decreasing both in the balance of account receivables and the average collection period. The average collection period and it was considered as the normal circumstance of this industry.

Generally, the Company defined the term of collection as 30 days, however, practically, most of customers would pay weekly or twice a months. This affected the extension of the term of collection that would be over 30 days. Furthermore, the projects that were clearly defined the term of collection, the Customers often request to pay upon the period of those contracts.

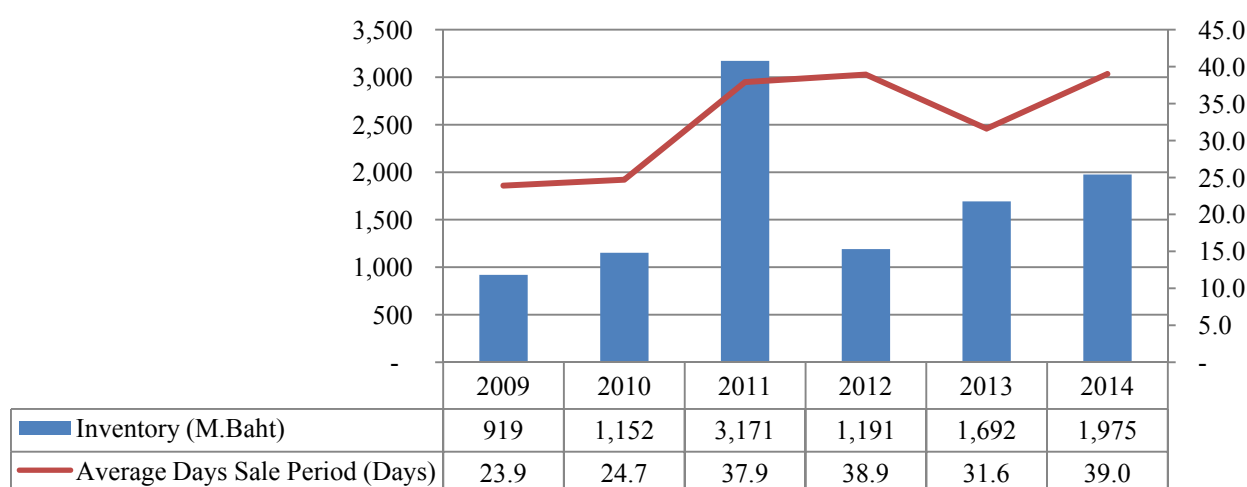
Over the past years, the account receivables and the average collection period are illustrated as the diagram below.



Inventories

As at 31 December 2014, the inventories of the Company was 1,975 Million Baht which increased 283 Million Baht or 17%, compared with the previous year and the Average Sale Period was 39 days. This volume of inventories was higher than normality because it included the products of some projects that still remained in the stock. Nevertheless, it is expected to solve this circumstance and the volume of inventories will be able to reduce to the normal level which is not over 30 days within the middle of the year 2015.

Over the past years, the volume of inventories is illustrated as the diagram below.



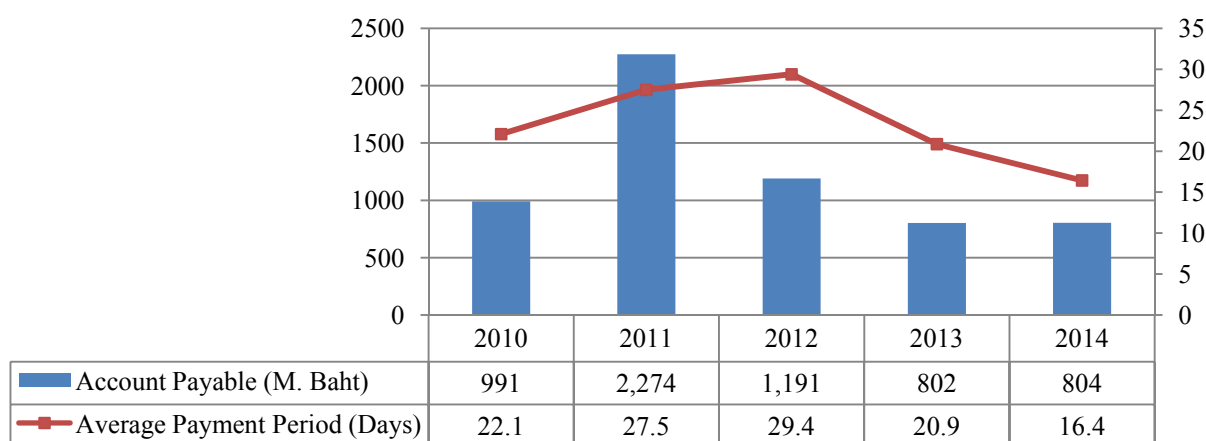
Liabilities

The main liabilities of the Company are comprised of Account Payables and Loan from Financial Institutions. These 2 items was 91% of the total liabilities. The details are followings.

Account Payable

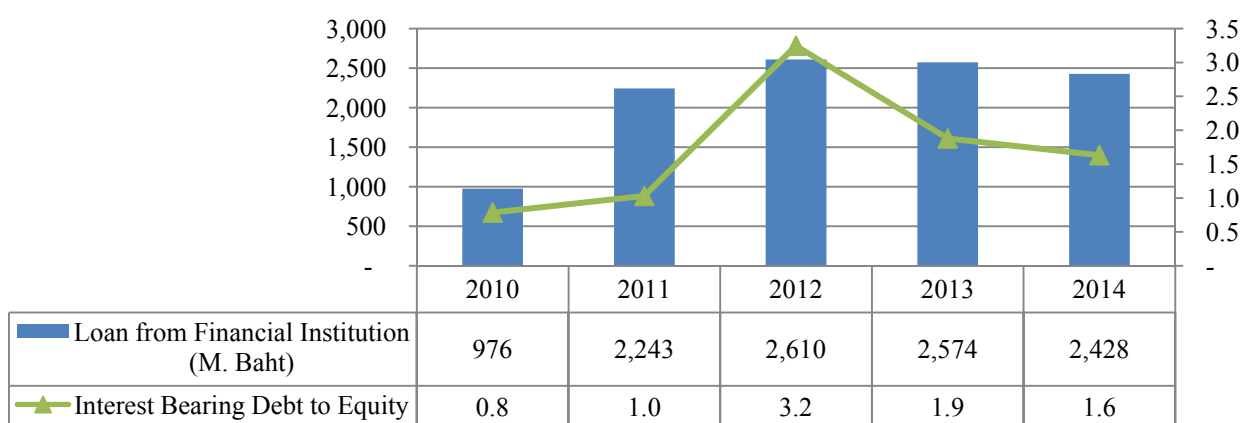
The balance of the account payables as at 31 December 2014 was 804 Million Baht and the Average payment period was 16.4 days. The normal term of payment was between 30 – 45 days. Many payables offered the trade discounts in case of early payment, however if the Company considered that it was worth and there was the remaining unutilized bank facilities then the Company would make payments earlier than the term of payment. This made the Average Payment Period lower than 30 days. Also, the Company set the policy to pay within the term that agreed with the payables and this is one of the good corporate governance policy in category of role of stakeholders.

Over the past years, the balance of Account payables is illustrated as the diagram below.



Loan from financial Institution

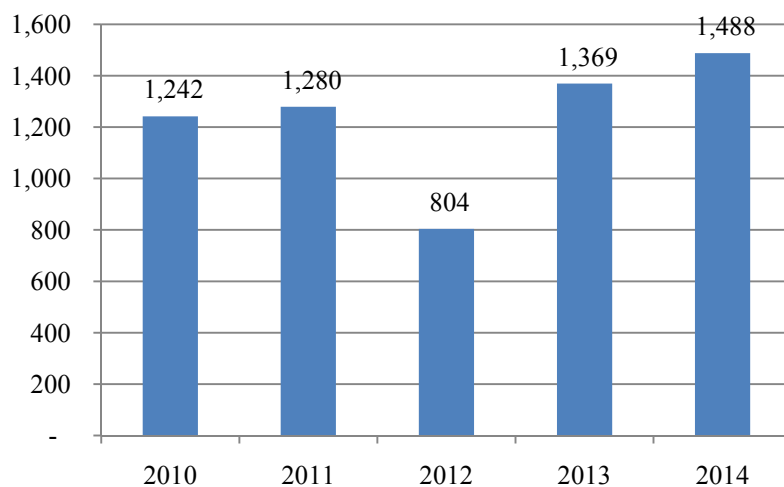
The Loan from Financial Institution of the Company as at 31 December 2014 was 2,428 Million Baht and the Interest Bearing Debt to Equity was 1.6 which decreased from the previous year.



Shareholders' Equity

Shareholders' Equity of the year 2014 was 1,488 Million Baht which increased 119 Million Baht from the previous year, gaining from the profit of operational performance.

Shareholders' Equity (M. Baht)



Cash Flows

Operating Cash Flow

The cash cycle of the Company in the year 2014 was 69.2 days and there was an increasing in operating cash flow 366 Million Baht. The main items that affected the increasing in operating cash flow in the year 2014 was

- The profit after non-cash adjusted transactions 432 Million Baht
- The decreasing in account receivables 346 Million Baht

The main items that affected the decreasing in cash flow in the year 2014 was

- The increasing in inventories 358 Million Baht

Report from the Risk Management Committee

Dear valued Shareholders,

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

1. Mr.Lim Hwee Hai (Non Executive Director as the Chairman)
2. Rojanasak Chomvilailuk, PhD. (Independent Director as the Committee, has resigned in May 2014)
3. Mr.Sombati Pungsrinont (Executive Director as the Committee and the President of Risk Management Team).

The Risk management Committee now consists of non executive directors and management team. None of the member is member of Audit Committee. This helps the Company to achieve even better corporate governance as Risk Management Committee would evaluate company risk independently without the control from Audit Committee.

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

The Risk Management Committee has performed its duties under the Charter scopes of risk management responsibilities approved by the Board of Directors. In 2014, the Risk Management Committee held 2 meetings and provided the meeting for Risk Management Team 4 times to consider in the important issues as below:

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

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

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



(Mr. Lim Hwee Hai)

Chairman of the Risk Management Committee

3 March 2015



Risk Factors

The major risks that might affect the performance of the Company as well as the decision of investors are as followings:

1) **Risk from Reliance on Few Vendors**

In 2009, the Company had the sales from the biggest vendor at 41% of total sale which was the high risk of relying on a few vendors. Then, the Company has additionally trusted from other brands to appoint to be their distributor that resulted to reduce the sales of main vendors from the biggest vendors to 27% in 2014. Although, risk from reliance on the biggest vendors reduced and over 70 vendors appointed the Company to be their distributors but 50% of total sale were from only 3 vendors. However, the Company still continues to monitor and focus on this factor to mitigate risk as followings:

	2009	2010	2011	2012	2013	2014
Sales from the biggest vendors to Total Sales	41%	31%	26%	18%	21%	27%

- **Maintain a Good Relationship with Vendors**

The Company has several investments to improve the efficiencies to be a good partner with vendors as well as the Company is also a major customer of those vendors. This relationship is two ways 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 2014, the Company was additionally appointed to be the distributor such as Smartphone Wiko, Server/Storage Nutanix, RSA Security, etc. and continues to increase more in the following year of 2014.

- **Continuously Improvement**

The Company has continuously improved to be the key corporate in the IT industry. For examples:

- **Market Coverage**

In 2014, the Company had dealer networks that consist of over 4,400 dealers in the IT sector; all of them have opened accounts and purchased products from the company. The Company could support vendors to distribute their products to over 4,400 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.

- **Small Dealers Management**

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 the core products are computers and peripherals which their 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 – 45 days by type of products. In case of products that have sale records, inventory level will be reduced to 15 days but for new coming products and unknown their demands, inventory level will be kept more than 15 days but not over 45 days in order to timely resolve when the market changes. Inventory level for the years are shown in the table below:

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Inventory (M. Baht)	488	566	789	919	1,152	3,171	1,191	1,692	1,975
Average Day Sales (Days)	25.9	20.5	22.5	23.9	24.7	37.9	38.9	31.6	39.0

- **Delegate to Specialize Product Manager**

The Company delegates Product Managers to manage its product in term 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 defined the inventory management as the key performance indicator in evaluating Product Managers.

- **Inventory Reserve for obsolete stock**

The Company sets an allowance for obsolete and defective stock by reviewing the aging of inventory monthly with sufficiency. When there are inventories on hand, reserve is provided by reviewing the aging of inventories. The profit presented in financial statements is always deducted from inventory burden.

- **Data System**

The Company has invested in warehouse management system as SAP ECC6 that can provide accuracy, timely on the inventory information. Various reports are also provided in order to manage inventory effectively such as inventory aging report by items, inventory turnover by items, etc. Besides the system can alert for long outstanding inventory in database and each product manager has to record the action plan to solve problems. Totally, users and related staffs always realize the accurate data.

