

ANNUAL REPORT 2015



SiS Distribution (Thailand) Public Company Limited

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Vision

To be the leading company in Indo-China region of information technology businesses by collaborating and coordinating to obtain mutually exclusive wealth.

Mission

The company promises to be

- Good citizen of society and society's wealth contributor,
- Professional, determinant, honest and trusted company for our shareholders' maximized wealth,
- Provider of high quality and high valued goods and services for our customers,
- Strong and trusted collaborator for our suppliers and all supporters
- A warm and happy family, trusting and respecting human being's honor and endless potentials, supports and enhances our employee for our jointed success and maximized wealth.

Long term goal

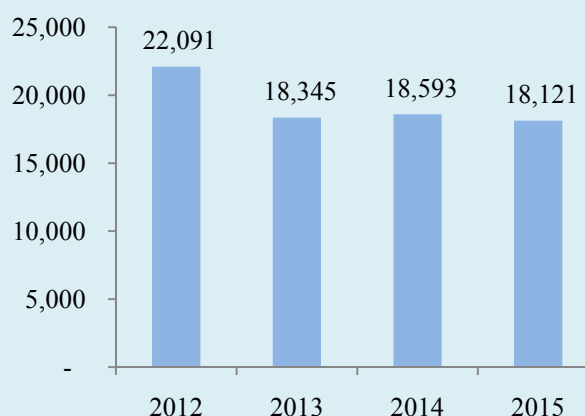
To become Thailand's leading IT company with sustainable and continuous growth, transparent and socially responsible business operations and superior stakeholder value.

Summary of Financial Statements

Total Revenue

Total revenue of the Company was 18,121 Million Baht which decreased 2.5% from the previous year because of all household IT market decline due to the saturation and the replacement of tablets/smart phones. The total revenue of the Company was ranked as 76th out of 459 listed companies in SET, reporting by SETSMART.

M. Baht

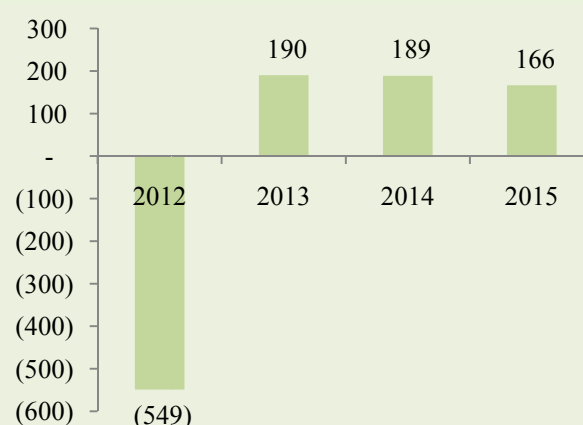


Net Profit

Net Profit of the Company was 166 Million Baht which decreased 11.8% from the previous year. The net profit of the Company was ranked as 225th out of 459 listed companies in SET, reporting by SETSMART.

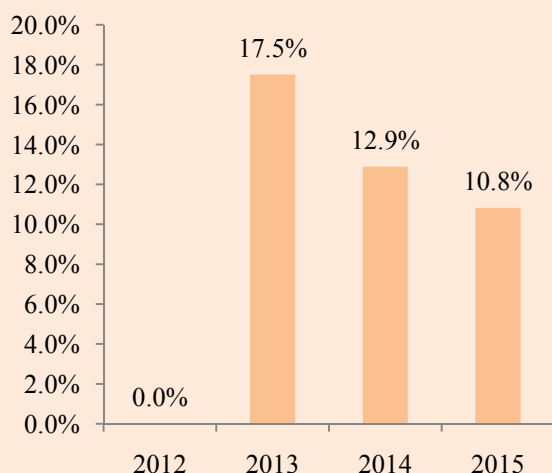
Remark: Operating profit was 250 Million Baht before share of loss of investments in associates 83 Million Baht. Thus, the comprehensive income was 166 Million Baht

M. Baht



Return on Equity

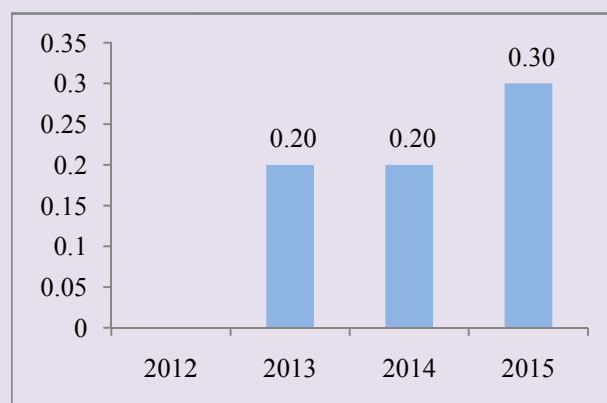
The ROE of the Company was 10.8% which was ranked as 204th out of 459 listed companies in SET, reporting by SETSMART.



Dividend

The Board of Directors has resolved to propose the Annual General Meeting of Shareholders in order to approve the dividend payment at 0.30 Baht per share, totally 105 Million Baht or 63.2% of Net Profit and a dividend yield of 7.2% on the closing price on February, 18 2015 (4.18 Baht) which was the day before notifying the resolution of dividend payment to the Stock Exchange of Thailand or 7.0% on the closing price at the last working day of 2015.

Baht/Share



| | | 2012 | 2013 | 2014 | 2015 |
|--|-----------|----------------|-----------------|----------------|----------------|
| Operating Results | | | | | |
| Total Revenue | (M. Baht) | 22,091.28 | 18,345.08 | 18,592.64 | 18,120.89 |
| <i>Revenue Growth Rate</i> | | <i>(2.74%)</i> | <i>(16.96%)</i> | <i>1.35%</i> | <i>(2.54%)</i> |
| Profit before financial cost , income tax | | | | | 385.32 |
| and share loss of investments in associates | (M. Baht) | (561.94) | 329.44 | 323.34 | 385.32 |
| <i>Profit before financial cost , income tax</i> | | | | | |
| <i>and share loss of investments in associates Growth Rate</i> | | | | <i>(1.85%)</i> | <i>19.17%</i> |
| Net Profit | (M. Baht) | (549.01) | 190.17 | 184.09 | 166.34 |
| <i>Net Profit Growth Rate</i> | | | | <i>(3.20%)</i> | <i>(9.65%)</i> |
| Financial Position | | | | | |
| Total Assets | (M. Baht) | 4,861.00 | 5,042.70 | 5,045.45 | 4,427.69 |
| Total Debt | (M. Baht) | 4,057.23 | 3,673.29 | 3,557.52 | 2,840.95 |
| Equity | (M. Baht) | 803.78 | 1,369.41 | 1,487.93 | 1,586.74 |
| Financial Ratio | | | | | |
| Gross Profit Margin | | 3.03% | 5.72% | 5.19% | 5.36% |
| Net Profit Margin | | (2.49%) | 1.04% | 0.99% | 0.92% |
| Return On Assets | | (10.00%) | 3.84% | 3.65% | 3.51% |
| Return On Equity | | (50.34%) | 17.50% | 12.89% | 10.82% |
| Current Ratio | (Times) | 1.08 | 1.26 | 1.30 | 1.41 |
| Quick Ratio | (Times) | 0.66 | 0.65 | 0.59 | 0.75 |
| Debt to Equity Ratio | (Times) | 5.05 | 2.68 | 2.37 | 1.79 |
| Interest Bearing Debt to Equity Ratio | (Times) | 3.25 | 1.88 | 1.63 | 0.79 |
| Financial Figure per Share | | | | | |
| Earning Per Share | (Baht) | (2.36) | 0.64 | 0.53 | 0.48 |
| Book Value Per Share | (Baht) | 3.44 | 3.91 | 4.25 | 4.53 |
| Dividend Per Share | (Baht) | - | 0.20 | 0.20 | 0.30 |

Remark

- The Basic Earnings per Share was calculated by Net profit of the year 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 2016 in order to approve the dividend payment at 0.30 Baht per Share on the Company's performance of the year 2015 which was the higher rate from the previous year.

Message from the Board

Dear Valued Shareholders

The year 2015 was also the year of challenge for IT industry. To begin with, 1) the shrink of PC market which International Data Corporation (IDC) where the leading survey company revealed that the world PC Market in 2015 was decline 10.4% which was the declining as 4 consecutive years and it was the most declining. 2) The decreasing in purchasing power of household due to the increasing in household debt. 3) The decreasing in prices of agriculture such as rice and latex affected the revenue of agriculture sector. 4) The drought during 2015, which affected the drop of agriculture products and resulted in the decreasing in revenue from the household sector to 18% with the sale revenue at the amount of 6,507 Million Baht.

Although, the IT market for household sector has shrunk but the IT market for corporate sector has grown due to the peaceful after the political crisis was solved in 2015. This leads the investment in the new technology of the business sector. Consequently, the Company gained the revenue from corporate sector at 6,764 Million Baht, increased 15% and it is the year that revenue from the corporate sector was higher than the household sector.

Apart from IT products, the size of the smartphone market has grown steadily to 100,000 Million Baht a year and it would continuously grow. Therefore, the Company still maintain the investment in this business both in new products and technology strategy and channel coverage strategy. In 2015, the total revenue of smartphone of the Company was 3,239 Million Baht, decreased 8.6% from the previous year due to the decreasing in the shipment for project works


Overall, the total revenue of the year 2015 was 18,121 Million Baht, which decreased 2.5%. The profit before share loss of investments in associates was 250 Million Baht, which increased 36% from the previous year. The net profit was 166 Million Baht, which decreased 10% whereas the net cash flow from operation increased significantly to 1,407 Million Baht. When considering in the whole picture, it was considered that the total revenue was slight decrease while the profit before share loss of investments in associates was increase noticeably. Nevertheless, the net profit which was decrease due to the loss of investments in associates because these associates have been in investment for initial phase. The Company expects that the associates will gain the profit in 2016.

In the year 2016, it is projected that the IT market of household sector will be declined. However, the Company will consider on effectiveness improvement as well as reducing in operational expenses in order to continuously generate the profit. While, the Company will continue to invest in products and services in order to expand the business for IT corporation sector and smartphone, which the Company believes that these two businesses would be significant growth both in new products and technology strategy and channel coverage strategy. This is really to achieve the long term goal which intend to return the long term benefits to the shareholders.


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 which achieve the target that is maximizing long term benefits to the shareholders.

Yours Faithfully,




(Mr. Suwit Chindasaguan)
Chairman
5 March 2016




(Mr. Somchai Sittichaisrichart)
Managing Director
5 March 2016



CG Score



AGM Level

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 4,500 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 Goods and Services: complain@sisthai.com
Complain/Suggest Fraud and Corruption: independentdirector@sisthai.com

Investor Relation : Website: www.sisthai.com/investor_th.html
Email: investorinfo@sisthai.com

Other References

Share Registrar : Thailand Securities Depository Company Limited
93 The Stock Exchange of Thailand Building
Ratchadaphisek Road, Din Deang Sub-District, Din Deang District
Bangkok 10400
Telephone : 0 2009-9000
Fax : 0 2009-9991
SET Call Center : 0 2009-9999

Auditor : Mr. Ekkasit Chuthamsatid, Certified Public Accountant No. 4195,
KPMG Phoomchai Audit Limited
Empire Tower, 50th - 51st Floor, 1 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. 0 2640-3000, Fax 0 2640-3780.



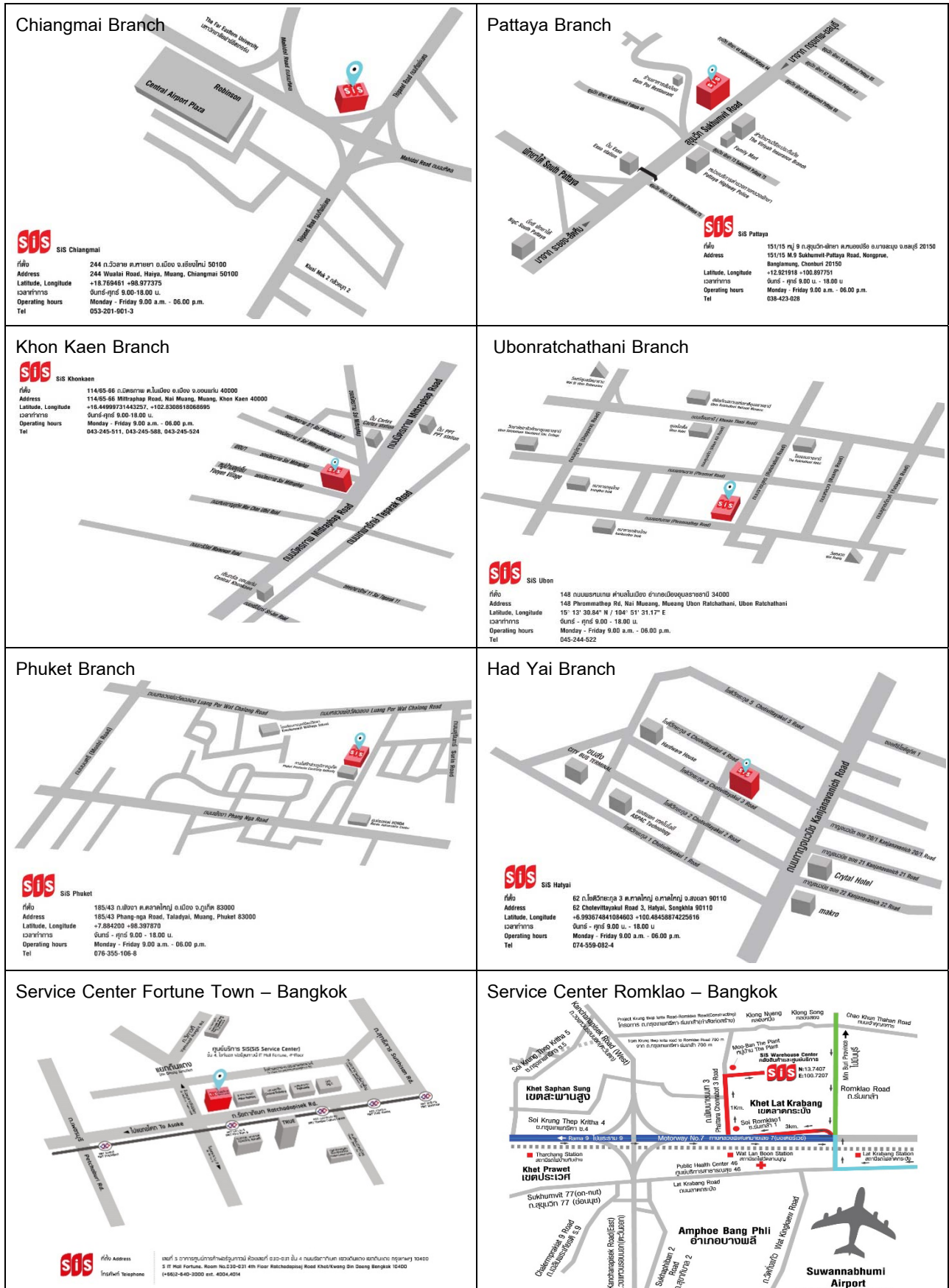
The Front of Office



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.

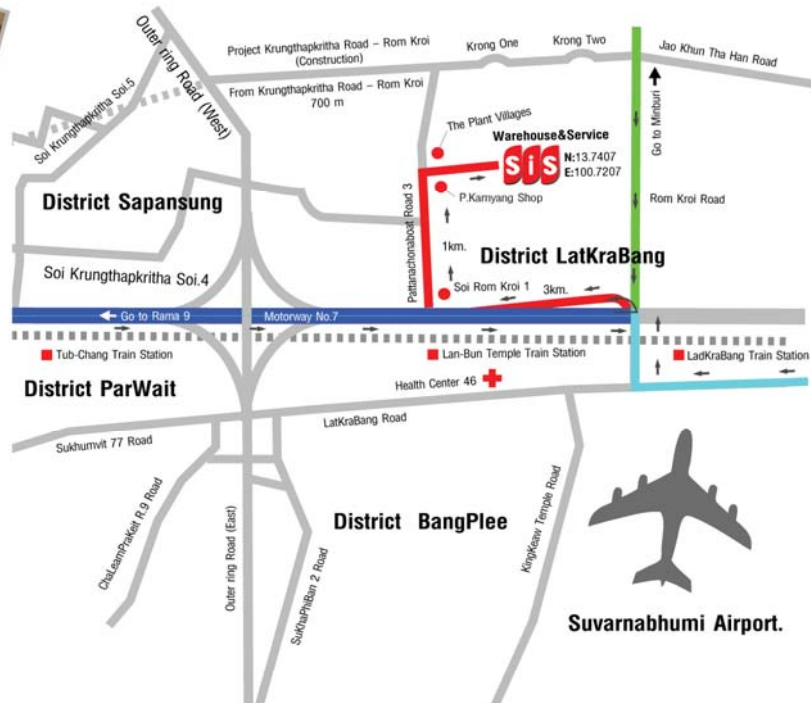
Driving along Onnut - Lat Krabang street until to three separate Traffic Lat Krabang - Rom Kroi, then turn right into the Rom Kroi road. After you turn right, then drive left over and across the bridge. Get down from the bridge, then turn left at the intersection. Drive along the Motorway about 3 km. 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)

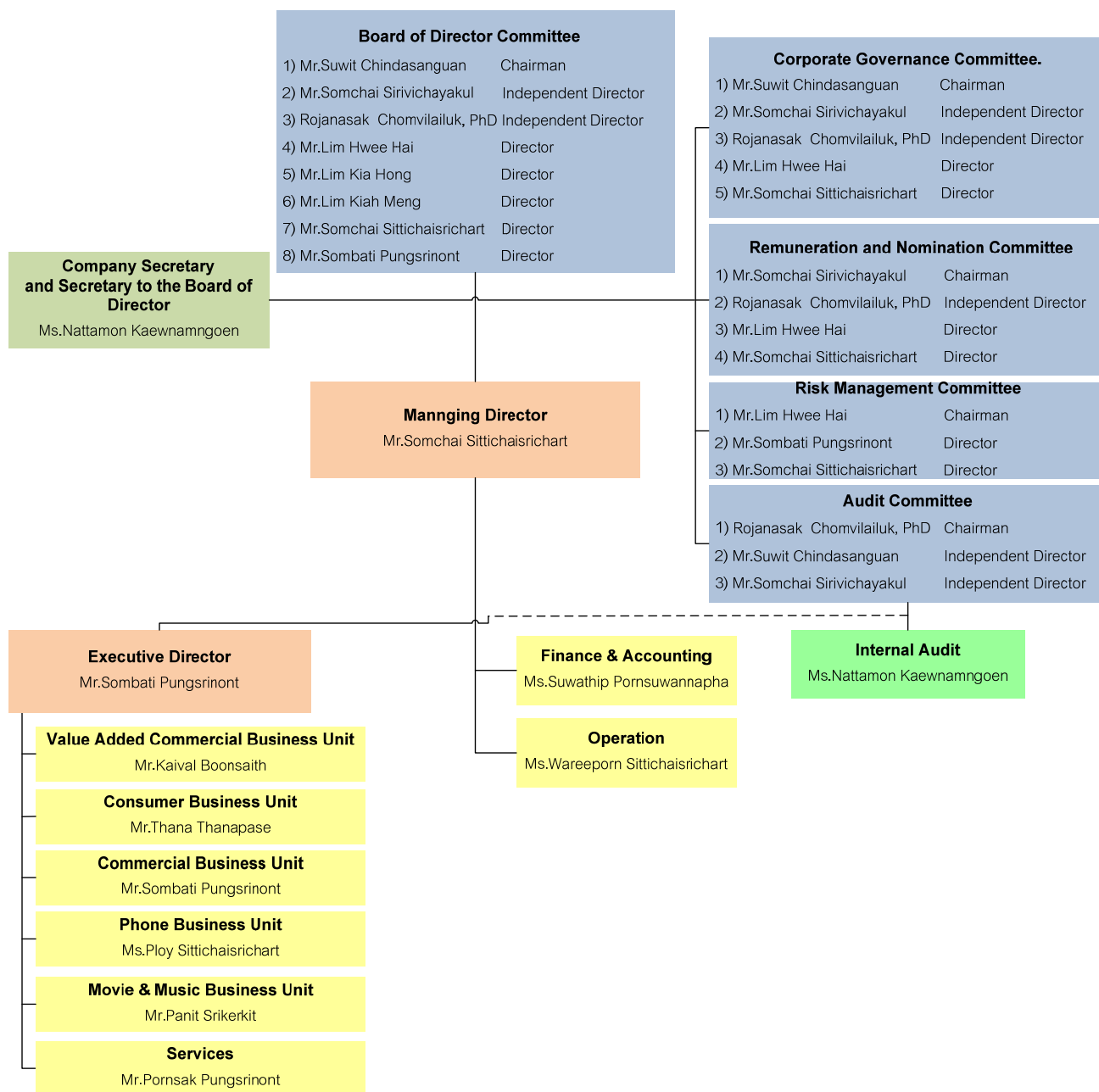
Address : 88/6-9.SOI PATTANACHONNABOT 3,
KLONGSONGTONNOON, LADKRABANG,
BKK 10520
Tel : 02-640-3001, 3012, 3013, 3014, 3017
Fax : 02-640-3299

