



# Annual Report 2011







SVI PUBLIC COMPANY LIMITED

- *Mutual Support*

- *Respect*

- *Accountability*

- *Commitment*

- *Trust*

- *Transparency*





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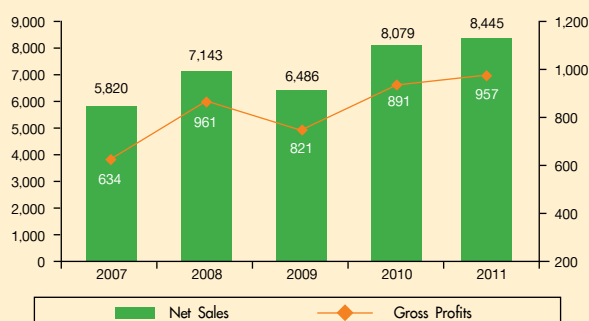
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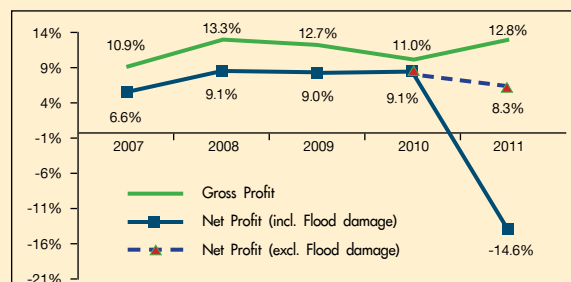
# Financial Highlights from Consolidated Financial Statement

Net Sales, Gross Profit and Net Profit

(Unit: Million Baht)



Percentage of Gross Profit and Net Profit

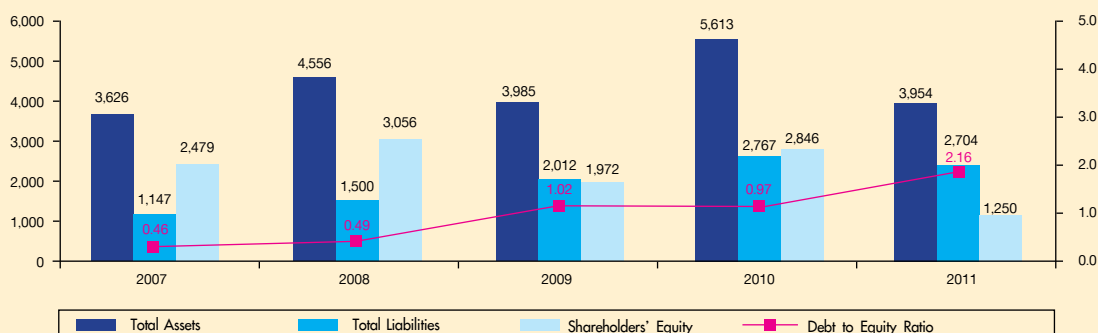


Remark: The Company recorded floods damaged in the amount of Baht 1,974 Million, however the company has insurance to cover it.

## Financial Status

### Balance Sheet

Unit : Million Baht



## Financial Ratio

	2007	2008	2009	2010	2011
Gross Profit Margin (%)	10.9	13.5	12.7	11.0	12.8
Net Profit Margin (%)	6.6	9.1	9.0	9.1	-15.1
Return on Assets (%)	10.6	14.2	15.1	14.6	-24.8
Return on Equity (%)	16.6	23.4	23.2	27.7	-56.8
Current Ratio (Times)	2.5	2.7	1.8	2.0	1.3
Total Assets Turn Over (Times)	1.6	1.6	1.6	1.5	2.1
D:E Ratio (Times)	0.5	0.5	1.0	1.0	2.2
Interest Bearing Debt to Equity	0.01	0.07	0.28	0.31	0.50
Earnings per Share (Baht-Basic)	0.26	0.44	0.37	0.42	-0.65
Book Value per Share (Baht)	1.68	2.04	1.19	1.47	0.64



## Letter to Shareholders



Dear Shareholders,

SVI recorded revenue at USD 279 Million or Baht 8,445 Million, 8% higher than that in fiscal year 2010 in term of USD and 4.5% in term of Baht. The severe flooding at Bangkadi Industrial Parks (BIP), Pathumtani, on October 21, 2011, disrupted manufacturing in the 4th Quarter 2011. The Company had gradually started the production at its Changwattana plant since November 8, 2011 where the capacity could support less volume built than that at BIP. Operation at BIP has resumed since January 16, 2012 with limited capacity. New machines and replacement materials have been arriving to meet outstanding demand. This ramp up will continue throughout the first quarter of 2012.

The Company consolidated Net Profits 2011, excluding flood damages, were achieved at Baht 699 Million, or 8% of revenue. The damages caused by flood crisis recorded in the 4th quarter this year was Baht 1,974 Million, based on the accounting standard that where claims submitted to the insurance company are not yet finalized, has resulted in The Company's negative net profit of Baht 1,274 Million this year.

SVI gains continual support and trust from our customers, besides their selecting us as manufacturing partner, reliance on our commitment to deliver superior service and highest quality products, they therefore participated in the acceleration of their outstanding payment to us, in order to gear up the floods recovery process.

As we look into 2012 and beyond, we believe our business is going through a positive transformation. We have emerged from the severe floods with a stronger focus on key market by leveraging our core competitive advantages. We are confident that we will continue to grow and strengthen over the long term with continually new advanced technologies and effective management to support the global market expansion. We continue to look for new avenue to grow our business such as Telecommunication, Automotive and Medical products. Customers still require development and better manufacturing capability. Thus this strong expected growth in the future should lead to generating higher revenues, better operating result, good earning per share, and to continuously deliver growth with strong cash flow while at the same time maintaining a flexible and versatile model to serve the global market.

We would like to sincerely thank our team of talented, hard-working management as well as staff who are the important element of SVI's success. We, as always, remain grateful to our customers for their business and trust, and to our shareholders for their continuing encouragement and support.

Dr. Suvarn Valaisathien  
Chairman of the Board

Mr. Pongsak Lothongkam  
Chief Executive Officer



# Board of Directors



**Dr. Suvarn Valaisathien**

Chairman of the Board, Independent Director, Member of the Audit Committee, and Chairman of The Nomination and Compensation Committee

## Education

- Doctor of Juridical Science, George Washington University, Washington, D.C., U.S.A.
- Master of Laws, Harvard University, U.S.A.
- Bachelor of Laws, magna cum laude, Chulalongkorn University
- Director Accreditation Program (DAP), Thai Institute of Directors

## Experience

- Senior Secretary, UN-ESCAP
- Attorney – Kirkwood Law Office
- Attorney – Trainee, Hale and Dorr, Boston Massachusetts, U.S.A.
- Partner, International Legal Counsellors Thailand
- Partner and Head of Tax Division, SGV Na Thalung Co., Ltd.
- Legal Counsel, the World Bank, Washington, D.C.
- Deputy Governor, Administration, Petroleum Authority of Thailand
- Deputy Minister of Commerce

## Present Positions

Chairman of the Board, Independent Director, Chairman of the Audit Committee, and Chairman of The Nomination and Compensation Committee, SVI Public Co., Ltd.

- Private Legal and Tax Consultant, Dr. Suvarn Law Office
- Executive Director, Berli Jucker Public Co., Ltd.
- Director, Bumrungrad Hospital Public Co., Ltd.
- Chairman, Thai Stainless Steel Co., Ltd.



**Dr. Pruchya Piumsomboon**

Independent Director, Member of the Audit Committee, and Member of the Nomination and Compensation Committee

## Education

- Master of Engineering and Ph.D. in Operations Research, Texas A&M University, U.S.A.
- Professional Engineer, Industrial Engineering, State of Texas, U.S.A.
- Bachelor Degree in Engineering, Industrial Engineering, Chulalongkorn University
- National Defense College, Thailand
- Director Certification Program, Thai Institute of Directors

## Experience

- Consultant of more than 70 organizations and companies in U.S.A. and Thailand
- Advisory board (e-Industry) to the ICT Minister
- Sub-committee on Science and Technology, The Senate of Thailand
- Chairman Committee on Information Technology and Telecommunication of the Thai Chamber of Commerce
- National ITC Master Plan Working Group
- E-ASEAN Task Force (private sector), Ministry of Commerce ITC
- National Information Technology Committee Member
- First Vice Secretary of the Selected Committee on Computer Misleading Act to the Secretary General of the National Legislative Assembly
- The Council of Engineers Subcommittee on the International affairs

## Present Positions

- Independent Director, Member of the Audit Committee, and Member of the Nomination and Compensation Committee, SVI Public Co., Ltd.
- Managing Director, CIM Systems (Thailand) Co., Ltd.
- Executive Board, Casavade Co., Ltd.
- Chairman of the Board of Directors, Chow Steel Industries Co., Ltd.
- Professional Expert to the Chairman of the Election Commission of Thailand
- Advisor to the Board of Executive Committee of GS1 Thailand, The Federation of Thai Industries
- Board of Trade Thailand and the Thai Chamber of Commerce
  - Committee on APEC/ ABAC
  - Committee on International Organization



#### Education

- Master of Business Administration, University of North Texas, U.S.A
- Directors Certification Program Class 12/2001, Thai Institute of Directors

#### Present Positions

- Independent Director, Chairman of the Audit Committee and the Nomination and Compensation Committee, SVI Public Co., Ltd.
- Independent Director, Audit Committee and Nomination Committee, TICON Industrial Connection Public Co., Ltd.
- Independent Director, Audit Committee and Remuneration Committee, Golden Land Property Development Public Co., Ltd.



**Mr. Threekwan Bunnag**

Independent Director, Chairman of the Audit Committee, and Member of the Nomination and Compensation Committee

#### Education

- Master of Science in Electrical Engineering, University of Colorado, U.S.A
- Director Certification Program (Fellow member), Thai Institute of Directors in 2002
- Executive Program, Capital Market Academy in 2010

#### Experience

- Managing Director, H&Q (Thailand) Co., Ltd.
- Assistant Managing Director, Thai Seri Cold Storage Co., Ltd.
- Director, Rajthani Hospital Public Co., Ltd.
- President, Thai Venture Capital Association
- Director and Treasurer, Thai Frozen Food Association

#### Present Positions

- Director, SVI Public Co., Ltd.
- Director, EISCO Industrial Services Co., Ltd.
- Managing Director, TICON Industrial Connection Public Co., Ltd.
- Director, TICON Logistics Park Co., Ltd.
- Director, Thai Cane Paper Public Co., Ltd.
- Director, Fabrinet Co., Ltd.
- Treasurer and Director, Thai Venture Capital Association
- Director, Singapore-Thai Chamber of Commerce



**Mr. Virapan Pulges**

Director

#### Education

- Bachelor of Science in Electrical Engineering and Computer Science, University of California at Berkeley, U.S.A.
- Director Certification Program, Thai Institute of Directors
- Executive Program, Capital Market Academy in 2011

#### Experience

- Managing Director of Universal Instrument Corporation, Asia Operation
- Vice President and General Manager, Hana Microelectronics Co., Ltd.
- President, Multichip Technologies Incorporated

#### Present Position

- Director and Chief Executive Officer, SVI Public Co., Ltd.
- Chairman of the Board, MFG Solution Co., Ltd.



**Mr. Pongsak Lothongkam**

Director, Member of the Nomination and Compensation Committee and Chief Executive Officer



# Management Team



**Mr. Pongsak Lothongkam**  
Chief Executive Officer

## Education

- Bachelor of Science in Electrical Engineering and Computer Science, University of California at Berkeley, U.S.A.
- Director Certification Program, Thai Institute of Directors
- Executive Program, Capital Market Academy in 2011

## Experience

- Managing Director of Universal Instrument Corporation, Asia Operation
- Vice President and General Manager, Hana Microelectronics Co., Ltd.
- President, Multichip Technologies Incorporated

## Present Position

- Director, Member of the Nomination and Compensation Committee and Chief Executive Officer, SVI Public Co., Ltd.
- Chairman of the Board, MFG Solution Co.,Ltd.