- **Inventory Management**

Management always focuses on the inventory management. Top executives has conducted the weekly meeting with product manager in order to review inventory balance and inventory aging to consider the trend and set up the procedures to solve issues rapidly. This is able to reduce the damage of inventory. Besides, these strategies could be built as one of the Company's cultures in term of the inventory prioritization.

3) Risk from Foreign Currency

The Company imports some of products in USD currency while those products will be distributed in the country in Thai 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 should be purchased.

4) Risk from Competition and Low Gross Margin

It Distribution is considered as competitive and its margin is low, however this industry is large and high growth. In this industry, price may be used as a primary strategy in the competition. In this case, the Company may have to reduce prices to compete which may affect the performance of the Company. The Company is trying to mitigate this risk by increasing the product range that in turn diversifies the sales of company. In case of the occurring of the problem, the impact would be confined to only some of areas. Moreover, the Company tries to focus on the development and promotion of products for which the market are not particularly large but which offer high profits as well as low competition to help sustain profits overall. At the same time, the Company has distributed the products to many dealers over 4,400 dealers so that is diversification and

consistency. Due to the large funds required for operating in IT distributor, there are few opportunities for the newcomers enter the industry.

Since 2012, the Company has reorganized our business structure in form of Business Units in order to manage different products effectively. Apart from the Business Units that focusing on volume of sales, the Company has set up Value Added Business Units in order to manage high margin products by increasing more services to reduce risk from price competition.

5) Risk from Account Receivables

The Company has mostly the credited sales. The majority of our dealers could not provide collateral covering all their debts. Also, many dealers are small companies which have not much funds. In case of the customers have the problem on their performances and they are not able to pay upon the schedule, this may effects the liquidity, working capital and the performance of the Company. However, the Company thoroughly reviews credit status before approve those credits to the dealers. Furthermore, the credit control department is independent from sales to ensure that the credits are considered independently. In order to reduce this risk, the Company sets up the policy to purchase the trade insurance covering some parts of debts. Also, the allowance of doubtful accounts is set in order to reflect the accuracy of financial statements.

6) Risk from Working Capital

From the structure of IT distribution cash cycle is in the range of 45 - 60 days. Working capital is always required more if the revenue of the Company increase more than 15% , this is considered as risk and burden to provide more working capital. As at 31 December 2014, the short term loan from financial institutions of the Company was 2,428 Million Baht. In case of the loans are calling back simultaneously, the company may face with the financial problem. Nevertheless, the being of listed company, the Company has options to increase more working capital. Furthermore, the Company has diversified in lending from several financial institutions in order to reduce risk of reliance on any major financial institutions.

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 list of top 10 major shareholders as at 31 December 2014 as following:

Number	Name of Shareholders	Shareholding	% of Shares
1	SIS TECHNOLOGIES (THAILAND) PTE. LTD.	165,616,595	47.3%
2	Total shares of Sittichaisrichart's Family which comprises of	51,353,701	14.7%
	- 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	
3	Total shares of Pungsrinont's Family which comprises of	34,373,624	9.8%
	- 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	11,258,200	3.2%
5	Thai NVDR Company Limited	7,014,355	2.0%
6	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG	5,206,410	1.5%
7	Synnex Public Company Limited	3,971,370	1.1%
8	Mr. Viroj Kosoltanawong	2,540,000	0.7%
9	Ms. Patinya Supha-amornkul	2,332,275	0.7%
10	Mr. Rungkiat Ratanabancheun	2,275,500	0.6%
Total Shares of Top 10 Major Shareholders		285,942,030	81.7%
Total Shares		350,198,655	

Remark:

SiS Technologies (Thailand) Pte.Ltd. is an Investment Holding Company by Mr. Lim Hwee Hai, Mr. Lim Kia Hong and Mr. Lim Kiah Meng. 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; Mr. Somchai Sirivichayakul (Independent Director) as the Chairman of the Remuneration and Nomination Committee, Rojanasak Chomvilailuk, PhD. (Independent Director), Mr. Lim Hwee Hai (Non-executive Director) and Mr. Somchai Sittichaisrichart (Managing Director) as the Remuneration and Nomination Committee. This year is the 3rd year of duties.

The Remuneration and Nomination Committee has duties as assigned in the Charter and with careful consideration in remuneration and nomination of the Board of Directors and sub-committees, provides reasonable advices to the Board of Directors. In year 2014, there are 2 annual meetings which the Remuneration and Nomination Committee had attended to consider following aspects:

1. To consider and evaluate the performance of the Company, and results of its operations by comparing goal and business plan of the year 2014 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 2015. The Remuneration and Nomination Committee has agreed to use the same compensation scheme as 2014 in terms of retaining fee and attendance fee but has adjusted the policy to provide the director incentives by accommodating the Company-profit performance of that year to meet obligations and requirements that are set by regulatory agencies and in line with responsibilities to shareholders and stakeholders. Detail of the actual remuneration for the directors and senior management in year 2014 is set out in Annual Report of the year 2014 individually. For remuneration policy of Board of Directors and Committees in 2015, the relevant schemes would be detailed in the Notice of Annual General Meeting of Shareholders.
2. To consider the succession plan which has been operated continuously since 2010, the Remuneration and Nomination Committee has prepared a list of internal candidates to be a successor for the position of Executive Director with analysis of candidate's potential, capabilities, strengths and weaknesses. From this candidate list, the Company will prepare necessary knowledge and skills development programs for each candidate to ensure the Company's competitiveness and continuous sustainability in the market. In 2015, the Remuneration and Nomination Committee will proceed with the succession plan by specifying the particular qualifications of successor for which they can be a guide for developing and selecting internal candidates and recruiting external candidates as which alternative is appropriate.
3. In the year 2015, there will be Directors that are retired by rotation. The Remuneration and Nomination Committee had offered the opportunity for shareholders to nominate candidates to the Board of Directors which would 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 this will be proposed to the Annual General Meeting of Shareholders in 2015. However, there is no candidate nominated by shareholders. The Remuneration and Nomination Committee, then decide to recommend Directors who retire by rotation being re-elected to the position for another term, as they are eligible and not prohibit 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 has considered thoroughly for one more independent director to scrutinize the work of the sub committees and lesser the burden of the Board of Directors and not yet finalized since some directors have an opinion that there is

no urgent need for appointing one more independent director now because of economic slowdown which it is difficult to predict the upcoming 2015 operating results. The Remuneration and Nomination Committee will re-consider this issue in the next time.

5. In year 2014, the Company had prepared the Actuarial Valuation Report Post-Employment Benefit in accordance with Thai Accounting Standard 19 (TAS19) for the year ending 31 December 2014 which has to be reviewed every 3 years and already audited by the independent auditor and included in the financial statements.
6. The Remuneration and Nomination Committee has reviewed the compensations of 7 executives in the second line next to the Executive Directors and has the opinion that the remuneration of those executives in second line be in line with the same level of the industry.

The Remuneration and Nomination Committee recognizes the importance of maximizing shareholder value, including those related parties. The committee ensures performing 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
3 March 2015



Remuneration of Directors and Executives

Remuneration of Directors

The Company has clearly and transparently defined the remuneration policy of directors and executives. The increasing of the remuneration is depended on the increasing of duties and responsibilities. Additionally, the remuneration of the company is comparable within the industry and it is appropriate with the qualified directors. The remuneration is classified as followings:

Monthly Retaining Fee of the Board of Directors

The Chairman of the Board of Directors shall receive a monthly allowance of 30,000 Baht. Directors (except Managing Director and Executive Director because both of them shall receive salary from the company) shall receive a monthly allowance of 15,000 Baht.

Monthly Retaining Fee of the Audit Committee

The Chairman of the Audit Committee shall receive a monthly allowance of 32,500 Baht. Audit Committee shall receive a monthly allowance of 25,000 Baht.

Attendance Fee of the Board of directors

Directors attending the Board of Directors held every quarter shall receive an attendance fee of 22,000 Baht. The Chairman of the Board shall receive an additional allowance of 11,000 Baht, totally 33,000 Baht.

Attendance Fee of the Audit Committee

Audit Committee attending the audit committee meetings held every month shall receive an attendance fee of 9,900 Baht. However, the Chairman of the Audit Committee shall receive an attendance fee of 13,500 Baht and this will be paid not over 12 times.

Attendance Fee of the Remuneration and Nomination Committee

Remuneration and Nomination Committee attending the remuneration and nomination committee meetings held 2 times a year shall receive an attendance fee of 22,000 Baht. The Chairman of the Remuneration and Nomination Committee shall receive an additional allowance of 11,000 Baht.

Attendance Fee of the Risk Management Committee

Risk Management Committee attending the risk management committee meetings held 2 times a year shall receive an attendance fee of 22,000 Baht. The Chairman of the Risk management Committee shall receive an additional allowance of 11,000 Baht.

Special Bonus

The special bonus will be paid to non-executive directors once a year in accordance with their performance. This will be considered by the Remuneration and Nomination Committee as stated in the criteria.

In 2014, the shareholders approved the total budget which is not over 6 Million Baht as the remuneration to directors. The actual payment was 5,174,500 Baht. Also, there will be the propose of remuneration of the year 2015 which is not over 7 Million Baht to the Annual General Meeting of the Shareholders in 2015 in order to approve this budget. Nevertheless, the remuneration of each director in 2014 is presented in the following table:

Name	Suwit Chindasanguan	Somchai Sirivichayakul	Rojanasak Chomvialiluk	Lim Hwee Hai	Lim Kia Hong	Lim Kiah 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 the Remuneration and Nomination Committee Corporate Governance Committee 	<ul style="list-style-type: none"> Independent Director Chairman of Audit Committee Remuneration and Nomination Committee Corporate Governance Committee 	<ul style="list-style-type: none"> Director Remuneration and Nomination Committee Chairman of Risk Management 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 of the Board	350,000	175,000	175,000	175,000	175,000	175,000	-	-
Monthly Retaining Fee of the Audit Committee	300,000	300,000	390,000	-	-	-	-	-
Attendance Fee of the Board	198,000	132,000	132,000	132,000	110,000	110,000	110,000	132,000
Attendance Fee of the Audit Committee	106,500	106,500	158,500	-	-	-	-	-
Attendance Fee of the Remuneration and Nomination Committee	-	66,000	44,000	44,000	-	-	44,000	-
Attendance Fee of the Risk Management Committee	-	-	22,000	66,000	-	-	-	44,000
Attendance Fee of the Corporate Governance Committee	66,000	44,000	44,000	44,000	-	-	44,000	-
Special Bonus	420,000	270,000	270,000	-	-	-	-	-
Total	1,440,500	1,093,500	1,235,500	461,000	285,000	285,000	198,000	176,000

Remuneration of Managing Director and Executive Director

The remuneration committee has defined the remuneration of Managing Director and Executive Director based on the assessment in each year. This assessment is classified as 3 categories as the Compliance with the specific strategies (12%), Operation & Corporate Governance (18%) compared with the business target, and Financial and Operation's Results (70%). This is comparable within the industry.

For the remuneration of Executives, it is determined by the Managing Director and it will be reported the total remuneration to the Remuneration and Nomination Committee as well as it is disclosed in the annual report, in the Remuneration of Executives Section.

Management Remuneration

The Remuneration of 9 Executives of the year 2014 was paid in form of salary, quarterly bonus and yearly bonus, totally 45,054,689 Baht. The list of Executives as below:

- | | |
|------------------------------------|---|
| 1) Mr. Somchai Sittichaisrichart | Managing Director |
| 2) Mr. Sombati Pungsrinont | Executive Director |
| 3) Ms. Suwathip Pornsuwannapha | Financial Controller |
| 4) Ms. Wareeporn Sittichaisrichart | Operation Manager |
| 5) Mr. Thanawat Pringwanich | General manager, Commercial Business Unit |
| 6) Mr. Panit Srikerkkrit | General Manager, Movie & Music Business Unit |
| 7) Mr. Thana Thanapase | General Manager, Consumer Business Unit |
| 8) Mr. Kaival Boonsaith | General Manager, Value Added Commercial Business Unit |
| 9) Mr. Phrot Srisumran | General Manager, Consumer Electronic Business Unit |

Management Provident Fund

The contribution of the Provident fund of 9 Executives in the year of 2014 was 1,853,900 Baht. However, Executives have to have working period more than 2 years then they can receive some of this contribution. Also, they will receive in fully amount of the contribution after they have working period more than 5 years as following:

Working Period	Rate of Refund in Contribution
Less than 2 years	Refund only the employee contributions and benefits from the fund
2 – 3 Years	Refund the employee contributions and 20% of company contributions together with benefits from the fund
3 – 4 Years	Refund the employee contributions and 40% of company contributions together with benefits from the fund
4 – 5 Years	Refund the employee contributions and 70% of company contributions together with benefits from the fund
More than 5 Years	Refund the employee contributions and 100% of company contributions together with benefits from the fund

Employees

The Company employs precisely 560 employees, they are classified as the company's employees of 402 people and the remaining is outsourcing employees of 158 people. This can illustrate as the figure in the table below.