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. Sombati Pungsrinont (Executive Director) • 4) Mr. Suwit Chindasanguan (Independent Director – Chairman – Chairman of Corporate Governance Committee) • 5) Mr. Somchai Sittichaisrichart (Managing 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 • Chairman of Corporate Governance Committee • Audit Committee • Audit Committee

62 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
- Ethical Leadership program

**Shareholding (31 Dec 15)**

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

Date and Number of Year of Independent Directorship

9 February 2004 – 12 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 and
Corporate Governance 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 | Rojanasak Chomvilailuk, PhD. | |
| Position | Chairman of Audit Committee • Remuneration and Nomination Committee • Corporate Governance Committee • Independent Director | |
| Age | 54 Years | |
| Nationality | Thai | |
| Education | Doctor of Philosophy in Marketing & Management, Charles Sturt University | |
| Training from IOD | <ul style="list-style-type: none">• 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? | |
| Shareholding (31 Dec 15) | 39,430 shares, equal to 0.01% of total shares with voting right | |
| Date and Number of Year of Independent Directorship | 9 February 2004 – 12 Years | |
| Working Experience/Directorship or Management in Other Businesses | | |
| Working Experience | 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. |
| Positions in Other Listed Companies | -None- | |
| Positions in Other Non-Listed Companies | 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 – 2015 | 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****Somchai Sirivichayakul**

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

59 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
- 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
- ควรกำหนดบทบาทและอำนาจหน้าที่ของกรรมการอิสระอย่างไรเพื่อให้สามารถปฏิบัติหน้าที่ได้อย่างมีประสิทธิภาพ

**Shareholding (31 Dec 15)**

None

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

9 February 2004 – 12 Years

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

| | |
|----------------|---|
| 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. |

**Positions in Other Listed
Companies**

None

**Positions in Other Non-Listed
Companies**

| | |
|----------------|---|
| 2015 – Present | Chief of Executive Directors and Chief of Executive Officer, Strega Public Company Limited |
| 2012 – 2015 | General Manager, FCC (Thailand) Co., Ltd. |
| 2004 – Present | Director, Cyber Intrend Co., Ltd. |
| 2003 – Present | Managing Director, Profit Center Group Co., Ltd. |
| 1990 – Present | Partner, Sirichoke Development Partnership |

Name**Position****Age****Nationality****Education****Training from IOD****Type of Director****Shareholding (31 Dec 15)****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 • Corporate Governance Committee • Remuneration and Nomination Committee

66 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 – 15 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

59 Years

Nationality

Singapore

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

- Directors Accreditation Program

Type of Director

Non – Executive Director

Shareholding (31 Dec 15)

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 – 15 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 15)****Date and Number of Year of
Directorship****Working Experience/Directorship or Management in Other Businesses****Working Experience****Positions in Other listed Companies****Mr. Somchai Sittichaisrichart**

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

56 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
- Capital Market Leader Program (SEC/Sasin)
- Chartered Director Class
- How to Measure the Success of Corporate Strategy
- Anti Corruption for Executive Program
- Anti Corruption in Thailand : Sustaining the Momentum

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 – 17 Years

| | |
|----------------|---|
| 2013 – Present | Risk Management Committee SiS Distribution (Thailand) PCL |
| 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. |

-None-



Name**Position****Age****Nationality****Education****Training from IOD****Type of Director****Shareholding (31 Dec 15)****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

59 Years

Thai

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

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 – 17 Years

| | |
|----------------|--|
| 2014 – 2015 | Company Secretary SiS Distribution (Thailand) PCL. |
| 2009 – Present | Risk Management Committee, SiS Distribution (Thailand) PCL. |
| 2004 – Present | Executive Director SiS Distribution (Thailand) PCL. |
| 1998 – 2004 | Executive Director SiS Distribution (Thailand) Co., Ltd. |

-None-

| | |
|----------------|---|
| 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**Mr. Lim Kiah Meng****Position**

Authorized Director

Age

61 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

Type of Director

Non – Executive Director

Shareholding (31 Dec 15)

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 – 3 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
Companies**

- None -



Management and Company Secretary



From Left to Right

1) Mr. Thana Thanapase (General Manager of Consumer Business Unit) • 2) Ms. Nattamon Kaewnamngeon (Company Secretary) • 3) Ms. Wareeporn Sittichaisrichart (Operations Manager) • 4) Mr. Panit Srikerkkrit (General Manager of Movie & Music Business Unit) • 5) Ms. Suwathip Pornsuwannapha (Financial Controller)

| | | |
|-------------------------------------|---|--|
| Name | Ms. Suwathip Pornsuwannapha | |
| Position | Financial Controller | |
| Age | 46 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 15) | 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 | 56 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: OMEGAWORLDCLASS Research Institute | |
| Shareholding (31 Dec 15) | 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. Panit Srikererkkrit | |
| Position | General Manager of Movie & Music Business Unit | |
| Age | 48 Years | |
| Nationality | Thai | |
| Education | Bachelor of Business Administration, Assumption University | |
| Training | <ul style="list-style-type: none"> Skill Development of New Management: Hipo training Consultancy Co.,Ltd. | |
| Shareholding (31 Dec 15) | -None- | |
| 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 | 54 Years | |
| Nationality | Thai | |
| Education | Bachelor of Business Administration, Assumption University Master of Commerce, Thammasat University | |
| Training | <ul style="list-style-type: none"> The Coaching Clinic: Management and Psychology Institute | |
| Shareholding (31 Dec 15) | -None- | |
| 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 | Ms. Nattamon Kaewnamngoen | |
| Position | Head of Internal Audit Department • Company Secretary | |
| Age | 31 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 NPAEs: Bunchikij Co., Ltd. • Hedge Accounting and Deferred Tax: Bunchikij Co., Ltd. | |
| Shareholding (31 Dec 15) | -None- | |
| Working Experience | 2015 – Present | Company Secretary SiS Distribution (Thailand) PCL. |
| | 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 2015, Directors and management bought and sold their securities as following:

| Name | Number of Shares (Unit) As of January 1, 2015 | Number of Shares (Unit) Bought during 2015 | Number of Shares (Unit) Sold during 2015 | Number of Shares (Unit) As of December 31, 2015 |
|---------------------------------|--|---|---|--|
| 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 |
| Ms. Nattamon Kaewnamngoen | - | - | - | - |
| Mr. Panit Srikerkkrit | - | - | - | - |
| Mr. Thana Thanapase | - | - | - | - |
| Mr. Thanawat Pringwanich (*) | 49,484 | - | - | 49,484 |
| Mr. Kaival Boonsaith (**) | - | - | - | - |
| Mr. Phrot Srisumran (*) | - | - | - | - |
| Mr. Anat Watchinda (*) | - | - | - | - |

Remarks * Resigned from the management of the company during 2015

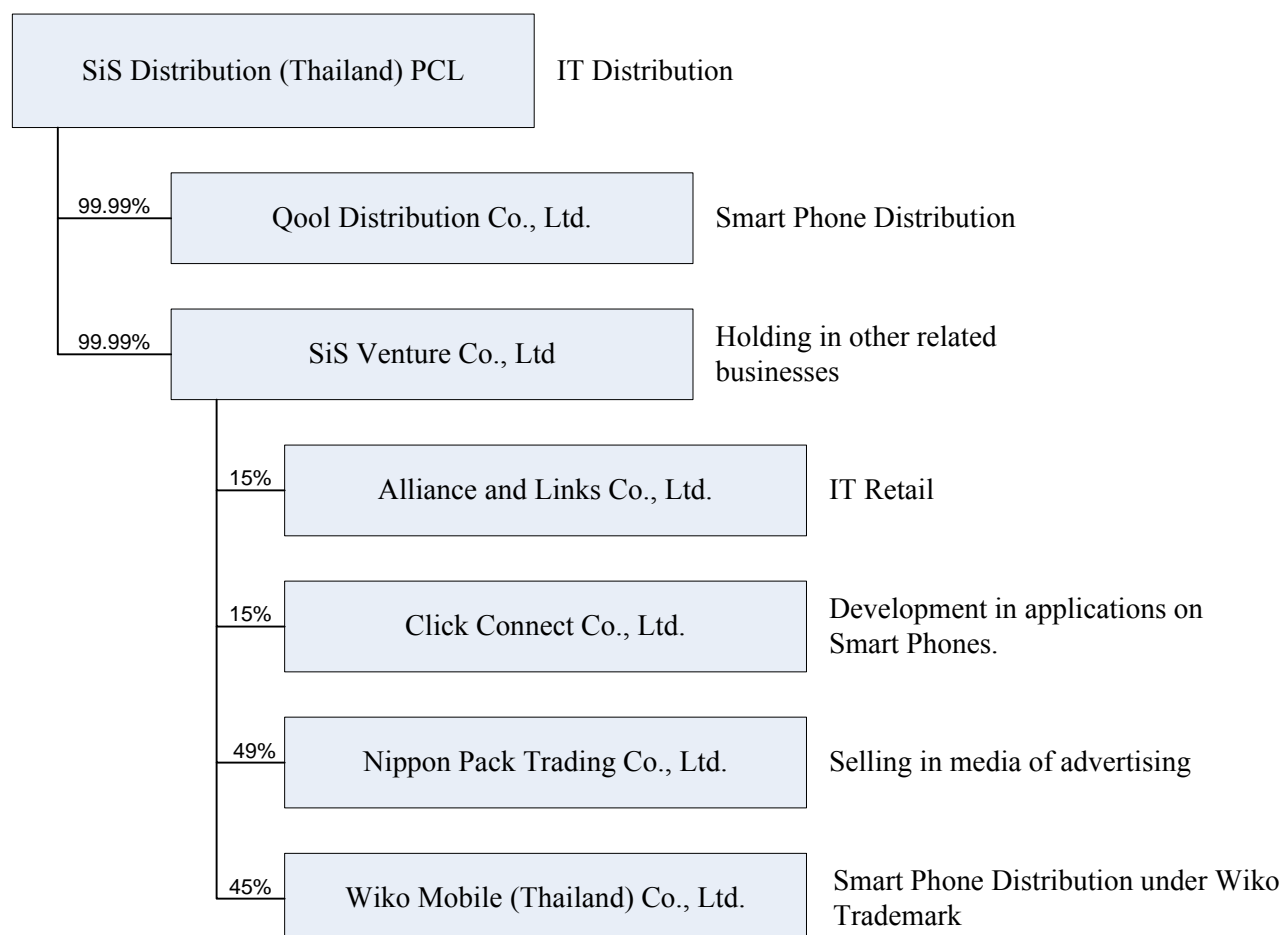
** Resigned from the management of the company during 2016

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 Smartphones | 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 Smartphones | 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 2015 that there was a delivery in PC at 276.2 Million Units which decreased 10.4% by comparison with 2014. This was a consecutive decreasing since 2012 which was the most decreasing among the PC market.

| Vendor | 2015 Shipments | 2015 Market Share | 2014 Shipments | 2014 Market Share | 2013 Shipments |
|---------------------|----------------|---------------------|----------------|-------------------|----------------|
| Lenovo | 57,182 | 20.70% | 59,306 | 19.20% | 53,804 |
| HP | 53,534 | 19.40% | 56,869 | 18.40% | 52,188 |
| Dell | 39,049 | 14.10% | 41,509 | 13.50% | 37,787 |
| Acer Group | 20,794 | 7.50% | 19,575 | 7.80% | 24,508 |
| Apple | 19,680 | 7.10% | 24,043 | 6.40% | 17,132 |
| Others | 85,977 | 31.10% | 107,063 | 34.70% | 129,702 |
| Total Market | 276,216 | 100.00% | 308,365 | 100.00% | 315,121 |
| 15/14 Growth | -10.4% | 14/13 Growth | -2.1% | | |

PC market survey across the world from IDC (Unit: Thousand) shown the shrink of PC market which was a consecutively decreased at -2.1% in the year 2014 to -10.4% in the year 2015.

The situation of PC Market of Thailand in 2015, it was founded that it had been shrunk in accordance with the World PC Market due to the decreasing in consumption of household. This was because the replacement of smartphone and tablet together with the decreasing in purchasing power due to the increasing in household debt as well as the decreasing in agriculture products. While, the consumption of PC in corporate sector remained stable because PC was an essential tool which could not be replaced by smartphone and tablet.

Smartphone Market

For Smartphone market, IDC reported the world Smartphone market in 2015 that there was the high sale in Smartphone which reached 1,432.9 Million units or increased 10.1% from the previous year. This was the consecutive increasing from 2014 which had increased from 2013 27.7%. However, it is expected that Smartphone is able to continue grow in 2016.

In Thailand, it was expected that there was the sale in Smartphone at 16 Million units in 2015 and it is likely to increase to 20 Million units in 2016. This is because the termination of the 2G network which turn the use of 2G to 3G as well as the expansion of 4G which influence consumers to change to 4G smartphone.

| Vendor | 2015 Shipment | 2015 Market Share | 2014 Shipment | 2014 Market Share | 2013 Shipment |
|---------------------|----------------|---------------------|----------------|-------------------|-----------------|
| Samsung | 324.8 | 22.70% | 318.2 | 24.40% | 316.4 |
| Apple | 231.5 | 16.20% | 192.7 | 14.80% | 153.4 |
| Huawei | 106.6 | 7.40% | 73.8 | 5.70% | 49.0 |
| Lenovo | 74.0 | 5.20% | 59.4 | 4.60% | 45.5 |
| Xiaomi | 70.8 | 4.90% | 57.7 | 4.40% | N/A |
| Others | 625.2 | 43.60% | 599.9 | 46.10% | 455.10 |
| Total | 1,432.9 | 100.00% | 1,301.7 | 100.00% | 1,019.40 |
| 15/14 Growth | 10.1% | 14/13 Growth | 27.7% | | |

Smartphone market survey across the world from IDC (Unit: Million) shown the growth of sales in smartphone in 2015 which increased 10.1% from the previous year.

Tablet Market

IDC reported the volume of the world tablet market in 2015 that there was the sale in tablet at 206.8 Million units, declining 10.1% which was the first declining after the release in 2010 due to the large screen of smartphone which replace the necessary of tablet.

| Vendor | 2015 Shipments | 2015 Market Share | 2014 Shipments | 2014 Market Share | 2013 Shipments |
|---------------------|----------------|---------------------|----------------|-------------------|----------------|
| Apple | 49.6 | 24.00% | 63.4 | 27.60% | 74.3 |
| Samsung | 33.4 | 16.20% | 39.8 | 17.30% | 39.7 |
| Lenovo | 11.2 | 5.40% | 11.2 | 4.90% | 7.8 |
| ASUS | 7.1 | 3.40% | 11.8 | 5.10% | 12.2 |
| Huawei | 6.5 | 3.10% | 3.0 | 1.30% | N/A |
| Others | 99.1 | 47.90% | 100.9 | 43.80% | 85.9 |
| Total | 206.8 | 100.00% | 230.1 | 100.00% | 219.9 |
| 15/14 Growth | -10.1% | 14/13 Growth | 4.6% | | |

Tablet market survey across the world from IDC (Unit: Million) shown the growth of sales in smartphone in 2015 which decreased 10.1% from the increasing in 2014 at 4.6%.

Business Characteristics, Competition and Market Share

Business Characteristics

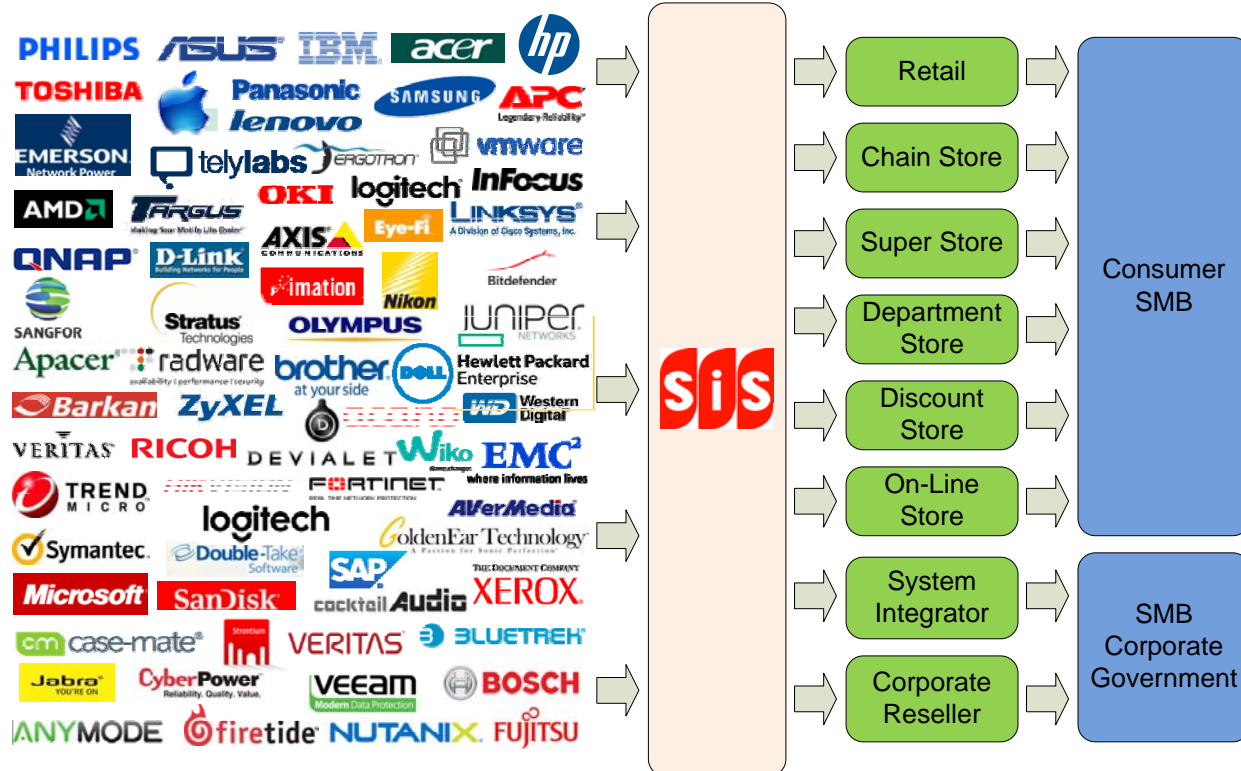
The Company operates in IT distribution which purchases products and services from approximately 70 suppliers and distributes to various channel. In 2015, the Company has distributes products and services to approximately 4,500 dealers and retailers which re-sell to end users, corporate as well as government 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 2015 (sequenced by the alphabet) are Acer, Apple, Asus, Dell, EMC, Hewlett Packard, IBM, Lenovo, Samsung, Sandisk and Wiko

All customers of the Company are retailers and resellers 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, MFC PCL, Yib In Soi Co., Ltd. and Terabytes Net Solution Co., Ltd.

Vendor/Manufacturer : 70+

Resellers : +4000

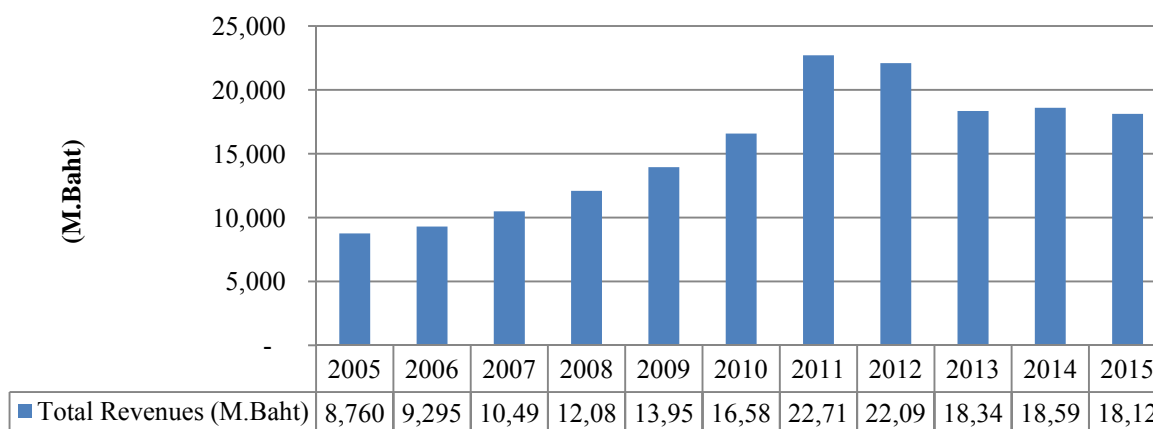


The Status of the Company and its Competition

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. From this situation, the revenue of the Company has been maintained or slightly decreased due to the saturation of the IT market, especially personal computer (PC) which has been shrunk from the year 2012.

Total Revenues (M.Baht)



Total Revenues Table

The Competency in Competition

With an experience in operating over 16 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 2015, the Company sold various products to over 4,500 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 2015, the Company was more appointed to be the distributors of 5 brands, namely Logitech (peripheral and video conference from Switzerland), HikVision (security camera system from China), Sangfor (Wan optimization and internet access from China), Stratus (always on infrastructure from United States), TelyLabs (video conference equipment from United States). Besides, the Company launce the Cloud Video Conference Service which offer the service and charge monthly.