**Mr. Ruangpoj Phakdurong**  
Vice President of Business Development

## Education

- Master of Science in Engineering (Electronics), King Mongkut's Institute of Technology (Ladkrabang)

## Working Experience

- Director of Business Development, SVI Public Co., Ltd.
- Director of Technical, SVI Public Co., Ltd.

## Present Position

- Vice President of Business Development, SVI Public Co., Ltd.



**Mrs. Pissamai Saibua**  
Chief Financial Officer

## Education

- Master Degree in Accounting, Chulalongkorn University
- Bachelor Degree in LL.B (Law), Thammasart University
- Bachelor Degree in Accounting, Chulalongkorn University
- Certified in Production and Inventory Management (CPIM) from American Production and Inventory Control Society (APICS)
- Director Certification Program, Thai Institute of Directors

## Working Experience

- Chief Financial Officer and MIS, Starprint Public Co., Ltd.
- Director of Logistics, Vice President of Finance, Alphatec Semiconductor Packaging Co., Ltd., and Alphatec Holding Co., Ltd.
- Senior Director of Finance and Accounting, Read-Rite (Thailand) Co., Ltd.
- Director of Finance and Administration, Director of the Board, Micropolis Corporation (Thailand) Ltd.
- Director of Finance and MIS, Secretary of the board of Directors, National Semiconductor (Bangkok) Co., Ltd.

## Present Position

- Chief Financial Officer and MIS, SVI Public Co., Ltd.



**Education**

- Bachelor in Organization, Niels Brock- Copenhagen Business College
- Bachelor of Electronics Engineer, Frederiksberg Technical School

**Working Experience**

- Sales Manager, Anker Consulting A/S
- Program Manager, Phase One A/S

**Present Position**

- Director of Sales, Scandinavia, SVI Public Co., Ltd.



**Mr. Carsten Bremerskov Kaysen**  
Director of Sales, Scandinavia

**Education**

- Master of Business Administration, Thammasart University
- Bachelor of Science in Engineering ((2nd class honor), Major in Electronics, King Mongkut's Institute of Technology (Ladkrabang)

**Professional Certificates**

- CPIM (Certified in Production and Inventory Management), Apics USA
- CIPS (Certified in Purchasing and Supply) Level 2, CIPS UK

**Working Experience**

- Assistant Director of Global Sourcing, SVI Public Co., Ltd.
- Assistant Director of Materials, SVI Public Co., Ltd.
- Director of Sourcing ACT Co., Ltd.

**Present Position**

Director of Sourcing Procurement and Inventory Management, SVI Public Co., Ltd.



**Mr. Phichet Kanogsirima**  
Director of Sourcing, Purchasing  
and Inventory Management

**Education**

- Master of Business Administration (International Business Management), Eastern Asia University
- Bachelor of Science (Physics), Silpakorn University

**Working Experience**

- Assistant Director of Business Development, SVI Public Co., Ltd.
- Assistant Director of Program Management, SVI Public Co., Ltd.
- Senior Manager of Program Management, SVI Public Co., Ltd.

**Present Position**

- Director of Business Development, SVI Public Co., Ltd.



**Mr. Virat Phugthai**  
Director of Business Development



# Management Team



**Dr. Raymond Ramiah**  
Director of Quality Assurance

## Education

- Master of Science and Ph.D. in Quality Management, Lacrosse University, USA
- Bachelor of Science in Electrical Engineering, Mankato State University, USA

## Working Experience

- Director of Quality System/QA, Innovex Thailand Ltd.
- Senior Manager, Quality System & Customer Quality, Innovex Thailand Ltd.

## Present Position

- Director of Quality Assurance, SVI Public Co., Ltd.



**Mr. Manoon Noonate**  
Director of Human Resources

## Education

- Master's degree of science in Human Potential and Leadership Development, Murray State University, Kentucky, USA
- Master's degree in Public Administration (HR Management), NIDA
- Barrister at Law Certificate, Thai Barrister Council
- Bachelor's degree in Laws (2nd class honor), Chulalongkorn University

## Working Experience

- Director of Human Resources, Mattel Bangkok Limited
- Director of Human Resources, Seagate Technology (Thailand)

## Present Position

- Director of Human Resources, SVI Public Co., Ltd.



**Mr. Wayne Kenneth Ellis**  
Director of Global Sourcing

## Education

- BS In Business Admin With Some Courses Toward MBA, San Diego State University

## Working Experience

- Director of Global Sourcing & Purchasing Fender Musical Instruments Corp. Scottsdale, Arizona
- Director of Supply Chain Development Jabil Circuit, Inc., St. Petersburg, Florida

## Present Position

- Director of Global Sourcing, SVI Public Co., Ltd



**Education**

- BS Business Management, Daniel Webster University, Merrimack NH, USA

**Experience**

- Working with new products in the aerospace and telecommunication industries, USA.
- Litton Industries and Kollmorgen Corporation providing infrared and laser designation systems, USA.
- Signal Technology Corporation, USA.

**Present Position**

- Asst. Director of New Product Introduction (NPI), SVI Public Co., Ltd.

**Mr. Verne Mundell**

Asst. Director of New Product  
Introduction (NPI)

**Education**

- Master Degree of General Management in Major Business Administration Mahidol University, Nakornpatom

**Working Experience**

- Manufacturing Manager; CTS Electronic Manufacturing Solutions. Bangpa-in Industrial Estate, Ayutthaya

**Present Position**

- Director of Business Development, SVI Public Co., Ltd.

**Mr. Thas Lairungruang**

Operation Manager





## Background and Key Development

SVI Public Company Limited, formerly known as Semiconductor Venture International Limited was established on August 2nd 1985, to operate as an Electronics Manufacturing Service (EMS). The company's background and major developments are as follows:

Year	Activities
1989	Listed on The Stock Exchange of Thailand (SET).
1994	Converted to a Public Company Limited on May 25th, named Semiconductor Venture International Public Company Limited and focusing on more complicated electronic products and Box-Builds.
1997	Asia Pacific Electronic Company Limited, a company under H & Q Asia Pacific Group, acquired 94.5% of shares in the company from The Bangkok Bank Public Company Limited making Asia Pacific Electronic Co., the major shareholder.
2000	Started high technology production processes by implementing Micro-BGA and Flip Chip Lines.
2003	February 5th changed the company's name to SVI Public Company Limited.
2004	Set up the second factory (SVI-2) in Bangkadi Industrial Park, Pathumthani province.  Implemented a new ERP system (SAP) to manage operations and raw materials.
2005	Increased production capacity at SVI-2 and modified production lines at SVI-1 to support production of high technology products.  SVI Public Company Limited invested 100% in Globe Vision Corp.  Globe Vision Corp invested 100% in SVI China Limited (Hong Kong).  SVI China Limited (Hong Kong) invested 100% in SVI Electronics (Tianjin) Company Limited.
2006	The new factory located in Tianjin, China, started operations beginning of year.
2007	Expanded a 600 square metre warehouse in SVI-1.  Installed one more "In-line Hydro Cleaning" washing machine for PCBA to improve washing capacity and performance at SVI-1.  Expanded production space and installed more high technology and high efficiency machines at SVI-2 to support capacity expansions.  'SVI' par value was changed from Baht 10 to Baht 1 each, and started trading on SET at the new value on May 18, 2007.



**2008** SVI-1 at Chaengwattana renovated a production area of 3,300 square meters, to support new product processes and energy saving. This included the expansion of the existing warehouse by 750 square meters to support more customers for distribution centre services.

SVI-2 at Bangkadi installed additional high-technology and high speed machines for 7 lines, including the expansion of the mezzanine office area by 800 square meters to support additional demands.

Acquired the third plant in Thailand (SVI-3) at Bangkadi Industrial Park, Pathumthani with total space of 70,400 square meters.

**2009** SVI-3 Bangkadi renovated and built a warehouse of 2,800 square meters to merge a Distribution Center (DC) of SVI-1 and SVI-2 to support Customers' DC and Vendor Management Program (VMI). This warehouse is authorized by The Customs Department to be a Free Zone.

Started research and development on a Solar Cell project supervised by the Nano Technology Department of the Asian Institute of Technology (AIT), in order to implement this project for future production processes.

Selected by SET to be one of the companies in the SET 100 Index.

Nominated by SET as one of the companies to compete in 'The Best Performance Awards' and 'The Best CEO Awards'.

**2010** Acquired the new factory (SVI-5) in Bangkadi Industrial Park, Pathumthani with a total space of 65,340 square meters (including both production area and office space) to support the drastic growth of SVI's business.

Renovated of production area and office space, Phase 1 and 2 at SVI-3 (23,000 square meters).

Received excellent Corporate Governance score from IOD supported by SET/SEC

Received Supplier of the year award from our number one customer.

**2011** Received an Outstanding Investor Relations Awards from SET market capitalization of Baht 10,000 Million or less.

A severe flood occurred during October 21 to December 05, 2011 at Bangkadi Industrial Park, water level was approximately at 4 msl. The company temporarily moved to factory at Chaengwattana road and the production resumed on November 08, 2011.

A recovery of Bangkadi plant started on December 08, 2011 and the plant has started production since mid of January 2012.





# Characteristics of Business



## Type of Business

The company provides turnkey Electronics Manufacturing Services (EMS) to customers who are Original Equipment Manufacturers (OEM) and Design Houses. In the beginning, the company provided only PCBA assembly service and later developed its business strategy to focus on Turnkey Box-Build and System-Build product manufacturing.

SVI's flexible manufacturing process is able to produce to its many customers' varied finished goods requirements, based on the following process:

### 1. Printed Circuit Board Assembly (PCBA)

The PCBA assembly service is the original business of SVI, contributed to approximately 34% of the total company's revenue in 2011

### 2. Turnkey Box-Build

Apart from PCBA manufacturing, the company is producing the complete box-build products, SVI provides services and advice to customers, using high technology and flexible product lines with short lead-time for delivery of products at competitive prices. These are all the competitive advantages of the company. The products in this category are those, high frequency radio communication, satellite communication, Digital Signal Processing Audio used in radio and television station, Professional IP video and Medical product for hearing aids. The products in this category account approximately 65% of the total revenue in 2011.

### 3. System-Build

This is another development in the manufacturing of electronic products that involves more complex manufacturing process than the box-build type of manufacturing. The company has increased its manufacturing capability to produce systems used in large industrial control systems and instruments. This contributes higher revenues and added value to the company. Examples of products in this category are large boards or systems such as Temperature Control Equipment for cold storage, Blood Analysis Systems and other Laboratory Equipments used in hospitals, representing approximately 1% of the total revenue in 2011.

The products built under those mentioned three types of process can be classified to 3 major categories based on type of business as follows:

1. Industrial Control System, majority of the company's revenue, generated 46% of total revenue in 2011. The main products are Temperature Control Equipment for cold storage, Circuit Breaker Equipment and products listed in item 2 of business type.





2. Niche System is high end technology products as details listed below:
  - 2.1 Hi-End Office Automation, such as wireless network office communication system, wireless network multi- functions office automation equipment (copier, printing, scanner, etc.), representing approximately 38% of the total revenue in 2011.
  - 2.2 Hi-End Telecommunications, mainly are products related to satellite system for marine or to broadcast via satellite, representing 6% of total revenue in 2011.
  - 2.3 Professional Audio and Video, mainly are equipment for audio and video used in large studio, international convention, concert, etc., representing 4% of total revenue in 2011.
  - 2.4 Automotive Electronics, mainly are sensors used to control automotive tire, steering wheel, and etc., representing 2% of total revenue this year.
3. Medical Laboratory Equipment riding with a rapid growth market became a new business segment of SVI. SVI has been certified by ISO 13485. Hence SVI is ready to pursue the market. In order to serve this business, the company had built a new manufacturing line in a Clean Room as a requirement for dustless and clean manufacturing process. All medical equipment customers which are leaders in this field with high market share are satisfied with our performance. The 2011 revenue by this business was approximately 4% of total revenue.