	SiS	Outsource	Total
Sales (no. of employees)	170	118	288
Products/Marketing (no. of employees)	92	0	92
Finance/Credit (no. of employees)	28	0	28
Warehouse (no. of employees)	27	31	58
Technical Support (no. of employees)	30	0	30
Service (no. of employees)	28	0	28
Others (no. of employees)	27	9	36
Total (no. of employees)	402	158	560
Employee Benefits (Million Baht)	236	26	262

Remarks: Employee Benefits comprises of 1) salary 2) Quarterly Bonus 3) Incentive (only for sales and product marketing) 4) Yearly Bonus.

Provident Fund of Employee

The contribution of the Provident fund of 402 employees in the year of 2014 was 8,037,363 Baht. However, employees have to have working period more than 2 years then they can receive some of this contribution. Also, they will receive in fully amount of the contribution after they have working period more than 5 years as following:

Working Period	Rate of Refund in Contribution
Less than 2 years	Refund only the employee contributions and benefits from the fund
2 – 3 Years	Refund the employee contributions and 20% of company contributions together with benefits from the fund
3 – 4 Years	Refund the employee contributions and 40% of company contributions together with benefits from the fund
4 – 5 Years	Refund the employee contributions and 70% of company contributions together with benefits from the fund
More than 5 Years	Refund the employee contributions and 100% of company contributions together with benefits from the fund

Human Resource Development

The Company has defined the policy to promote the knowledge development of employees that allows all employees to develop their knowledge; potential and ability comply with their career paths through a self-learning system, trainings and seminars.

In 2014, there were 3 trainers who specifically respond for the sale trainings and 5 senior products managers who respond for the product marketing training. Additionally, the Company has hired an external trainer for project sales training as well as major customers' sales training.

Moreover, the Company provided the space to display the certificates from the employees who have trained and passed the exams in order to be recognition and encourage employees to continuously development.

For the sale representatives, the Company encouraged the employees to access the e-learning and test the exam from vendors' website by determined this as one of KPI and reward additionally for the employees who pass the exam.

The Company has a meeting hall which supports over 300 people and lots of small and medium meeting rooms with the facilities that enhance the efficiency of meetings. In addition, the company provides an orientation and a "mentor" system for new employees and also a full-time trainer, that focusing only training. The training budget is defined every year. There are both internal training which directly related to the job and other training from invited trainers.



In 2014, the average hour of training was 15.4 hours a year per person.

Report from Corporate Governance Committee

Dear valued Shareholders

The Corporate Governance Committee is comprised of Mr. Suwit Chindasanguan who is the Chairman of Corporate Governance Committee, Mr. Lim Hwee Hai, Mr. Somchai Sirivichayakul, Rojanasak Chomvilailuk, PhD. and Mr. Somchai Sittichaisrichart as the committee. The duties and responsibility of the Corporate Governance Committee are determining the good corporate governance policy and reviewing as well as evaluating the policy, ethics, including code of conducts, laws and regulations compliances in order to provide the best practices of corporate governance to the Company.

In the year 2014, the Corporate Governance Committee arranged 2 meetings and these meetings were attended completely by all members. The purpose of these meetings was to review and implement the codes of conduct which was determined the responsibilities for stakeholders such as the Company, shareholders, employees, customers, partners, competitors, creditor, financial institutions, consumers as well as regulations bodies and the responsibilities for society, environment, education, also defining the policy of good corporate governance.

Moreover, the Corporate Governance Committee considered the practice of the CG in substance in order to provide sustain and reliable performance. For the Anti Corruption, the Company has applied and has been the member of the Corrective Action Coalition for Anti Corruption in 2014.

According to the Corporate Governance assessment of listed companies of the year 2014 which conducted by the Thai Institute of Directors (IOD) together the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC), the Company is considered as Very Good in Corporate Governance together with 108 listed companies from 550 listed companies. This is indicated the intention of the Company in operating the business, complying with the good corporate governance. Nevertheless, the Company will continue improve and develop the best practices in order to grow continuously and sustainably.



(Signature)

(Mr. Suwit Chindasanguan)
Chairman of the Corporate Governance Committee
3 March 2015



Corporate Governance Report

The Company is committed to operating our business with high ethical and environmental standards, fulfilling our corporate social responsibility, maintaining good 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 the Principles of good corporate governance for Listed Companies 2012 provided by Stock Exchange of Thailand (SET) and to report the items with its reason that has not yet complied as follows:

Rights of Shareholders

The Company recognizes the rights of the shareholders that shareholders own the company, controlling it by appointing the board of directors to act as their representatives. Shareholders are eligible to make decisions on any significant corporate changes. Basic shareholder rights include the right to buy, sell, or transfer shares, share in the profit of the company, obtain relevant and adequate information on the company in a timely manner and on a regular basis, participate and vote in shareholder meetings to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affects the company, such as dividend payment, amendments to the Company's articles of association or bylaws, capital increases or decreases, or the approval of extraordinary transactions. Shareholders should be fully informed of the criteria and procedures governing shareholder meetings. Sufficient information regarding the issues to be decided in each agenda item should be provided in advance of the meeting. Shareholders should be able to query directors both in the meeting and by sending their questions in advance. Shareholders should also be allowed to propose agenda items and vote by proxy. The Company respects 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 promote all shareholders, particularly institutional shareholders to attend the meeting by sending invitation letter in advance and choose convenient location for the Annual General Meeting.
- 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.
- To establish for directors and management 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 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 provide the opportunity for Shareholders to submit questions relating the agenda for AGM prior to the Annual General Meeting of Shareholders via company's web site named www.sisthai.com under section "Submission of Questions prior to the Annual General Meeting of Shareholders" and to allow the shareholders to access the guidelines of Submission of Questions items also.
- 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.1/2014 dated April 18th 2014, the Directors completely answer all inquiries of shareholders.

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.

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	98.5

For the Operating Results period January 1, 2014 to December 31, 2014, The Company will be held the 2015 Annual General Meeting of Shareholders on April 24, 2015. The Board of the Directors, Subcommittee Members, some of the Management will attend 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 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 the opportunity for the shareholders to submit questions relating the agenda for AGM prior to the Annual General Meeting of Shareholders via company's web site named www.sisthai.com under section "Submission of Questions prior to the Annual General Meeting of Shareholders" and to allow the shareholders to access the guidelines of Submission of Questions 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 completely recorded.

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:

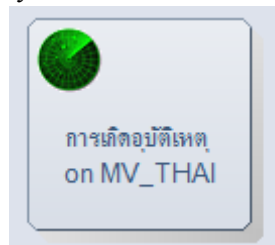
A. Employee Safety, healthy and work environment

I. Safety at Work

The Company provides safety system in term of safe workplace for employees and selection high quality equipment to work together with purchasing safety equipment to increase safety during operations.

The Company provides the database named "Accident"

in Lotus Notes/Domino to keep record all accidents that occurred in order to track problem and find out a solution to solve and prevent it from happening again systematically. In 2014, accidents occurred 6 times which its details were recorded by video camera at any time, no injuries and property damaged under the insurance protection.

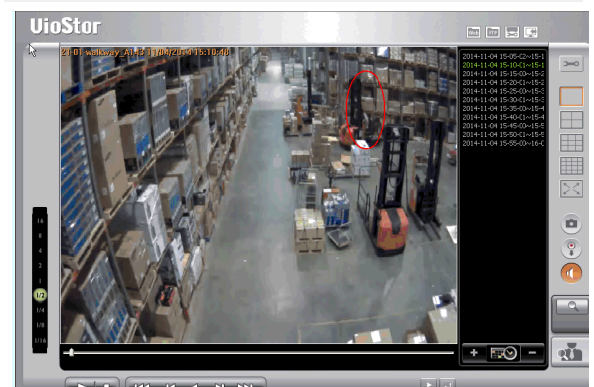


แบบฟอร์มรายงานการเกิดอุบัติเหตุ

สถานที่เกิดอุบัติเหตุ *	ภายในโกดัง - การจัดส่ง
วันที่เกิดอุบัติเหตุ *	31-01-2014
เกิดเหตุโดย *	Jiradot Tawong
ผู้บาดเจ็บ *	0
ค่ารักษาพยาบาล *	0 บาท
หยุดงานนาน *	0 วัน
ทรัพย์สินที่เสียหาย *	PHL-SPA7355/67 2.1 speaker 50W RMS Speaker driver: 2.75 จำนวน 4 เครื่อง
เบี่ยงประเด็น *	ได้ - ไม่ได้
มูลค่าความเสียหาย *	5248 บาท
มูลค่าการัน *	5248 บาท
Attach File	รายงานแจ้งพยาน_จราจร.doc DSCN6711.jpg DSCN6710.jpg DSCN6709.jpg DSCN6708.jpg

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, provides 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

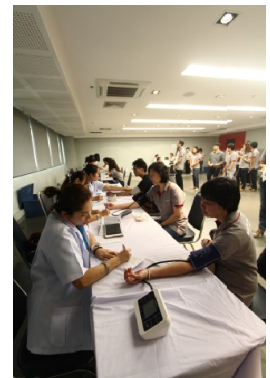
The Company has set yearly bonus to all employees in each year according to the performance of the Company and the performance of each employee.

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.



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:

Date	Total Value of Fund
31 December 2013	80.7 Million Baht
31 December 2014	95.0 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:

Working Period	Rate of Refund in Contribution
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

The Company provides personal accident insurance to all employees. In 2014, the company had total insured over 214 Million Baht.

D. Employee training and development programs

The Company realized the importance 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 believes. The Company believes that all of our selected suppliers have a high chance to succeed in Thailand market. This is because the Company 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. The Company works with suppliers to introduce new products on consumers in home and corporate segments. In term of payment facility, the Company has arranged electronic payment method to reduce operation work and decrease cost. The Company truly commits to the goal of mutual benefit, to respect and non-infringement of intellectual property and copyright of supplier, non disclosure and strictly performs to any agreements or legal requirements.

5. Creditors (Financial Institution)

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, the Company will cooperate with suppliers and competitors expanding the market in IT industry with quality growth.

7. Community and Environment

A. Anti-Corruption Policy

In 2014, the Company has announced its intention to join Thailand's Private Sector Collective Action Coalition Against Corruption which was initiated by the Thai Institute of Directors Association, the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce, the Listed Companies Association, Thai Banker's Association, Federation of the Thai Capital Market Organizations and Federation of Thai Industries and Tourism Council of Thailand. Since the corruption in all its forms are many obstacles to country development, the Company also sets anti-corruption policy as a guideline for business operations and sustainable development. The Company prohibits directors, managements and employees to perform or accept the corruption in all its forms and regularly compliance reviews. The Risk Management Committee is responsible for monitoring and investigation. Detecting fraud and corruption is one part of routine Internal Audit job. Moreover, the Company has a whistleblower system from anonymous and keeps all disclosed confidential information strictly.



Signatory Companies of Thailand's Private Sector Collective Action Coalition Against Corruption's

Declaration of Intent	
No.	Company
388	Sriracha Construction Public Company Limited
389	Filter Vision Public Company Limited
390	Thai Rung Union Car Public Company Limited
391	Amata Corporation Public Company Limited
392	KTH Advisory Company Limited
393	Asia Wealth Securities Company Limited
394	Aira Securities Public Company Limited
395	SIS Distribution (Thailand) Public Company Limited

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 by focusing on education and the environment. Specific budget is assigned each year to support CSR activities – more information is available in “Corporate Social Responsibility”.

C. Respect of human rights and fair labor standards

The Company encourages and respects human rights and strongly refrains 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 followings:

i. Environment friendly products

The Company is persistent on sourcing products that are environmental friendly.

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 Saving

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 followings:

Electronic Workflow

The Company has developed electronic workflow to replace various paper forms and to approve 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

The Company has installed scanner machine that able to scan document then send to receiver immediately. By this solution, receiver no need to print document on paper that more environment friendly.