HIKVISION





binary
testing

Sangfor's WAN optimisation technology



Sangfor WANACC S5000

Sangfor shakes up the WAN optimisation market with its S5000 offering a classy feature set for a low price



The S5000 offers bandwidth management, protocol optimisation and plenty more



2800



4800

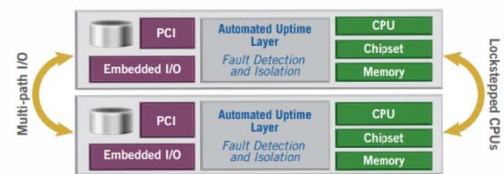


6800



For an **Always-On** World

Duplex hardware components



Corporate System and Organizational Culture

The Company provides 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 2015 which conducted the survey both in SET and MAI, totally 588 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 | |
| 2015 | Very Good | 80-89 | |

Remark: There were an adjustment and an increasing in criteria of CGR since 2013 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.

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% |
| 2014 | 21,671 | 17,801 | 8,537 | 18,593 | 66,600 | 27.9% |

Milestones of Operation in 2015

Seminars and Events

Through the year 2015, the Company has organized seminars and attended many events as following:



Seminar and Introduction of Video Surveillance Product at Had Yai



Seminar and Introduction of Video Surveillance Product at Head Office, Bangkok



Introduction of HP Networking Product and Business at St. Regis



Commercial Expo at Pullman Bangkok



Solution Day – VMWare Juniper



Seminar and Introduction of Panasonic Product

Seminar and Introduction of Dell Product



Seminar and Introduction of Veeam Product

Seminar and Introduction of RSA Product

Some of Award and Assessments of the year 2015



Best Distributor of the Year 2015 – Overall Performance

This is award given by Hewlett Packard Enterprise to the distributor who has the best performance in Thailand.



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 that being one of 162 companies to receive the full of 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 2015, conducted by the Institute of Directors Association.



Best Growth Distributor of the Year

This is award given by Axis, the world’s largest network camera company, for the highest growth rate distributor.



Best Retailer Award 2015

This is award given by Lazada who is the one of our reseller that operates online retail business in Thailand.



Best HPE Storage of the Year 2015

This is award given by Hewlett Packard Enterprise for the largest distributor of HPE Storage.

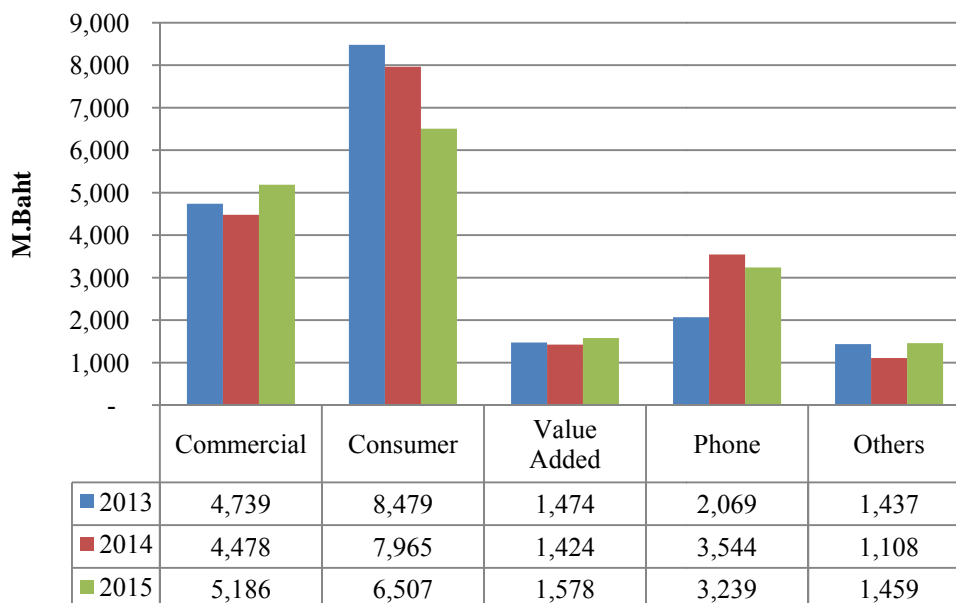
Highest Growth – Commercial PC

This is award given by Hewlett Packard for the highest sale volumes increase of Commercial PC product.



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 : Dell, Lenovo, HP



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.

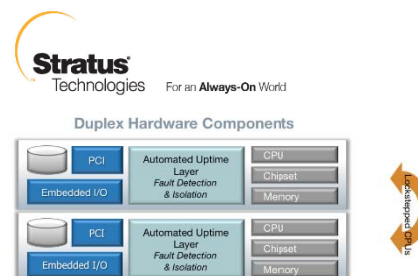
Enterprise Storage : EMC, HP



Enterprise Server : HP, Nutanix, Stratus

HPE Integrity Superdome X

Drive business with mission-critical performance and availability on x86 servers, certified for Linux®, Windows® and VMware®.



Backup : EMC, Symantec, Veeam, Double-Take



Network : Juniper, HP



Security : Fortinet, Juniper, Symantec, Trend Micro



Virtualization : VMWare



Surveillance : Axis, QNAP, HIKVision



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:

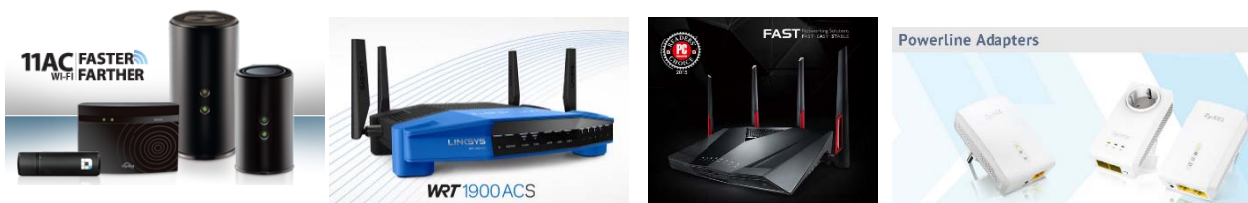
Printer : HP, Brother, Xerox



PC/Notebook : Acer, Asus, HP, Lenovo



Network : Asus, D-Link, Zyxel, Linksys



Monitor : Samsung, Acer, Philips



Mouse/Keyboard : Microsoft, Logitech



Storage : WD, Qnap



Tablet : Lenovo, Acer, Asus, Samsung



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, Lenovo and Wiko.

Smartphone



Management Discussion and Analysis

Working Capital and Financial Position at the beginning of the year

In the year 2015, the Company begins the operation from the equity at the amount of 1,488 Million Baht together with loan from financial institutions at the amount of 2,428 Million Baht, totally 3,916 Million Baht to mainly invest in inventories, the inventories was 1,975 Million Baht at the beginning of the year. Also, the Company invested in grating credit for customers (account receivables), the account receivables was 1,951 Million Baht. These two current assets was totally 3,927 Million Baht which was nearly the equity and the loans from financial institutions.

Operation Performance

In the year 2015, the total revenue of the Company was 18,121 Million Baht, decreased 2.5% from the previous year. This is able to illustrate by breaking down through the business units as following:

The sale by Business Unit (Million Baht)

| Business Unit | 2013 | 2014 | 2015 | 15/14 | 14/13 |
|---------------|---------------|---------------|---------------|---------------|--------------|
| Commercial | 4,739 | 4,478 | 5,186 | 15.8% | -5.5% |
| Consumer | 8,479 | 7,966 | 6,507 | -18.3% | -6.1% |
| Value Added | 1,474 | 1,424 | 1,578 | 10.8% | -3.4% |
| Phone | 2,069 | 3,544 | 3,239 | -8.6% | 71.3% |
| Others | 1,437 | 1,108 | 1,459 | 31.7% | -22.9% |
| Total | 18,198 | 18,519 | 17,969 | -2.97% | 1.76% |

Commercial

This business unit provides the IT products for using in corporation. There was the growth of sale at 15.8%, comparing to the year 2014. This is because the political crisis was improved under the new government which influenced the investment among business sector.

Consumer

This business unit provides the IT products for using in households. The main products of this sector are PC which decreased noticeably at 18.3%. This caused from 3 main reasons: 1) The replacement of PC by smartphone/tablet which some of their features could use as the PC. 2) Lacking of the new innovation of PC which can lead the consumers buy the new one to replace the their existing PC. 3) There was the decreasing in purchasing power of households which is in accordance with the information from the Bank of Thailand which disclosed that the household debt was dramatically increased.

Value Added

This business unit provides the sales of IT products together with the new technology. There are many ranges of services that are necessary to provides to customers in order to support those sales both pre-sales which is the test of using before sales and after sales which is the assistance in order to maximize the use of those products for customers.

The majority of the products is the products for data center such as virtualization which enhance the Hyper Converge, including server, storage, network and software to be the system which is able to support many ranges of work. This kind of product is demanding among the market and there is the new technology continuously entry to the market. In the year 2015, this business grew 10.8%.

Phone

This business unit provides smartphones. However, the smartphone market is large and the Company gains not much market share because the Company still could not expand the channel of sales and most manufacturers provides the sales by themselves.

In the year 2015, the total sales of smartphone was 3,239 Million Baht, which decreased 8.6% when compared to the previous year. This was because there was sales of smartphone to the large project work which continued from the year 2014 slightly decreased in the year 2015.

In summary, the increasing in sales of Commercial business unit and Value Added business unit was not coverage the decreasing in sales of Consumer business unit which affected the decreasing in total sales at 2.97% in the year 2015.

Operating Profit

In the year 2015, the gross profit was 966 Million Baht or 5.36% of sales which slightly improved from the previous year. While, the net profit before share loss of investment in associates was 250 Million Baht which also improved from the previous year 35.7%.

Nevertheless, the Company has invested in two associates namely, Wiko Mobile (Thailand) Company Limited which operates in manufacturing and selling smartphone and Nippon Pack Trading Company Limited which operates in electronic advertising media. These two associates have been in initial investment period then they still got loss and the Company has to share loss from the investment in this year as 83 Million Baht. This affected the decreasing in the net profit of the Company to 166 Million Baht or decreased 9.6%, comparing to the previous year.

| | 2015 | 2014 | 15/14 |
|--|------------|------------|--------------|
| Total Revenues | 18,121 | 18,593 | -2.5% |
| Gross Profit | 966 | 963 | 0.3% |
| % gross profit | 5.36% | 5.19% | 3.2% |
| Selling and Administrative expenses | 683 | 680 | 0.4% |
| Profit before tax and interest | 380 | 319 | 19.3% |
| Finance Cost | 64 | 88 | -26.5% |
| Profit before tax | 316 | 231 | 36.6% |
| Corporate Tax | -66 | -47 | 40.0% |
| Profit before share loss from associates | 250 | 184 | 35.7% |
| Loss from associates | -83 | | |
| Net Profit | 166 | 184 | -9.6% |

Financial Position at the end of the year

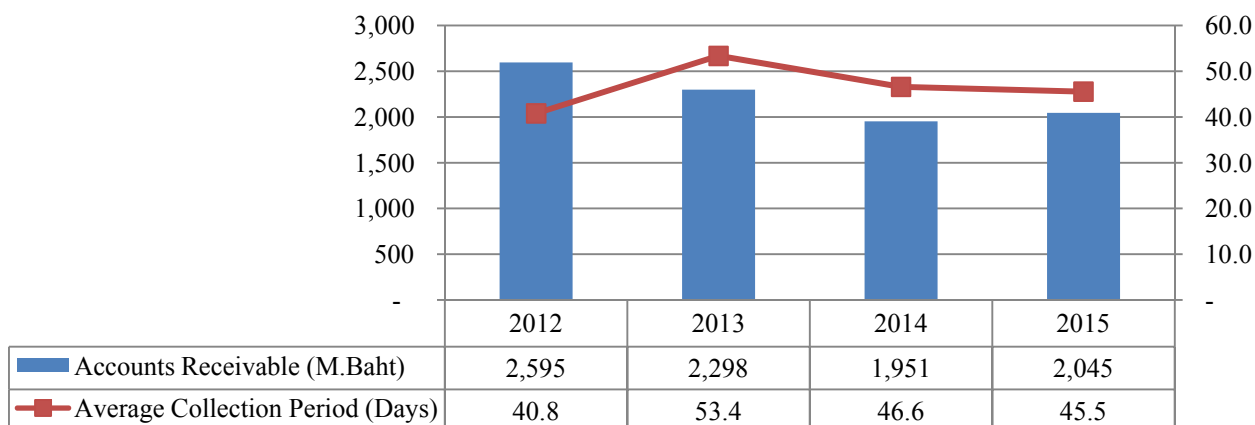
Assets

The main assets of the Company are comprised of Account Receivables and Inventories. These 2 items was 76% of the total assets. The details are followings:

Account Receivables

As at 31 December 2015, the account receivables was 2,045 Million Baht which increased 4.8% from the previous year and the average collection period was 45.5 days which was the normal period when compare to the industry.

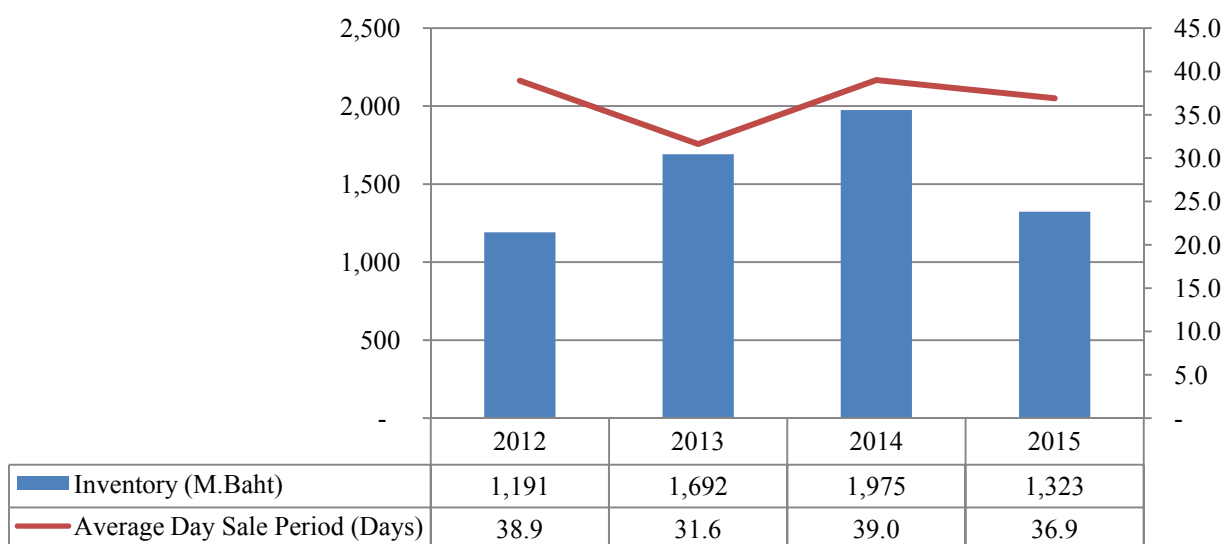
Over the past years, the account receivables and the average collection period are illustrated as the diagram below:



Inventories

As at 31 December 2015, the inventories of the Company was 1,323 Million Baht which decreased 652 Million Baht due to the cancellation of the project at the beginning of the year. After this problem was solved, the inventories were reduced until the average sale period was 36.9 days. However, the average sale periods would be 26.9 days when use the balances of inventories as at the end of the year as calculation and it was the appropriate situation.

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



Liabilities and Equities

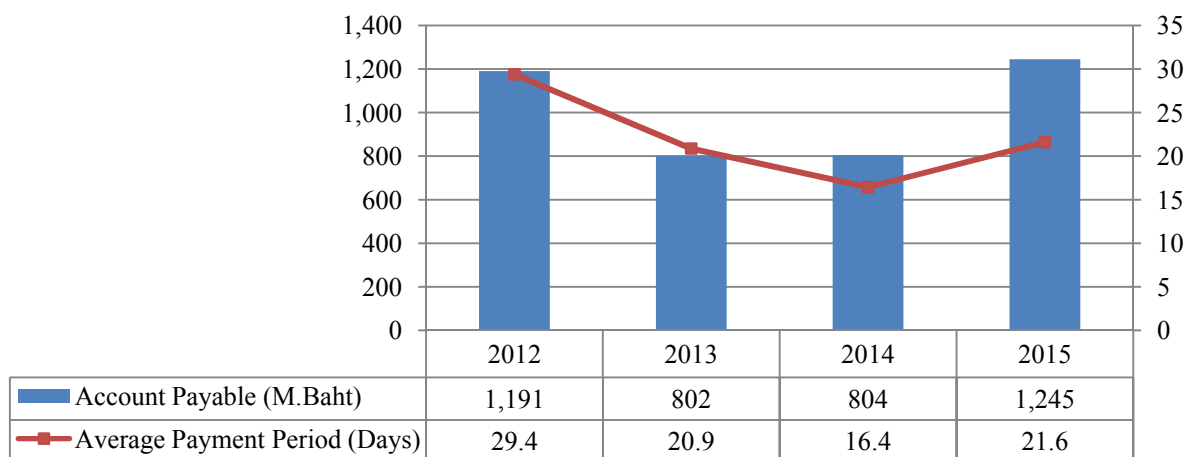
The main liabilities of the Company are comprised of Account Payables and Loan from Financial Institutions. These 2 items was 88% of the total liabilities. The details are followings:

Account Payable

The balance of the account payables as at 31 December 2015 was 1,245 Million Baht, increased 441 Million Baht from the previous year and the average payment period was 21.6 days.

The normal term of payment was between 30 – 45 days. Many payables offered the trade discounts in case of early payment, 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.

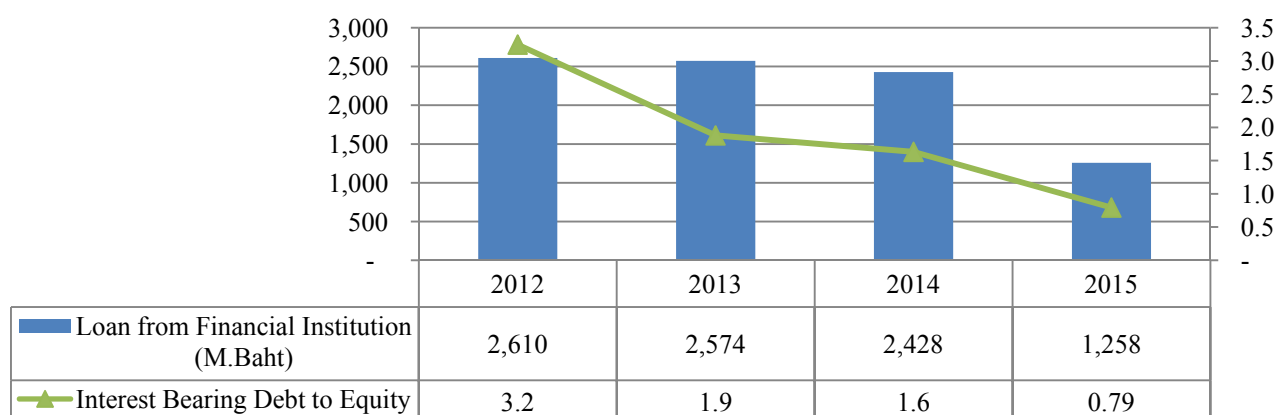
Over the past years, the balance of Account payables is illustrated as the diagram below.



Equity And Loan From Financial Institutions at the end of the year

During the year 2015, the Company paid the dividend to the shareholders, totally 70 Million Baht. When combined with the operating profit, the equity as at 31 December 2015 was 1,587 Million Baht which increased 98.8 Million Baht from the previous year.

As at 31 December 2015, there was the profit from the operation as well as the effectiveness of asset management which affected the decreasing in loan from financial institution. It was 1,258 Million Baht which decreased significantly 1,170 Million Baht and the debt to equity was 0.79 which was the lowest level.



Cash Flows

Operating Cash Flow

The cash cycle of the Company in the year 2015 was 60.8 days and there was an increasing in operating cash flow 1,407 Million Baht. The main items that affected the increasing in operating cash flow in the year 2015 was

- The profit after non-cash adjusted transactions 400 Million Baht
- The increasing in account payables 445 Million Baht
- The decreasing in inventories 607 Million Baht

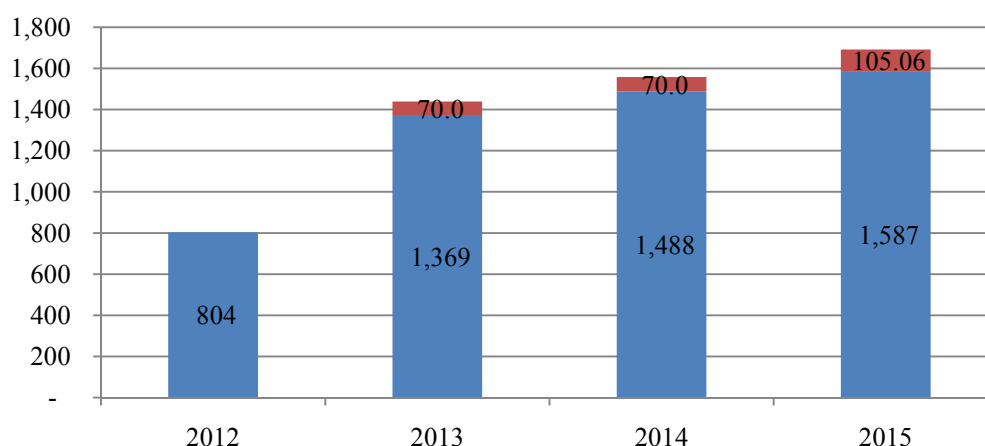
The main items that affected the decreasing in cash flow in the year 2015 was

- The increasing in account receivables 109 Million Baht

Shareholder's Equity

In the year 2015, the equity was 1,587 Million Baht which increased 98.8 Million Baht from the previous year due to the operating profit from management.