### **Manufacturing Facility**

SVI has five manufacturing factories which four of them are in Thailand and the rest in China. SVI-I is located on Chaengwattana road, Nonthaburi province, focusing the production on Heating & Cooling Control for ship bond container and supermarket, this plant has stopped product in May and has restarted production on November 8, 2011. SVI-II is located in the Bangkadi Industrial Park, Pathumthani province with most of the products manufactured from this factory are those in Industrial Control System, Office Automation and Medical Equipment. SVI-III, the new factory is also located at the Bangkadi Industrial Park. SVI-III is in operation for distribution center and free trade zone services for its customers and business partners. The forth factory is located in Tianjin, China, started operation early in 2006, focusing on the customers whose manufacturing base are in China. SVI-V, again located in the Bangkadi Industrial Park, owned beginning of 2011.

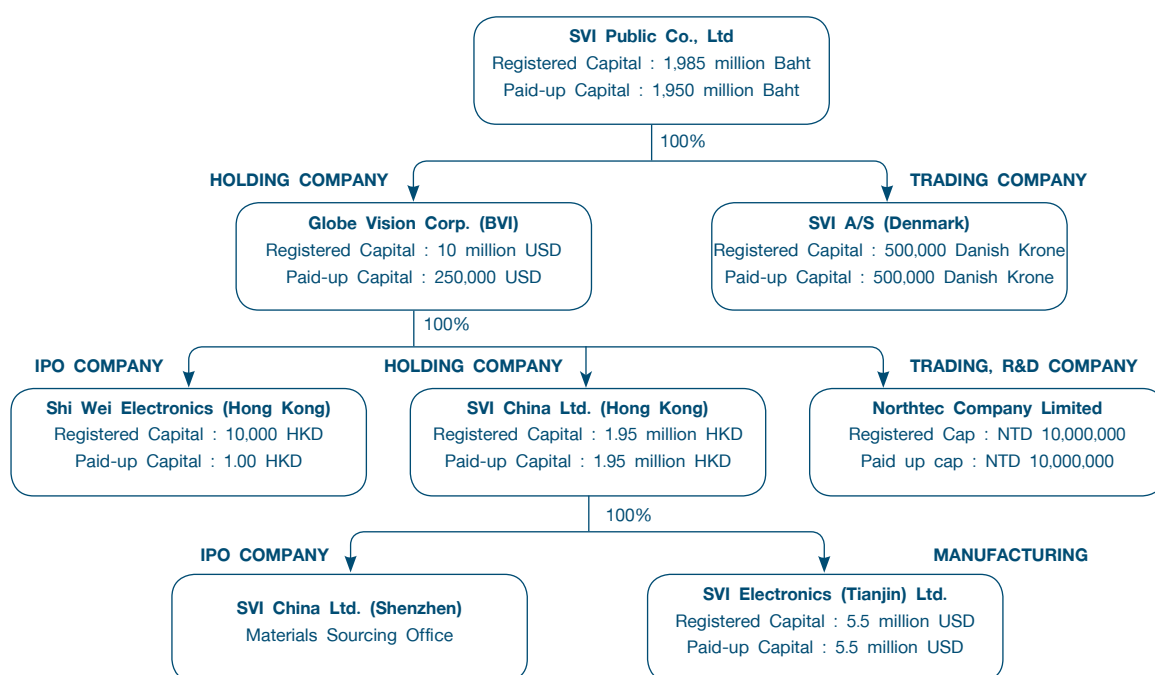
### **BOI Privilege**

The company has been granted by Board of Investment's (BOI) Tax Privileges for all three plants, the first plant located at Chaengwattana road, Nonthaburi where the second and the third plants located at Bangkadi Industrial Park, Pathumtani. The tax privileges have been granted for import duty of machinery, equipment, materials, essential materials and corporate income tax.

The details of BOI privileges are presented in Note 21 of the Financial Statement



## Company and Subsidiaries



Remark: IPO = International Purchasing Office

## Revenue Structure

SVI's revenues are mainly generated from Manufacturing and Sales of Electronic Products and PCBA. The company's revenue structure from 2008 to 2011 can be classified as follows:

Income Structure	2008 (Consolidated)		2009 (Consolidated)		2010 (Consolidated)		2011 (Consolidated)	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Sales Income								
1. Industrial Control	4,220	58.4	3,519	53.7	4,076	49.4	3,951	46.4
2. Niche System								
2.1 Office Automation	1,708	23.7	2,097	32.0	2,640	32.0	3,188	37.5
2.2 Telecommunications	718	9.9	495	7.6	615	7.5	483	5.7
2.3 Professional Audio & Video	367	5.1	273	4.2	440	5.3	369	4.3
2.4 Automotive Electronics	39	0.5	6	0.1	18	0.2	126	1.5
3. Medical Laboratory Equipment	65	0.9	77	1.2	290	3.5	328	3.9
4. Consumer	26	0.4	19	0.3	0	0	0	0
<b>Total sales income</b>	<b>7,143</b>	<b>98.9</b>	<b>6,486</b>	<b>98.9</b>	<b>8,079</b>	<b>97.9</b>	<b>8,445</b>	<b>99.3</b>
<b>Gains on exchange rates</b>	<b>21</b>	<b>0.3</b>	<b>13</b>	<b>0.2</b>	<b>84</b>	<b>1.0</b>	<b>11</b>	<b>0.1</b>
Other sales incomes*	57	0.8	58	0.9	91	1.1	50	0.6
<b>Total</b>	<b>7,221</b>	<b>100</b>	<b>6,557</b>	<b>100</b>	<b>8,254</b>	<b>100</b>	<b>8,506</b>	<b>100</b>

\* Other incomes: The rental of Distribution Center and Warehouse in Free Trade Zone and sales of scrapped materials



## Operational Improvement

In 2011, the company has mainly improved the following functions:

### 1. Marketing and Competition Strategy

The company has developed long-termed relationship with customers, who mainly are in mid-size Original Equipment Manufacturers (OEMs) and Design Houses companies who own products that are well-accepted among the global market. They are mainly located in Scandinavian area and some have subsidiaries in many countries. Having high proportion of this customer group can help us diversifying risks caused by economic fluctuation since the subsidiary in each country issues its sales order separately. Once the economic slows down in one country, we can still have sales orders from others. SVI's sales can be reported by region as listed below.

Sales Income by Region	2008 (Consolidated)		2009 (Consolidated)		2010 (Consolidated)		2011 (Consolidated)	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Scandinavia	3,853	53.9	3,795	58.5	5,001	61.9	5,235	62.0
USA	387	5.4	327	5.0	518	6.4	519	6.2
Europe	264	3.7	254	3.9	291	3.6	398	4.7
Global (customers who have subsidiaries in many countries)	2,326	32.6	1,936	29.9	2,001	24.8	2,045	24.2
<b>Total Overseas Market</b>	<b>6,830</b>	<b>95.6</b>	<b>6,313</b>	<b>97.3</b>	<b>7,810</b>	<b>96.7</b>	<b>8,197</b>	<b>97.1</b>
Domestic & Others	313	4.4	173	2.7	268	3.3	248	2.9
<b>Total Sales*</b>	<b>7,143</b>	<b>100.0</b>	<b>6,486</b>	<b>100.0</b>	<b>8,079</b>	<b>100.0</b>	<b>8,445</b>	<b>100.0</b>

\*Excluding other incomes

SVI has a strategy to compete in the market by focusing on the operation management, manufacturing, product and quality assurance as follows:

### Operation Management

We emphasize a complete dynamic turn key service to customers by providing material procurement to customers who require us to be their material supplier. We have professional technician teams to advise the customers for PCBA quality enhancement before starting the actual production in order to boost efficiency and save cost. We also provide design service for test equipment in order to test finished products before the delivery to ensure our customers' satisfaction.

The NPI (New Product Innovation) team has been established to provide prototype and quick-turn service to customers, enabling SVI to be more competitive in terms of time to the market and design involvement from the beginning of product life cycle.

### Manufacturing

SVI expanded its capacity along with the improvement of product quality and production capability. This is to support the increase of customers demand, product technology, including high complexity of production process for high-end and system build products. SVI continued to renovate production floor space in SVI I and SVI II. Additional Surface Mount Technology (SMT), Flip Chips, X-Ray and Coating machines were also installed at SVI II and III. Those machine are hi-technology and to improve efficiency in production process.



## Product

The Company has focused to produce high value-added products in such Industrial Control and Office Automation category. These products have required high labor costs, high technology and long life-cycle. The Company has not emphasized to produce consumer product and mobile phone because the value-added is low and rapid changed in design and technology. Regarding those high value-added products, the volume are low, high-mixed type in which other bigger players in the same industry will not focus this type of business. Neither the same nor small sized companies do, due to lack of materials management and production skill.

## Quality Assurance

In recognition of our commitment to excellence in manufacturing business, SVI received international quality and environmental management standard as follows:

- |      |                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1995 | Received the quality certificate ISO 9002:1994 from TRADA, a leading multi-sector certification body accredited by UKAS (United Kingdom Accreditation Service).                                                                                                                                                                                                                                                               |
| 1999 | Received the quality certificate ISO 9002:1994 from QSU (Quality Science Universal), Singapore.                                                                                                                                                                                                                                                                                                                               |
| 2002 | Received ISO 14001:1996, the Environmental Management System certificate, from the AJA Registrars.<br><br>Received ISO/TS 16949:2002, the quality certificate which is the highest quality standard specified by the automotive industry, from TUV Rheinland Thailand Ltd. Some parts of ISO/TS 16949:2002 standard derive from ISO 9001:2000 which is an upgraded certificate of ISO 9002:1994 the company received in 1995. |
| 2003 | Passed the basic test of the quality standard ISO 13485:2002, a standard in manufacturing medical equipment.                                                                                                                                                                                                                                                                                                                  |
| 2005 | Expanded quality management system of ISO 9001:2000 and ISO/ TS 16949:2002 to SVI-2 and all system was certified by TUV Rheinland Thailand Ltd.<br><br>Received new version of ISO 14001:2004, the Environmental Management System certificate, which is an upgraded standard from ISO 14001:1996 received earlier from the AJA Registrars.                                                                                   |
| 2006 | Passed the surveillance audit of ISO 9001:2000, ISO/TS 16949:2002 and ISO 14001:2004.<br><br>SVI-3, located in Tianjin, China started operation and later received ISO 9001:2000<br><br>Quality Management System certificate from TUV Rheinland Thailand Ltd.                                                                                                                                                                |
| 2007 | Passed the surveillance audit of ISO 9001:2000, ISO/TS 16949:2002, ISO 14001:2004.<br><br>SVI-3, located in Tianjin, China received ISO 9001:2000 with the expansion of product quality certification from only PCBA to both PCBA and Box-Build.<br><br>SVI-3 passed the basic test of ISO 14001:2004, Environmental Management System, certified by the Chinese organization.                                                |
| 2008 | In accordance with the Surveillance Audit, the new document control system (DocMASTER System), which is an on online document controlling system, has been implemented for SVI's factory in Thailand and China as well.<br><br>This system has been recognized, both internal and external customers have been satisfied, and accepted by ISO 9001:2000, ISO/TS 16949:2002 and ISO 14001:2004.                                |



- 2009      Successfully passed ISO audit certification with new version ISO9001:2008 , TS16949: 2009
- Awarded ISO Certification for Medical Devices and Hearing Aid Accessories – ISO13485 by British Standard Institute (BSI) Thailand.
- 2010      Successfully passed the audit certification for ISO9001:2008, TS16949:2009, ISO13485:2003 and Environmental Management System ISO14001:2004. We have to be certified for those certificates every year.
- 2011      Bangkadi plants successfully passed OSHE Certification (ISO14001:2004 and OHSAS18001:2007) from the AJA Registrars.
- Chaeng-Wattana plant has been under contingency plan per Business Continual Improvement Procedure and Quality System Management from TUV Rhienland ISO9001:2008 and ISO/TS16949:2009 since April 3, 2010 to February 11,2012

## **2. Material Sourcing**

Most of our major materials are imported from Denmark, Singapore, Hong Kong, Japan and USA. SVI gives highest attention to costs and delivery time when sourcing for raw materials. Since the Company has an efficient materials management therefore we maintain smooth production process and continually serve customers orders.

SVI also has a strong strategy for the materials sourcing which applied to our international purchasing offices located at Denmark, China and Thailand. However, the materials purchasing functions are centralized at Thailand office, in which the lists of required materials are distributed to those selected suppliers and the final decision is made by the Head quarter by considering the cost and other conditions, as well as their performances. We also have an e-bidding system in place. The company continually improve the material sourcing and procurement system both from overseas and local sources that able to deliver a reasonable cost and quality of product.