Video Conference

To save energy and reduce travelling costs, the Company uses 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. Following to the principles of good corporate governance, in 2014, the Company has reviewed mission and increased vision as one part of vision as following:

Existing	New
<ul style="list-style-type: none"> 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 is skillful and able to give good advice to clients. Our business success means to suppliers, our clients and our staff. 	<ul style="list-style-type: none"> To continuously develop and advance in order to ensure our position as Thailand's premier IT Company with an unsurpassed range of quality products. To continuously train our employees to become thought-leaders in the field of technology, promoting and advising technology usage so that Thai people, Thai businesses and Thai society may become more productive and efficient. To prosper together with our customers, suppliers, employees and society at large. <p>Vision To become Thailand's greatest IT company, with sustainable and continuous growth, transparent and socially responsible business operations, and superior shareholder value.</p>

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 on 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 following:

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 Board of Directors has a policy to encourage all directors for continuing knowledge development. 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 2014, there are several courses that directors attended as followings.

Name	Topic
Mr. Suwit Chindasanguan—Chairman of the Board	Director Certification Program Update
Mr.Somchai Sittichaisrichart – Managing Director	DCPU 1/2014 How to Measure the Success of Corporate Strategy HMS 4/2014
Mr.Somchai Sittichaisrichart – Managing Director	Chartered Director Class (CDC) Nov-2014

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 2014, the Company has no 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 followings:

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 recognizes the importance of good corporate governance and believes that good governance will benefit the Company in the long term and build trust with shareholders, investors and other stakeholders. The Company takes a commitment to the stakeholder under far and wide vision, transparency and sincerity including respect for the rule of law. Thus, the Company has established business code of conduct as a guideline for directors, managements and employees and disclosed in the Company's website and set to be one of the subjects for orientation. Employees will be supervised by their supervisor to ensure that they follow to the code of conduct.

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 Directors according to the SET's CG principals. The Board of Directors consists 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 as recommended by the Stock Exchange of Thailand.

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	50%
Executive Director	1	50%

Corporate Governance Committee

Corporate Governance Committee is comprised of 5 Directors. The proportion of Corporate Governance Committee is as followings:

Type of Director	No. of Director	Percentage
Non-Executive Director	1	20%
Independent Director	3	60%
Executive 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 Meeting by setting the agenda for information and consideration clearly and informing all directors in advance throughout the year, every year. The performance of the Company has been reviewed on a regular basis. Supporting Documentation of meetings has been completely prepared and sent prior to the meetings. On the agenda with having conflicts of interest with any person, that person will leave the meeting before it commences for independent discussion. Management 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. Moreover, there were specific meeting for all directors exclude Managing Director and Executive Director and also meeting between the Audit Committee and the Auditors. The Company determined the minimum quorum not less than two-thirds of total directors for any votes. Moreover, the Company determined that all Directors had a proportion of the meeting attendance at least 75% over the year (Except for new directors that was appointed during the year). Details of meeting attendance were as follows:

Name	Board of Directors Meeting	Audit Committee Meeting	Remuneration and Nomination Committee Meeting	Risk Management Committee Meeting	Corporate Governance Committee Meeting	Annual General Meeting 2014	Total
1. Mr.Suwit Chindasangaun	6/6	12/12			2/2	1/1	21/21
2. Mr.Somchai Sirivichayakul	6/6	12/12	2/2		2/2	1/1	23/23
3. Rojanasak, PhD. Chomvilailuk	6/6	12/12	2/2	1/1	2/2	1/1	24/24
4. Mr.Somchai Sittichaisrichart	5/6		2/2		2/2	1/1	10/11
5. Mr.Sombati Pungsrinont	6/6			2/2		1/1	9/9
6. Mr.Lim Hwee Hai	6/6		2/2	2/2	2/2	1/1	13/13
7. Mr.Lim Kia Hong	6/6					1/1	7/7
8. Mr.Lim Kiah Meng	6/6					1/1	7/7

Remarks

- Information represents in format of X/Y, X is the numbers of attendance and Y shows the number of meeting
- From 6 Board of Directors Meetings, Mr.Lim Kia Hong and Mr.Lim Kiah Meng attended the meetings by himself 5 times and by phone 1 time

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: the Compliance with the specific strategies (12%), Operation & Corporate Governance (18%) compared with the business target, and Financial and Operation's Results (70%). 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, 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 employees 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 and approve by Compliance before trading.

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 followings:

Audit Committee

The Audit Committee composed of 3 Independent Directors who are responsible for 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 and 1 Executive Director who are responsible for review and control 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) |

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

The Company determines that all directors and executives are required to report all interests of their own or other related persons which its interest is related to its management affairs of the Company or its subsidiaries. In order for 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, the Company determines that the Company Secretary is responsible for filing a report in conflicts of interest at Head Office and submit a copy of the report to the Chairman of the Boards and the Audit Committees within 7 days of receiving notice from reporter.

Relationship with Investors

The Board recognizes the importance of information disclosure for both financial statements and other information with accuracy, transparency and punctuality. The Company provides section of “Investor Relations” in company website 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 2014, direct and indirect communication can be summarized as followings:

- Emails and Telephone	8 times
- Interviewed on earnings with the press	2 times
- Company visit by institution investor	3 times
- Company visit by individual investor	2 times

Role of Company Secretary

The Board of Directors has assigned Mr.Sombati Pungsrinont to be the Company Secretary, one more position apart from an Executive Director which his qualification has shown under Executives and Company Secretary. The roles of company secretary are as followings:

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 of Directors has delegated the Remuneration and Nomination Committee to be responsible for succession plan. The Remuneration and Nomination Committee assigned Managing Director to provide plan for substitution of main position which is being in the process of setting up criteria of knowledge and capability required for each job, and then consideration from the existing candidates with the knowledge assessment in order to know what skills they are ineligible, and then, the Company will provide training course or job rotation to get them more work experience. The Remuneration and Nomination Committee will consider and follow up the progressive of the succession plan every Remuneration and Nomination Committee meeting.

Vision and Mission

The Board of Directors has established the corporate vision and mission and disseminated to employees, stakeholders for recognition which it has been reviewed and approved every 5 years. Following to the principles of good corporate governance, in 2014, the Company has reviewed mission and increased vision as one part of vision as following:

Existing	New
<ul style="list-style-type: none"> 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 staffs are skillful and able to give good advice to clients. Our business success means to suppliers, our clients and our staff. 	<ul style="list-style-type: none"> To continuously develop and advance in order to ensure our position as Thailand's premier IT Company with an unsurpassed range of quality products. To continuously train our employees to become thought-leaders in the field of technology, promoting and advising technology usage so that Thai people, Thai businesses and Thai society may become more productive and efficient. To prosper together with our customers, suppliers, employees and society at large. <p>Vision</p> <p>To become Thailand's greatest IT company, with sustainable and continuous growth, transparent and socially responsible business operations, and superior shareholder value.</p>

Audit Fee

In 2014, total audit fee from KPMG Phoomchai Audit Co., Ltd are 1,860,000 Baht. Details are as following:

Description	SiS Distribution (Thailand)	Qool Distribution (Thailand)	SiS Venture	Total
Yearly audit fee	700,000	290,000	100,000	1,090,000
Quarterly audit fee	480,000	60,000	30,000	570,000
Package fee	75,000	-	-	75,000
Total Audit Fee	1,255,000	350,000	130,000	1,735,000
Non-Auditing fee	125,000	-	-	125,000
Total	1,380,000	350,000	130,000	1,860,000

The Explanation for Not Compliances

In 2014, the Company still has not complied with some code of conducts as following:

Practices which have not comply	Explanation
The Board of Directors should clearly states a policy that independent directors who have served on the board beyond 9 years from the date of their first appointment should be subject to particularly rigorous review of their continued independence.	Current independent directors of the Company are skilled, expertise, competent and experienced with the company's business, also their performances are efficient and effective. To change independent directors may affect the continuity.
The Board should clearly state the polices and procedures regarding board positions in other firms held by the company's managing director and/or top executives, both in terms of director type.	Previously, the Board defined the policies and procedures regarding board positions in other firms of all directors. However, this has not specifically defined for Managing Director and Top Executives. Then, this will be proposed to the Board in 2015.

Practices which have not comply	Explanation
The Chairman of the Board should not be either a chairman or a member of any committee, to ensure independence of the committees.	Currently, the Chairman of the Company is the Audit Committee and the Chairman of the Corporate Governance Committee. This is because the Company is considered as a small listed company which there is not many directors, the Chairman then is appointed to participate in auditing. Furthermore, the Chairman is competent, skilled and experienced, he is completely suitable for corporate governance work, and then he is appointed to be the Chairman of the Corporate Governance Committee.
The Board should appoint an external consultant to facilitate a board assessment at least once every 3 years, and assessment results should be disclosed in the annual report.	The Company considered that this recommendation was not urgent then it will be consider in term of appropriate and urgency in order to comply with this recommendation later.
The board should establish a development program for executives. The managing directors should report to the board annually about the program. The board should take into account executive development when considering the firm's succession plan.	This has been complied some part of the recommendation and it will be completely complied together with the disclosure later.
The Board should encourage to the Shareholder Structure to have the free float equal or above 40%	The Company is willing to inform this recommendation and it is necessary to allow the major Shareholders to discuss on this issue.
The Board should encourage the company to make a sustainability report in accordance with Global Reporting Initiative (GRI).	The Company still lack of both people who are skilled and knowledge of this issue because it is quite new.
The Board should define and disclose the procedures of risk from the corruption assessment.	This is the new recommendation and it is expected to comply in 2015.
The Board should defined the process/procedures in monitoring the compliance of Anti-Corruption Policy	This is the new recommendation and it is expected to comply in 2015.
The independent directors should make up more than 50% of the Board.	The Company is still a small listed company. To mark up the number of independent directors to 50% will be too high burden when compare to the size of the company.
The Board of should have clear procedures on whistle-blowing for related parties or stakeholders and publish them on its website or annual report.	The Company has already set up the clear procedures on whistle-blowing for related parties or stakeholders but it has not been presented. However, this will be presented in 2015.

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)	
		2014	2013
Click Connect Co., Ltd.	The Company sells our products to Click Connect Co., Ltd. for office equipment used.	277	120
	Account Receivable balance at January 1, 2014	1	30
	Account Receivable balance at December 31, 2014	32	1
	<u>Relationship</u> SiS Venture Co., Ltd. (Subsidiary Company) held 15% of Issued and paid-up share capital. <u>Pricing and Condition</u> Pricing and Condition in the Related Transaction is the market price and normal condition treated as other parties <u>The Audit Committee's Opinion</u> 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		
SiS International Holdings Limited.	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. <u>Relationship</u> SiS International Holdings Limited is an ultimate parent of the Group and some common directors. <u>Pricing and Condition</u> From 2004 onwards, the fee that has to be paid is 01.0625% of the monthly turnover. <u>The Audit Committee's Opinion</u> 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.	11,574	11,374

Remarks:

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

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

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

Corporate Social Responsibilities

The Company realizes its responsibility to the society by focusing on education and environment. In 2014, the Company and its employees have participated in many activities. Partial activities are as following:

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.



Assistance to partner

To deliver shipment in Bangkok, the Company hires outsource logistic company to do this job. The truck driver with own transport will pick up goods from warehouse every day. Once the Company knows that these truck drivers do not have car insurance and when car accident happens, it is a heavy burden to bear, therefore, the Company would add car insurance to truck drivers who work with the Company more than 1 year to reduce such burden when accident happens.



Expansion benefits to partner

From hiring outsource workers to work with; the Company has gradually expanded benefits to these workers. In the past year, there were benefits to outsource workers as following:

	SiS	Outsource – Warehouse	Outsource – Sales Promoter	Logistics
Quarterly Bonus	√	√		
Yearly Bonus	√	√	√	√
Annual Physical Check up	√	√	√	√
Incentives			√	
Personal Accident Insurance	√	√	√	
Car Accident Insurance				√

Maternity Leave Policy

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

- 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 2014, 3 employees also returned to work in the existing position.

Corporate Tax

The Company recognizes the importance of paying taxes to the state for general public spending in proper, completeness and on time. Over the past years, the Company paid tax higher than the rates that provided by law because the Company strictly followed to the Income Tax Act for non-deductible expenses as following:

	2008	2009	2010	2011	2012	2013	2014
Profit before tax (M.Baht)	302.1	333.8	422.7	272.1	(662.8)	244.8	231.3
Income tax expense (M.Baht)	95.5	92.1	127.4	128.5	75.9	52.2	47.2
Tax Rate	25%	25%	30%	30%	23%	20%	20%
Income tax payment Rate	31.6%	27.6%	30.1%	47.2%		21.3%	20.4%

Product Responsibility

The Company has basically selected products with high quality, value, durability, safety and adverse impact on the environment. Thus, the Company has been continuously entrusted from customers that having good guidelines for product selecting, product warranty and after sales service to facilitate customers. Apart from service center in Bangkok that opened daily, there were 6 service centers in 1) Choburi (Pattaya) 2) Chiang Mai 3) Khon Kaen 4) Ubolratchathani 5) Phuket 6) Songkhla (Had Yai).