Shareholders' Equity/Dividend (M.Baht)



Dividend Payment

The basic earnings per share of the Company was 0.48 Baht and the Board of Directors had the resolution to propose to the Annual General Meeting of Shareholders in 2016 to approve the dividend payment of the year 2015 at 0.30 Baht per share which increased 50% of the rate of the previous year due to the significance of cash flow and the lowest of debt to equity.

In case of this dividend payment rate is approved by this Annual General Meeting of Shareholders, then the total dividend payment will be 105 Million Baht, equal to the dividend payout at 63.2% and equal to the dividend yield at 7.2% when compared with the closed price at 4.18 Baht on 18 February 2016 which was the day before notification the dividend payment resolution to the Stock Exchange of Thailand or equal to 7.0% when compared with the closed price at 4.28 Baht on 30 December 2015.

Report from the Risk Management Committee

Dear Valued Shareholders

SiS Distribution (Thailand) Public Company Limited is fully aware of 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 such, the Board of Directors appointed the Risk Management Committee which consists of:

1. Mr.Lim Hwee Hai (Non Executive Director as the Chairman of Risk Management Committee).
2. Mr.Somchai Sittichaisrichart, (Managing Director as the Risk Management Committee and the President of Risk Management Team).
3. Mr.Sombati Pungsrinont (Executive Director as the Risk Management Committee)

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

All members appointed to be the Risk Management Committee have a three-year term. In addition, the Risk Management Committee appointed a Risk Management Team, including Managing Director, Executive Director, General Manager, and representatives from all relevant 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 2015, the Risk Management Committee held 2 meetings and provided the meeting for Risk Management Working Group 8 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.

During the year under review, the Risk Management Committee has appointed the Risk Management Working Team to undertake the study of implementing risk management activities under the COSO Enterprise Risk Management Framework. COSO ERM framework expands on internal control, providing a more robust and extensive focus on the broader subject of enterprise risk management. In due course, the Risk Management Committee hopes to adopt this integrated enterprise risk management framework both to satisfy the Company's internal control needs and a fuller risk management process.

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
5 March 2016



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 from the biggest vendors to 21% in 2015. Although, risk from reliance on the biggest vendors reduced and over 70 vendors appointed the Company to be their distributors but 80% of total sales were from only 9 vendors. However, the Company still continue to monitor and focus on this factor to mitigate risk as followings:

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|------|------|------|
| Sales from the biggest Vendors to Total Sales | 41% | 31% | 26% | 18% | 21% | 27% | 21% |

- **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 2015, the Company was additionally appointed to be the distributor such as Logitech (peripherals), Stratus (Fault Tolerant Server), Sangfor (WAN Optimization), Telylabs (Video Conference) and continues to increase more in the following year of 2016.

- **Continuously Improvement**

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

- **Market Coverage**

In 2015, the Company had dealer networks that consist of over 4,500 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 4,500 dealers with quickness and efficiency. Besides, there has been the more human resources in sale in up country in order to increase the customers of smartphones.

- **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 Inventories

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 inventories risks:

- **Minimum Inventories Control**

The Company has a policy to keep inventories 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, inventories level will be kept more than 15 days but not over 45 days in order to timely resolve when the market changes. Inventories level for the years are shown in the table below:

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------|------|------|-------|-------|-------|-------|-------|-------|
| Inventory (M.Baht) | 789 | 919 | 1,152 | 3,171 | 1,191 | 1,692 | 1,975 | 1,323 |
| Average Day Sales (Days) | 22.5 | 23.9 | 24.7 | 37.9 | 38.9 | 31.6 | 39.0 | 36.9 |

- **Delegate to Specialize Product Manager**

The Company delegates Product Managers to manage its product in term of ordering, inventories 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 inventories management as the key performance indicator in evaluating Product Managers.

- **Inventories Reserve for obsolete stock**

The Company sets an allowance for obsolete and defective stock by reviewing the aging of inventories 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 inventories burden.

- **Data System**

The Company has invested in warehouse management system as SAP ECC6 that can provides accuracy, timely on the inventories information. Various reports are also provided in order to manage inventories effectively such as inventories aging report by items, inventories turnover by items, etc. Besides, the system can alert for long outstanding inventories 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 Managers in order to review balance of inventories and inventories aging to consider the trend and set up the procedures to solve issues rapidly. This is able to reduce the damage of inventories. Besides, these strategies could be built as one of the Company's cultures in term of the inventories 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 the 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 4,500 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 debts 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 2015, the short term loan from financial institutions of the Company was 1,258 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. At the end of the year, the Company has the total credit available granted from financial institutions at 5,520 Million Baht and the proportion of using is 23%.

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 2015 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 | Thai NVDR Company Limited | 11,355,154 | 3.2% |
| 5 | Mr. Sompong Cholkadeedumrongkul | 7,302,400 | 2.1% |
| 6 | CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG | 5,206,410 | 1.5% |
| 7 | Mr. Vichien Srimuninnimit | 4,522,000 | 1.3% |
| 8 | Synnex Public Company Limited | 3,971,370 | 1.1% |
| 9 | Ms. Patinya Supha-amornkul | 2,332,275 | 0.7% |
| 10 | Mr. Rungkiat Ratanabancheun | 2,289,000 | 0.7% |
| Total Shares of Top 10 Major Shareholders | | 288,322,529 | 82.3% |
| 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.

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 2015, 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 2015 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 2016. The Remuneration and Nomination Committee has agreed to use the same compensation scheme as 2015 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 the year 2015 is set out in Annual Report 2015 individually. For remuneration policy of Board of Directors and Committees in 2016, 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 2016, there will be the retirement of one of top management and there was the resign of many general manager, therefore the Company conducts the potential development project of middle management which comprises of business skill development and English skill development since the beginning of the year 2015. This is to develop the new generation to be the middle management, including the determination the qualification of successors of all levels of management in order to further recruit the human resource both internally and externally.
3. In the year 2016, 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 2016. 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 2016 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. There was no re-evaluation in 2015.
6. The Remuneration and Nomination Committee has reviewed the compensations of 8 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
5 March 2016



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 attendance fee of 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. The Chairman of the Audit Committee shall receive an attendance fee of 13,500 Baht.

Attendance Fee of the Remuneration and Nomination Committee

Remuneration and Nomination Committee attending the remuneration and nomination committee meetings shall receive an attendance fee of 22,000 Baht. The Chairman of the Remuneration and Nomination Committee shall receive an attendance fee of 33,000 Baht.

Attendance Fee of the Risk Management Committee

Risk Management Committee attending the Risk Management committee meetings shall receive an attendance fee of 22,000 Baht. The Chairman of the Risk management Committee shall receive an attendance fee of 33,000 Baht.

Attendance Fee of the Corporate Governance Committee

Corporate Governance Committee attending the Corporate Governance Committee meetings shall receive an attendance fee of 22,000 Baht. The Chairman of the Corporate Governance Committee shall receive an attendance fee of 33,000 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 2015, the shareholders approved the total budget which is not over 7 Million Baht as the remuneration to directors. The actual payment was 5,973,000 Baht. Also, there will be the propose of remuneration of the year 2016 which is not over 7 Million Baht to the Annual General Meeting of the Shareholders in 2016 in order to approve this budget. Nevertheless, the remuneration of each director in 2015 is presented in the following table:

| Name | Suwit Chindasanguan | Somchai Sirivichayakul | Rojanasak Chomvilailuk | 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 Risk Management Committee | <ul style="list-style-type: none"> Executive Director Risk Management Committee |
| Monthly Retaining Fee of the Board | 360,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | - | - |
| 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 | 132,000 | 132,000 | 132,000 | 110,000 |
| Attendance Fee of the Audit Committee | 108,000 | 108,000 | 162,000 | - | - | - | - | - |
| Attendance Fee of the Remuneration and Nomination Committee | - | 66,000 | 44,000 | 44,000 | - | - | 44,000 | - |
| Attendance Fee of the Risk Management Committee | - | - | - | 66,000 | - | - | 22,000 | 22,000 |
| Attendance Fee of the Corporate Governance Committee | 99,000 | 44,000 | 66,000 | 66,000 | - | - | 66,000 | - |
| Special Bonus | 840,000 | 378,000 | 378,000 | - | - | - | - | - |
| Total | 1,905,000 | 1,208,000 | 1,352,000 | 488,000 | 312,000 | 312,000 | 264,000 | 132,000 |

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 8 Executives of the year 2015 was paid in form of salary, quarterly bonus and yearly bonus, totally 50.6 Million 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. Panit Srikerkkrit | General Manager, Movie & Music Business Unit |
| 6) Mr. Thana Thanapase | General Manager, Consumer Business Unit |

- 7) Mr. Kaival Boonsaith
8) Mr. Anat Watchinda

General Manager, Value Added Commercial Business unit
Assistant Managing Director

Management Provident Fund

The contribution of the Provident fund of 8 Executives in the year of 2015 was 1.8 Million 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 528 employees (exclusion of 8 Executives), they are classified as the company's employees of 414 people and the remaining is outsourcing employees of 114 people. This can illustrate as the figure in the table below:

| | SiS | Outsource | Total |
|---------------------------------------|------------|------------|------------|
| Sales (no. of employees) | 189 | 76 | 265 |
| Products/Marketing (no. of employees) | 94 | 0 | 94 |
| Finance/Credit (no. of employees) | 20 | 0 | 20 |
| Warehouse (no. of employees) | 28 | 32 | 60 |
| Technical Support (no. of employees) | 38 | 0 | 38 |
| Service (no. of employees) | 27 | 0 | 27 |
| Others (no. of employees) | 18 | 6 | 24 |
| Total (no. of employees) | 414 | 114 | 528 |
| 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 414 employees in the year of 2015 was 6,286,023 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:

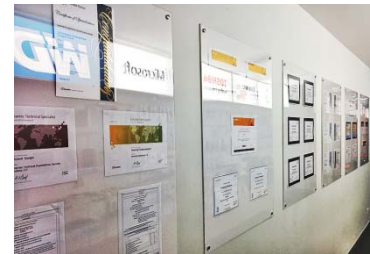
| Working Period | Rate of Refund in Contribution |
|-------------------|--|
| Less than 2 years | Refund only the employee contributions and benefits from the fund |
| 2 – 3 Years | Refund the employee contributions and 20% of company contributions together with benefits from the fund |
| 3 – 4 Years | 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 2015, there were 3 trainers who specifically respond for the sale trainings and 5 senior product 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 2015, the average hour of training was 18.2 hours a year per person.

Report from Corporate Governance Committee

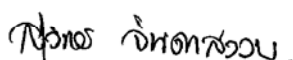
Dear valued Shareholders

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 2015, the Corporate Governance Committee arranged 3 meetings and these meetings were attended completely by all members in order to review and update Codes of Conduct , Anti-Corruption Policy and related policies. This is to ensure that the codes of conduct, revised in 2015 would be cover all dimensions of the Company's operations and it is inaccordance with the practices of regulators as well as current situations.

Significantly, the Corporate Governance Committee emphasizes on the Anti-Corruption which is the obstacle of the sustantial growth of both business and government sectors. After the declaration of intent to Thailand's Private Sector Collective Action Coalition Against Corruption in 2014, the Corporate Governance Committee has continuously considered and reviewed the procedure and practices to eliminate and monitor fraud and corruption. Consequently, the Company has been certified as the certified company of Thailand's Private Sector Collective Action Coalition Against Corruption in 4th quarter in 2015 on 22 January 2016.

The Corporate Governance Committee also realizes in the best practices of the good corporate governance comprising of 5 categories: Right of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency and the Responsibilities of the Board, these are reviewed every year. According to the Corporate Governance assessment of listed companies of the year 2015 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 159 listed companies from 588 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.



(Mr. Suwit Chindasanguan)
Chairman of the Corporate Governance Committee
5 March 2016



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 followings:

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 2015, 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.1/2015 dated 24 April 2015, 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 | 100.0 |
| 2014 | 100 | 98.5 |
| 2015 | 100 | 100.0 |

For the Operating Results period 1 January 2015 to 31 December 2015, the Company will be held the 2016 Annual General Meeting of Shareholders on 22 April 2016. 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 website 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 followings:

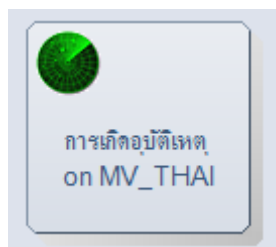
1. Employee

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 offering 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 2015, accidents occurred 8 times which its details were recorded by video camera at any time, no injuries and property damaged under the insurance protection.

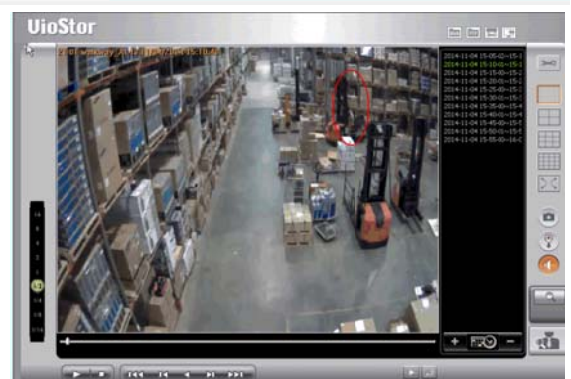
II. Minimize fire risks

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.

แบบฟอร์มรายงานการเกิดอุบัติเหตุ

| | |
|-------------------------|--|
| สถานที่เกิดอุบัติเหตุ * | ภายในโกดัง - การจัดส่ง |
| วันที่เกิดอุบัติเหตุ * | 31-01-2014 - |
| เกิดเหตุโดย * | Accident Following |
| ผู้บาดเจ็บ * | 0 |
| การสูญหาย * | 0 บาท |
| หยุดงานนาน * | 0 วัน |
| ทรัพย์สินเสียหาย * | PHL-SPA735/67 2.1 speaker 50W RMS Speaker driver: 2.75 จำนวน 4 เครื่อง |
| เบี่ยงประกัน * | ได้ - ไม่ได้ |
| มูลค่าความเสียหาย * | 5248 บาท |
| มูลค่ารวม | 5248 บาท |
| Attach File | รายงานเล่าโดย: จิตติเดช.doc DSCN6711.jpg DSCN6710.jpg DSCN6709.jpg DSCN6708.jpg |



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 short term and long term compensation scheme to employees with more other benefits as follows:

I. Industry Comparison

The Company regularly review the salary as well as other revenue of employees and compare to the industry. In order that the Company has the policy to define and pay the salary not below that the average salary among the industry.

II. Value Based Compensation

The Company define the function of job in accordance with the value of those jobs then defines the revenue according to the value of each job. Also, there is an evaluation every year and it is subject to the evaluation.

III. Performance Based Compensation

The Company provides the employee assessment every 6 months and ranks sequentially according to their performances in order to be information for considering in salary adjustment.

IV. 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.

V. 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.

VI. 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.

VII. 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.

VIII. 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 |
| 31 December 2015 | 110.0 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 |

IX. Personal Accident Insurance

The Company provides personal accident insurance to all employees. In 2015, the company had total insured over 216.5 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 recognised 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 recognised 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 recognised 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 the Company 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**

The Company realizes and awares in the fraud and corruption which is the significant obstacle of country's development. Therefore, the Company defines the policy and the practices to not allow directors, management and employees of the Company accept and participate in any kind of fraud and corruption. Moreover, this policy and practices are reviewed regularly to ensure the appropriateness. The Company has declared intention to join Thailand's Private Sector Collective Action Coalition Against Corruption. Consequently, the Company has been certified as the certified company in 4th quarter in 2015 on 22 January 2016, the Company is listed as the number of 139 from 152 certified companies.



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

| | Title | Certified Date | Expire Date |
|-----|---|----------------|-------------|
| 139 | บริษัท เอสไอเอส ดิสทริบิวชั่น (ประเทศไทย) จำกัด (มหาชน) | 22 Jan 2016 | 21 Jan 2019 |

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, the Company has revised mission and vision as following:

| Existing | New |
|---|---|
| <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> | <p>Vision to be the leading company in Indo-China region of information technology businesses by collaborating and coordinating to obtain mutually exclusive wealth.</p> <p>Mission The company promise to be</p> <ul style="list-style-type: none"> Good citizen of society and society's wealth contributor Professional, determinant, honest and trusted company for our shareholders' maximized wealth Provider of high quality and high valued goods and services for our customers Strong and trusted collaborator for our suppliers and all supporters A warm and happy family, trusting and respecting human being's honor and endless potentials, supports and enhances our employee for our jointed success and maximized wealth <p>Long Term Goal to become Thailand's leading IT company with sustainable and continuous growth, transparent and socially responsible business operations and superior stakeholder value.</p> |

Qualification of the Board of Directors

- The Board of Directors of the Company must be a knowledgeable, capable, honest person; to be ethically businesslike and to have sufficient time to devote his/her knowledge, ability and the performance of duty to the Company.
- 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 followings:

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 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.

Assumption of Directorship in Other Companies by Directors, Managing Director and Senior Executives

The Company defines the policy of assumption of directorship in other companies by Directors, Managing Directors and Senior Executives which is in accordance with the best practices of the good corporate governance as well as the recommendation of regulators. The Company prohibited the directors to hold the director positions in more than 5 listed companies and more than 2 listed companies for Managing Directors and Senior Executives. The assumption of directorship in other companies by Directors, Managing Director and Senior Executives are required consent by the Board of Directors.

Directors Development

The Company recognised 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 2015, there are several courses that directors attended as followings.

| Name | Topic |
|--|--|
| Mr. Suwit Chindasanguan– Chairman | Ethical Leadership Program (ELP 1/2015) |
| Mr. Somchai Sittichaisrichart– Managing Director | Anti-Corruption For Executive Program (ACEP 15/2015) |
| Mr. Sombati Pungsrinont– Executive Director | Risk Management Committee Program (RMP 6/2015) |
| Mr. Lim Kia Hong– Director | Director Accreditation Program (DAP 115/2015) |
| Mr. Lim Kiah Meng– Director | Director Accreditation Program (DAP 115/2015) |

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 2015, 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 recognised 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. From 2014 onwards, 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.

Prevention of Fraud and Corruption

The Company strongly realizes that fraud and corruption can affect and generate the damage for the Company both in operation and reputation. Therefore, the Company defines the Anti-Corruption policy and determines the its practices in order to solve any form of fraud and corruption proactively as below:

- The work flow is designed to provide the cross functional check between related department.
- Emphasizes and provide the Anti-Corruption concept as the organizational culture.
- Provide the whistleblower for fraud and corruption which is able to contact directly to the management at complain@sisthai.com this already has been indicated on the Company's website. This channel is likely to be used by stakeholders which there was some complaints about the general problems previously. Moreover, there is the direct channel of whistleblower to inform about fraud and corruption to the Audit Committee at independentdirector@sisthai.com
- There is the prohibition that it is not allowed the management and employees to accept, receive any gifts or other benefits which is higher than 3,000 Baht from other parties, except in accepted traditional period such as New Year. Apart from this, it is necessary to inform the boss or the Company to process according to the code of conducts transparently. In case of travelling or training package receiving from other parties, it has to be informed to the Company to further allocate this fairly.
- The Company agreed that the inappropriate advantage or power is not acceptable and it is prohibited such as proposing or promising to give any benefits in order to gain inappropriate advantage.
- The Company defined the policy and procedure for the reimbursement clearly and appropriately in order to protect fraud and corruption. There is a General Affair Department which respond for review and check any reimbursement in order to ensure the compliance of those transactions. Also, the Company emphasizes to the

employees that the reimbursement is to reimburse the actual expense, that is not to be the revenue for employees

- The Company agrees that fraud and corruption are the critical offense. There will be the committee to consider every case of fraud and corruption. Besides, the punishment of involving in fraud and corruption is ranging from admonition, disbursement, dismiss from the position as well as prosecution. Nevertheless, the procedure to manage and investigate fraud and corruption case is defined systematically to ensure the transparent and the appropriateness.