Some material items still have long lead times, for example Tantalum caused from its limited raw material availability, thus manufacturers relocated to Asia and Mexico to increase capacity and lower cost. Consequently the materials shortage situation was descending in the second quarter of 2011.

## **3. Product Testing**

Prior to start the mass production, SVI performs the test run in order to ensure that the quality of products produced meet customers' requirement and approved by customers. The Product testing helps minimizing risks from technology transfer or test requirements.

## **4. Environmental Care**

SVI controls material waste from production process by assigning companies, licensed by The Industrial Works Department, Ministry of Industry, to be responsible for all solid waste. Moreover, SVI constructed vapor ducts at soldering stations to separate gas and contamination particles by using Wet Scrubbers to ensure only clean air is released back to the atmosphere. All in all, SVI has not seen any substantial expense nor conflict on any environmental issues e.g. instead of using cleaning liquid with CFC chemicals as a mixing component the process was changed to be water.

Our cooperation with the Department of Health, Ministry of Public Health to follow up and report the quality measurement ensures our environmental management is all time complied with the laws. To achieve this, SVI has set up the Occupational Health & Safety Environmental Committee (OSHE Committee) to take care of the environmental matters, reduce pollution problems and maintain good quality of life for its employees, community and society.



## Industry and Competition Trend

Electronics Manufacturing Services (EMS) is an industry to support electronics product industry. This business is mainly depending on global economic situation and overall demand of electronics products. In Thailand, most of EMS and electronics products are produced for export and the value of export has been gradually increasing for many consecutive years.

Industrial Control products manufactured at SVI is slightly depended on economic condition since the demand of this product category is generated by variety of industries. Once there is a recession in one specific industry, SVI can change its direction to serve other industries. Also selling price is not the main factor for competition, because quality of products is the key factor considered by customers.

Our competitors in European and Scandinavian markets are companies from the USA, China and Malaysia. In US market, there are companies from South Korea, Mexico, Malaysia and US itself as our competitors. SVI has a great advantage on costs comparing to those EMS located in U.S and Europe. Additionally comparing to Chinese manufacturers, our advantages are products quality, customer services, and product development for manufacturing. Currently, SVI has six major competitors locating in different countries where these three are located in Scandinavia, one is located in Malaysia and the other two are located in Thailand. One of the two competitors in Thailand has an oversea head office.



# Risk Assessment

The company has some potential risks that could affect the business operations. The actions to minimize exposure to such risks are detailed below.

## 1. Operational Risks

### 1.1 Risk from materials supply

At the beginning of 2011 the material procurement is not a serious issue comparing to 2010. Even though Japan Tsunami had been a big hit to overall of supply chain including the electronics industry, but the company has worked with the suppliers as to obtain the priority of having materials supply, as well as used the International Purchasing Offices as another channels in getting direct contact with component manufacturers to procure the materials. Consequently the company had production schedule as planned, up to the third quarter of 2011.

In October, many factories in Thailand were hit by the severe floods, which had an impact to the whole manufacturing industry and supply chain. Once again, the company received a good support from suppliers and gets materials in a shorter lead time.

The company has realized the potential of natural disaster which is occurring more frequently, therefore the company plans to sign more VMI (Vendor Managed Inventory) agreement with the suppliers in 2012 in order to prepare materials upfront and to support the increase of customers' requirement.

In addition, the company holds on to their policy of Volume Price Agreement which allows SVI to maintain cost competitiveness.

SVI realizes the importance of efficient materials management. The major criterias are Price, Quality and Delivery time. Therefore, we have the procurement offices to source materials in various countries such as Denmark, China, Taiwan and Thailand. The central office in Thailand provides list of required raw materials to it's overseas offices. SVI has limited the proportion of material purchases to our single suppliers not over 30% of the total cost of sales.

### 1.1 Risk from dependency on major product segment or customer

Industrial Control product category was the highest proportion of our revenue, accounted to 54%, of total revenue in 2011 which was in the same level as 2010. Revenue generated from customers in Scandinavian accounted to 62% and 64% of our revenue in the past 2 years. However, there was no any customers who own the proportions of revenue higher than 35% in the past 3 years.

Due to the high proportion of revenue is generated from Industrial Control product category and Scandinavian market, thus there are risks associated with declining demand or changing features of Industrial Control Products, change of trade policies, and economic recession in Scandinavian market.

However, the demand in this category is less fluctuated. The Company also closely monitors market situation and regulatory requirement. We constantly adjust our production to comply with the laws issued by EU Committee i.e. the RoHS (Restriction of Hazardous Substances) standard, an EU-Directive in hazardous materials used in electrical and electronic products. We, moreover, expand our production capacity by investing more in our plants at Bangkadi and SVI-Tianjin, China to support the customers' orders from Scandinavian market as well as to diversify our source of revenue.

Moreover, in year 2010 and 2011, the company successfully gained more market share in the medical and automotive products. The result will minimize the risk from dependency on the major product segment. By entering into the medical business segment, the company has been certified the ISO TS 13485 since November 2009.



## **2. Financial Risks**

### **2.1 Risk from currency exchange volatility**

The Company's majority revenues and costs are in foreign currency. The revenue is mainly received in US Dollar and EURO respectively. Raw Materials is our main production costs, which is purchased in USD. The fluctuation of exchange rate can affect our revenues and cost of sales as well as assets and liability accounts, with regard to the major currency of purchasing activities, sales and long term loan is in USD , contributed the gain or losses on exchange rate based on accounting transactions.

In 2011, the USD and Euro revenues were 90% and 9 % of total revenue respectively, whereas the material costs purchased in the USD term were approximately at 75% of total cost of sales. Thus SVI's exchange rate risk was minimized by mean of natural hedge. However, SVI reduced exchange rate risk of excess exposure by buying Forward Exchange Contract at the sufficient amount for "Baht" requirements, which was an effective tool in minimizing risks on exchange rate fluctuation.

### **2.2 Risk from a major Shareholder holding more than 50 % of total shares**

As of December 31<sup>st</sup>, 2011, SVI's major shareholders are listed below :

- MFG Solution Co.,Ltd. (MFG), holding 47.96% of total issued shares. Mr. Pongsak Lothongkam, the Company's Chief Executive Officer, owns 99.96% of total shares of MFG Solution Co., Ltd.
- Mr. Pongsak Lothongkam holding 6.44% of total issued shares.

In relation to the number of shares holding by MFG Solution Co., Ltd and Mr. Pongsak Lothongkam accounted more than 50% of total issued shares, thus Mr. Pongsak Lothongkam can absolutely control the result of votes in the shareholder meetings in regard to director nominations, or other resolutions that required majority votes. Those minority shareholders have difficulty to gather sufficient votes for checking and balancing system. However, the major shareholder will refrain from voting of any subject that possibly related to the conflict of interest.

### **2.3 Risk from dilution effect from the exercise of warrants**

As of December 31<sup>st</sup>, 2011, SVI had remaining 34,709,500 units of the right warrants (ESOP 5). In which the right to buy SVI common shares at exercise price of Baht 2 per 1 share.

In case, if the ESOP 5 were all exercised, the voting rights of the existing shareholders would decrease by 1.75%.

## **3. Risk from Natural Disaster**

A natural disaster, e.g., flood, tornado, hurricane, volcanic eruption, earthquake, tsunamis, or landslide, etc., currently leads to enormous human losses and business interruption. The impact depends on vulnerability of the affected population to resist the hazard, also called their resilience. If these disasters continue, the vitality of company itself can become endangered

A Severe flooding had occurred in Thailand during monsoon season of year 2011. In October 2011 floodwaters reached the Chao Phraya and inundated parts of the capital city of Bangkok. As a result, 65 out of total 77 provinces of kingdom of Thailand were declared as flood disaster zones. The Company located in Bangkadi Industrial Parks (BIP), Pathumtani, had also been impacted by the flooding from October 21, 2011 to December 05, 2011 and this had disrupted manufacturing until November 08, 2011.

In short term, BIP will build an earth floodwall which has 4 meters tall above sea level. The project is expected to be fully completed by the end of 2012. In long term, a 5 meters above sea level concrete floodwall will be constructed and plan to be completed by July 2013. Additionally from floodwall, Provincial Electricity Authority (PEA) will change its system to be Gas Insulated Switchgear (GIS) which can be installed in the building. To protect company itself from flooding, SVI has set up new Front Lines production on the second floor of a building. While the plant at Chaengwattana has been renovated and operated as a secondary plant. Moreover, a Tianjin plant in China has been expanded and has been added more production lines. A future plan is to renovate and lift up floor level of SVI-2 at BIP for new production lines. Lastly, SVI is in process of study neighboring country in order to expand or increase production capacity in case current plants are fully utilized.



# Financial Structure

**Capital** (as of December 30<sup>th</sup>, 2011)

- Registered: 1,985,178,736 Baht
- Paid – Up: 1,950,469,236 Baht
- Common Stock: (1 Baht per share) 1,950,469,236 shares
- Warrant (ESOP5) unexercised : 34,709,500 units

## Shareholding

List of top 10 major shareholders including the number of share and the percentage of total share upon closing of registration book as of December 30<sup>th</sup>, 2011 are as follows:

	Name	No. of Share	Percentage of Total Share
1	MFG Solution Co.,Ltd.	935,424,984	47.96
2	Mr. Pongsak Lothongkam	125,550,000	6.44
3	HSBC (SINGAPORE) NOMINEES PTE LTD	40,145,700	2.06
4	Thai NVDR	32,083,472	1.64
5	SVI Public Company Limited	30,081,800	1.54
6	Dr. Suvarn Valaisathien	19,967,000	1.02
7	Mr. Suwat Niyomsathien	14,099,900	0.72
8	Mr.Chalee Valaisathien	13,087,284	0.67
9	UBS AG SINGAPORE,BRANCH-PB SECURITIES CLIENT CUSTODY	12,450,000	0.64
10	Mr. Suthus Leungdansakul	11,500,000	0.59

\* Mr.Pongsak Lothongkam owns 99.96% share of MFG Solution Co.,Ltd.

Investors can find an updated major shareholder list from the Company's IR website (<http://investorrelations.svi.co.th>) before the Annual General Shareholder Meeting is conducted.