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 with respect to 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 regarding which this year is the 3rd annual of their duties.

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, without any 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 fiscal year of 2014, the Audit Committee had regularly arranged 12 monthly meetings and also set up the meetings with Executive Directors, Internal Auditors, relevant operators, and the Auditor to consider and discuss the relevant important matters to enhance the effectiveness and the efficiency of the Audit Committee's auditing and monitoring the Company performance. Moreover, there were arranged meetings with Auditor and Non-Executive Directors without Executive Directors. In particular, the details of Audit Committee's meetings as following:

- | | |
|---------------------------------|---|
| 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 in accordance with the meeting schedule. 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 followings:

- 1. Reviewing the interim and financial statements of the year 2014** These reviews consist of the interim and year ended financial statements; the consolidated and separate statements of financial position as at 31 December 2014 and quarterly, the consolidated and separate statements of comprehensive income, change in equity, statements of cash flow for the year then ended and quarterly period, condensed notes and notes to financial statements financial statements for the year ended that 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 accuracy, precisely, consistency and compliance of the company's financial statements.

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 performances in the year 2014. In the other words, the Company's and subsidiary company's financial positions were changed as follows. Total income was 18,592 Million Baht, increased from the previous year about 248 Million

Baht or 1.35%. However, the net profit was 184 Million Baht compared to the net profit of 190 Million Baht in the year 2013. Specifically, the Company's earnings per share (EPS) was 0.53 Baht/share, lower than the EPS in 2013 that 0.64 Baht. According to EPS which is the indicator of the Company's and the subsidiary Company's business potentials, the financial status and overall operations of the Company in 2014 presented the appropriate positions compared with the current competitive situations and business environment, even though the EPS was slightly decreased from 2013.

2. **Reviewing the operational information and internal control system** In order to evaluate the sufficiency, effectiveness and appropriateness of the internal control in accordance with the requirements of The Securities and Exchange Commission (SEC), and according to the results of internal auditing under the approved audit plan which cover important work processes asset management, and sufficient disclosure, the Audit Committee expressed opinion as followings.

It was agreed that the Company had the appropriate processes and procedures of asset management and transparent disclosure sufficiently. Also, there were an appropriateness and effectiveness in internal control and risk management which was relevant to the Company operation, internal environment management, objective identification, relevant evidence/event identification, risk assessment, risk response, information technology and communication information.

Moreover, the Audit Committee found that the operations in the year 2014, inventories were increased 283 Million Baht. However, the increase of the inventories was the highly demanded products and some reserved orders with respect to the project markets. Then there would not be high negative impact on the Company. Meanwhile, account receivables were decreased 347 Million Baht compared with the year 2013. Regarding to the audit and analyses, the decrease of account receivables is caused by the completion of projects which there were payment collection before the year ended, also the collection from the major account receivables. Therefore, the situations of Company's inventories and account receivables were likely to be in a good operational performance and limited risks. In addition, the Company systematically bought future contracts in accordance with the policy to reduce the volatility risks of foreign exchanges. In this year, it was found that the risk of foreign exchanges was noticeably reduced by the approximate reduced losses from foreign exchange risk about 25 Million Baht from the previous year.

3. **Reviewing the internal audit** The Audit Committee reviewed the Internal Audit Department regarding its missions, duties, authorities, manpower, training, development plan, budget and the independence of the Internal Audit Department. Also, the Audit Committee approved the auditing plan for the year 2015. 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 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 during the year 2014, due to the changes and lack of manpower, especially, the head of the internal audit. However, the Company recruited and appointed the head of internal audit that is appropriate and competent. Therefore, it was believed that this would be able to increase efficiency and effectiveness of the internal audit department and improve the balance of workloads including manpower in the present.

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

The Audit Committee agreed that there was no any matter in terms of overrules 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 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 benefits of all shareholders.

The Audit Committee had opinion that all related transactions of the Company and subsidiaries were normal commercial deals which supported the normal business transactions, 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 2015** to the Board of Directors' agreement for the approval of the Annual General Meeting (AGM). The Audit Committee reviewed, selected and proposed the Company's Auditor for the Year 2015. 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 2014. Thus, the Audit Committee proposed the board to appoint the Auditors as in the below list, and to approve the fees for the Auditors as shown. List of Auditors is Mr. Vichien Thamtrakul CPA 3183 or Ms. Vannaporn Jongperadechanon CPA 4098 or Ms. Sureerat Thongarunsang CPA 4409 or Mr. Ekkasit Chuthamsatid CPA 4195 of KPMG Phoomchai Audit Limited with the fees at 1,335,000 Baht which is slightly increased from the previous year approximately 6.37 percent. The major reason of this increased fee is that there are noticeable increases in business transactions as well as the changes in accounting standards which affect the responsibilities of the auditor. Also, KPMG had offered the same rate of audit fee since last 3 years.
7. **Reviewing good corporate governance** including business ethics to ensure the transparency and sufficient disclosure complied with the regulations of Securities and Exchange Commission (SEC) and Stock Exchange of Thailand (SET). The Audit Committee had reviewed the business/corporate practices in terms of 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 code of conducts of good corporate governance defined by the Company. The assessment of corporate governance showed that the Company's governance practices have continuously been improved.

In the 2014, the Company was evaluated as the Excellent-Performance listed company in terms of corporate governance practices in 2 Awards.

I. The Very Good 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).

II. 98.50 from 100 points in the arrangement of the Annual General Meeting of Shareholders award. The Award was assessed by The Thai Investors Association, and 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 experiences by attending the relevant, various, and valuable training courses.

In particular, the Audit Committee had opinion that the evaluation results of 2014 were in the satisfaction level in terms of practices complied with the Charter and continuously attending the course of knowledge and experience development, such as the courses provided by IOD and KPMG Phoomchai Audit Company Limited.

Overall in 2014, 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 by the provision of their opinions and the recommendations to Management and the Board of Directors continuously and timely.

The Audit Committee had opinions that the sufficiency, appropriateness, and effectiveness of financial reports and information, business management and operation, internal control system, internal audit system, risk management system of the Company were sufficient, appropriate and effective. Also, the company had the business operational practices consistent and complied with the relevant business laws, regulations, rules, and the good corporate governance.

Furthermore, in 2014, it was the time for the Company to accelerate development of the operation in 2013, which impacted by significant factors for example breach of contract between the Company and related company. However, the Audit Committee and internal audit department have emphasized on risk-management-based audits in order to eliminate risks and maximize value of the Company. According to the internal audit in inventory management, even, there was an increase in inventories approximately 283 Million Baht; however 85% of inventories were highly demanded products, reserved orders, by which they were potential to sell. Therefore, this increase would not affect the volume of inventories in long term. Nevertheless, the Audit Committee continuously emphasized and reminded the executives in inventory management in order to maintain effectiveness and comply with the Company's policy.

Regarding to the breach of contract between the Company and related company, the Audit Committee has continuously asked the management to report the progress of each case in every Audit Committee meeting. This is to accelerate and monitor the collection and return in goods as well as the prosecution. Moreover, the Audit Committee recommended the Company's executives to manage each case under the suggestions of the lawyer and the financial advisor in order to maintain and maximize the benefits to shareholders. However, the breach of contract cases has been in the legislative progress.

In the year 2015, the Audit Committee defined the auditing policies for the internal audit department by focusing on the exchange rate risk, account receivables, and inventories continuously. Specifically, between 2014 and 2015, there were new investments in the subsidiaries and new joint venture in order to expand the businesses and increase the revenue. Then, the Audit Committee recommended appointing the financial advisor in order to evaluate the alternatives of investments as well as the risks management. Therefore, the Audit Committee will shed the light on auditing and monitoring these investments as well as the business processes which are in accordance with the approved audit plan. Nevertheless, the Audit Committee still has adhered the principle of Risk Based Audit as well as Corporate Governance remarkably, for examples the monitoring in forward contract purchasing, the credit approval and authorization. Apart from this, the Audit Committee has applied the COSO 2013 Framework in order to ensure the sustainable effectiveness and efficiency of the internal auditing, and the appropriateness of risk management. Additionally, the Audit Committee intends to conduct an assessment of an external internal auditor on the performance of the internal audit department to ensure the effectiveness, accuracy and appropriateness of the internal auditing results in order to maximize the benefits of shareholders.



(Rojanasak Chomvilailuk, PhD.)
Chairman of the Audit Committee
3 March 2015



Responsibility Report of Board of Directors for Financial Report

Dear valued Shareholders

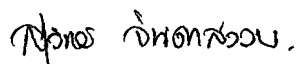
The Board of Directors is responsible for financial statements of SiS Distribution (Thailand) Public Company Limited, including the financial information that was disclosed in this annual report. The financial statements are prepared in accordance with Thai Accounting Standard and Thai Financial Reporting Standard. The Company implements the appropriate accounting policy, conducts with consistency, discretion and the estimation is suitable execution with reasonability. Also, there is adequate and transparent disclosure of important information in the notes to financial statements. Furthermore, the Board of Directors provides the risk management system, sufficient internal control as well as laws and regulations compliance.

The Board of Directors has appointed the Audit Committee which comprised with independent directors who do not involve the management of the Company. The Audit Committee is responsible for accounting reviewing of accounting policy, quality of financial reports and efficiency of internal control.

However, the opinion of the Audit Committee on this issue was indicated on the report from Audit committee which presented in this annual report.

The Board of Directors has an opinion that the internal control of the company is satisfied and it is able to ensure that the financial reports as well as financial statements of SiS Distribution (Thailand) Public Company Limited presented fairly, accuracy, completely, reliably and in accordance with Thai Financial Reporting Standards.





(Mr. Suwit Chindasanguan)
Chairman

SiS Distribution (Thailand) Public Company Limited
3 March 2015





(Mr. Somchai Sittichaisrichart)
Managing Director

SiS Distribution (Thailand) Company Limited
3 March 2015

Independent Auditor's Report



KPMG Phoomchai Audit Ltd.

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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 2014, the consolidated and separate statements of income, 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.



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 2014 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Ekkasit Chuthamsatid)
Certified Public Accountant
Registration No. 4195

KPMG Phoomchai Audit Ltd.
Bangkok
24 February 2015

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2014	2013	2014	2013
(in thousand Baht)					
Current assets					
Cash and cash equivalents	5	109,171	73,933	89,275	61,747
Trade accounts receivable	4, 6	1,951,441	2,298,030	1,729,693	2,190,817
Other receivables	4, 7	532,575	483,306	431,440	321,730
Short-term loans to subsidiary	4	-	-	478,137	437,050
Inventories	8	1,975,188	1,692,048	1,579,484	1,581,857
Other current assets		2,782	20,420	2,192	17,836
Total current assets		4,571,157	4,567,737	4,310,221	4,611,037
Non-current assets					
Investments in subsidiaries	9	-	-	190,329	130,329
Investments in associate	10	9,800	-	-	-
Other long-term investments	11	8,571	8,571	-	-
Equipment	13	120,474	130,826	115,925	129,795
Intangible assets	14	39,146	38,586	39,146	38,586
Deferred tax assets	15	284,182	285,161	206,077	194,247
Other non-current assets		12,118	11,815	11,823	11,815
Total non-current assets		474,291	474,959	563,300	504,772
Total assets		5,045,448	5,042,696	4,873,521	5,115,809

Statement of financial position

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity		2014	2013	2014	2013
<i>(in thousand Baht)</i>					
Current liabilities					
Short-term loans from financial institutions	16	2,427,594	2,573,577	2,171,594	2,513,356
Trade accounts payable	4, 17	804,384	801,976	763,592	781,375
Other payables	4, 18	267,055	236,144	236,590	233,838
Short-term loans from subsidiary	4	-	-	49,000	-
Income tax payable		5,643	6,552	5,643	6,552
Other current liabilities		15,809	18,443	15,333	18,285
Total current liabilities		3,520,485	3,636,692	3,241,752	3,553,406
Non-current liabilities					
Provision for cost of assets dismantlement		3,960	3,960	3,960	3,960
Employee benefit obligations	19	33,076	32,637	33,076	32,637
Total non-current liabilities		37,036	36,597	37,036	36,597
Total liabilities		3,557,521	3,673,289	3,278,788	3,590,003
Equity					
Share capital	20				
Authorised share capital		350,199	350,199	350,199	350,199
Issued and paid-up share capital		350,199	350,199	350,199	350,199
Share premium	20	435,415	435,415	435,415	435,415
Retained earnings					
Appropriated					
Legal reserve	21	35,020	35,020	35,020	35,020
Unappropriated		667,293	548,773	774,099	705,172
Total equity		1,487,927	1,369,407	1,594,733	1,525,806
Total liabilities and equity		5,045,448	5,042,696	4,873,521	5,115,809