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 | 33.33% |
| Executive Director | 2 | 66.67% |

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 |
|-------------------------|------------------------|-------------------|
| Independent Director | 3 | 60% |
| Non-Executive Director | 1 | 20% |
| 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 followings:

| Name | Board of Directors Meeting | Audit Committee Meeting | Remuneration and Nomination Committee Meeting | Risk Management Committee Meeting | Corporate Governance Committee Meeting | Annual General Meeting 2015 | Total |
|---------------------------------|----------------------------|-------------------------|---|-----------------------------------|--|-----------------------------|-------|
| 1. Mr.Suwit Chindasangaun | 6/6 | 12/12 | | | 3/3 | 1/1 | 22/22 |
| 2. Mr.Somchai Sirivichayakul | 6/6 | 12/12 | 2/2 | | 2/3 | 1/1 | 23/24 |
| 3. Rojanasak, PhD. Chomvilailuk | 6/6 | 12/12 | 2/2 | | 3/3 | 1/1 | 24/24 |
| 4. Mr.Somchai Sittichaisrichart | 6/6 | | 2/2 | 1/1 | 3/3 | 1/1 | 13/13 |
| 5. Mr.Sombati Pungsrinont | 5/6 | | | 1/2 | | 1/1 | 7/9 |
| 6. Mr.Lim Hwee Hai | 6/6 | | 2/2 | 2/2 | 3/3 | 1/1 | 14/14 |
| 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 shows the number of meeting
- From 2Risk Management Committee Meetings, Mr.Sombati attended the meetings by himself 1 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 2 criteria for the assessment: Financial and Strategic goals (65%) and Non Financial Goals and Other Key Performance Indicators such as Corporate Governance, Operational Efficiency and Planning Public Relation, etc. (35%) by compared with goal as well as industry. The result will be determined the remuneration of Managing Director and Executive Director.

Internal Auditing and Controls

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

Corporate Governance Participation

The Company is developing and improving participation system for the shareholders and all stakeholders to take part in Corporate Governance with transparent of information disclosure, provided the opportunity for customer to send the suggestion and complaint through complain@sisthai.com and independentdirector@sisthai.com. For investors, it is available via 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.

Report of Board of Directors

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 2 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) |
| 3. Mr. Somchai Sittichaisrichart | Risk Management Committee (Managing 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. From 2014 onwards, 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 the company's 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 2015, direct and indirect communication can be summarized as followings:

| | |
|--|---------|
| - Emails and Telephone | 7 times |
| - Interviewed on earnings with the press | 2 times |
| - Company visit by institution investor | 4 times |
| - Company visit by individual investor | 1 times |
| - Opportunity Day | 1 times |

Role of Company Secretary

In 2015, the Board of Directors has assigned Ms. Nattamon Kaewnamngoen to be the 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.

In 2015, the candidate of first line and second line of management was proposed and they have been assigned in management role, also they have been in the intensive course in order to prepare to be the executive managements later.

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 2015, the Company has revised mission and vision as one part of vision as following:

| Existing | New |
|---|--|
| <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> <ul style="list-style-type: none"> To become Thailand's greatest IT company, with sustainable and continuous growth, transparent and socially responsible business operations, and superior shareholder value. | <p>Vision</p> <p>to be the leading company in Indo-China region of information technology businesses by collaborating and coordinating to obtain mutually exclusive wealth.</p> <p>Mission</p> <p>The company promise to be</p> <ul style="list-style-type: none"> Good citizen of society and society's wealth contributor Professional, determinant, honest and trusted company for our shareholders' maximized wealth Provider of high quality and high valued goods and services for our customers Strong and trusted collaborator for our suppliers and all supporters A warm and happy family, trusting and respecting human being's honor and endless potentials, supports and enhances our employee for our jointed success and maximized wealth <p>Long Term Goal</p> <p>to become Thailand's leading IT company with sustainable and continuous growth, transparent and socially responsible business operations and superior stakeholder value.</p> |

Audit Fee

In 2015, total audit fee from KPMG Phoomchai Audit Co., Ltd are 2,136,200 Baht. Details are as following:

| Description | SiS Distribution (Thailand) | Qool Distribution (Thailand) | SiS Venture | Total |
|------------------------|-----------------------------|------------------------------|----------------|------------------|
| Yearly audit fee | 750,000 | 310,000 | 100,000 | 1,160,000 |
| Quarterly audit fee | 510,000 | 75,000 | 30,000 | 615,000 |
| Package fee | 75,000 | - | - | 75,000 |
| Total Audit Fee | 1,335,000 | 385,000 | 130,000 | 1,850,000 |
| Non-Auditing fee | 286,200 | - | - | 286,200 |
| Total | 1,621,200 | 385,000 | 130,000 | 2,136,200 |

The Explanation for Not Compliances

In 2015, 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 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 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 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. |

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 2015 which may be conflict of interests as followings:

| Related Parties | Type of transaction and Relationship | Amount (Thousand Baht) | |
|--|---|---------------------------|------|
| | | 2015 | 2014 |
| Click Connect Co., Ltd. | The Company sells our products to Click Connect Co., Ltd. for office equipment used. | 45 | 277 |
| <u>Relationship</u> Subsidiary Company held 15% of Issued and paid-up share capital | <ul style="list-style-type: none"> Account Receivable balance at January 1, 2015 | 32 | 1 |
| | <ul style="list-style-type: none"> Account Receivable balance at December 31, 2015 | - | 32 |
| | <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. | | |
| Nippon Pack Trading Company Limited | The related transaction between the Company and Nippon Pack Trading Company Limited as follows: | 15,941 | - |
| <u>Relationship</u> Subsidiary Company held 49% of Issued and paid-up share capital. | <ul style="list-style-type: none"> Sell goods to Nippon Pack Trading Company Limited to use as the operational assets | 991 | - |
| | <ul style="list-style-type: none"> Charge the technical support service and the equipments to Nippon Pack Trading Company Limited | - | - |
| | <ul style="list-style-type: none"> Account Receivable as at January 1, 2015 | - | - |
| | <ul style="list-style-type: none"> Account Receivable as at December 31, 2015 | 316 | - |
| | <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. | | |
| | <ul style="list-style-type: none"> Charge interest for the loan which is to be working capital to Nippon Pack Trading Company Limited | 414 | - |
| | <ul style="list-style-type: none"> Other Receivable as at January 1, 2015 | - | - |
| | <ul style="list-style-type: none"> Other Receivable as at December 31, 2015 | 285 | - |
| | <ul style="list-style-type: none"> Accrued Interest Receivable as at January 1, 2015 | - | - |
| | <ul style="list-style-type: none"> Accrued Interest Receivable as at December 31, 2015 | 129 | - |
| | <ul style="list-style-type: none"> Loan balance as at January 1, 2015 | - | - |
| | <ul style="list-style-type: none"> Loan balance as at December 31, 2015 | 14,700 | - |
| | <u>Lending and Interest Rate</u> Loan to related parties is to use as the working capital which is due within 1 year with the interest rate of 5.25% which is not below than the finance cost of loan from financial institutions of the Company. | | |
| | <u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that loan to this related parties is for the necessity of their business and the interest rate is not below than the finance cost of loan from financial institutions of the Company | | |

| Related Parties | Type of transaction and Relationship | Amount (Thousand Baht) | |
|---|---|---------------------------|--------|
| | | 2015 | 2014 |
| Wiko Mobile (Thailand) Company Limited | The related transaction between the Company and Wiko Mobile (Thailand) Company Limited as follows: <ul style="list-style-type: none"> • Sell goods to Wiko Mobile (Thailand) Company Limited to use as the operational assets • Charge the marketing support to Wiko Mobile (Thailand) Company Limited. • Sell the fixed assets to Wiko Mobile (Thailand) Company Limited to use as the operational assets. • Account Receivable as at January 1, 2015 • Account Receivable as at December 31, 2015 • Other Receivable as at January 1, 2015 • • Other Receivable as at December 31, 2015 | 654 | - |
| <u>Relationship</u> Subsidiary Company held 45% 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. <ul style="list-style-type: none"> • Charge interest for the loan which is to be working capital to Wiko Mobile (Thailand) Company Limited • Accrued Interest Receivable as at January 1, 2015 • Accrued Interest Receivable as at December 31, 2015 • Loan balance as at January 1, 2015 • Loan balance as at December 31, 2015 <u>Lending and Interest Rate</u> Loan to related parties is to use as the working capital which is due within 2 years with the interest rate of 3.03 - 3.15% which is not below than the finance cost of loan from financial institutions of the Company <u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that loan to this related parties is for the necessity of their business and the interest rate is not below than the finance cost of loan from financial institutions of the Company. | 27,740 | - |
| | | 5,404 | - |
| | | - | - |
| | | 920 | - |
| | | - | - |
| | | 28,284 | - |
| | | | |
| | | 2,199 | - |
| | | - | - |
| | | 752 | - |
| | | - | - |
| | | 73,259 | - |
| | | | |
| 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>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. | 11,252 | 11,374 |
| <u>Relationship</u> SiS International Holdings Limited is an ultimate parent of the Group and some common directors. | | | |

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 the duties on corporate social responsibilities which the Company should respond together with the company's business by focusing in improvement of quality of life of people and the societies relevant to the Company. Besides, the Company also sheds the light on responsibilities in education and environment. This is to ensure that the Company would grow sustainly together with the improvement of the societies and environment. Partial activities in 2015 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.



Paper Recycle Project

Apart from scan to email and pick and print which are the concept of reduce the using of paper, the Company also promote the concept of paper recycling. This is to bring all used paper to be the shockproof supplies instead of bubble plastic. Moreover, really promote the reducing in paper consumption in the Company which is a part that contribute to the reducing in global warming and it is environmental friendly.



Delivery Route Management to reduce the fuel consumption

Delivery is also the important part of the Company's supply chain which the Company emphasizes in this management. This is because the fuel which is used in the delivery is a contribution of pollution as well as global warming. The Company, therefore conducts the route management systematically in order to reduce the mistakes, errors and confusion about the destination of the shipments. This is to be the part of society that help to reduce the air pollution as well as global warming.

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 2015, 4 employees also returned to work in the existing position while 1 employees resign to raise her child.

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) Chonburi (Pattaya) 2) Chiang Mai 3) Khon Kaen 4) Ubolratchathani 5) Phuket 6) Songkhla (Had Yai).

Donation of Laser Printers to Public School

The Company understand the importance of education and realizes that the information technology and automation is necessary to support the effectiveness of learning. In 2015, the Company continuously carry on this responsibilities by donating laser printers to 272 public schools across Thailand in order to print the learning materials for students. In this event, the re-seller of the Company also collaborate to set up those printers to be ready to use.



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.

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 2015, 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 2015 These reviews consist of the interim and year ended financial statements; the consolidated and separate statements of financial position as at 31 December 2015 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 2015. In the other words, the Company's and subsidiary company's financial positions were changed as follows. Total income was 18,121 Million Baht,

decreased from the previous year about 472 Million Baht or 2.54%. However, the net profit was 166 Million Baht compared to the net profit of 184 Million Baht in the year 2014. Specifically, the Company's earnings per share (EPS) was 0.48 Baht per share, lower than the EPS in 2014 that 0.53 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 2015 presented the appropriate positions compared with the current competitive situations and business environment, even though the EPS was slightly decreased from 2014.

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.

In the view of operations in the year 2015, the Company managed inventories efficiently, inventories were decreased 651 Million Baht, while the inventory turnover was significantly improved from the previous year due to the proactive plan and monitoring of inventory management. Meanwhile, loan from the financial institutions were decreased 1,169 Million Baht compared to the year 2014 which was in accordance with the decreasing in finance cost due to the effective management in working capital of the Company. 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 as there was gain from foreign exchange risk about 24 Million.

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 had reviewed the audit plan for the year 2015 and approved the audit plan for the year 2016. Moreover, the Audit Committee reviewed and approved the Internal Audit Department's Charter in order 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. The internal audit of the Company has been emphasized value added internal audit in accordance with the internal control of COSO 2013 which is able to enhance the achievement of the Company and influence the sustainability. Additionally, the Audit Committee has provided the development of internal audit both human resource and the internal audit work regularly, the Audit Committee agreed that there was continuously development of internal auditors which resulting in the improvement of their potential and their audit works.

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 2016 to the Board of Directors' agreement for the approval of the Annual General Meeting (AGM) 2016. The Audit Committee reviewed, selected and proposed the Company's Auditor for the Year 2016. 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 2015. 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 Ms. Vannaporn Jongperadechanon CPA 4098 or Mr. Ekkasit Chuthamsatid CPA 4195 or Ms. Porntip Rimdusit CPA 5565 of KPMG Phoomchai Audit Limited with the fees at 1,370,000 Baht which is slightly increased from the previous year approximately 2.62 percent. The main 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.

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 year 2015, 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. 100 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.

Besides, the Audit Committee reviewed the compliance of code of conducts as well as the corporate governance policy, it was founded that management and employees at all levels were on their duties and operates their job responsibilities accordingly and appropriately. Since 2015, the Company has declared the Anti-Corruption Policy which was the part of code of conducts. Then, the internal control as well as risk management were defined accordingly in order to response for this policy. Consequently, the Company has been certified as the certified company of Thailand's Private Sector Collective Action Coalition Against Corruption in 4th quarter of 2015 on 22 January 2016. The Audit Committee agreed that the Company has the good corporate governance which is able to enhance the sustainability growth of the Company. In order that, the Audit Committee will continuously support the internal audit together with the corporate governance to ensure the good corporate governance and the compliance.

8. Reviewing the Fraud and Corruption Audit The Audit Committee support the management to provide the internal control to eliminate fraud and corruption. Where, the Board of Directors as well as the management have emphasized to the employees that the Company would not accept any level and any kind of fraud and corruption as zero tolerance in fraud and corruption. Additionally, the Company has provided the organizational culture in Anti Corruption continuously.

Moreover, the Company provided whistleblower for both employees and all stakeholders and the procedures to manage those complaints were conducted effectively. However, there was no the complaint about fraud and corruption or any situation which is against the code of conducts in the year 2015.

For the fraud and corruption audit, the Audit Committee assigned the internal auditors to report the audit of fraud and corruption quarterly. In this case, the Audit Committee had reviewed those report as well as the internal control and agreed that the Company managed this effectively and appropriately.

9. 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 2015 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.

In the year 2015, the Audit Committee monitored the investment of associates which the Company intended to maximize the revenue as well as the profit. Nevertheless, the associates still has been in the investment and still got loss. The Audit Committee still continuously monitor the management of these associates as well as risks to ensure that is in accordance with the plan and resolution of the Board of Directors in order to enhance the benefits of shareholders.

The Audit Committee will shed the light on auditing and monitoring account receivables, inventories, forward contract purchasing of the Company and its subsidiaries. In order that 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 in 2016 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
5 March 2016



Responsibility Report of Board of Directors for Financial Report

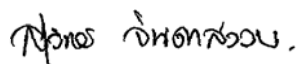
Dear valued Shareholders

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.

A handwritten signature in black ink, reading "สุวิทย์ ชินdasanguan".

(Mr. Suwit Chindasanguan)
Chairman

SiS Distribution (Thailand) Public Company Limited
5 March 2016

A handwritten signature in blue ink, reading "สมชาย สิตติชัยริชาร์ต".

(Mr. Somchai Sittichaisrichart)
Managing Director

SiS Distribution (Thailand) Company Limited
5 March 2016

Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th-51st Floors, Empire Tower
1 South Sathorn Rd., Yannawa
Sathorn, Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูเก็ต จำกัด
ชั้น 50-51 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120

Tel: +66 2677 2000
Fax: +66 2677 2222
www.kpmg.co.th

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 2015, 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.

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



Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2015 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
18 February 2016

Statement of financial position

| | | Consolidated | | Separate | |
|-------------------------------------|------|----------------------|-----------|----------------------|-----------|
| | | financial statements | | financial statements | |
| | | 31 December | | 31 December | |
| Assets | Note | 2015 | 2014 | 2015 | 2014 |
| (in thousand Baht) | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 5 | 49,490 | 109,171 | 31,699 | 89,275 |
| Trade accounts receivable | 4, 6 | 2,045,107 | 1,951,441 | 1,907,230 | 1,729,693 |
| Other receivables | 4, 7 | 520,292 | 532,575 | 316,452 | 431,440 |
| Short-term loans to related parties | 4 | 11,523 | - | 137,000 | 478,137 |
| Inventories | 8 | 1,323,205 | 1,975,188 | 1,281,617 | 1,579,484 |
| Other current assets | | 3,425 | 2,782 | 3,033 | 2,192 |
| Total current assets | | 3,953,042 | 4,571,157 | 3,677,031 | 4,310,221 |
| Non-current assets | | | | | |
| Investments in subsidiaries | 9 | - | - | 181,758 | 190,329 |
| Investments in associates | 10 | - | 9,800 | - | - |
| Other long-term investments | 11 | - | 8,571 | - | - |
| Long-term loans to related party | 4 | 44,973 | - | 73,259 | - |
| Equipment | 12 | 112,275 | 120,474 | 112,096 | 115,925 |
| Intangible assets | 13 | 34,522 | 39,146 | 34,522 | 39,146 |
| Deferred tax assets | 14 | 271,172 | 284,182 | 216,781 | 206,077 |
| Other non-current assets | | 11,707 | 12,118 | 11,689 | 11,823 |
| Total non-current assets | | 474,649 | 474,291 | 630,105 | 563,300 |
| Total assets | | 4,427,691 | 5,045,448 | 4,307,136 | 4,873,521 |

Statement of financial position

| Liabilities and equity | Note | Consolidated | | Separate | |
|--|------|----------------------|------------------|----------------------|------------------|
| | | financial statements | | financial statements | |
| | | 31 December | | 31 December | |
| | | 2015 | 2014 | 2015 | 2014 |
| <i>(in thousand Baht)</i> | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans | | | | | |
| from financial institutions | 15 | 1,258,005 | 2,427,594 | 1,093,005 | 2,171,594 |
| Trade accounts payable | 16 | 1,245,065 | 804,384 | 1,207,273 | 763,592 |
| Other payables | 17 | 260,842 | 267,055 | 246,948 | 236,590 |
| Short-term loans from subsidiary | 4 | - | - | - | 49,000 |
| Income tax payable | | 16,571 | 5,643 | 16,571 | 5,643 |
| Other current liabilities | | 17,975 | 15,809 | 17,361 | 15,333 |
| Total current liabilities | | 2,798,458 | 3,520,485 | 2,581,158 | 3,241,752 |
| Non-current liabilities | | | | | |
| Provision for cost of assets dismantlement | | 3,960 | 3,960 | 3,960 | 3,960 |
| Employee benefit obligations | 18 | 38,535 | 33,076 | 38,535 | 33,076 |
| Total non-current liabilities | | 42,495 | 37,036 | 42,495 | 37,036 |
| Total liabilities | | 2,840,953 | 3,557,521 | 2,623,653 | 3,278,788 |
| Equity | | | | | |
| Share capital: | 19 | | | | |
| Authorized share capital | | 350,199 | 350,199 | 350,199 | 350,199 |
| Issued and paid-up share capital | | 350,199 | 350,199 | 350,199 | 350,199 |
| Premium on ordinary shares | 19 | 435,415 | 435,415 | 435,415 | 435,415 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 20 | 35,020 | 35,020 | 35,020 | 35,020 |
| Inappropriate | | 766,104 | 667,293 | 862,849 | 774,099 |
| Total equity | | 1,586,738 | 1,487,927 | 1,683,483 | 1,594,733 |
| Total liabilities and equity | | 4,427,691 | 5,045,448 | 4,307,136 | 4,873,521 |

Statement of income

| | <i>Note</i> | Consolidated | | Separate | |
|--|-------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | | financial statements | | financial statements | |
| | | For the year ended | | For the year ended | |
| | | 31 December | | 31 December | |
| | | 2015 | 2014 | 2015 | 2014 |
| <i>(in thousand Baht)</i> | | | | | |
| Income | | | | | |
| Revenue from sale of goods | 4 | 17,969,111 | 18,518,529 | 15,631,725 | 15,043,033 |
| Revenue from rendering of services | | 54,201 | 35,822 | 28,947 | 34,339 |
| Other income | 4, 22 | 73,159 | 38,289 | 89,652 | 97,287 |
| Gain on exchange rate | | 23,522 | - | 19,723 | - |
| Gain from loss of controlling interests in subsidiary | | 895 | - | - | - |
| Total income | | 18,120,888 | 18,592,640 | 15,770,047 | 15,174,659 |
| Expenses | | | | | |
| Cost of sale of goods | 4, 24 | 17,028,185 | 17,564,472 | 14,828,435 | 14,235,142 |
| Cost of rendering of services | | 29,577 | 26,819 | 29,573 | 25,605 |
| Selling expenses | 24 | 227,060 | 264,514 | 204,126 | 254,309 |
| Administrative expenses | 4, 24 | 455,747 | 415,270 | 447,564 | 405,783 |
| Loss on exchange rate | | - | 2,694 | - | 4,202 |
| Finance costs | | 64,346 | 87,533 | 59,113 | 80,682 |
| Total expenses | | 17,804,915 | 18,361,302 | 15,568,811 | 15,005,723 |
| Share of loss of investments in associates | | (83,475) | - | - | - |
| Profit before income tax expense | | 232,498 | 231,338 | 201,236 | 168,936 |
| Income tax expense | 25 | (66,160) | (47,244) | (42,446) | (34,435) |
| Profit for the year | | 166,338 | 184,094 | 158,790 | 134,501 |
| Profit (loss) attributable to: | | | | | |
| Owners of the Company | | 168,851 | 184,094 | 158,790 | 134,501 |
| Non-controlling interests | | (2,513) | - | - | - |
| Profit for the year | | 166,338 | 184,094 | 158,790 | 134,501 |
| Basic earnings per share (Baht) | 26 | 0.48 | 0.53 | 0.45 | 0.38 |