## Dividend Policy

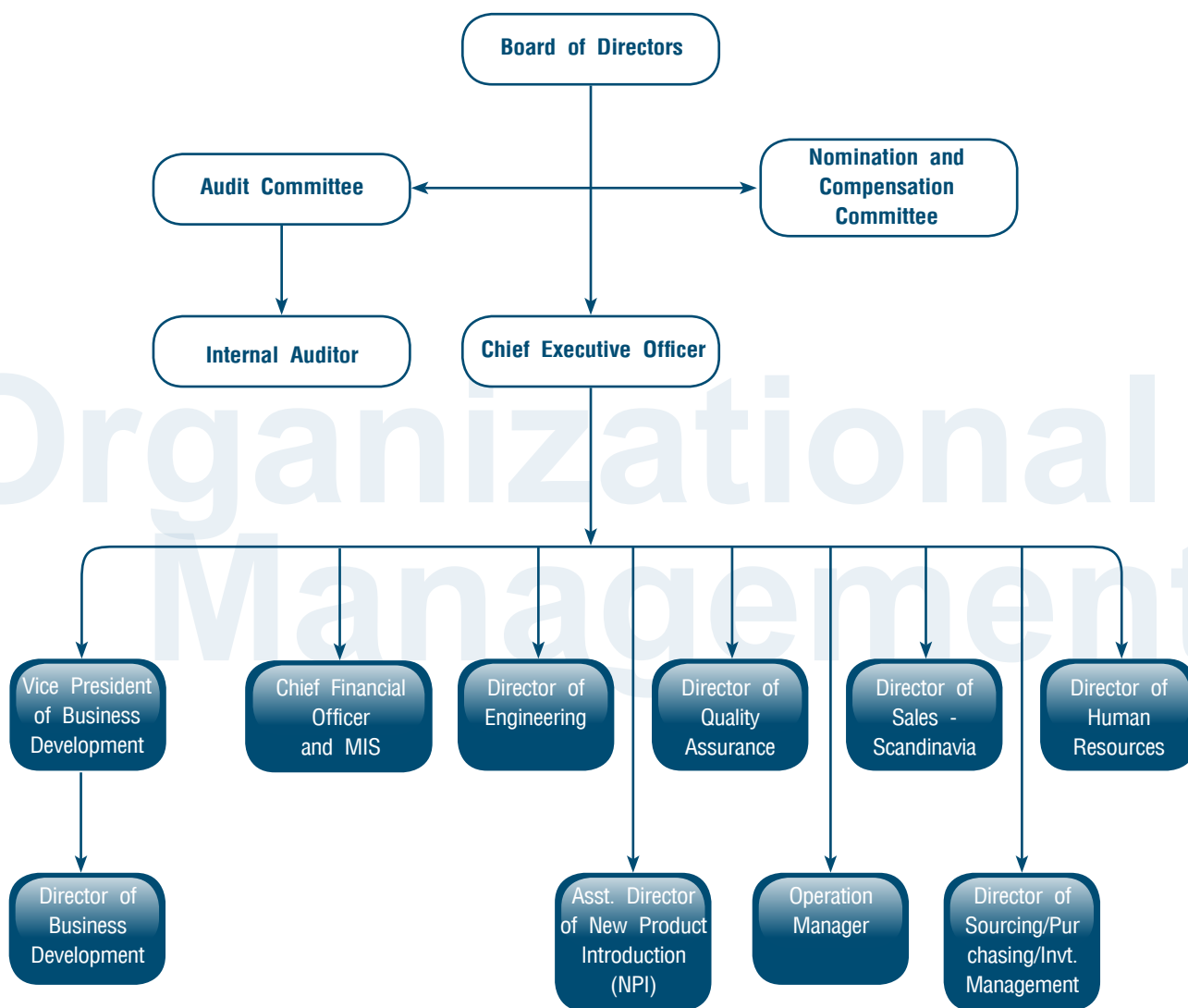
The policy to pay dividend is at least 30% of consolidated net profit after deduction of all reserves required by law and the Company. However, it's depended on the operating performance, cash flow, investment plans, financial status, restriction of laws and other considerations as deemed appropriate for the Company and its Subsidiaries. The payment of dividend is subject to final approval from the shareholders.

Below table shows the Company's dividend payment in the past three years.

Year Earned	Dividend Payment (Baht per Share)
2008	0.0600
2009	1.0529
2010	0.2000



## Organizational Management Structure





# Organizational Management

The Company management structure comprises of the Board of Directors (two Sub-Committees: Audit Committee and Nomination and Compensation Committee) and the Executive Management, as the details described below.

## Board of Directors

As of December 31st, 2011, SVI's Board of Directors consisted of 5 members as follows:

Name	Position
1. Dr. Suvarn Valaisathien	Chairman of the Board of Directors, Independent Director
2. Dr. Pruchya Piumsomboon	Independent Director
3. Mr. Threekwan Bunnag	Independent Director
4. Mr. Virapan Pulges	Director
5. Mr. Pongsak Lothongkam	Director

*Mrs. Pissamai Saibua is the Board of Directors' secretary and Company's secretary*

*\* The 2011 Annual General Meeting reappointed Mr. Threekwan Bunnag and Mr.Pongsak Lothongkam to be the Company's directors for another term.*

## The Authorized Director

Two Directors, Mr. Virapan Pulges and Mr. Pongsak Lothongkam, are empowered to jointly sign on behalf of the Company with the Company seal affixed.

## Authority and Responsibilities of the Board of Directors

1. To undertake duties in accordance with the law, objectives and company rules as well as shareholders resolutions in an honest, careful approach for the sake of the company with accountability to the shareholders' interests.
2. To set policies and the direction of the company as well as monitor and supervise management for operating in accordance to the policies in an efficient and productive manner in order to maximize economic value and shareholders' wealth and comply with the law and good corporate governance principles.
3. To constantly follow-up the operations of the company and be alerted to legal actions in line with conditions set out in related contracts of the company as well as instruct management to inform on important matters that enables effective management of the company's business.
4. To undertake to ensure that the company implements good corporate governance, effective internal control system, internal auditing process and risk management as well as approve Audit Committee's report.
5. To be independent to express their own discretion on management strategies, resource utilization, directors appointment, business standards as well as to object the actions of other directors or management in case of the matters conflict to the equitable treatment of shareholders.
6. To arrange regular Board of Directors Meetings, at least once a quarter, to consider the business of the company, with the presence of all directors as much as possible.
7. To vote on important matters as well as to appoint independent directors who are not involved in the daily management of the company. The independent directors are free to make the decisions and are not influenced by any major shareholders in exercising their decision in order to boost the confidence of shareholders, minor shareholders and other related parties in the Company.



8. To disclose the conflict of interest of their own and/or related person in relation to the Company or subsidiaries' interests according to the regulations, conditions and frameworks set by SEC.
9. To consider and approve the company's budget for annual spending and capital expenditure, and to ensure that the company has controlled the spending under the approved budget. The additional approval is required, in case, if the company has any expenses that not included in the approved budget, more than Baht 10 Million. However, any additional investment in subsidiaries or a purchase of land and building required board's approval.

The Board of Directors can either undertake or cancel the appointment of delegates to operate company's business under its control within an appropriate time. The delegation of authority must not be carried out in a nature that will enable the delegates, or the persons authorized by the delegates, to approve the transactions in which they may have a conflict of interest with the Company or its subsidiaries as announced by SEC/SET.

### **The Board of Directors' Secretary**

The Board of Directors has appointed its secretary to provide advice on any laws and procedures that the Board of Directors must comply. The secretary is also responsible for the Board of Directors' meeting, shareholders' meeting, minutes of meeting, annual report, information distribution and other reports as to assure the company has to comply the relevant laws and regulations on the information disclosure.

### **Company's Secretary**

To comply with good governance practice, the Directors appointed Ms. Pissamai Saibua to be the Company's secretary assisting the Directors in ensuring that the Company has an appropriate, efficient and transparent operation. On behalf of the Directors, the Company's secretary responsibilities are as follows;

1. Preparing and keeping these documents;
  - 1.1 Directors' Profile
  - 1.2 Invitation Letter to the Meeting and Minutes of Directors Meeting and the Company's Annual Report
  - 1.3 Invitation letter to shareholders and Minutes of the Shareholders Meeting.
2. Keeping the reports of the company's connected transactions disclosure, reported by Directors or management
3. Handling others activities as required by SET's/SEC's regulations

### **Audit Committee**

The Board of Directors appointed the Audit Committee, with the qualification fully complied by criteria of the Stock Exchange of Thailand to review business operations, financial reports, and internal control systems, to select independent auditors, and to review conflicts of interest. The members of the Audit Committee have qualified knowledge and experiences to review the reliability of the financial statements.

As of December 31st, 2011, the Audit Committee consists of three independent directors as follows:

<b>Name</b>	<b>Position</b>
1. Mr. Threekwan Bunnag	Chairman of the Audit Committee with accounting, financial knowledge and experience
2. Dr. Suvam Valaisathien	Audit Committee Member
3. Dr. Pruchya Piumsomboon	Audit Committee Member

*Mr. Thanaphat Phimpahu acted as the Audit Committee's secretary*



## Authority and Responsibilities of the Audit Committee

The Audit Committee has authority and responsibilities as assigned by the Board of Directors as follows:

1. Review financial reports for accuracy, reliability, and adequacy of information disclosure by cooperating with the external auditor and responsible executives in preparing financial reports both quarterly and annually.
2. Review internal control, internal audit systems, and risk management systems of the Company to ensure suitability and efficiency, and recommend further review or audit as necessary, which may also include improvements on internal control and risk management systems. These reports must be submitted to the board.
3. Ensure corporate practices in line with Securities and Exchange laws or SET requirements, as well as policies, regulations, rules, and other laws pertaining to the Company's operations.
4. Check corporate documents when in doubt about activities which could significantly impact the Company's financial status and operating performance, and when conflicts of interest, violation of laws, rules, and regulations are possible.
5. Deliberate disclosure of corporate information in case of related party transactions or potential conflicts of interest in accordance with laws and SET regulations to ensure sensible transactions and for the maximum benefits to the Company.
6. Select and recommend the appointment of independent auditors and their remuneration giving consideration to reliability and adequacy of resources, and financial auditing workload of independent auditors, including experiences of personnel assigned to audit the Company's accounts; as well as arrange meeting with the Company's auditors without attendance of executive management at least once a year.
7. Prepare and to disclose in the Company's annual report, Audit Committee's report as signed by the Chairman of the Audit Committee with the following information:
  - 7.1 an opinion on the accuracy, completeness and reliability of the Company's financial report,
  - 7.2 an opinion on the adequacy of the Company's internal control system,
  - 7.3 an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
  - 7.4 an opinion on the suitability of the auditor,
  - 7.5 an opinion on the transactions that may lead to conflicts of interests,
  - 7.6 the number of the Audit Committee meetings, and the attendance of such meetings by each committee member,
  - 7.8 other transactions which, according to the Audit Committee's opinion, should be made known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors;
8. Promote the development of the Company's financial reporting system to meet international accounting standards.
9. Reviews the internal audit plan according to internationally accepted methods and standards.
10. Ensure independence of the Internal Audit unit, as well as to approve the appointment, transfer and dismissal of the chief of internal audit unit.
11. Prepare the Audit Committee report signed by the Chairman of the Audit Committee and disclose in the Company's annual report according to principles required by SET.
12. Perform other tasks as assigned by the Board of Directors and concurred by the Audit Committee.
13. To report directly to the Company's Board of Directors.



## Nomination and Compensation Committee

As of December 31<sup>st</sup>, 2011, SVI's Nomination and Compensation Committee consisted of 4 members:

Name	Position
1. Dr. Suvarn Valaisathien	Chairman of the Nomination and Compensation Committee
2. Dr. Pruchya Piumsomboon	Director of Nomination and Compensation Committee
3. Mr. Threekwan Bunnag	Director of Nomination and Compensation Committee
4. Mr. Pongsak Lothongkam	Director of Nomination and Compensation Committee

*Mr. Manoon Noonate is the Nomination and Compensation Committee's secretary*

## Authority and Responsibilities of the Nomination and Compensation Committee

1. To nominate and approve the appointment of the Company's Board of Directors and Chief Executive Officer.
2. To reasonably consider criteria of remuneration policy for the Company's Board of Directors and the Chief Executive Officer.
3. To review and approve Employee Stock Option Program (ESOP) offered to employees and to propose this program for Board of Directors' approval.

## Management

As of December 31<sup>st</sup>, 2011, SVI's Management consisted of 12 members:

Name	Position
1. Mr. Pongsak Lothongkam	Chief Executive Officer
2. Mr. Ruangpoj Phakdurong	Vice President of Business Development
3. Mrs. Pissamai Saibua	Chief Financial Officer
4. Mr. Carsten Bremerskov Kaysen	Director of Sales - Scandinavia
5. Mrs. Saovanee Chirachon	Director of Warehouse Management
6. Mr. Phichet Kanoksirima	Director of Materials Management, Sourcing and Purchasing
7. Mr. Virat Phugthai	Director of Business Development
8. Mr. Raymond Ramiah	Director of Quality Assurance
9. Mr. Manoon Noonate	Director of Human Resources
10. Mr. Tongpod Soranuntsri	Director of Operation
11. Mr. Wayne Ellis	Director of Global Sourcing

## Authority and Responsibilities of the Chief Executive Officer

1. To take actions on behalf of the Board of directors in managing the business of the Company and ensure that such actions are taken under rules, regulations, policies and resolutions set by the Board and the shareholders meeting.
2. To be responsible for operating the Company, managing the business in line with the objectives, business plan, policies, budget rules and regulations approved by the Board.
3. To manage and control the company's day to day routine business.
4. To set objectives, policies and strategies of the Company as well as direct and monitor overall operation for maximizing benefits of the Company and to report the company's performance to the Board.