Statement of income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2014	2013	2014	2013
<i>(in thousand Baht)</i>					
<i>Income</i>					
Revenue from sale of goods	4	18,518,529	18,198,371	15,043,033	17,241,291
Revenue from rendering of services		35,822	26,878	34,339	19,006
Other income	4, 23	38,289	119,833	97,287	121,137
Total income		18,592,640	18,345,082	15,174,659	17,381,434
<i>Expenses</i>					
Cost of sale of goods	4, 25	17,564,472	17,163,432	14,235,142	16,255,594
Cost of rendering of services		26,819	19,322	25,605	16,287
Selling expenses	25	264,514	338,949	254,309	320,582
Administrative expenses	4, 25	415,270	466,178	405,783	462,582
Loss on exchange rate		2,694	27,764	4,202	28,049
Finance costs		87,533	84,611	80,682	83,641
Total expenses		18,361,302	18,100,256	15,005,723	17,166,735
Profit before income tax expense		231,338	244,826	168,936	214,699
Income tax expense	26	(47,244)	(54,652)	(34,435)	(48,598)
Profit for the year		184,094	190,174	134,501	166,101

Statement of comprehensive income

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2014	2013	2014	2013
<i>(in thousand Baht)</i>					
Profit for the year		184,094	190,174	134,501	166,101
Other comprehensive income					
Actuarial gains from defined benefit plan	19	5,583	-	5,583	-
Income tax on other comprehensive income	15	(1,117)	-	(1,117)	-
Other comprehensive income for the year					
- net of tax		4,466	-	4,466	-
Total comprehensive income for the year		188,560	190,174	138,967	166,101

Statement of changes in equity

Consolidated 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 2013						
Balance at 1 January 2013		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 other comprehensive income		-	-	-	190,174	190,174
Total comprehensive income for the year		-	-	-	190,174	190,174
Transfer to legal reserve	21	-	-	13,703	-13,703	-
Balance at 31 December 2013		350,199	435,415	35,020	548,773	1,369,407

Consolidated financial statements						
		Issued and paid-up share capital	Share premium	Retained earnings		
	Note			Legal reserve (in thousand Baht)	Unappropriated	Total equity
Year ended 31 December 2014						
Balance at 1 January 2014		350,199	435,415	35,020	548,773	1,369,407
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners of the Company						
Dividend to owners of the Company	28	-	-	-	(70,040)	(70,040)
Total contributions by and distributions to owners of the Company						
		-	-	-	(70,040)	(70,040)
Comprehensive income for the year						
Profit		-	-	-	184,094	184,094
Other comprehensive income						
Actuarial gains from defined benefit plan - net of tax		-	-	-	4,466	4,466
Total comprehensive income for the year		-	-	-	188,560	188,560
Balance at 31 December 2014		350,199	435,415	35,020	667,293	1,487,927

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 2013						
Balance at 1 January 2013		233,466	176,694	21,317	552,774	984,251
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Issue of ordinary shares	20	116,733	258,721	-	-	375,454
<i>Total contributions by and distributions to owners of the Company</i>		<u>116,733</u>	<u>258,721</u>	<u>-</u>	<u>-</u>	<u>375,454</u>
Comprehensive income for the year						
Profit and other comprehensive income		-	-	-	166,101	166,101
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>166,101</u>	<u>166,101</u>
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

	Note	Issued and paid-up share capital	Share premium	Separate financial statements		Total equity
				Retained earnings		
				Legal reserve (in thousand Baht)	Unappropriated	
Year ended 31 December 2014						
Balance at 1 January 2014		350,199	435,415	35,020	705,172	1,525,806
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Dividend to owners of the Company	28	-	-	-	(70,040)	(70,040)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	(70,040)	(70,040)
Comprehensive income for the year						
Profit		-	-	-	134,501	134,501
Other comprehensive income						
Actuarial gains from defined benefit plan						
- net of tax		-	-	-	4,466	4,466
Total comprehensive income for the year		-	-	-	138,967	138,967
Balance at 31 December 2014		350,199	435,415	35,020	774,099	1,594,733

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	184,094	190,174	134,501	166,101
<i>Adjustments for</i>				
Depreciation and amortisation	34,489	35,596	34,018	35,227
Interest income	(6,180)	(23,200)	(28,205)	(35,777)
Finance costs	87,533	84,611	80,682	83,641
Unrealised loss on exchange	3,262	19,555	2,948	17,819
Loss (gain) on disposal of equipment	384	236	(172)	177
Bad debts and doubtful debts expense	403	1,184	347	1,056
Allowance for obsolete and defective				
stocks (reversal)	74,659	(4,887)	36,729	18,314
Provision for defined benefit obligation	6,022	5,300	6,022	5,300
Income tax expense	47,244	54,652	34,435	48,598
	431,910	363,221	301,305	340,456
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	346,186	253,110	460,777	338,028
Inventories	(357,799)	(495,813)	(34,356)	(460,396)
Other receivables	(49,269)	35,881	(109,169)	44,941
Other current assets	17,638	(20,420)	15,644	(17,836)
Long-term trade accounts receivable	-	29,219	-	29,219
Other non-current assets	(302)	(505)	(8)	(505)
Trade accounts payable	1,306	(392,939)	(18,571)	(330,825)
Other payables	26,602	46,975	3,298	64,401
Other current liabilities	(2,634)	5,244	(2,952)	6,692
Income tax paid	(48,291)	(67,496)	(48,291)	(67,495)
Net cash provided by (used in) operating activities	365,347	(243,523)	567,677	(53,320)

Statement of Cash flows

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
Note	2014	2013	2014	2013
	(in thousand Baht)			
Cash flows from investing activities				
Interest received	6,180	23,200	27,664	35,462
Purchase of equipment	(20,297)	(20,466)	(15,599)	(19,745)
Sale of equipment	1,500	537	1,348	485
Loan to subsidiary	-	-	(41,087)	(226,000)
Purchase of intangible assets	(6,285)	(1,785)	(6,285)	(1,785)
Net cash outflow on acquisition of associate	(9,800)	-	-	-
Net cash outflow on acquisition of subsidiary	-	-	(60,000)	-
Net cash provided by (used in) investing activities	(28,702)	1,486	(93,959)	(211,583)
Cash flows from financing activities				
Interest paid	(83,224)	(83,962)	(81,228)	(84,853)
Dividends paid to owners of the Company	(70,040)	-	(70,040)	-
Finance lease payments	-	(1,201)	-	(1,201)
Net repayment for loan from financial institutions	(148,143)	(52,222)	(343,922)	(29,840)
Net proceeds from loan from subsidiary	-	-	49,000	-
Proceeds from issue of ordinary shares	-	375,454	-	375,454
Net cash provided by (used in) financing activities	(301,407)	238,069	(446,190)	259,560
Net increase (decrease) in cash and cash equivalents	35,238	(3,968)	27,528	(5,343)
Cash and cash equivalents at beginning of year	73,933	77,901	61,747	67,090
Cash and cash equivalents at end of year	109,171	73,933	89,275	61,747

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries
Notes to the financial statements

For the year ended December 31 December 2014 and 2013

Notes to the financial statements

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade accounts receivable
7	Other receivables
8	Inventories
9	Investments in subsidiaries
10	Investment in associate
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 per share
28	Dividends
29	Financial instruments
30	Commitments with non-related parties
31	Events after the reporting period
32	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 December 31 December 2014 and 2013

1 General Information

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

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

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

The principal activities of the Company are trading in computer component, smartphone, 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 2014 and 2013 are given in notes 4 and 9.

2 Basis of preparation of financial statements

(a) Statement of Compliance

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

The FAP has issued the following new and revised TFRS relevant to the Group’s operations and effective for annual accounting periods beginning on or after 1 January 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 8 (revised 2012)	Operating Segments
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 13	Customer Loyalty Programmes
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 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 32.

(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 Company'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 3 (r)	Current and deferred taxation
Note 15	Utilisation of tax losses
Note 19	Measurement of defined benefit obligations
Note 29	Valuation of financial instruments

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

3 Significant accounting policies

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

(a) Basis of Consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the group’s interests in associate.

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.

Associates

Associate is that entity in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group’s share of profit or loss and other comprehensive income of equity accounted investees from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an equity accounted investee, the Group’s carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

(b) Foreign Currencies

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

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

Foreign currency differences are recognised in profit or loss.

(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.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

(f) Trade and other account receivables

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

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

(g) Inventories

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.

(h) Investment

Investment in subsidiaries and associate

Investment in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Equity securities

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

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average applied to the carrying value of the total holding of the investment.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

(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

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

No depreciation is provided on asset under construction.

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

(j) Intangible assets

Software 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.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

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-rate bearing liabilities

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

(m) Trade and other account payables

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.

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

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

Short-term employee benefits

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

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

(o) Revenue

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

Sale of goods and services rendered

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

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

Revenue from services is recognised when services are rendered.

Interest income

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

(p) Finance cost

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 lease

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.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

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.

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.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

(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 Company 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.

4 Related parties

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

Relationships with subsidiaries and associate are described in notes 9 and 10. Relationship with other related parties were as follows:

Name of the entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thailand Singapore	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
Nippon Pack Trading Co.,Ltd.	Thailand	49% shareholding by the subsidiary 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
Indirect subsidiary		
Wiko Mobile (Thailand) Co., Ltd.	Thailand	60% shareholding by the subsidiary company

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

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
Purchase of good	Actual cost plus actual related expenses
Interest of loan from/to	Reference from interest rate of financial institution

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	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Management fee	11,574	11,374	9,402	10,776
Subsidiary				
Management income	-	-	37,148	27,963
Interest income	-	-	22,420	13,067
Interest expense	-	-	167	-
Related party				
Revenue from sale of goods	277	120	899	318
Key management personnel				
Key management personnel				
Compensation				
Short-term employee benefit	48,182	42,621	43,172	38,087
Other long-term benefits	1,933	1,772	1,703	1,554
Total key management personnel compensation	50,115	44,393	44,875	39,641

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Trade accounts receivable from related parties				
Hardware House International Co., Ltd.	46,223	46,223	46,223	46,223
Click Connect Co., Ltd.	32	1	17	1
	46,255	46,224	46,240	46,224
Less allowance for doubtful accounts	(46,223)	(46,223)	(46,223)	(46,223)
Net	32	1	17	1
Reversal of bad debts and doubtful debts expense for the year	-	(349)	-	(349)

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in thousand Baht)			
Other receivable				
Hardware House International Co., Ltd.	557,087	557,087	541,542	541,542
Less allowance for doubtful accounts	(557,087)	(557,087)	(541,542)	(541,542)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reversal of bad debts and doubtful debts expense for the year	<u>-</u>	<u>(42,742)</u>	<u>-</u>	<u>(42,742)</u>
Advance payment				
Wiko Mobile (Thailand) Co., Ltd.	<u>-</u>	<u>-</u>	<u>116,973</u>	<u>-</u>
Accrued income				
Qool Distribution (Thailand) Co., Ltd.	<u>-</u>	<u>-</u>	<u>2,754</u>	<u>2,654</u>
Interest receivable				
Qool Distribution (Thailand) Co., Ltd.	<u>-</u>	<u>-</u>	<u>2,215</u>	<u>1,674</u>

The Company and its subsidiary (Qool Distribution (Thailand) Co., Ltd.) have agreement on consignment with a related company (Hardware House International Co., Ltd.) which has notified the call for return all consignment from those related company in November 2012 because the default agreement for consignment. The Company and its subsidiary are in the process to reclaim those losses from the related company. As at 31 December 2014 the receivable from the loss of consignment amounted to approximately Baht 557.09 million in the consolidated financial statements and Baht 541.54 million in separate financial statements, respectively (31 December 2013: Baht 557.09 million in the consolidated financial statements and Baht 541.54 million in the separate financial statements, respectively). The Company is undertaking on litigation proceedings, therefore, the Company and its subsidiary estimated the allowance for doubtful account, amounted to Baht 557.09 million and 541.54 million, respectively.