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 | |
| | | 2015 | 2014 | 2015 | 2014 |
| <i>(in thousand Baht)</i> | | | | | |
| Profit for the year | | 166,338 | 184,094 | 158,790 | 134,501 |
| Other comprehensive income | | | | | |
| <i>Items that will never be reclassified to</i> | | | | | |
| <i>profit or loss</i> | | | | | |
| Actuarial gains from defined benefit plan | 18 | - | 5,583 | - | 5,583 |
| Income tax on other comprehensive income | 25 | - | (1,117) | - | (1,117) |
| Other comprehensive income for the year | | | | | |
| - net of income tax | | - | 4,466 | - | 4,466 |
| Total comprehensive income for the year | | 166,338 | 188,560 | 158,790 | 138,967 |
| Profit (loss) attributable to: | | | | | |
| Owners of the Company | | 168,851 | 188,560 | 158,790 | 138,967 |
| Non-controlling interests | | -2,513 | - | - | - |
| Profit for the year | | 166,338 | 188,560 | 158,790 | 138,967 |

Statement of changes in equity

| Consolidated financial statements | | | | | | | | |
|---|------|----------------------------------|-------------------|---------------|----------------------------------|---------------------------------------|---------------------------|--------------|
| | | | Retained earnings | | Equity | | | |
| | Note | Issued and paid-up share capital | Share premium | Legal reserve | Inappropriate (in thousand Baht) | attributable to owners of the Company | Non-controlling interests | Total equity |
| Year ended 31 December 2014 | | | | | | | | |
| Balance at 1 January 2014 | | 350,199 | 435,415 | 35,020 | 548,773 | 1,369,407 | - | 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 | 27 | - | - | - | (70,040) | (70,040) | - | (70,040) |
| Total contributions by and distributions to owners of the Company | | | | | | | | |
| | | - | - | - | (70,040) | (70,040) | - | (70,040) |
| Comprehensive income for the year | | | | | | | | |
| Profit | | - | - | - | 184,094 | 184,094 | - | 184,094 |
| Other comprehensive income | | | | | | | | |
| Actuarial gains from defined benefit plan - net of tax | | - | - | - | 4,466 | 4,466 | - | 4,466 |
| Total comprehensive income for the year | | - | - | - | 188,560 | 188,560 | - | 188,560 |
| Balance at 31 December 2014 | | 350,199 | 435,415 | 35,020 | 667,293 | 1,487,927 | - | 1,487,927 |

| Consolidated financial statements | | | | | | | |
|---|------|----------------------------------|-------------------|---------------|--|---------------------------|--------------|
| | | | Retained earnings | | Equity attributable to owners of the Company | Non-controlling interests | Total equity |
| | Note | Issued and paid-up share capital | Share premium | Legal reserve | Inappropriate (in thousand Baht) | | |
| Year ended 31 December 2015 | | | | | | | |
| Balance at 1 January 2015 | | 350,199 | 435,415 | 35,020 | 667,293 | 1,487,927 | - |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | |
| Loss of non-controlling interests from dilution of | | | | | | | |
| interests in subsidiary | | - | - | - | - | - | 2,513 |
| Dividend to owners of the Company | 27 | - | - | - | (70,040) | (70,040) | - |
| Total contributions by and distributions to owners of the Company | | - | - | - | (70,040) | (70,040) | 2,513 |
| Comprehensive income for the year | | | | | | | |
| Profit (loss) and other comprehensive income | | - | - | - | 168,851 | 168,851 | (2,513) |
| Total comprehensive income for the year | | - | - | - | 168,851 | 168,851 | (2,513) |
| Balance at 31 December 2015 | | 350,199 | 435,415 | 35,020 | 766,104 | 1,586,738 | - |

Statement of changes in equity

| Separate financial statements | | | | | | |
|---|------|---|-------------------|--|---------------|--------------|
| | | | Retained earnings | | | |
| | Note | Issued and paid-up share capital | Share premium | Legal reserve (in thousand Baht) | Inappropriate | Total equity |
| 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 | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | |
| Dividend to owners of the Company | 27 | - | - | - | (70,040) | (70,040) |
| Total contributions by and distributions to owners of the Company | | | | | | |
| | | - | - | - | (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 |

| | | Separate financial statements | | | | |
|---|------|--|------------------|--------------------|---------------|--------------|
| | | | | Retained earnings | | |
| | Note | Issued and paid-up share capital | Share premium | Legal reserve | Inappropriate | Total equity |
| | | | | (in thousand Baht) | | |
| Year ended 31 December 2015 | | | | | | |
| Balance at 1 January 2015 | | 350,199 | 435,415 | 35,020 | 774,099 | 1,594,733 |
| Transactions with owners, recorded directly in equity | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | |
| Dividend to owners of the Company | 27 | - | - | - | (70,040) | (70,040) |
| Total contributions by and distributions to owners of the Company | | | | | | |
| | | - | - | - | (70,040) | (70,040) |
| Comprehensive income for the year | | | | | | |
| Profit and other comprehensive income | | - | - | - | 158,790 | 158,790 |
| Total comprehensive income for the year | | - | - | - | 158,790 | 158,790 |
| Balance at 31 December 2015 | | 350,199 | 435,415 | 35,020 | 862,849 | 1,683,483 |

Statement of cash flows

| | | Consolidated financial statements | | Separate financial statements | |
|--|-------|--------------------------------------|----------------|-----------------------------------|----------------|
| | | For the year ended 31 December | | For the year ended 31 December | |
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | (in thousand Baht) | | | |
| Cash flows from operating activities | | | | | |
| Profit for the year | | 166,338 | 184,094 | 158,790 | 134,501 |
| Adjustments for | | | | | |
| Depreciation | 12 | 33,229 | 28,765 | 32,327 | 28,292 |
| Amortisation of intangible assets | 13 | 5,883 | 5,725 | 5,883 | 5,725 |
| Interest income | 22 | (6,927) | (6,180) | (19,815) | (28,205) |
| Finance costs | | 64,346 | 87,533 | 59,113 | 80,682 |
| Unrealized loss on exchange | | 761 | 3,262 | 786 | 2,948 |
| (Gain) loss on disposal of equipment | | (1,309) | 384 | (179) | (171) |
| Bad debts and doubtful debts expense | 6 | 13,979 | 2,445 | 12,517 | 2,502 |
| Provision of allowance for obsolete and defective stocks (reversal) | 8 | (40,003) | 74,659 | (2,238) | 36,729 |
| Employee benefit obligations | 18 | 6,059 | 6,022 | 6,059 | 6,022 |
| Impairment losses on investment in subsidiary | | - | - | 8,571 | - |
| Impairment losses on other long-term investments | 9, 11 | 8,571 | - | - | - |
| Share of loss of investments in associates | | 83,475 | - | - | - |
| Gain from loss of controlling interests in subsidiary | | (895) | - | - | - |
| Income tax expense | 25 | 66,160 | 47,244 | 42,446 | 34,435 |
| | | 399,667 | 433,953 | 304,260 | 303,460 |
| Changes in operating assets and liabilities | | | | | |
| Trade accounts receivable | | (108,978) | 344,144 | (190,054) | 458,622 |
| Other receivables | | (9,794) | (49,269) | 113,525 | (109,169) |
| Inventories | | 607,371 | (357,799) | 300,105 | (34,356) |
| Other current assets | | (643) | 17,638 | (841) | 15,644 |
| Other non-current assets | | 412 | (303) | 134 | (8) |
| Trade accounts payable | | 444,649 | 1,306 | 442,895 | (18,571) |
| Other payables | | 114,717 | 26,602 | 11,057 | 3,298 |
| Other current liabilities | | 2,208 | (2,634) | 2,028 | (2,952) |
| Employee benefit obligations paid | | (600) | - | (600) | - |
| Cash generate from operating activities | | 1,449,009 | 413,638 | 982,509 | 615,968 |
| Income tax paid | | (42,222) | (48,291) | (42,222) | (48,291) |
| Net cash provided by operating activities | | 1,406,787 | 365,347 | 940,287 | 567,677 |

Statement of cash flows

| | | Consolidated financial statements For the year ended 31 December | | Separate financial statements For the year ended 31 December | |
|---|------|---|------------------|---|------------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | (in thousand Baht) | | | |
| Cash flows from investing activities | | | | | |
| Interest received | | 6,927 | 6,180 | 21,278 | 27,664 |
| Purchase of equipment | 12 | (29,976) | (20,297) | (29,400) | (15,599) |
| Sale of equipment | | 6,255 | 1,500 | 1,081 | 1,348 |
| Proceeds (payments) on loans to related parties | | (87,959) | - | 267,878 | (41,087) |
| Purchase of intangible assets | 13 | (1,259) | (6,285) | (1,259) | (6,285) |
| Net cash outflow on investment in associates | 7 | (44,985) | (9,800) | - | - |
| Net cash outflow on investment in subsidiary | | - | - | - | (60,000) |
| Net cash provided by (used in) investing activities | | (150,997) | (28,702) | 259,578 | (93,959) |
| Cash flows from financing activities | | | | | |
| Interest paid | | (65,007) | (83,224) | (59,812) | (81,228) |
| Dividends paid to owners of the Company | 27 | (70,040) | (70,040) | (70,040) | (70,040) |
| Net repayment for loan from financial institutions | | (1,169,589) | (148,143) | (1,078,589) | (343,922) |
| Net proceeds from loan from subsidiary | | - | - | - | 49,000 |
| Repayment of short-term loan from subsidiary | 4 | - | - | (49,000) | - |
| Net cash used in financing activities | | (1,304,636) | (301,407) | (1,257,441) | (446,190) |
| Net increase (decrease) in cash and cash equivalents | | (48,846) | 35,238 | (57,576) | 27,528 |
| Cash and cash equivalents from loss control's subsidiary | | (10,835) | - | - | - |
| Cash and cash equivalents at 1 January | | 109,171 | 73,933 | 89,275 | 61,747 |
| Cash and cash equivalents at 31 December | 5 | 49,490 | 109,171 | 31,699 | 89,275 |

Notes to the financial statements

For the year ended 31 December 2015 and 2014

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Notes to the financial statements

For the year ended 31 December 2015 and 2014

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 18 February 2016.

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 2015 and 2014 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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. 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 2016 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 31.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

| <i>Items</i> | <i>Measurement bases</i> |
|----------------------------------|---|
| Derivative financial instruments | Fair value |
| Net defined benefit liability | Present value of the defined benefit obligation, limited as explained in Note 3 (n) |

Notes to the financial statements

For the year ended 31 December 2015 and 2014

(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 judgments*

The preparation of financial statements in conformity with TFRS requires management to make judgments, 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 prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

| | |
|------------|--|
| Note 3 (r) | Current and deferred taxation |
| Note 14 | Utilization of tax losses |
| Note 18 | Measurement of defined benefit obligations |
| Note 28 | Valuation of financial instruments |

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements

For the year ended 31 December 2015 and 2014

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in notes 28 financial instruments.

3 Significant accounting policies

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

(a) Basis 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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity - accounted investees

The Group’s interests in equity-accounted investees was interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of equity - accounted investees, until the date on which significant influence or joint control ceases.

Notes to the financial statements

For the year ended 31 December 2015 and 2014

Transactions eliminated on consolidation

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

(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.

Notes to the financial statements

For the year ended 31 December 2015 and 2014

(f) Trade and other accounts receivable

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

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

(g) Inventories

Inventories are measured at the lower of cost and net realizable 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 realizable 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 associates

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.

(i) Equipment

Recognition and measurement

Owned assets

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

Notes to the financial statements

For the year ended 31 December 2015 and 2014

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.

Subsequent costs

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

Depreciation

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

Depreciation is charged to profit and loss on a straight-line basis over the estimated useful lives of each component of an item of equipment. The estimated useful lives are as follows:

| | |
|-----------------------------|-----------------------|
| Vehicles | 5 years |
| Furniture & fixtures | 5 years |
| Computer & office equipment | 3 and 5 years |
| Leasehold improvements | 3, 5, 10 and 12 years |

No depreciation is provided on asset under construction.

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.

Notes to the financial statements

For the year ended 31 December 2015 and 2014

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

(k) Impairment

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

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

Calculation of recoverable amount

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

Reversals of impairment

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

(l) Interest-bearing liabilities

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

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

Notes to the financial statements

For the year ended 31 December 2015 and 2014

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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 costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration.

Notes to the financial statements

For the year ended 31 December 2015 and 2014

(q) Operating leases

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

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

Determining whether an arrangement contains a lease

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

(r) Income tax

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

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

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

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

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

Notes to the financial statements

For the year ended 31 December 2015 and 2014

each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the 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. |
| 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 | Associate, 49% shareholding by the subsidiary company |
| Wiko Mobile (Thailand) Co., Ltd. | Thailand | Associate, 45% 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 subsidiary company |

Notes to the financial statements

For the year ended 31 December 2015 and 2014

| Name of the entities | Country of incorporation/ nationality | Nature of relationships |
|--|--|---------------------------------|
| Direct subsidiaries | | |
| SiS Venture Co., Ltd. | Thailand | Subsidiary, 99.99% shareholding |
| Qool Distribution (Thailand) Co., Ltd. | Thailand | Subsidiary, 99.99% shareholding |

On 15 February 2015, a subsidiary was diluted in its ownership interest of Wiko Mobile (Thailand) Co., Ltd. from 60% to 45%. As a result, Wiko Mobile (Thailand) Co., Ltd. was ceased to be a subsidiary to become an associated company.

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 income/ expense of loan to/from | 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 | |
|--|--|---------------|--|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Ultimate parent company | | | | |
| Management fee | 11,252 | 11,574 | 9,789 | 9,402 |
| Subsidiary | | | | |
| Sale of goods | - | - | 582 | - |
| Management income | - | - | 33,871 | 37,148 |
| Interest income | - | - | 13,747 | 22,420 |
| Purchase of goods | - | - | 2,439 | - |
| Interest expense | - | - | 265 | 167 |
| Associates | | | | |
| Sale of goods | 16,595 | - | 5,563 | - |
| Other income | 34,135 | - | 5,265 | - |
| Interest income | 2,613 | - | 2,198 | - |
| Purchase of goods | 498,646 | - | - | - |
| Related party | | | | |
| Sale of goods | 45 | 277 | 45 | 899 |
| Key management | | | | |
| Key management personnel | | | | |
| Compensation | | | | |
| Short-term employee benefit | 55,231 | 48,182 | 50,588 | 43,172 |
| Other long-term benefits | 1,997 | 1,933 | 1,789 | 1,703 |
| Total key management personnel compensation | 57,228 | 50,115 | 52,377 | 44,875 |

Notes to the financial statements

For the year ended 31 December 2015 and 2014

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-----------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| Trade accounts receivable from associates | | | | |
| Nippon Pack Trading Co., Ltd. | 316 | - | 316 | - |
| Wiko Mobile (Thailand) Co., Ltd. | 920 | - | 920 | - |
| Trade accounts receivable from other related parties | | | | |
| Hardware House International Co., Ltd. | 46,223 | 46,223 | 46,223 | 46,223 |
| Click Connect Co., Ltd. | - | 32 | - | 17 |
| | 47,459 | 46,255 | 47,459 | 46,240 |
| Less allowance for doubtful accounts | (46,223) | (46,223) | (46,223) | (46,223) |
| Net | 1,236 | 32 | 1,236 | 17 |
| Other receivables from subsidiary | | | | |
| SiS Venture Co., Ltd. | - | - | 54 | - |
| Other receivables from associates | | | | |
| Nippon Pack Trading Co., Ltd. | 285 | - | - | - |
| Wiko Mobile (Thailand) Co., Ltd. | 28,284 | - | - | - |
| Other receivable from other related parties | | | | |
| 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) |
| | 28,569 | - | 54 | - |
| Advance payment to subsidiary | | | | |
| Wiko Mobile (Thailand) Co., Ltd. | - | - | - | 116,973 |
| Accrued income from subsidiary | | | | |
| Qool Distribution (Thailand) Co., Ltd. | - | - | 3,698 | 2,754 |
| Interest receivable from subsidiary | | | | |
| Qool Distribution (Thailand) Co., Ltd. | - | - | - | 2,215 |
| Interest receivable from associates | | | | |
| Nippon Pack Trading Co., Ltd. | 129 | - | - | - |
| Wiko Mobile (Thailand) Co., Ltd. | 752 | - | 752 | - |
| Total | 881 | - | 752 | - |

The Company and its subsidiary (Qool Distribution (Thailand) Co., Ltd.) have an agreement on consignment with a related company (Hardware House International Co., Ltd.) which has notified the call for return all consignment from the related company in November 2012 because of the default of the terms of the agreement for consignment. The Company and its subsidiary are in the process to reclaim those losses from the related company. As at 31 December 2015 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 2014:

Notes to the financial statements

For the year ended 31 December 2015 and 2014

Baht 557.09 million in the consolidated financial statements and Baht 541.54 million in the separate financial statements, respectively). The Company is undertaking litigation proceedings, therefore, pending the outcome of these proceedings, the Company and its subsidiary has estimated the allowance for doubtful account, amounted to Baht 557.09 million and 541.54 million, respectively.

| Loans to related party | Interest rate | | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------|-------------|--|-----------------|--|-----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | <i>(% per annum)</i> | | <i>(in thousand Baht)</i> | | | |
| Short-term loans to Subsidiaries | | | | | | |
| Qool Distribution (Thailand) Co., Ltd. | 3.00 | 4.00 - 4.50 | - | - | 127,000 | 478,137 |
| SiS Venture Co., Ltd. | 3.25 | - | - | - | 10,000 | - |
| Total | | | <u>-</u> | <u>-</u> | <u>137,000</u> | <u>478,137</u> |
| Associate | | | | | | |
| Nippon Pack Trading Co., Ltd. | 5.25 | - | 14,700 | - | - | - |
| Less share of loss exceeds its interest in associates | | | <u>(3,177)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | | | <u>11,523</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Grand Total | | | <u>11,523</u> | <u>-</u> | <u>137,000</u> | <u>478,137</u> |
| Long-term loans to Associate | | | | | | |
| Wiko Mobile (Thailand) Co., Ltd. | 3.03 - 3.15 | - | 73,259 | - | 73,259 | - |
| Less share of loss exceeds its interest in associates | | | <u>(28,286)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Grand Total | | | <u>44,973</u> | <u>-</u> | <u>73,259</u> | <u>-</u> |

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-----------------|--|-----------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Short-term loans to Subsidiaries | | | | |
| At 1 January | - | - | 478,137 | 437,050 |
| Increase (decreased) | - | - | (341,137) | 41,087 |
| At 31 December | <u>-</u> | <u>-</u> | <u>137,000</u> | <u>478,137</u> |
| Associate | | | | |
| At 1 January | - | - | - | - |
| Increase | 14,700 | - | - | - |
| Share of loss exceeds its interest in associates | <u>(3,177)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| At 31 December | <u>11,523</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Notes to the financial statements

For the year ended 31 December 2015 and 2014

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

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|----------|----------------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| Long-term loans | | | | |
| Associate | | | | |
| At 1 January | - | - | - | - |
| Increase | 73,259 | - | 73,259 | - |
| Share of loss exceeds its interest in associates | (28,286) | - | - | - |
| At 31 December | 44,973 | - | 73,259 | - |

During January 2015 the Company entered into an unsecured long-term loan agreement with an associate company, Wiko Mobile (Thailand) Co., Ltd., for the loan principal of Baht 73 million. The loan principal is receivable in the various amounts as stipulated in the agreement, commencing during December 2017.

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| Trade payable to associate | | | | |
| Wiko Mobile (Thailand) Co., Ltd. | 11,072 | - | - | - |
| Trade payable to other related parties | | | | |
| Alliance & Link Corporation Co., Ltd. | 86 | 86 | 86 | 86 |
| | 11,158 | 86 | 86 | 86 |
| Other payable to ultimate parent company | | | | |
| SiS International Holdings Ltd. | 841 | 1,847 | 744 | 1,544 |

(in thousand Baht)

| | | | | |
|--|------------|------------|------------|------------|
| Accrued expense ultimate parent company | | | | |
| SiS International Holdings Ltd. | 870 | 806 | 733 | 728 |
| Accrued interest expense to subsidiary | | | | |
| SiS Venture Co., Ltd. | - | - | - | 167 |

| Short-term loans from subsidiary | Interest rate | | Consolidated financial statements | | Separate financial statements | |
|---|---------------|------|--------------------------------------|------|----------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (% per annum) | | (in thousand Baht) | | | |
| SiS Venture Co., Ltd. | - | 4.40 | - | - | - | 49,000 |

Notes to the financial statements

For the year ended 31 December 2015 and 2014

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

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------|--|----------|--|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Subsidiary | | | | |
| At 1 January | - | - | 49,000 | - |
| Increase (decrease) | - | - | (49,000) | 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.