5. To regularly follow up and evaluate performance of the Company in order to avoid any risk both internally and externally. To report and update the information on financial results, operational management to the management team, the audit committee and the Board.
6. To be responsible for the organization change of the Company under the supervision of the Board as well as to make decisions on the appointment, transfer and deposition of employees. To set the salary rate, remuneration, bonus and other fringe benefits for employees.
7. To authorize, instruct, announce, and record, as to ensure that the company can comply with the policies and internal discipline.
8. To approve all actions under the rules and resolutions from the Board of Directors Meeting.
9. To be able to delegate the authority to other persons to operate any specific functions on their behalf. This delegation has to be made under the limitation stated in the Power of Attorney and/or to comply with the rules, regulations and instruction of the Board.
10. To perform any other actions as assigned by the Board occasionally.

The delegation of authority to the Chief Executive Officer may not be carried out in a nature that will enable the Chief Executive Officer, or the persons authorized by the Chief Executive Officer, to approve the transactions in which they may have a conflict of interest with the Company or its subsidiaries.

### **Nomination of Directors and Management**

The criteria on selection and appointment of directors as prescribed in the Company's articles of association where there is no qualification that is conflict with the SEC's/SET's rules and regulations. The qualified directors should be honest and have proper management skills. Nomination of directors comes from the resolution of the Board of Directors and approved by Shareholders' Meeting.

### **Appointment of the Board of Directors**

The Board of Directors shall consist of not less than five persons and 50% of them must be residents of the Kingdom of Thailand. Their qualifications must be complied with the law and each of them can not be a director of more than five listed companies.

In accordance with the company's Articles and Association, the directors shall be elected at the Shareholders' Meeting based on the following criteria and procedures:

1. Each shareholder shall have one vote per one share.
2. Each shareholder may exercise all the votes as stated in item 1 for voting one or several persons to be a director or directors; however the shareholder can not split or share the votes to select each director differently.
3. Persons who receive the highest votes sequencing from higher to lower votes are elected to be the directors of the Company per the numbers required that year. In the case, if the votes are even for the last required director, making the number of directors more than that required, the chairman of the meeting will have a casting vote.

At every annual ordinary shareholders' meeting, one-third (1/3) of the directors, or if the number of directors cannot be divided exactly into three parts, the number of directors nearest to one-third (1/3), shall vacate office.

The directors to vacate office in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A retiring director may be eligible for re-election with no limitation of time.



## Nomination of Independent Directors

The Company appoints independent directors who are not major shareholders, employees or consultants as well as do not have a conflict of interest with the Company or its subsidiaries. The independent directors shall not hold shares more than 1% of issued shares of the Company and subsidiaries. Each of them can not be a director of more than five listed companies.

## Nomination of the Audit Committee

The Company's Audit Committee consists of three members. All members are independent, can not be a member of management team. They should have a law, accounting and/or finance qualification background. At least one member of the Audit committee is required to possess financial capability.

The Audit Committee assists the Board in fulfilling the Company's good corporate governance, particularly in providing the vision of the business, commenting on financial reports and internal control systems, and monitoring the accuracy and sufficiency of the disclosure of financial reports. All these actions enhance the quality and add value to the said reports. The chairman of the Audit Committee and its members shall remain in position for two-year term.

## Nomination of Management

The Board of Directors authorizes the Chief Executive Officer to recruit for qualified management.

## Director Remuneration

In 2011, a total of Baht 4,860,000 was paid to the Company's Board of Directors and sub committees as following details.

	Director Bonus	Director Fee	Meeting Allowance			Total
			Board of Directors	Audit Committee	Nomination and Compensation Committee	
1. Dr. Suvarn Valaisathien	250,000	600,000	150,000	80,000	30,000	1,140,000
2. Dr. Pruchya Piumsomboon	250,000	600,000	100,000	80,000	20,000	1,070,000
3. Mr. Threekwan Bunnag	250,000	600,000	100,000	120,000	20,000	1,110,000
4. Mr. Virapan Pulges	250,000	400,000	100,000	0	0	770,000
5. Mr. Pongsak Lothongkam	250,000	400,000	80,000	0	20,000	770,000
<b>Total</b>	<b>1,250,000</b>	<b>2,600,000</b>	<b>530,000</b>	<b>280,000</b>	<b>90,000</b>	<b>4,860,000</b>

## Management Remuneration

In 2011, a total of Baht 37,233,316.67 was paid to the Company's management executives per the following details.

Type of Remuneration	2010	
	Number of Management	Baht
Monthly Salary and Bonus	13*	35,692,206.67
Provident Fund	9	1,541,110.00

*(Two directors have resigned from the company in 2011)*

## Provident Fund

The provident fund has been registered as the "Sin Permpoon Provident Fund" with Bangkok Bank Public Co., Ltd. as the fund manager. All executives and employees are entitled to apply as members of the fund. The members contribute 3% of their monthly salary to the fund. The employer contributes to the fund on the same day. The employer's contribution rate in percentage of salary is set as follows:



Number of Years of Employment	Employer's Contribution Rate (%)
Less than 5 years	3
5 years but less than 10 years	4
10 years and over	5

### Common Shares and Warrants Holding by the Board of Directors and Management

The following details of common shares and warrants holding by the Board of Directors and the Management including the shares or warrants holding by their spouse and children under 20 years old. The percentage of shareholding in 2010 and 2011 was based on the total of 1,938,611,986 and 1,950,469,236 common shares respectively.

	Common Shares				Warrant Units	
	As of December 31, 2010	% of share holding	As of December 31, 2011	% of share holding	As of December 31, 2011	As of December 31, 2010
<b>Board of Directors</b>						
1. Dr. Suvarn Valaisathien	15,287,000	0.789	19,967,000	1.024	1,350,000	900,000
2. Dr. Pruchya Piumsomboon	1,562,500	0.081	1,837,500	0.094	1,125,000	750,000
3. Mr. Threekwan Bunnag	1,375,000	0.071	2,160,000	0.111	1,125,000	750,000
Mrs. Atiwan Bunnag (Spouse)	530,000	0.027	540,000	0.028	-	-
4. Mr. Virapan Pulges	475,000	0.025	-	-	1,125,000	750,000
Mrs. Thippawan Pulges (Spouse)	2,500,000	0.129	-	-	-	-
5. Mr. Pongsak Lothongkam	125,175,000	6.457	125,550,000	6.437	1,125,000	750,000
<b>Management</b>						
1. Mr. Ruangpoj Phakdurong	1,670,500	0.086	2,355,500	0.121	2,055,000	1,370,000
Mrs. Rattiya Phakdurong (Spouse)	1,100,000	0.057	300,000	0.015	-	-
2. Mrs. Pissamai Saibua	685,000	0.035	-	-	2,055,000	1,370,000
3. Mr. Carsten Bremerskov Kaysen	379,900	0.020	-	-	1,125,000	950,000
4. Mrs. Saovanee Chirachon	82,500	0.004	-	-	247,500	165,000
5. Mr. Manoon Noonate	500,000	0.026	1,000,000	0.051	1,500,000	1,000,000
Mrs. Sopha Noonate (Spouse)	-	-	126,800	0.007	-	-
6. Mr. Phichet Kanoksirima	412,500	0.021	125,000	0.006	1,237,500	825,000
7. Mr. Virat Phugthai	475,000	0.025	-	-	1,125,000	750,000
8. Mr. Raymond Ramiah	-	-	-	-	-	925,000
9. Mr. Tongpod Soranuntsri	-	-	-	-	-	-
10. Mr. Wayne Ellis	-	-	-	-	-	-
<b>Total</b>	<b>152,209,900</b>	<b>7.851</b>	<b>153,961,800</b>	<b>7.894</b>	<b>15,195,000</b>	<b>11,255,000</b>

\* Mr. Pongsak Lothongkam owns 99.96% shares of MFG Solution Co., Ltd. Which is SVI's Major Shareholder. As at 30 December 2011 MFG held 935,424,984 shares or 48.0% of total issued shares.



## Personnel

As of December 31st, 2011, the Company's total number of employees was 2,275, reported by department as follows:

Department	Number of Employees
1. CEO Office	1
2. Program Management	60
3. Materials Management	35
4. Business Development	6
5. Manufacturing	1,431
6. Engineering	221
7. Quality Assurance	135
8. Human Resources	46
9. Finance & Accounting	30
10. MIS	20
11. DC Warehouse	265
12. Facility	25
Total	2,275

## Number of Employees during the Past Three Years

Year	Number of Employees	Increase / (Decrease)	%
2009	1,992	(537)	(21.23)
2010	2,400	408	20.48
2011	2,275	(125)	(5.21)

## 2011's Remuneration for Employees

Type of Remuneration	Monthly Employee	Daily Employee	Total
Salary (Baht)	271,515,834.20	142,651,228.18	414,167,062.38
Bonus and others (Baht)	13,608,551	8,620,993	22,229,544
Company's Contribution to Provident Fund (Baht)	6,151,159	1,353,911	7,505,070

## Employee Development Policy

The Company realizes the importance of continuous training and the development of employees' skills. Thus the Training and Development Section has arranged the training plan annually. This is to continually improve employees' knowledge and necessary skills of each responsibility, including the orientation to new employees as to make them understand the company's vision, mission, value, key performance index and basic training needs in order to be ready to perform their duties. The employees' performance is appraised and evaluated regularly. Internal training and external training programs have been conducted as to serve the objective of enhancing the capability, knowledge and working skills of all employees in order to provide good quality, good service and prompt responses as to satisfy our customers' needs.

## Internal Control

Convinced that good internal controls lead to the management's confidence that business management and execution will fulfill its goals while producing efficient and effective outcomes, the company recognizes the importance of internal control system and has emphasized on establishing sufficient and appropriate control measures to prevent potential losses which may arise from financial sector and other related operations, risk management and to comply with good corporate governance. To this end, the Audit Committee (consisting of Independent Directors) reviews internal controls for adequacy and suitability, as well as for business effectiveness and efficiency, economical and cost-effective use of resources, procedure streamlining and potential risks or negative effects, accurate and credible financial data and reports, and compliance with policies, laws, rules, and regulations.



Furthermore, the Company implemented up-to-date technology for internal control, Enterprise Resource Planning from SAP, in area of account, finance and inventory management. E-Procurement system is also used for purchasing process such as price bidding from Approved Vendors List of the Company.

SVI realizes the need for a strong internal audit and the Audit Committee set up internal audit department to assert effective internal control. While the external auditor made random inspections, if any shortcomings in the operation are found, the Audit Committee will be reported. For the year 2011, the Audit Committee received no report of significant shortcomings in the internal control process.

All three members of the Audit Committee attended the Board of Director meetings in 2011 which reviewed the Company's internal control systems and had discussion with the management. The Board of Directors is of the opinion that, the Company has an adequate system of internal control in place. Furthermore, the Board also views that the Company had implemented a system of internal controls that is capable of monitoring transactions for control purposes.



# Corporate Governance

The Company has implemented its corporate governance practice in compliance with the principles prescribed by the Stock Exchange of Thailand. The Company also received an excellent Corporate Governance score from IOD supported by SET/SEC, including the excellent performance score in organizing Annual General Shareholders Meeting 2011 and year 2010 consecutively. Our policy and practice regarding this subject are as follows:

## Article 1 Rights of Shareholders

SVI values the rights of shareholders and reinforces the exercise of these rights, including the right to attend the Annual General Meeting of Shareholders (AGM) and to vote. SVI refrains from any action that impedes these opportunities of shareholders. Shareholders are rightfully to protect their interests by exercising their rights to raise concerned questions, express their opinions, offer recommendations, and vote at the AGM. Shareholders have the rights to participate in decision making on any significant corporate changes, such as the election or removal of directors, nomination of independent directors, appointment of a certified public accountant, declaration of dividends, increase or reduction of capital, prescription or amendment of Company Regulations and Articles of Association, and approval of extraordinary transactions, etc.