Short-term loans to related party	Interest rate		Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013	2014	2013
	(% per annum)		(in thousand Baht)			
Subsidiary						
Qool Distribution (Thailand) Co., Ltd.	4.40-4.50	4.00-4.50	<u>-</u>	<u>-</u>	<u>478,137</u>	<u>437,050</u>

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(in thousand Baht)			
Subsidiary				
At 1 January	-	-	437,050	211,050
Increase	-	-	711,588	328,700
Decrease	<u>-</u>	<u>-</u>	<u>(670,501)</u>	<u>(102,700)</u>
At 31 December	<u>-</u>	<u>-</u>	<u>478,137</u>	<u>437,050</u>

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

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

		Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
(in thousand Baht)					
<i>Trade payable to related parties</i>					
Alliance & Link Corporation Co., Ltd.		86	86	86	86
		86	86	86	86
<i>Other payable to related parties</i>					
SiS International Holdings Ltd.		1,847	823	1,544	767
<i>Accrued expense</i>					
SiS International Holdings Ltd.		806	758	728	686
<i>Accrued interest expense</i>					
SiS Venture Co., Ltd.		-	-	167	-
<i>Short-term loans from related party</i>		Consolidated financial statements		Separate financial statements	
	Interest rate	2014	2013	2014	2013
	(% per annum)	(in thousand Baht)			
Subsidiary					
SiS Venture Co., Ltd.	4.40	-	-	49,000	-

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

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	(in thousand Baht)			
Subsidiary				
At 1 January	-	-	-	-
Increase	-	-	49,000	-
At 31 December	-	-	49,000	-

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.

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.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

5 Cash and cash Equivalents

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Cash on hand	204	174	204	174
Cash at banks - current accounts	(43,067)	2,104	(46,210)	937
Cash at banks - savings accounts	152,034	71,655	135,281	60,636
Total	109,171	73,933	89,275	61,747

Cash and cash equivalents of the Group and the Company as at 31 December 2014 and 2013 were denominated entirely in Thai Baht.

6 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Related parties	4	46,255	46,224	46,240	46,224
Other parties		2,186,542	2,522,711	1,964,359	2,414,992
Total		2,232,797	2,568,935	2,010,599	2,461,216
<i>Less</i> allowance for doubtful accounts		<i>(281,356)</i>	<i>(270,905)</i>	<i>(280,906)</i>	<i>(270,399)</i>
Net		1,951,441	2,298,030	1,729,693	2,190,817
Bad debts and doubtful debts expenses for the year		2,445	61,762	2,502	61,635

Aging analysis for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	23	1	8	1
Overdue:				
Less than 3 months	9	-	9	-
Over 12 months	46,223	46,223	46,223	46,223
	46,255	46,224	46,240	46,224
<i>Less</i> allowance for doubtful accounts	<i>(46,223)</i>	<i>(46,223)</i>	<i>(46,223)</i>	<i>(46,223)</i>
	32	1	17	1

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Other parties				
Within credit terms	1,451,587	1,623,170	1,354,211	1,549,885
Overdue:				
Less than 3 months	436,701	688,479	383,856	654,097
3-6 months	74,817	20,453	3,110	20,401
6-12 months	20,980	8,932	20,725	8,932
Over 12 months	202,457	181,677	202,457	181,677
	<u>2,186,542</u>	<u>2,522,711</u>	<u>1,964,359</u>	<u>2,414,992</u>
Less allowance for doubtful accounts	<u>(235,133)</u>	<u>(224,682)</u>	<u>(234,683)</u>	<u>(224,176)</u>
	<u>1,951,409</u>	<u>2,298,029</u>	<u>1,729,676</u>	<u>2,190,816</u>
Total	<u>1,951,441</u>	<u>2,298,030</u>	<u>1,729,693</u>	<u>2,190,817</u>

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 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,951,441	2,280,714	1,729,693	2,188,953
United States Dollars (USD)	-	17,316	-	1,864
Total	<u>1,951,441</u>	<u>2,298,030</u>	<u>1,729,693</u>	<u>2,190,817</u>

7 Other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Related parties					
Receivable from losses of consignment	4	557,087	557,087	541,542	541,542
Advance payment	4	-	-	116,973	-
Accrued income	4	-	-	2,754	2,654
Interest receivable	4	-	-	2,215	1,674
		<u>557,087</u>	<u>557,087</u>	<u>663,484</u>	<u>545,870</u>
Less allowance for doubtful accounts		<u>(557,087)</u>	<u>(557,087)</u>	<u>(541,542)</u>	<u>(541,542)</u>
Net		<u>-</u>	<u>-</u>	<u>121,942</u>	<u>4,328</u>

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

	Consolidated financial statements		Separate financial statements	
Note	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Other parties				
Account receivable from				
Revenue Department	440,960	419,254	269,996	272,787
Accrued income	50,215	54,008	29,175	40,911
Prepaid expenses	27,568	2,369	7,325	2,369
Others	13,832	7,675	3,002	1,335
Total	532,575	483,306	309,498	317,402
Total	532,575	483,306	431,440	321,730

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Finished goods - computer				
Components, and				
telecommunication components	2,055,219	1,733,453	1,616,363	1,618,080
Finished goods Digital				
Disc - Movie and Music	10,240	13,842	10,240	13,842
Work in progress	27,967	767	27,926	686
Goods in transit	70,929	58,494	70,929	58,494
	2,164,355	1,806,556	1,725,458	1,691,102
Less allowance for decline in				
value of inventories	(189,167)	(114,508)	(145,974)	(109,245)
Net	1,975,188	1,692,048	1,579,484	1,581,857
Inventories recognised as an				
expense in 'cost of sales of				
goods':				
- Cost	17,489,813	17,168,319	14,198,413	16,237,280
- Write-down to net realisable				
Value	74,659	18,314	36,729	18,314
- Reversal of write-down	-	(23,201)	-	-
Net	17,564,472	17,163,432	14,235,142	16,255,594

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

9 Investment in Subsidiaries

	Separate financial statements	
	2014	2013
	<i>(in thousand Baht)</i>	
At 1 January	259,994	259,994
Acquisitions	60,000	-
Allowance for impairment	(129,665)	(129,665)
At 31 December	190,329	130,329

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

Investments in subsidiaries as at 31 December 2014 and 2013, and dividend income from those investments for the years then ended, were as follows:

		Separated financial statements												
		Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost-net		Dividend income	
			2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
			%		(in thousand Baht)									
Subsidiaries														
SiS Venture Co., Ltd.	Holding investment	99.99	99.99	120,000	60,000	120,000	60,000	51,030	51,030	68,970	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				320,000	260,000	319,994	259,994	129,665	129,665	190,329	130,329	-	-	

At the Board of Directors' meeting of the Company held on 7 November 2014, the Board of Directors approve to increase the authorised share capital of SiS Venture Co., Ltd. from Baht 60 million to Baht 120 million by issuing 6 million new ordinary shares at Baht 10 per value. The subsidiary had registered the increase share capital with the Ministry of Commerce on 8 December 2014.

All subsidiaries were incorporated in Thailand.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

10 Investment in associate

Investments in associate as at 31 December 2014 and 2013, and dividend income for the years then ended, were as follows:

		Consolidated financial statements										
		Type of business	Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income	
			2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
			%		(in thousand Baht)							
Associate												
Nippon Pack Trading Co., Ltd.	Trading and service		49.00	-	9,800	-	9,800	-	9,800	-	-	-
Total					9,800	-	9,800	-	9,800	-	-	-

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

11 Other long-term investments

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<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. at 15% 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 trade account receivable

	Consolidated financial statements/Separate financial statements					
	2014			2013		
	Principal	Interest	Collections	Principal	Interest	Collections
	<i>(in thousand Baht)</i>					
Within one year	-	-	-	29,219	781	30,000
Total	-	-	-	29,219	781	30,000

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 December 31 December 2014 and 2013

13 Equipment

	Consolidated financial statements					Total
	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Construction in progress	
Cost						
At 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 and 1 January 2014	7,473	16,807	187,438	69,266	10	280,994
Additions	-	-	19,584	713	-	20,297
Disposals	-	-	(10,782)	-	(10)	(10,792)
At 31 December 2014	7,473	16,807	196,240	69,979	-	290,499
Depreciation						
At 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 and 1 January 2014	5,488	7,816	118,841	18,023	-	150,168
Depreciation charge for the year	796	1,623	19,628	6,718	-	28,765
Disposals	-	-	(8,908)	-	-	(8,908)
At 31 December 2014	6,284	9,439	129,561	24,741	-	170,025
Net book value						
At 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 and 1 January 2014						
Owned assets	1,985	8,991	68,597	51,243	10	130,826
	1,985	8,991	68,597	51,243	10	130,826
At 31 December 2014						
Owned assets	1,189	7,368	66,679	45,238	-	120,474
	1,189	7,368	66,679	45,238	-	120,474

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

	Separate financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Construction in progress	Total
Cost						
At 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 and 1 January 2014	7,473	16,807	185,931	69,266	10	279,487
Additions	-	-	14,886	713	-	15,599
Disposals	-	-	(9,550)	-	(10)	(9,560)
At 31 December 2014	7,473	16,807	191,267	69,979	-	285,526
Depreciation						
At 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 and 1 January 2014	5,488	7,816	118,365	18,023	-	149,692
Depreciation charge for the year	796	1,623	19,156	6,717	-	28,292
Disposals	-	-	(8,383)	-	-	(8,383)
At 31 December 2014	6,284	9,439	129,138	24,740	-	169,601
Net book value						
At 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 and 1 January 2014						
Owned assets	1,985	8,991	67,566	51,243	10	129,795
	1,985	8,991	67,566	51,243	10	129,795
At 31 December 2014						
Owned assets	1,189	7,368	62,129	45,239	-	115,925
	1,189	7,368	62,129	45,239	-	115,925

The gross amount of the Group and Company's fully depreciated equipment that was still in use as at 31 December 2014 amounted to Baht 90.1 million (2013: Baht 91.0 million).

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

14 Intangible assets

	Consolidated financial statements/ Separate financial statements		
	Software licences	Software licences in progress <i>(in thousand Baht)</i>	Total
Cost			
At 1 January 2013	75,441	1,435	76,876
Additions	-	1,785	1,785
At 31 December 2013 and 1 January 2014	75,441	3,220	78,661
Additions	3,540	2,745	6,285
Transfers	2,380	(2,380)	-
At 31 December 2014	81,361	3,585	84,946
Amortisation			
At 1 January 2013	34,633	-	34,633
Amortisation charge for the year	5,442	-	5,442
At 31 December 2013 and 1 January 2014	40,075	-	40,075
Amortisation charge for the year	5,725	-	5,725
At 31 December 2014	45,800	-	45,800
Net book value			
At 1 January 2013	40,808	1,435	42,243
At 31 December 2013 and 1 January 2014	35,366	3,220	38,586
At 31 December 2014	35,561	3,585	39,146

15 Deferred tax

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

	Consolidate financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Deferred tax assets	290,198	294,773	211,975	203,342
Deferred tax liabilities	(6,016)	(9,612)	(5,898)	(9,095)
Net deferred tax assets	284,182	285,161	206,077	194,247

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

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

Consolidated financial statements			
	At	(Charged) / Credited to:	At
	1 January	Profit or loss	31 December
	2014	(Note 26)	2014
		(in thousand Baht)	
Deferred tax assets			
Trade and other accounts receivable	156,672	58	156,730
Inventories	22,901	14,932	37,833
Provisions	15,231	6,189	21,420
Loss carry forward	86,890	(26,280)	60,610
Others	13,079	1,643	13,605
Total	294,773	(3,458)	290,198
Deferred tax liabilities			
Fair value change of forward exchange contracts in assets	(4,084)	3,528	(556)
Allowance for purchased return	(5,528)	68	(5,460)
Total	(9,612)	3,596	(6,016)
Net	285,161	138	284,182
Consolidated financial statements			
	At	(Charged) / Credited to:	At
	1 January	Profit or loss	31 December
	2013	(Note 26)	2013
		(in thousand Baht)	
Deferred tax assets			
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
Deferred tax liabilities			
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

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

	At 1 January 2014	Separate financial statements		At 31 December 2014
		(Charged) / Credited to: Profit or loss (Note 26) (in thousand Baht)	(Charged) / Credited to: Other Comprehensive income (1,117)	
Deferred tax assets				
Trade and other accounts receivable	153,461	69	-	153,530
Inventories	21,849	7,346	-	29,195
Provisions	14,960	694	-	15,654
Others	13,072	1,641	(1,117)	13,596
Total	203,342	9,750	(1,117)	211,975
Deferred tax liabilities				
Fair value change of forward exchange contracts in assets	(3,567)	3,129	-	(438)
Allowance for purchased return	(5,528)	68	-	(5,460)
Total	(9,095)	3,197	-	(5,898)
Net	194,247	12,947	(1,117)	206,077

	At 1 January 2013	Separate financial statements		At 31 December 2013
		(Charged) / Credited to: Profit or loss (Note 26) (in thousand Baht)	(Charged) / Credited to: Other Comprehensive income (1,117)	
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

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 December 31 December 2014 and 2013

16 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Current - unsecured				
Trust receipts	1,147,594	1,215,280	1,121,594	1,205,059
Loans from financial institutions	1,280,000	1,358,297	1,050,000	1,308,297
Loans from financial institutions	2,427,594	2,573,577	2,171,594	2,513,356
Total	2,427,594	2,573,577	2,171,594	2,513,356

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	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Within one year	2,427,594	2,573,577	2,171,594	2,513,356
Total	2,427,594	2,573,577	2,171,594	2,513,356

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.