5 Cash and cash equivalents

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|--|----------------|--|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Cash on hand | 164 | 204 | 164 | 204 |
| Cash at banks - current accounts | (58,903) | (43,067) | (60,870) | (46,210) |
| Cash at banks - savings accounts | 108,229 | 152,034 | 92,405 | 135,281 |
| Total | 49,490 | 109,171 | 31,699 | 89,275 |

Cash and cash equivalents of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

Notes to the financial statements

For the year ended 31 December 2015 and 2014

6 Trade accounts receivable

| | | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|-------------------------|----------------------------------|-------------------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in thousand Baht)</i> | | | |
| Related parties | 4 | 47,459 | 46,255 | 47,459 | 46,240 |
| Other parties | | 2,280,022 | 2,186,542 | 2,138,506 | 1,964,359 |
| Total | | <u>2,327,481</u> | <u>2,232,797</u> | <u>2,185,965</u> | <u>2,010,599</u> |
| <i>Less allowance for doubtful accounts</i> | | <u>(282,374)</u> | <u>(281,356)</u> | <u>(278,735)</u> | <u>(280,906)</u> |
| Net | | <u>2,045,107</u> | <u>1,951,441</u> | <u>1,907,230</u> | <u>1,729,693</u> |
| Bad debts and doubtful debts expenses for the year | | <u>13,979</u> | <u>2,445</u> | <u>12,517</u> | <u>2,502</u> |

Aging analysis for trade accounts receivable were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-------------------------|----------------------------------|-------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Related parties | | | | |
| Within credit terms | 1,236 | 23 | 1,236 | 8 |
| Overdue: | | | | |
| Less than 3 months | - | 9 | - | 9 |
| Over 12 months | 46,223 | 46,223 | 46,223 | 46,223 |
| | <u>47,459</u> | <u>46,255</u> | <u>47,459</u> | <u>46,240</u> |
| <i>Less allowance for doubtful accounts</i> | <u>(46,223)</u> | <u>(46,223)</u> | <u>(46,223)</u> | <u>(46,223)</u> |
| | <u>1,236</u> | <u>32</u> | <u>1,236</u> | <u>17</u> |
| Other parties | | | | |
| Within credit terms | 1,589,499 | 1,451,587 | 1,471,341 | 1,354,211 |
| Overdue: | | | | |
| Less than 3 months | 433,805 | 436,701 | 415,635 | 383,856 |
| 3-6 months | 31,820 | 74,817 | 30,966 | 3,110 |
| 6-12 months | 14,314 | 20,980 | 13,103 | 20,725 |
| Over 12 months | 210,584 | 202,457 | 207,461 | 202,457 |
| | <u>2,280,022</u> | <u>2,186,542</u> | <u>2,138,506</u> | <u>1,964,359</u> |
| <i>Less allowance for doubtful accounts</i> | <u>(236,151)</u> | <u>(235,133)</u> | <u>(232,512)</u> | <u>(234,683)</u> |
| | <u>2,043,871</u> | <u>1,951,409</u> | <u>1,905,994</u> | <u>1,729,676</u> |
| Total | <u>2,045,107</u> | <u>1,951,441</u> | <u>1,907,230</u> | <u>1,729,693</u> |

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

Notes to the financial statements

For the year ended 31 December 2015 and 2014

The currency denomination of trade accounts receivable as at 31 December 2015 and 2014 were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Thai Baht (THB) | 2,044,397 | 1,951,441 | 1,906,520 | 1,729,693 |
| United States Dollars (USD) | 710 | - | 710 | - |
| Total | 2,045,107 | 1,951,441 | 1,907,230 | 1,729,693 |

7 Other receivables

| | | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|------|--------------------------------------|----------------|----------------------------------|----------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | (in thousand Baht) | | | |
| Related parties | | | | | |
| Other receivables | 4 | 28,569 | - | 54 | - |
| Receivable from losses | | | | | |
| of consignment | 4 | 557,087 | 557,087 | 541,542 | 541,542 |
| Advance payment | 4 | - | - | - | 116,973 |
| Accrued income | 4 | - | - | 3,698 | 2,754 |
| Interest receivable | 4 | 881 | - | 752 | 2,215 |
| | | 586,537 | 557,087 | 546,046 | 663,484 |
| Less allowance for doubtful accounts | | (557,087) | (557,087) | (541,542) | (541,542) |
| Net | | 29,450 | - | 4,504 | 121,942 |
| Other parties | | | | | |
| Account receivable from | | | | | |
| Revenue Department | | 397,165 | 440,960 | 256,118 | 269,996 |
| Accrued income | | 49,314 | 50,215 | 34,967 | 29,175 |
| Prepaid expenses | | 10,729 | 27,568 | 7,005 | 7,325 |
| Others | | 33,634 | 13,832 | 13,858 | 3,002 |
| Total | | 490,842 | 532,575 | 311,948 | 309,498 |
| Total | | 520,292 | 532,575 | 316,452 | 431,440 |

Notes to the financial statements

For the year ended 31 December 2015 and 2014

8 Inventories

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------------------|----------------------------------|--------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Finished goods - computer components, and telecommunication components | 1,369,197 | 2,055,219 | 1,322,747 | 1,616,363 |
| Finished goods Digital | | | | |
| Disc - Movie and Music | 21,880 | 10,240 | 21,880 | 10,240 |
| Work in progress | 13,169 | 27,967 | 13,146 | 27,926 |
| Goods in transit | 68,123 | 70,929 | 67,580 | 70,929 |
| | <u>1,472,369</u> | <u>2,164,355</u> | <u>1,425,353</u> | <u>1,725,458</u> |
| Less allowance for decline in value of inventories | (149,164) | (189,167) | (143,736) | (145,974) |
| Net | <u>1,323,205</u> | <u>1,975,188</u> | <u>1,281,617</u> | <u>1,579,484</u> |
| Inventories recognised as an expense in 'cost of sales of goods': | | | | |
| - Cost | 17,068,188 | 17,489,813 | 14,830,673 | 14,198,413 |
| - Write-down to net realisable value | - | 74,659 | - | 36,729 |
| - Reversal of write-down | (40,003) | - | (2,238) | - |
| Net | <u>17,028,185</u> | <u>17,564,472</u> | <u>14,828,435</u> | <u>14,235,142</u> |

9 Investments in subsidiaries

| | Separate financial statements | |
|--------------------------|----------------------------------|-----------------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| At 1 January | 190,329 | 130,329 |
| Acquisitions | - | 60,000 |
| Allowance for impairment | (8,571) | - |
| At 31 December | <u>181,758</u> | <u>190,329</u> |

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2015 and 2014

Investments in subsidiaries as at 31 December 2015 and 2014, 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 | |
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | | (%) | | (in thousand Baht) | | | | | | | | | |
| Subsidiaries | | | | | | | | | | | | | | |
| SiS Venture Co., Ltd. | Holding Investment | 99.99 | 99.99 | 120,000 | 120,000 | 120,000 | 120,000 | 59,601 | 51,030 | 60,399 | 68,970 | - | - | |
| 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 | 320,000 | 319,994 | 319,994 | 138,236 | 129,665 | 181,758 | 190,329 | - | - | |

All subsidiaries were incorporated in Thailand.

In 2015, the Company set up allowance for impairment in the value of SiS Venture Co., Ltd. amounting to Baht 8.6 million.

Notes to the financial statements

For the year ended 31 December 2015 and 2014

10 Investment in associates

| <i>For the period ended 31 December</i> | Consolidated financial statements | |
|---|--|--------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| At 1 January | 9,800 | - |
| Share of loss of associates | (52,013) | - |
| Reclassification from indirect subsidiary | (2,772) | - |
| Acquisitions | 44,985 | 9,800 |
| At 31 December | - | 9,800 |

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 on 15 February 2015, at par value of Baht 100 per share, totaling of Baht 44.9 million and consequently its decrease of ownership interest from 60% to 45%. Wiko Mobile (Thailand) Co., Ltd. thereby ceased to be a subsidiary and become an associate. The carrying amount of Wiko Mobile (Thailand) Co., Ltd.'s net assets in the Group's financial statements on the date of invested was Baht 6.2 million. The fair value of the Group's retained interest in the associate at the date when control was lost was Baht 2.8 million, which became the carrying value of the Group's interest in associate at that date. The Group recognised an increase in retained earnings of Baht 5.3 million; loss of non-controlling interests from dilution of interests in subsidiary of Baht 2.5 million; and gain from loss of controlling interests in subsidiary of Baht 0.9 million, which is included in the consolidate statement of income.

For the year ended 31 December 2015, the Group's share of loss of investment in Wiko Mobile (Thailand) Co., Ltd. amounted to Baht 70.5 million. As at 31 December 2015, the Group's accumulated share of loss of investment in Wiko Mobile (Thailand) Co., Ltd. exceeded the carrying amount of the investment in shares. The excess loss is adjusted to loan to Wiko Mobile (Thailand) Co., Ltd. Future reversals of losses are first be applied to the loan investment to the extent that such loss is previously applied against this loan investment and subsequently recognised in the investment in shares.

Moreover, for the year ended 31 December 2015, the Group's share of loss of investment in Nippon Pack Trading Co., Ltd. amounted to Baht 13.0 million. As at 31 December 2015, the Group's accumulated share of loss of investment in Nippon Pack Trading Co., Ltd. exceeded the carrying amount of the investment in shares. The excess loss is adjusted to loan to Nippon Pack Trading Co., Ltd. Future reversals of losses are first be applied to the loan investment to the extent that such loss is previously applied against this loan investment and subsequently recognised in the investment in shares.

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2015 and 2014

Investments in associate as at 31 December 2015 and 2014, and dividend income for the years then ended, were as follows:

| | Type of business | Ownership interest | | Paid-up capital | | Consolidated financial statements | | | | Dividend income | |
|----------------------------------|---------------------|--------------------|-------|-----------------|--------------|-----------------------------------|--------------|--------------------|--------------|-----------------|----------|
| | | | | | | Cost method | | Equity method | | | |
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | (%) | | | | | | (in thousand Baht) | | | |
| Associate | | | | | | | | | | | |
| Nippon Pack Trading Co., Ltd. | Trading and service | 49.00 | 49.00 | 20,000 | 9,800 | 9,800 | 9,800 | - | 9,800 | - | - |
| Wiko Mobile (Thailand) Co., Ltd. | Trading | 45.00 | - | 100,000 | - | 45,000 | - | - | - | - | - |
| Total | | | | 120,000 | 9,800 | 54,800 | 9,800 | - | 9,800 | - | - |

None of the Group's associates are publicly listed and consequently do not have published price quotations.

Notes to the financial statements

For the year ended 31 December 2015 and 2014

The following table summarises the financial information of the associates as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

| | Nippon Pack Trading Co., Ltd. | | Wiko Mobile (Thailand) Co., Ltd | |
|---|--|--------------|--|----------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Revenue | 13,105 | 5,181 | 519,665 | - |
| Net loss | (26,306) | (12,917) | (154,754) | - |
| Current assets | 16,748 | 19,331 | 186,448 | - |
| Non-current assets | 18,169 | 3,138 | 11,920 | - |
| Current liabilities | (55,142) | (16,917) | (86,376) | - |
| Non-current liabilities | (547) | (18) | (166,975) | - |
| Net assets | (20,772) | 5,534 | (54,983) | - |
| Group's interest in net assets of investee at 1 January | 9,800 | - | - | - |
| Acquisitions | - | 9,800 | 45,000 | - |
| Total comprehensive income attributable to the Group | (12,890) | - | (70,013) | - |
| Group's interest in net assets of investee at end of year | (3,090) | 9,800 | (25,013) | - |
| Elimination of unrealised profit on downstream sales | (87) | - | (501) | - |
| Reclassification from indirect subsidiary | - | - | (2,772) | - |
| Share of loss exceeded the carrying amount of investment adjusted to loan to associates | 3,177 | - | 28,286 | - |
| Carrying amount of interest in investee at 31 December | - | 9,800 | - | - |

11 Other long-term investments

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--|--------------|--|----------|
| | 2015 | 2014 | 2015 | 2014 |
| | <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 | (59,601) | (51,030) | - | - |
| Net | - | 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 51.0 million.

In 2015, SiS Venture Co., Ltd. set up allowance for impairment in the value of long-term investment in Click Connect Co., Ltd. Baht 8.6 million.

Notes to the financial statements

For the year ended 31 December 2015 and 2014

12 Equipment

| | Consolidated financial statements | | | | | Total |
|---|-----------------------------------|-------------------------|-----------------------------------|---------------------------|---------------------------------|----------------|
| | Vehicles | Furniture & fixtures | Computer & office equipment | Leasehold improvements | Constructio n in progress | |
| | (in thousand Baht) | | | | | |
| Cost | | | | | | |
| At 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 and 1 January 2015 | 7,473 | 16,807 | 196,240 | 69,979 | - | 290,499 |
| Additions | - | 413 | 29,189 | 374 | - | 29,976 |
| Disposals | - | (2,785) | (38,178) | (3,948) | - | (44,911) |
| At 31 December 2015 | 7,473 | 14,435 | 187,251 | 66,405 | - | 275,564 |
| Depreciation | | | | | | |
| At 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 and 1 January 2015 | 6,284 | 9,439 | 129,561 | 24,741 | - | 170,025 |
| Depreciation charge for the year | 602 | 1,525 | 24,603 | 6,499 | - | 33,229 |
| Disposals | - | (2,784) | (33,233) | (3,948) | - | (39,965) |
| At 31 December 2015 | 6,886 | 8,180 | 120,931 | 27,292 | - | 163,289 |
| Net book value | | | | | | |
| At 1 January 2014 | | | | | | |
| Owned assets | 1,985 | 8,991 | 68,597 | 51,243 | 10 | 130,826 |
| At 31 December 2014 and 1 January 2015 | 1,985 | 8,991 | 68,597 | 51,243 | 10 | 130,826 |
| Owned assets | 1,189 | 7,368 | 66,679 | 45,238 | - | 120,474 |
| At 31 December 2015 | 1,189 | 7,368 | 66,679 | 45,238 | - | 120,474 |
| Owned assets | 587 | 6,255 | 66,320 | 39,113 | - | 112,275 |
| At 31 December 2015 | 587 | 6,255 | 66,320 | 39,113 | - | 112,275 |

For the year ended 31 December 2015 and 2014

| | Vehicles | Furniture & fixtures | Computer & office equipment | Leasehold improvements | Constructio n in progress | Total |
|---|--------------|-------------------------|-----------------------------------|---------------------------|---------------------------------|----------------|
| | | | | | | |
| <i>Cost</i> | | | | | | |
| At 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 and 1 January 2015 | 7,473 | 16,807 | 191,267 | 69,979 | - | 285,526 |
| Additions | - | 413 | 28,613 | 374 | - | 29,400 |
| Disposals | - | (2,785) | (33,055) | (3,948) | - | (39,788) |
| At 31 December 2015 | 7,473 | 14,435 | 186,825 | 66,405 | - | 275,138 |
| <i>Depreciation</i> | | | | | | |
| At 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 and 1 January 2015 | 6,284 | 9,439 | 129,138 | 24,740 | - | 169,601 |
| Depreciation charge for the year | 602 | 1,525 | 23,701 | 6,499 | - | 32,327 |
| Disposals | - | (2,784) | (32,154) | (3,948) | - | (38,886) |
| At 31 December 2015 | 6,886 | 8,180 | 120,685 | 27,291 | - | 163,042 |
| <i>Net book value</i> | | | | | | |
| At 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 and 1 January 2015 | | | | | | |
| Owned assets | 1,189 | 7,368 | 62,129 | 45,239 | - | 115,925 |
| | 1,189 | 7,368 | 62,129 | 45,239 | - | 115,925 |
| At 31 December 2015 | | | | | | |
| Owned assets | 587 | 6,255 | 66,140 | 39,114 | - | 112,096 |
| | 587 | 6,255 | 66,140 | 39,114 | - | 112,096 |

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Notes to the financial statements

For the year ended 31 December 2015 and 2014

13 Intangible assets

| | Consolidated financial statements/ Separate financial statements | | |
|---|---|---|---------------|
| | Software licences | Software licences in progress (in thousand Baht) | Total |
| Cost | | | |
| At 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 and 1 January 2015 | 81,361 | 3,585 | 84,946 |
| Additions | 939 | 320 | 1,259 |
| Disposal | (25,459) | - | (25,459) |
| At 31 December 2015 | 56,841 | 3,905 | 60,746 |
| Amortisation | | | |
| At 1 January 2014 | 40,075 | - | 40,075 |
| Amortisation charge for the year | 5,725 | - | 5,725 |
| At 31 December 2014 and 1 January 2015 | 45,800 | - | 45,800 |
| Amortisation charge for the year | 5,883 | - | 5,883 |
| Disposal | (25,459) | - | (25,459) |
| At 31 December 2015 | 26,224 | - | 26,224 |
| Net book value | | | |
| At 1 January 2014 | 35,366 | 3,220 | 38,586 |
| At 31 December 2014 and 1 January 2015 | 35,561 | 3,585 | 39,146 |
| At 31 December 2015 | 30,617 | 3,905 | 34,522 |

14 Deferred tax

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

| | Consolidate financial statements | | Separate financial statements | |
|--------------------------------|-------------------------------------|----------------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| Deferred tax assets | 279,742 | 290,198 | 225,272 | 211,975 |
| Deferred tax liabilities | (8,570) | (6,016) | (8,491) | (5,898) |
| Net deferred tax assets | 271,172 | 284,182 | 216,781 | 206,077 |

Notes to the financial statements

For the year ended 31 December 2015 and 2014

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

| | At 1 January 2015 | Consolidated financial statements (Charged) /Credited to: | | At 31 December 2015 |
|--|-------------------------|--|----------------------------------|---------------------------|
| | | Profit or loss (Note 25) (in thousand Baht) | Other comprehensive income | |
| Deferred tax assets | | | | |
| Trade and other accounts receivable | 156,730 | 1,402 | - | 158,132 |
| Inventories | 37,833 | (8,000) | - | 29,833 |
| Provisions | 21,420 | 5,348 | - | 26,768 |
| Loss carry forward | 60,610 | (13,243) | - | 47,367 |
| Others | 13,605 | 4,037 | - | 17,642 |
| Total | 290,198 | (10,456) | - | 279,742 |
| Deferred tax liabilities | | | | |
| Fair value change of forward exchange contracts in assets | (556) | (129) | - | (685) |
| Allowance for purchased return | (5,460) | (2,425) | - | (7,885) |
| Total | (6,016) | (2,554) | - | (8,570) |
| Net | 284,182 | (13,010) | - | 271,172 |
| | | | | |
| | At 1 January 2014 | Consolidated financial statements (Charged) /Credited to: | | At 31 December 2014 |
| | | Profit or loss (Note 25) (in thousand Baht) | Other comprehensive income | |
| 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 | (1,117) | 13,605 |
| Total | 294,773 | (3,458) | (1,117) | 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 | (1,117) | 284,182 |

Notes to the financial statements

For the year ended 31 December 2015 and 2014

| | At 1 January 2015 | Separate financial statements (Charged) /Credited to: | | At 31 December 2015 |
|--|-------------------------|--|----------------------------------|---------------------------|
| | | Profit or loss (Note 25) (in thousand Baht) | Other comprehensive income | |
| Deferred tax assets | | | | |
| Trade and other accounts receivable | 153,530 | 1,112 | - | 154,642 |
| Inventories | 29,195 | (448) | - | 28,747 |
| Provisions | 15,654 | 8,666 | - | 24,320 |
| Others | 13,596 | 3,967 | - | 17,563 |
| Total | 211,975 | 13,297 | - | 225,272 |
| Deferred tax liabilities | | | | |
| Fair value change of forward exchange contracts in assets | (438) | (168) | - | (606) |
| Allowance for purchased return | (5,460) | (2,425) | - | (7,885) |
| Total | (5,898) | (2,593) | - | (8,491) |
| Net | 206,077 | 10,704 | - | 216,781 |
| | | | | |
| | At 1 January 2014 | Separate financial statements (Charged) /Credited to: | | At 31 December 2014 |
| | | Profit or loss (Note 25) (in thousand Baht) | Other comprehensive income | |
| 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 |

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

Notes to the financial statements

For the year ended 31 December 2015 and 2014

15 Interest-bearing liabilities

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|------------------|----------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Current - unsecured | | | | |
| Bank overdrafts | 3 | - | 3 | - |
| Trust receipts | 658,002 | 1,147,594 | 643,002 | 1,121,594 |
| Loans from financial institutions | 600,000 | 1,280,000 | 450,000 | 1,050,000 |
| Loans from financial institutions | 1,258,005 | 2,427,594 | 1,093,005 | 2,171,594 |
| Total | 1,258,005 | 2,427,594 | 1,093,005 | 2,171,594 |

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 | |
|-----------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Within one year | 1,258,005 | 2,427,594 | 1,093,005 | 2,171,594 |
| Total | 1,258,005 | 2,427,594 | 1,093,005 | 2,171,594 |

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.