The Company announced the invitation of the AGM on the Company's website in advance, providing sufficient time for shareholders to propose questions, agendas and names of nominees for director election. Shareholders always receive adequate, accurate, complete, transparent, timely and verifiable information on which to form decisions. The Company prepared notice of the shareholder meeting specifying the meeting venue, date, time, agendas, and matters to be proposed at the meeting together with appropriate details. It was clearly specified whether the matter was proposed for acknowledgement or consideration and approval (as the case may be), together with the opinion of the Board of Directors on such matters. Announcement was made on the Company's website prior to the meeting to give shareholders an opportunity to add items to the agenda. Shareholders would be notified of any additional agendas if they should be added. Notice of AGM would be delivered to all shareholders and the registrar not less than 7 or 14 days prior to the meeting as required by laws. To ensure the completeness of information dissemination regarding items to be decided at the meeting, the Notice of the AGM and supporting documents were posted on the Company's website prior to being delivered to shareholders.

## Article 2 Equitable Treatment of Shareholders

The company has equitably treated all shareholders to promote investor confidence. Shareholders have the right to assign proxies to attend the AGM and vote on their behalf. Conditions to assigning proxies are provided in the AGM invitation notice. Adequate time is allocated for the meeting and equal opportunity is provided for shareholders to express their opinions, ask questions and exercise the right to elect individual directors. Shareholders are entitled to vote on every item using the polling card distributed at the registration of the meeting. Directors and officers involved in matters on the agenda will attend the meeting to answer the questions raised by shareholders. The main questions, answers and opinions will be recorded in the minutes of the meeting for future review by shareholders. The Company has measures in place to protect the use of inside information detailed as set out in Article 4 on Disclosure and Transparency.



### Article 3 Role of Stakeholders

The Company recognized the importance of all groups of stakeholders which can be summarized as follows.

<b>Shareholders:</b>	The Company has a strategy to reward investors' trust by delivery of sustainable high returns and continuous long-term growth.
<b>Employees:</b>	The Company realizes employees' value and treats them in a fair and equitable basis. Continuous training programs are been provided to further their capability development and safety. The payment packages are properly structured, to include fringe benefits such as provident fund, medical fee and having the Employees' Savings plan through a Cooperatives program.
<b>Customers:</b>	The Company's' priority is to give effective support and response to its customers on time. SVI strictly complies to business contracts, including maintaining high standard products, and being responsible for product quality, after sale services as well as customers' confidential information.
<b>Lender &amp; Suppliers:</b>	The Company has always complied with the terms and conditions set out in the credit agreements with financial institutions. It also develops a long-term relationship and always considers mutual benefits with suppliers which will create chained value to customers.
<b>Competitors:</b>	The Company adheres to the rules of fair competition adopted by the same industry and will not attack competitors in a dishonest manner.
<b>Community and Environment:</b>	The Company commits to social responsibility by conducting business with integrity and provide constant support to social activities in the areas of the environment, education and quality of life improvement for employees and society.

### Article 4 Disclosure and Transparency

SVI discloses information that materialize regarding the Company's performing business, such as financial reports and other information that are clear, concise and easy to understand, complete, adequate, reliable and timely. Governance policies and structure are also reported in the annual registration statement (Form 56-1), annual report (Form 56-2), and at the Company's website to ensure shareholders have equitable access. We further report on the responsibility of the Board of Directors for the financial statements and the audited report of the certified public accountant in the annual report.

The Company requires all employees to perform their duties with the best interest of the Company. Any actions and decisions must be free from the influence of personal benefits of family, relatives or other associated persons. Employees must employ the same standard in complying with the rules and procedures of the Company. The measurements have been adopted to deter employees from illegally using inside information for personal or family or associated persons benefits and to protect non-disclosure information or documents or business plan, etc. to outside personnel.

The Company has a policy of prohibiting its directors and management team from disclosing information not yet released to the general public, or using inside information of any securities for the purpose of trading such securities for personal or others' benefits, either directly or indirectly. The directors and executives, or employees involved in accounting information and financial statements not yet disclosed to the public are also prohibited from trading the Company's shares in appropriate time before the release of the financial results to the public.



The company's directors and executives have to report the selling and buying of the Company's stocks in a standard form and submitted to the Company, in which this report has to be submitted by the working day following the day of selling or buying the shares. In case, if they submit the report to the SET by themselves, they need to report for that transaction to the Company as well. The Company will clarify to the shareholders and investors for the facts via in SET's news once there is any rumor or information leak to the public.

In addition, the Company has formed the Investor Relations Unit as a focal point in conducting proactive investor relations activities according to the best practices of leading international organizations. A number channels are available to communicate effectively with investors, analysts, media and others. Opportunity Day and Analyst Meeting is also organized as to provide information related to the company's quarterly and yearly operating result for investors, analysts, newspaper, local/offshore fund managers and others. Our IR unit is also providing valuable information via various channels such as at analyst meetings, media interviews, press releases, visits to our operations, information access at the Company's IR website (<http://investorrelations.svi.co.th>), by direct phone line and by e-mail ([ir@svi.co.th](mailto:ir@svi.co.th)), which investors can receive quick access and response to clarify and answer their questions.

### **Procedure Concerning Complaint Report and the Protection Mechanism**

The Company believes that good corporate governance is vital for the achievement of sustainable long-term growth. Therefore, the Company provides channels for employees or external persons to report or submit the information concerning wrongdoing, violations of laws, regulations or good corporate governance principles through email: [audit.svi@gmail.com](mailto:audit.svi@gmail.com). Furthermore, to ensure that such reporters will receive proper protection, the Company has a policy for the receiving of complaints and the protection of reporters, as well as a mechanism to investigate for the one or related party who get the blame as to ensure that there is a fair treatment before a disciplinary or legal action being taken.

## **Article 5 Board Responsibilities**

### **5.1 Board Structure**

The Board of Directors consists of five directors at least, of which at least one-third of all directors must be Independent Directors and number of Independent Directors shall not be less than three directors. The remaining directors shall be proportionately allocated according to the investment made by each group of shareholders. All directors are highly qualified and possess none of the characteristics prohibited under the Public Company Limited Act. Directors are not over 70 years of age, must be knowledgeable, capable and experienced in business management. They are responsible for setting policies, corporate vision, strategies, goals, mission, business plans and budgets as well as to ensure that the company's management has been operated in accordance with the policies, laws, objectives, regulations and shareholders' resolutions. Directors discharge their responsibilities accountably, honestly, and discretely according to principles of best practices. The Chairman of the Board of Directors must be a different person to the Chief Executive Officer. The Chairman has to be independent, not be a major Shareholder's representative and not holding any position in the company, with no conflict of interest both direct and indirect, especially on a financial and management function. The board of directors is led by the capable Chairman who is able to control and manage the company's executives to perform their duties effectively, adding greater economic value to the business and providing the highest security for shareholders.

As at December 31, 2011, the Company's Board of Directors consists of five directors, as follows:

- One director which is also a management.
- Four directors which are not management.

The names of the directors, and the roles and responsibilities of the Board of Directors and the Chief Executive Officer are reported in the Organizational Management section.



## 5.2 Sub-Committees

The Board has established two groups of sub-committees to assist in reviewing any necessary subject for effective decision making by the board of directors

As at December 31, 2011, the sub-committees comprised of:

- **Audit Committee** consisting of three members, all of them are independent directors, and qualified as specified in the announcement of the Stock Exchange of Thailand, including the scope of work set by the audit committee. The committee has been assigned to perform the audit to ensure that the systems in place provide checks and a balanced system which will promote reliability, integrity and serve the best interests of all stakeholders. The names, role and responsibilities of the Audit Committee are stated in the *Organizational Management* section.

- **Nomination and Compensation Committee** consists of four members, three of them are independent directors. The names, role and responsibilities are stated in the *Organizational Management* section.

## 5.3 Responsibilities of the Board of Directors

The Board of directors provides leadership, vision and independent in decision-making for the optimum benefits of the Company and shareholders. The Board of Directors ensures a clear separation between its director function and its management role, and ensure that there are the systems in place to enhance the legal and ethical integrity of business operations. All directors understand their responsibility of the Board of Directors and the business of the Company. They perform their duties with honesty and in good faith, using due care and diligence, with regard for the highest benefits of the Company and the fair treatment of all shareholders. They have to express their opinion independently and dedication for their duties completely. The role and responsibilities of the Board of Directors are stated in the *Organizational Management* section.

## 5.4 The Board of Directors Meetings

The meetings of the Board of Directors are planned and notified in advance so that they can arrange their schedule to attend. The Chairman of the Board approves matters to be included in the agenda and consider any major subject proposed by the directors to incorporate into the agenda. The supporting documents for the meeting have to be distributed to each director before the meeting as to provide sufficient time to study and consider the case for the proper decision making.

The Board meeting is held regularly at least once a quarter. The secretary of the Board of Directors will set tentative schedules and agendas of the regular meeting for one year in advance. This is to provide sufficient time for the directors to attend all the meetings. In each meeting session, the management prepares information and supporting documents for the Board's consideration. The Chairman of the meeting also gives sufficient time for all directors to consider each item on the agenda thoroughly and provide comments thereon. The minutes of meeting are taken in written form and the certified copy of which will be kept for auditing by the concerned parties.

The Audit Committee has a meeting with the Internal Audit Manager for monitoring and planning of the internal audit items regularly, at least once a quarter. This is to consider the appropriate corporate governance and internal audit plan.

The Audit Committee conducts a meeting at least once a quarter for consideration, selection, nomination of an external auditor and their remuneration, including the opinions for the interim and annual financial statements duly reviewed or audited by the auditor, including the review the compliance of the accounting standard, disclosure of the notes, connected and related parties transactions, as stated in the financial statement before submission for the Board's consideration and approval.



The table below shows the meeting attendance of the Board of Directors in 2011:

Name	2011 Shareholder Meeting	Board of Directors Meeting	Sub-Committee Meeting	
			Audit Committee	Nomination and Compensation Committee
1. Dr. Suvam Valaisathien	1/1	5/5	4/4	1/1
2. Dr. Pruchya Piumsomboon	1/1	5/5	4/4	1/1
3. Mr. Threekwan Bunnag	1/1	5/5	4/4	1/1
4. Mr. Virapan Pulges	1/1	4/5	-	-
5. Mr. Pongsak Lothongkam	1/1	5/5	-	1/1

## 5.5 Performance Evaluation

The performance of the director is based on self evaluation individually and also for The Board of Directors. This is to facilitate and examine the performance of the Board. The process is to set a standard of practice of the Board of Directors' performance review which is appraised on an annual basis. The Board of Directors' performance and accomplishment is reported in the annual report.

## 5.6 Remuneration

The Company has a policy to compensate Directors, Chief Executive Officer and management at appropriate levels as compared to other companies in the same business. This is to motivate and retain capable personnel. The remuneration is related to the Company's performance. The Nomination and Compensation Committee sets the remuneration policy, payment procedure, and propose the remuneration package to the Board of Directors for consideration, and propose to the shareholders meeting for approval. The details of remuneration payments to directors and executives in 2011 are reported in the *Organizational Management* section.

## 5.7 Development of Directors and Management

The Board of directors has supported and facilitated the training program. The continuing education of those associated with the corporate governance system, such as directors, Audit Committee members, executives and Company secretary. This enables for continuous improvements of their duties. In addition, in case of a new director, the company will provide training, information and documents beneficial to performing the new duties, including the sessions organized to a new director about the Company's businesses and strategic plans.



# Social Responsibility

To sustain the success and long-term business growth, the company must have a capability to apply management techniques to include business ethics and good corporate governance. Among several aspects, social responsibility is one that SVI gives a priority to. SVI always encourages its staff to continually participate and contribute in social activities.

## Social Contribution

SVI would like to be one of the social to lead Thailand being a sustainable developed society. Thus, the Company continually conducted the 'Prescription Eyeglasses Project', which has been started since 2010, providing eye examinations and eyeglasses free of charge to those underprivileged children in Angthong Province in 2011. We are also planning to expand to cover all nationwide.



The company organized some activities with employees as to generate some income donated to “Oldster Nursing Home” at Ampur Muang, Kanchanaburi Province.



## Health, Safety and Environmental Management (ISO 14001 & OHSAS 18001)

SVI has emphasized an environmental management program and strictly complies with the government's environmental regulations, as well as continually improving its own environmental management system and participating with the communities, for a better life of its employees, and society.