17 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Related parties	4	86	86	86	86
Other parties		804,298	801,890	763,506	781,289
Total		804,384	801,976	763,592	781,375

The currency denomination of trade accounts payable as at 31 December 2014 and 2013 were as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	581,045	591,013	541,107	582,473
United States Dollars (USD)	223,339	210,963	222,485	198,902
Total	804,384	801,976	763,592	781,375

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

18 Other payables

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Related parties					
Other payables	4	1,847	832	1,544	767
Accrued expenses	4	806	758	728	686
Accrued interest expenses	4	-	-	167	-
Total		2,653	1,590	2,439	1,453
Other parties					
Accrued marketing expenses		107,099	68,685	78,269	67,329
Accrued employee benefit expenses		73,248	65,789	73,248	65,789
Other payables		39,784	36,611	38,887	36,300
Advance received		10,550	24,562	10,550	24,562
Accrued intangible assets		11,575	11,575	11,575	11,575
Others		22,146	27,332	21,622	26,830
Total		264,402	234,554	234,151	232,385
Total		267,055	236,144	236,590	233,838

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	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	32,637	27,337	32,637	27,337
Current service costs and interest	6,022	5,300	6,022	5,300
Actuarial gains in other comprehensive income	(5,583)	-	(5,583)	-
Defined benefit obligations at 31 December	33,076	32,637	33,076	32,637

Expense recognised in profit or loss

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Current service costs	4,880	4,343	4,880	4,343
Interest on obligation	1,142	957	1,142	957
Total	6,022	5,300	6,022	5,300

The expense is recognised in the following line item in the statement of income:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Administrative expenses	6,022	5,300	6,022	5,300
Total	6,022	5,300	6,022	5,300

Actuarial gain recognised in other comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Included in retained earnings:				
At 1 January	-	-	-	-
Recognised during the year	(5,583)	-	(5,583)	-
At 31 December	(5,583)	-	(5,583)	-

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

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<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.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

20 Share capital

	Par value per share (in Baht)	Number	2014 Baht (thousand shares / thousand Baht)	2013 Number	Baht
Authorised					
At 1 January					
- ordinary shares	1	350,199	350,199	250,000	250,000
Reduction of shares		-	-	(16,534)	(16,534)
Issuance of new shares	1	-	-	116,733	116,733
At 31 December					
- ordinary shares	1	350,199	350,199	350,199	350,199
Issued and fully paid-up					
At 1 January					
- ordinary shares	1	350,199	350,199	233,466	233,466
Issuance of new shares	1	-	-	116,733	116,733
At 31 December					
- ordinary shares	1	350,199	350,199	350,199	350,199

Issue of ordinary shares

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.

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.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

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 2014 or 2013.

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 December 31 December 2014 and 2013

Information about reportable segments:

	Consolidated financial statements													
	Segment 1		Segment 2		Segment 3		Segment 4		Total reportable segments		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	<i>(in million Baht)</i>													
External revenues	4,478	4,739	7,965	8,478	1,424	1,475	3,544	2,069	17,411	16,761	1,108	1,437	18,519	18,198
Total segment revenues	<u>4,478</u>	<u>4,739</u>	<u>7,965</u>	<u>8,478</u>	<u>1,424</u>	<u>1,475</u>	<u>3,544</u>	<u>2,069</u>	<u>17,411</u>	<u>16,761</u>	<u>1,108</u>	<u>1,437</u>	<u>18,519</u>	<u>18,198</u>
Segment gross profit before income tax	<u>239</u>	<u>261</u>	<u>357</u>	<u>407</u>	<u>172</u>	<u>193</u>	<u>128</u>	<u>107</u>	<u>896</u>	<u>968</u>	<u>58</u>	<u>67</u>	<u>954</u>	<u>1,035</u>
Segment assets	<u>291</u>	<u>309</u>	<u>861</u>	<u>971</u>	<u>140</u>	<u>159</u>	<u>457</u>	<u>116</u>	<u>1,749</u>	<u>1,555</u>	<u>226</u>	<u>137</u>	<u>1,975</u>	<u>1,692</u>

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

Reconciliation of reportable segment profit or loss and assets

	Consolidated financial statements	
	2014	2013
	<i>(in million Baht)</i>	
Gross profit or loss		
Total profit for reportable segments	896	968
Other segment's profit	58	67
	<u>954</u>	<u>1,035</u>
Unallocated amounts:		
- Other income	74	147
- Other corporate expenses	(709)	(852)
- Finance cost	(88)	(85)
	<u>(723)</u>	<u>(790)</u>
Consolidated profit before income tax	<u>231</u>	<u>245</u>
Assets		
Total assets for reportable segments	1,749	1,555
Other segment's assets	226	137
Other unallocated amounts	3,070	3,351
Consolidated total assets	<u>5,045</u>	<u>5,043</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.

Major customer

The Group has no major customer.

23 Other income

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Income from marketing refund		27,510	80,954	27,510	42,852
Interest income	4	6,180	23,200	28,205	35,777
Management income	4	-	-	37,148	27,963
Others		4,599	15,679	4,424	14,545
Total		<u>38,289</u>	<u>119,833</u>	<u>97,287</u>	<u>121,137</u>

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

24 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Management				
Wages and salaries	48,182	42,621	43,172	38,087
Others	1,933	1,772	1,703	1,554
	<u>50,115</u>	<u>44,393</u>	<u>44,875</u>	<u>39,641</u>
Other employees				
Wages and salaries	217,486	223,288	213,771	223,288
Others	24,805	23,412	24,698	23,412
	<u>242,291</u>	<u>246,700</u>	<u>238,469</u>	<u>246,700</u>
Total	<u>292,406</u>	<u>291,093</u>	<u>283,344</u>	<u>286,341</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 Expenses 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	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Included in cost of sales of goods:</i>				
Changes in inventories	(357,800)	(495,813)	(34,356)	(460,396)
Purchase	17,847,613	17,664,132	14,232,769	16,697,676
Provision (reversal) of allowance for obsolete and defective stocks	74,659	(4,887)	36,729	18,314
Total	<u>17,564,472</u>	<u>17,163,432</u>	<u>14,235,142</u>	<u>16,255,594</u>
<i>Included in selling expenses:</i>				
Advertising and marketing expenses	206,135	281,470	197,640	265,591
Transportation expenses	32,466	32,892	30,835	30,404
Employee benefit expenses	22,322	21,649	22,243	21,649
Others	3,591	2,938	3,591	2,938
Total	<u>264,514</u>	<u>338,949</u>	<u>254,309</u>	<u>320,582</u>

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Included in administrative expenses:				
Employee benefit expenses	260,060	258,696	256,316	258,696
Rental expense	37,113	37,935	37,113	37,935
Depreciation and amortisation	34,489	35,596	34,018	35,227
Service charge	15,300	15,661	15,300	15,661
Management fee	11,574	11,329	9,402	10,776
Bad debts and doubtful accounts	2,445	41,238	2,502	41,111
Provision expenses	-	13,349	-	13,349
Others	54,289	52,374	51,132	49,827
Total	415,270	466,178	405,783	462,582

26 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		47,382	53,690	47,382	53,690
Over provided in prior year		-	(1,491)	-	(1,491)
		47,382	52,199	47,382	52,199
Deferred tax expense					
Movements in temporary differences	15	(138)	2,453	(12,947)	(3,601)
		(138)	2,453	(12,947)	(3,601)
Total		47,244	54,652	34,435	48,598

Income tax recognised in other comprehensive income

	Consolidated financial statements/ Separate financial statements					
	2014			2013		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gains	5,583	(1,117)	4,466	-	-	-
Total	5,583	(1,117)	4,466	-	-	-

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

Reconciliation of effective tax rate

	Consolidated financial statements			
	2014	2013		
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Accounting profit before income tax, net		231,338		244,826
Tax at the applicable tax rates	20.0	46,268	20.0	48,965
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	0.4	976	2.0	5,687
Total	20.4	47,244	22.0	54,652

	Separate financial statements			
	2014	2013		
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Accounting profit before income tax, net		168,936		214,699
Tax at the applicable tax rates	20.0	33,787	20.0	42,940
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	0.4	648	3.0	5,658
Total	20.4	34,435	23.0	48,598

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. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

27 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for year ended 31 December 2014 and 2013 were based on the profit for the period attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the year.

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	<i>(thousand Baht / thousand shares)</i>			
Profit attributable to equity holders of the Company (Basic)	184,094	190,174	134,501	166,101
	350,199	233,466	350,199	233,466
Number of ordinary shares outstanding at 1 January				
Effect of shares issued on 19 June 2013	-	62,684	-	62,684
Weighted average number of ordinary shares outstanding	350,199	296,150	350,199	296,150
Basic earnings per share (in Baht)	0.53	0.64	0.38	0.56

28 Dividends

At the annual general meeting of the shareholders of the Company held on 18 April 2014, the shareholders passed the resolution to approved the appropriation of dividend of Baht 0.20 per share, for 350.20 million ordinary shares, totalling Baht 70.04 million, from the profit for the year ended 31 December 2013. The dividend was paid in May 2014.

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.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

Capital management

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Company is primarily exposed to interest rate risk from its borrowings (Note 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 2014 and 2013 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
2014					
Current					
Trust receipts	1.05-4.40	1,148	-	-	1,148
Loan from financial institutions	2.90-4.15	1,280	-	-	1,280
Total		2,428	-	-	2,428
2013					
Current					
Trust receipts	1.05-4.60	1,216	-	-	1,216
Loan from financial institutions	3.20-4.40	1,358	-	-	1,358
Total		2,574	-	-	2,574

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

		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
2014					
Current					
Trust receipts	1.05-4.35	1,122	-	-	1,122
Loan from financial institutions	3.75-4.15	1,050	-	-	1,050
Total		2,172	-	-	2,172
2013					
Current					
Trust receipts	1.05-4.60	1,205	-	-	1,205
Loan from financial institutions	3.20-4.40	1,308	-	-	1,308
Total		2,513	-	-	2,513

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales 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 and sales in foreign currencies, for the subsequent period.

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		Separate	
		financial statements		financial statements	
	<i>Note</i>	2014	2013	2014	2013
		<i>(in million Baht)</i>			
<i>United States Dollars</i>					
Trade accounts receivable	<i>6</i>	-	17	-	2
Trade accounts payable	<i>17</i>	(223)	(211)	(222)	(199)
Trust receipts		(196)	(465)	(196)	(454)
Gross balance sheet exposure		(419)	(659)	(418)	(653)
Forward contracts	<i>29</i>	250	693	201	616
Swap contracts	<i>29</i>	456	-	456	-
Net exposure		287	34	239	35

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

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).

30 Commitments with non-related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
<i>Non-cancellable operating lease commitments</i>				
Within one year	34	17	34	17
After one year but within five years	46	2	46	2
Total	80	19	80	19
<i>Other commitments</i>				
Unutilised credits facilities	2,425	2,162	2,510	2,002
Forward contracts	250	693	201	616
Swap contracts	456	-	456	-
Bank guarantee	165	165	165	165
Total	3,296	3,020	3,332	2,783

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

Lease and service agreements

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

Forward contracts

In 2014, the Group has forward contract facilities with banks in the amount of Baht 4,180 million equivalent to USD 126 million (2013: Baht 3,843 million equivalent to USD 117 million).

As at 31 December 2014, the Group had purchased forward contracts in the amount of USD 8 million, equivalent to Baht 250.29 million. The contracts are due in June 2015 (2013: USD 22 million, equivalent to Baht 693.26 million which the contracts were due in June 2014).

Swap contracts

As at 31 December 2014, the Group had purchased a currency swap contract in the amount of USD 14 million equivalent to Baht 456 million. The contracts are due in March 2015. (31 December 2013: the Group has no currency swap contract).

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 Events after the reporting period

At the extra ordinary shareholders' meeting of a subsidiary (Wiko Mobile (Thailand) Co., Ltd.) held on 9 February 2015, the shareholders of the subsidiary passed resolution to approve the increase of authorised share capital from Baht 0.1 million to Baht 100 million to current shareholders. SiS Venture Co., Ltd. has invested in 449,400 new ordinary shares, at par value of Baht 100 per share, totaling of Baht 45 million and made the subsidiary have 45% of the shareholding of Wiko Mobile (Thailand) Co., Ltd.

At the Board of Directors' meeting held on 24 February 2015, 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 of the Company.

32 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Group does not plan to adopt these TFRS early.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2014 and 2013

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TFRS 8(revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TFRIC 1(revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015
TFRIC 14	TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.



SiS Distribution (Thailand) Public Company Limited