Interest-bearing liabilities of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

16 Trade accounts payable

| | | Consolidated financial statements | | Separate financial statements | |
|-----------------|------|--------------------------------------|----------------|----------------------------------|----------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in thousand Baht)</i> | | | |
| Related parties | 4 | 11,158 | 86 | 86 | 86 |
| Other parties | | 1,233,907 | 804,298 | 1,207,187 | 763,506 |
| Total | | 1,245,065 | 804,384 | 1,207,273 | 763,592 |

The currency denomination of trade accounts payable as at 31 December 2015 and 2014 were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Thai Baht (THB) | 1,036,229 | 581,045 | 999,077 | 541,107 |
| United States Dollars (USD) | 208,836 | 223,339 | 208,196 | 222,485 |
| Total | 1,245,065 | 804,384 | 1,207,273 | 763,592 |

Notes to the financial statements

For the year ended 31 December 2015 and 2014

17 Other payables

| | | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|------|--------------------------------------|----------------|----------------------------------|----------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | (in thousand Baht) | | | |
| Related parties | | | | | |
| Other payables | 4 | 841 | 1,847 | 744 | 1,544 |
| Accrued expenses | 4 | 870 | 806 | 733 | 728 |
| Accrued interest expenses | 4 | - | - | - | 167 |
| Total | | 1,711 | 2,653 | 1,477 | 2,439 |
| Other parties | | | | | |
| Accrued marketing expenses | | 133,840 | 107,099 | 121,600 | 78,269 |
| Accrued employee benefit expenses | | 62,772 | 73,248 | 62,772 | 73,248 |
| Other payables | | 26,404 | 39,784 | 25,312 | 38,887 |
| Advance received | | 9,976 | 10,550 | 9,976 | 10,550 |
| Accrued intangible assets | | 11,575 | 11,575 | 11,575 | 11,575 |
| Others | | 14,564 | 22,146 | 14,236 | 21,622 |
| Total | | 259,131 | 264,402 | 245,471 | 234,151 |
| Total | | 260,842 | 267,055 | 246,948 | 236,590 |

18 Employee benefit obligations

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|---------------|----------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| As at 31 December | | | | |
| Statement of financial position | | | | |
| Obligations for: | | | | |
| Define benefit plans | 38,535 | 33,076 | 38,535 | 33,076 |
| Total | 38,535 | 33,076 | 38,535 | 33,076 |
| Year ended 31 December | | | | |
| Statement of income | | | | |
| Recognised in profit or loss: | | | | |
| Define benefit plans | 6,059 | 6,022 | 6,059 | 6,022 |
| Total | 6,059 | 6,022 | 6,059 | 6,022 |
| Statement of comprehensive income | | | | |
| Recognised in other comprehensive income: | | | | |
| Actuarial gains from defined benefit plan recognised in the year | - | 5,583 | - | 5,583 |
| Total | - | 5,583 | - | 5,583 |

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.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Notes to the financial statements

For the year ended 31 December 2015 and 2014

Movements in the present value of the defined benefit obligations are detailed as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--|--|--|--------------------|
| | 2015 | 2014 (Restated) (in thousand Baht) | 2015 | 2014 (Restated) |
| Defined benefit obligations at 1 January | 33,076 | 32,637 | 33,076 | 32,637 |
| Included in profit or loss: | | | | |
| Current service costs | 4,948 | 4,880 | 4,948 | 4,880 |
| Interest on obligation | 1,111 | 1,142 | 1,111 | 1,142 |
| Included in other comprehensive income: | | | | |
| Actuarial gains from defined benefit plan | - | (5,583) | - | (5,583) |
| Other | | | | |
| Benefits paid by the plan | (600) | - | (600) | - |
| Defined benefit obligations at 31 December | 38,535 | 33,076 | 38,535 | 33,076 |

Actuarial gains and losses recognised in other comprehensive income arising from:

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------|--|----------------------------|--|----------------|
| | 2015 | 2014 (in thousand Baht) | 2015 | 2014 |
| Demographic assumptions | - | 1,897 | - | 1,897 |
| Financial assumptions | - | (1,839) | - | (1,839) |
| Experience adjustment | - | (5,641) | - | (5,641) |
| Total | - | (5,583) | - | (5,583) |

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | Consolidated financial statements | | Separate financial statements | |
|------------------------|--|-------------|--|--------|
| | 2015 | 2014 (%) | 2015 | 2014 |
| Discount rate | 3.36 | 3.36 | 3.36 | 3.36 |
| Future salary growth | 5.23 | 5.23 | 5.23 | 5.23 |
| Employee turnover rate | 0 - 33 | 0 - 33 | 0 - 33 | 0 - 33 |

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

At 31 December 2015, the weighted-average duration of the defined benefit obligations were 9.42 years (2014: 9.42 years).

Notes to the financial statements

For the year ended 31 December 2015 and 2014

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | Consolidated financial statements (in thousand Baht) | | Separate financial statements | |
|--|--|----------|----------------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Defined benefit obligation 31 December 2015 | | | | |
| Discount rate (0.5% movement) | (1,636) | 1,759 | (1,636) | 1,759 |
| Future salary growth (0.5% movement) | 1,718 | (1,616) | 1,718 | (1,616) |
| Life expectancy (1 year movement) | 296 | (293) | 296 | (293) |

19 Share capital

| | Par value per share (in Baht) | Number | 2015 | 2014 | |
|---------------------------------|-------------------------------------|----------------|---|----------------|----------------|
| | | | Baht (thousand shares / thousand Baht) | Number | Baht |
| Authorised | | | | | |
| At 1 January | | | | | |
| - ordinary shares | 1 | 350,199 | 350,199 | 350,199 | 350,199 |
| At 31 December | | | | | |
| - ordinary shares | 1 | <u>350,199</u> | <u>350,199</u> | <u>350,199</u> | <u>350,199</u> |
| Issued and fully paid-up | | | | | |
| At 1 January | | | | | |
| - ordinary shares | 1 | 350,199 | 350,199 | 350,199 | 350,199 |
| At 31 December | | | | | |
| - ordinary shares | 1 | <u>350,199</u> | <u>350,199</u> | <u>350,199</u> | <u>350,199</u> |

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.

20 Reserves*Legal reserve*

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

Movements in reserves

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

Notes to the financial statements

For the year ended 31 December 2015 and 2014

21 Operating Segments

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 2015 or 2014.

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

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2015 and 2014

Information about reportable segments:

| | Consolidated financial statements | | | | | | | | | | | | | |
|--|-----------------------------------|--------------|--------------|--------------|--------------|--------------|---------------------------|--------------|---------------|---------------|--------------|--------------|---------------|---------------|
| | | | | | | | Total reportable segments | | Others | | Total | | | |
| | Segment 1 | | Segment 2 | | Segment 3 | | Segment 4 | | | | | | | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | (in million Baht) | | | | | | | | | | | | | |
| External revenues | 5,186 | 4,478 | 6,507 | 7,965 | 1,578 | 1,424 | 3,239 | 3,544 | 16,510 | 17,411 | 1,459 | 1,108 | 17,969 | 18,519 |
| Total segment revenues | <u>5,186</u> | <u>4,478</u> | <u>6,507</u> | <u>7,965</u> | <u>1,578</u> | <u>1,424</u> | <u>3,239</u> | <u>3,544</u> | <u>16,510</u> | <u>17,411</u> | <u>1,459</u> | <u>1,108</u> | <u>17,969</u> | <u>18,519</u> |
| Segment gross profit before income tax | 216 | 239 | 309 | 357 | 200 | 172 | 112 | 128 | 837 | 896 | 104 | 58 | 941 | 954 |
| Segment assets | 229 | 291 | 643 | 861 | 99 | 140 | 211 | 457 | 1,182 | 1,749 | 141 | 226 | 1,323 | 1,975 |

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2015 and 2014

Reconciliation of reportable segment profit or loss and assets

| | Consolidated financial statements | |
|--|--|---------------------|
| | 2015 | 2014 |
| | <i>(in million Baht)</i> | |
| Gross profit or loss | | |
| Total profit for reportable segments | 837 | 896 |
| Other segment's profit | 104 | 58 |
| | <u>941</u> | <u>954</u> |
| Unallocated amounts: | | |
| - Other income | 151 | 74 |
| - Other corporate expenses | (713) | (709) |
| - Finance cost | (64) | (88) |
| - Share of loss of investments in associates | (83) | - |
| Consolidated profit before income tax | <u>232</u> | <u>231</u> |
| Assets | | |
| Total assets for reportable segments | 1,182 | 1,749 |
| Other segment's assets | 141 | 226 |
| Other unallocated amounts | 3,105 | 3,070 |
| Consolidated total assets | <u>4,428</u> | <u>5,045</u> |

Geographical 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.

22 Other income

| | | Consolidated financial statements | | Separate financial statements | |
|------------------------------|-------------|--|----------------------|--|----------------------|
| | <i>Note</i> | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in thousand Baht)</i> | | | |
| Income from marketing refund | | 52,298 | 27,510 | 24,517 | 27,510 |
| Interest income | 4 | 6,927 | 6,180 | 19,815 | 28,205 |
| Management income | 4 | - | - | 33,871 | 37,148 |
| Others | | 13,934 | 4,599 | 11,449 | 4,424 |
| Total | | <u>73,159</u> | <u>38,289</u> | <u>89,652</u> | <u>97,287</u> |

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2015 and 2014

23 Employee benefit expenses

| | Consolidated financial statements | | Separate financial statements | |
|------------------------|--------------------------------------|----------------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Management | | | | |
| Wages and salaries | 55,231 | 48,182 | 50,588 | 43,172 |
| Others | 1,997 | 1,933 | 1,789 | 1,703 |
| | <u>57,228</u> | <u>50,115</u> | <u>52,377</u> | <u>44,875</u> |
| Other employees | | | | |
| Wages and salaries | 228,339 | 217,486 | 231,762 | 213,771 |
| Others | 29,985 | 24,805 | 30,067 | 24,698 |
| | <u>258,324</u> | <u>242,291</u> | <u>261,829</u> | <u>238,469</u> |
| Total | <u>315,552</u> | <u>292,406</u> | <u>314,206</u> | <u>283,344</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.

24 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 | |
|--|--------------------------------------|-------------------|----------------------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Included in cost of sales of goods:</i> | | | | |
| Changes in inventories | 691,986 | (357,800) | 300,105 | (34,356) |
| Purchase | 16,376,202 | 17,847,613 | 14,530,568 | 14,232,769 |
| Provision (reversal) of allowance for obsolete and defective stocks | (40,003) | 74,659 | (2,238) | 36,729 |
| Total | <u>17,028,185</u> | <u>17,564,472</u> | <u>14,828,435</u> | <u>14,235,142</u> |
| <i>Included in selling expenses:</i> | | | | |
| Advertising and marketing expenses | 170,354 | 206,135 | 149,432 | 197,640 |
| Transportation expenses | 32,845 | 32,466 | 30,928 | 30,835 |
| Employee benefit expenses | 20,678 | 22,322 | 20,583 | 22,243 |
| Others | 3,183 | 3,591 | 3,183 | 3,591 |
| Total | <u>227,060</u> | <u>264,514</u> | <u>204,126</u> | <u>254,309</u> |

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2015 and 2014

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| Included in administrative expenses: | | | | |
| Employee benefit expenses | 284,054 | 260,060 | 282,804 | 256,316 |
| Depreciation and amortisation | 39,112 | 34,489 | 38,210 | 34,018 |
| Rental expense | 36,861 | 37,113 | 36,858 | 37,113 |
| Bad debts and doubtful accounts | 13,979 | 2,445 | 12,517 | 2,502 |
| Management fee | 11,253 | 11,574 | 9,789 | 9,402 |
| Impairment losses on investment | 8,571 | - | 8,571 | - |
| Service charge | 4,171 | 15,300 | 4,112 | 15,300 |
| Others | 57,746 | 54,289 | 54,703 | 51,132 |
| Total | 455,747 | 415,270 | 447,564 | 405,783 |

25 Income tax expense

Income tax recognised in profit or loss

| | | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|------|--------------------------------------|---------------|----------------------------------|-----------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | (in thousand Baht) | | | |
| Current tax expense | | | | | |
| Current year | | 52,662 | 47,382 | 52,662 | 47,382 |
| Under provided in prior year | | 488 | - | 488 | - |
| | | 53,150 | 47,382 | 53,150 | 47,382 |
| Deferred tax expense | | | | | |
| Movements in temporary differences | 14 | 13,010 | (138) | (10,704) | (12,947) |
| | | 13,010 | (138) | (10,704) | (12,947) |
| Total | | 66,160 | 47,244 | 42,446 | 34,435 |

Income tax recognised in other comprehensive income

| | Consolidated financial statements/ Separate financial statements | | | | | |
|---|---|-------------------------------------|------------|--------------|-------------------------------------|--------------|
| | Before tax | 2015 Tax (expense) benefit | Net of tax | Before tax | 2014 Tax (expense) benefit | Net of tax |
| | (in thousand Baht) | | | | | |
| Actuarial gains from defined benefit plan | - | - | - | 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 2015 and 2014

Reconciliation of effective tax rate

| | Consolidated financial statements | | | |
|--|-----------------------------------|----------------------------|-------------|----------------------------|
| | Rate (%) | 2015 (in thousand Baht) | Rate (%) | 2014 (in thousand Baht) |
| Accounting profit before income tax, net | | 232,498 | | 231,338 |
| Tax at the applicable tax rates | 20.0 | 46,500 | 20.0 | 46,268 |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net | 8.2 | 19,172 | 0.4 | 976 |
| Under provided in prior year | 0.2 | 488 | - | - |
| Total | 28.4 | 66,160 | 20.4 | 47,244 |

| | Separate financial statements | | | |
|--|-------------------------------|----------------------------|-------------|----------------------------|
| | Rate (%) | 2015 (in thousand Baht) | Rate (%) | 2014 (in thousand Baht) |
| Accounting profit before income tax, net | | 201,236 | | 168,936 |
| Tax at the applicable tax rates | 20.0 | 40,247 | 20.0 | 33,787 |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net | 0.9 | 1,711 | 0.4 | 648 |
| Under provided in prior year | 0.2 | 488 | - | - |
| Total | 21.1 | 42,446 | 20.4 | 34,435 |

Income tax reduction

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

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Group has applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 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 2015 and 2014

26 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for year ended 31 December 2015 and 2014 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 | |
|---|--|----------------|--|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(thousand Baht / thousand shares)</i> | | | |
| Profit attributable to equity holders of the Company (Basic) | 168,851 | 184,094 | 158,790 | 134,501 |
| Weighted average number of ordinary shares outstanding | 350,199 | 350,199 | 350,199 | 350,199 |
| Basic earnings per share (in Baht) | 0.48 | 0.53 | 0.45 | 0.38 |

27 Dividends

At the annual general meeting of the shareholders of the Company held on 24 April 2015, 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 2014. The dividend was paid in May 2015.

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.

28 Financial instruments

Financial risk management policies

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

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

Capital management

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

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2015 and 2014

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Company is primarily exposed to interest rate risk from its borrowings (Note 15). Most of the interest rates of financial assets and liabilities of the Group are floating rates, which are based on market rates such as the interest prime rate of commercial banks, saving interest rate or other benchmark floating rates.

The effective interest rates of interest-bearing financial liabilities as at 31 December 2015 and 2014 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 |
| 2015 | | | | | |
| Current | | | | | |
| Trust receipts | 2.38 - 2.69 | 658 | - | - | 658 |
| Loan from financial institutions | 2.70 - 3.00 | 600 | - | - | 600 |
| Total | | 1,258 | - | - | 1,258 |
| 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 |
| 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 |
| 2015 | | | | | |
| Current | | | | | |
| Trust receipts | 2.38 - 2.69 | 643 | - | - | 643 |
| Loan from financial institutions | 2.70 - 2.74 | 450 | - | - | 450 |
| Total | | 1,093 | - | - | 1,093 |
| 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 |

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2015 and 2014

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 financial statements | | Separate financial statements | |
|-------------------------------------|------|--------------------------------------|--------------|----------------------------------|--------------|
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | (in million Baht) | | | |
| <i>United States Dollars</i> | | | | | |
| Trade accounts receivable | 6 | 1 | - | 1 | - |
| Trade accounts payable | 16 | (209) | (223) | (208) | (222) |
| Trust receipts | | - | (196) | - | (196) |
| Gross balance sheet exposure | | (208) | (419) | (207) | (418) |
| Forward contracts | | 474 | 250 | 439 | 201 |
| Swap contracts | | 93 | 456 | 93 | 456 |
| Net exposure | | 359 | 287 | 325 | 239 |

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.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2015 and 2014

Fair values of financial assets and liabilities

Fair values of financial assets and liabilities, together with the carrying value shown in the consolidated and separate statement of financial position at 31 December 2016 are as follows.

| Consolidated financial statements | | | | | |
|-----------------------------------|-----------------|--------------------|---------|---------|--------|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| | | (in thousand Baht) | | | |
| Current | | | | | |
| Forward contracts | 3,568 | - | 3,568 | - | 3,568 |
| Swap contracts | (144) | - | (144) | - | (144) |
| Non-current | | | | | |
| Long-term loan to related parties | 44,973 | - | - | 73,222 | 73,222 |
| | | | | | |
| Separate financial statements | | | | | |
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| | | (in thousand Baht) | | | |
| Current | | | | | |
| Forward contracts | 3,177 | - | 3,177 | - | 3,177 |
| Swap contracts | (144) | - | (144) | - | (144) |
| Non-current | | | | | |
| Long-term loan to related parties | 73,259 | - | - | 73,222 | 73,222 |

The fair values of other financial assets and liabilities are taken to approximate their carrying values.

Financial instruments carried at fair value

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2015 and 2014

29 Commitments with non-related parties

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in million Baht) | | | |
| <i>Non-cancellable operating lease commitments</i> | | | | |
| Within one year | 34 | 34 | 34 | 34 |
| After one year but within five years | 12 | 46 | 12 | 46 |
| Total | 46 | 80 | 46 | 80 |
| <i>Other commitments</i> | | | | |
| Unutilised credits facilities | 4,097 | 2,425 | 4,061 | 2,510 |
| Forward contracts | 474 | 250 | 439 | 201 |
| Swap contracts | 93 | 456 | 93 | 456 |
| Bank guarantee | 165 | 165 | 165 | 165 |
| Total | 4,829 | 3,296 | 4,758 | 3,332 |

Lease and service agreements

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

Forward contracts

In 2015, the Group has forward contract facilities with banks in the amount of Baht 4,324 million equivalent to USD 119 million (2014: Baht 4,180 million equivalent to USD 126 million).

As at 31 December 2015, the Group had purchased forward contracts in the amount of USD 13 million, equivalent to Baht 473.71 million. The contracts are due in June 2016 (2014: USD 8 million, equivalent to Baht 250.29 million which the contracts were due in June 2015).

Swap contracts

As at 31 December 2015 the Group had purchased a currency swap contract in the amount of USD 3 million equivalent to Baht 93 million. The contracts are due in June 2016. (31 December 2014: USD 14 million, equivalent to Baht 456 million which the contracts were due in March 2015).

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.

30 Events after the reporting period

At the Board of Directors' meeting held on 18 February 2016, the Board approved to propose for approval of cash dividend at the rate of Baht 0.30 per share, in the totally amount of Baht 105.06 million, approximately, to the annual general meeting of the shareholders of the Company.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2015 and 2014

31 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 2016, are set out below. The Group does not plan to adopt these TFRS early.

| TFRS | Topic |
|-------------------------|---|
| TAS 1 (revised 2015) | Presentation of Financial Statements |
| TAS 2 (revised 2015) | Inventories |
| TAS 7 (revised 2015) | Statement of Cash Flows |
| TAS 8 (revised 2015) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2015) | Events After the Reporting Period |
| TAS 12 (revised 2015) | Income Taxes |
| TAS 16 (revised 2015) | Property, Plant and Equipment |
| TAS 17 (revised 2015) | Leases |
| TAS 18 (revised 2015) | Revenue |
| TAS 19 (revised 2015) | Employee Benefits |
| TAS 21 (revised 2015) | The Effects of Changes in Foreign Exchange Rates |
| TAS 23 (revised 2015) | Borrowing Costs |
| TAS 24 (revised 2015) | Related Party Disclosures |
| TAS 26 (revised 2015) | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (revised 2015) | Separate Financial Statements |
| TAS 28 (revised 2015) | Investments in Associates and Joint Ventures |
| TAS 33 (revised 2015) | Earnings Per Share |
| TAS 34 (revised 2015) | Interim Financial Reporting |
| TAS 36 (revised 2015) | Impairment of Assets |
| TAS 37 (revised 2015) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2015) | Intangible Assets |
| TFRS 3 (revised 2015) | Business Combinations |
| TFRS 8 (revised 2015) | Operating Segments |
| TFRS 10 (revised 2015) | Consolidated Financial Statements |
| TFRS 11 (revised 2015) | Joint Arrangements |
| TFRS 12 (revised 2015) | Disclosure of Interests in Other Entities |
| TFRS 13 (revised 2015) | Fair Value Measurement |
| TSIC 25 (revised 2015) | Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders |
| TFRIC 1 (revised 2015) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 (revised 2015) | Determining Whether an Arrangement Contains a Lease |
| TFRIC 10 (revised 2015) | Interim Financial Reporting and Impairment |
| TFRIC 13 (revised 2015) | Customer Loyalty Programmes |
| TFRIC 14 (revised 2015) | TAS 19 (revised 2015) <i>Employee Benefits</i> - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

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.



บริษัท เอสไอเอส ดิสทริบิวชั่น (ประเทศไทย) จำกัด (มหาชน)
SiS Distribution (Thailand) Public Company Limited
Tel : 02-640-3000 Fax : 02-640-3780