The company has the goal to improve environmental clearly, such as energy saving program and continually complying the international standard accepted practices (ISO 14001) and applying new technology for improvement of machine and production process as to minimize the impact on environmental in order to sustain and develop the environment long term.

With the Occupational Health and Safety aspect, the company strives to run the business under the international safety working environment standard (OHSAS 18001) which has been certified in April 2011 finally. Moreover, SVI emphasizes on prevention of working accident by cascade the policy to every function and to examine for safety purpose, providing the personal protective tools and designate the accidental report concerning type of accident, investigation, analysis and create the prevention measurement including campaign and promoted by various safety activities to motivate employee's safety consciousness e.g. publicize of occupational health and safety news or/and articles, poster and working safety handbook etc. These result in achieving target of "Zero Accident".

With regarding to sanitation, company always encourages our employee to keep healthy and focus on health care e.g. campaigning " do not drive drunk", by inviting the expertise to examine and provide the advice, including the instructive on cleanliness and sanitation to the in house food / soft drink vendors. The company also provides the annual physical check up for employees, subcontractors and in house food / soft drink vendors.



# Audit Committee's Report

The Audit Committee of SVI Public Company Limited is appointed by the Board of Directors for a 2-year term. The members consist of independent directors: Mr. Threekwan Bunnag as Chairman of the Audit Committee, Dr.Suvarn Valaisathien and Dr. Pruchya Piumsomboon. They are all qualified in accordance with the regulations set by the Stock Exchange of Thailand (SET). The scope, duty and primary responsibilities of the Committee are to advise and ensure that the Company's financial statements comply with accounting standards and practices, in line with the Company's business and complied with the rules and regulations of the SET. In addition, the Committee shall direct the Company towards sufficient and efficient internal control, to oversee that the Company acts in accordance with the law and related directives, to select and appoint an external auditor, as well as to perform other duties as delegated by the Board of Directors.

During 2010, the Audit Committee had taken responsibilities as entrusted by the Board of Directors held four meetings. Mr. Threekwan Bunnag, Dr. Suvarn Valaisathien and Dr. Pruchya Piumsomboon attended all the meetings with top management, internal auditor and external auditor as appropriate. Important activities during the year were as follows:

1. Reviewed of quarterly and annual financial statements of 2010, to ensure the accuracy and completeness of the financial statements and the adequacy of information disclosure and acknowledged the financial audit plan of the external auditors for the year 2010. The Audit Committee agreed with the external auditors that the financial statements present fairly, in accordance with generally accepted accounting principles consistently applied.
2. Reviewed the operation information and internal control system, evaluated the sufficiency, appropriateness and effectiveness of the internal control system covering important workflows of the Company. The Committees found no significant weakness or deficiency in asset safeguarding method with accurate, complete and reliable information disclosure. The external auditors and Audit Committee had the opinion that the Company had sufficient internal control system and the means to monitor the operations was adequate, appropriate and efficient, in compliance with the Company's requirements.
3. Reviewed the internal audit, considered and set the 2010 goals to evaluate the performance of Company's internal auditor as well as approved the internal auditing plan which is set to be reviewed at least every six months. In 2010 the internal auditor had performed both operation and financial audits including production and inventory management system control, computer internal control, Board of Investment's transactions, fixed assets, marketing and human resource management control. The Audit Committee had the opinion that the Company's internal audit was adequate, appropriate, effective and significant cost saving to the company.
4. Reviewed the compliance with the Securities and Exchange Acts, Regulations of the SET, and other relevant laws. The Audit Committee did not find any significant non-compliance to the law and regulations.
5. Reviewed and rendered opinion on connected transactions or transactions that might have been conflict of interests including information disclosure of such transactions to comply with regulations of the SET and the Office of the Securities and Exchange Commission (SEC). The external auditors had the opinion that significant transactions with connected persons were disclosed and shown in the Financial Statements and Note to Financial Statements. The Audit Committee had the same opinion as that of the external auditors and approved that such transactions were reasonable and beneficial to the business of the Company.



6. Considered appointing the External Auditors and their Remuneration for the year 2011 to be proposed to the Board of Directors for approval by the Annual Shareholder's Meeting for 2011. The Audit Committee considered the performance, independence and remuneration and recommended to appoint Ms. Rungnapa Lertsuwankul, Certified Public Accountant Registration number 3516, or Mr. Sophon Permsirivallop, Certified Public Accountant Registration number 3182, or Ms. Pimjai Manitkajohnkit, Certified Public Accountant Registration number 4521; of the Ernst & Young Office Limited to serve as the Company's External Auditors for 2010. Anyone of the abovementioned auditors could audit the Financial Statements of the Company and render opinion thereon. In case these auditors could not perform their tasks, the Ernst & Young Office Limited shall provide the Company with other qualified certified public accountants. The Audit Committee found that the external auditors professionally performed their duties with knowledge, professional competency, and gave recommendation regarding internal control system and various risks, and maintained independence in performing their duties.

In summary, the Audit Committee had fulfilled the responsibility approved by the Board of Directors and found that the Company carried out good corporate governance, complied with related laws, implemented sufficient internal control procedures as well as transparency in the management, adopted efficient risk management system and prepared financial reports in accordance with generally accepted accounting principles, with adequate disclosure and agreed with corporate governance report of Thai listed companies 2010 which ranked the company in the excellent corporate governance category.

On behalf of the Audit Committee



(Mr. Threekwan Bunnag)  
Chairman of the Audit Committee



# The Board of Directors' Responsibility Report to Financial Statements

The Board of Directors takes accountability for the disclosure of consolidated financial statements of SVI Public Company Limited, and its subsidiaries, including all financial information disclosed in this annual report. The aforementioned financial statements have been prepared in accordance with generally accepted accounting standards, appropriate accounting policies and is consistently practiced. All materialized information has been sufficiently disclosed in the notes of financial statements as well as unconditionally audited by independent auditors. Thus, the information accurately reflects the actual financial performance of the Company as well as being transparent, reasonable and useful for shareholders and investors.

The Board of Directors reinforces the practice of good corporate governance of the Company having efficient management and appropriate internal control systems, including the confidence that accurate and adequate accounting data is being correctly recorded to secure the company's assets and prevent any fraud or material irregularity.

In this regard, the Board of Directors appointed an Audit Committee to be responsible for the validity and reliability of financial reports and internal control systems, in which within this report, the opinion of the Audit Committee is represented in the report of the Audit Committee.

In the view of The Board of Directors, the 2011 consolidated financial statements of SVI and its subsidiaries as reviewed by the Audit Committee, in collaboration with the Management and external auditor are presented in a complete, accurate and fair manner. Since the Company's overall internal control system has been found to be satisfactory, thus the Board of Directors feel confident that the Company and its subsidiaries' financial systems are well managed and controlled.

The Board of Directors



## Related Transaction

The Company had related transactions with SVI Scandinavia APS in which its management is the executive of the company. There was the amount of Baht 6 Million recorded as related transaction in the fiscal year 2011. This company has been providing the services in regard to coordination with suppliers and customers in Europe. In case, if the Company has to purchase any materials through this company, the material price is based on the market price, and conducted the business with fair practice, complying with the agreed terms and conditions. Any actions or transactions were made, based on mutual benefits and fair market price practice.

The company has disclosed all related transactions as of year ended 31st December 2011 in Note 9 of the Financial Statements. The Board of Directors and the Audit Committee had reviewed such related transactions and found that they were reasonable and justified.

### Policy or procedures for the approval of inter-company transactions

In case the company has to make any related transactions with any person who has a conflict of interest with the Company, that transaction has to be approved by the Board of Directors, and consented by the Audit Committee. These transactions must comply with the Stock Exchange of Thailand's rule and regulations relating to connected transactions and the acquisition or disposal of assets. Any member of the Board of Directors who has an interest in any related transaction shall declare to the Audit Committee and the Board, and refrain from rendering any opinion or voting.

In this regard, to approve the connected transactions, the Company has to seriously comply with the procedure and process, considering the Company's optimum benefits, and treat that connected transactions on the same basis as an outsider's transaction.

### Policies or directions for future connected transactions

In case the company has to perform any related or connected transactions, the company will strictly comply with the approval process as mentioned above. If there are any connected transactions that need to be considered and approved by the Audit Committee, as required by Stock Exchange of Thailand's regulations, the Company will propose to the Audit Committee to independently examine and consider if it is needed and appropriate. Where the Audit Committee has no expertise in the mentioned connected transactions, the Company will appoint an independent expert or its external auditor to assist the Audit Committee in that process to obtain the most effective comments or information so that the Board of Directors, the Audit Committee, or the Shareholders can use it to support their decisions in each case. In addition, the Company will disclose of the transaction as a note, in the Company's financial statements.



# Financial Analysis and Operating Results

## Operating Result

SVI recorded revenue at USD 279 Million or Baht 8,455 Million, 8% higher than that in fiscal year 2010 in term of USD and 4.5% in term of Baht. The severe flooding at Bangkadi Industrial Parks (BIP), Pathumtani, on October 21, 2011, disrupted manufacturing in the 4th Quarter 2011. The company had gradually started the production at its Chaengwattana plant since November 8, 2011 in which the capacity could support less volume built than that at BIP. Operation at BIP has resumed since January 16, 2012 with limited capacity. New machines and replacement material have been arriving to meet outstanding demand. This ramp up will continue throughout the first quarter of 2012.

As compared to Consolidated Revenue 2009 of USD 190 Million or Baht 6,486 Million, the revenue year 2011 was increased by 30%. It was mainly related to high demand of Niche Product e.g. Digital Video CCTV.

Total year Consolidated Gross Profit was Baht 1,083 Million or 13% of revenue, an increase of Baht 202 Million or 23% as compared with that last year. There was a reversal of materials obsolescence reserve in the amount of Baht 117 Million adjusted to Gross Profit this year as they were damaged by floods.

As compared to Consolidated Gross Profit 2009 of Baht 821 Million, it was an increase of Baht 262 Million, mainly caused by higher revenue in 2011. Gross Profit Margin, both in 2011 and 2009 was recorded at 13% of revenue.

Selling and Administrative expenses of the company and consolidated expenses for this year were Baht 246 Million and Baht 304 Million or 2.9% and 3.6% of revenue respectively. As compared to the previous year, the company and consolidated expenses were higher by Baht 19 Million and Baht 38 Million respectively. The reduction of the expenses was mainly related to the reversal of impairment costs of equipment which were damaged by floods, partially offset with the increase of doubtful bad debt, Baht 122 Million, related to the reserve for long receivable aging this year.

The Company and consolidated Net Profit 2011, excluding flood damages, were achieved at Baht 700 Million and Baht 699 Million respectively, or 8% of revenue. The consolidated Net Profit this year was Baht 36 Million less than the previous year, primarily related to less revenue in the 4th quarter caused by flood from October 21 to December 05, 2012. The damages caused by flood crisis recorded in the 4th quarter this year was Baht 1,974 Million, based on the accounting standard policy that the claim submitted to the insurance company not being finalized, resulted in The Company's negative net profit of Baht 1,275 Million this year.

The Consolidated Net Profit 2011, excluding floods damages, comparing to year 2009 consolidated Net Profit of Baht 582 Million, reported an increase of Baht 118 Million. It was mainly generated by higher revenue in 2011, even though the Baht was stronger by an average of 11% as compared to year 2009 (The average exchange rate in 2011: Baht 30.25/ USD, average in 2010 : Baht 31.37/ USD and average in 2009 : Baht 34.15/ USD).



## Financial Status

### Assets

The Company and consolidated financial status as of 31 December 2011 showed total assets of Baht 3,968 Million and Baht 3,954 Million respectively. This represents a decrease of Baht 1,648 Million and Baht 1,659 Million as compared to 31<sup>st</sup> December 2010 mainly resulting from the decrease of trade receivable in the amount of Baht 1,158 Million and inventory reduction of Baht 363 Million. The huge reduction of trade receivable was mainly related to acceleration of collection as to support the flood recovery investment.

As compared to the consolidated total assets at the end of FY2009 of Baht 3,985 Million, it represents a decrease of Baht 31 Million, mainly caused by the reduction of trade receivable amounted to Baht 754 Million with before due payment by customers. This was resulted in the increase of Cash in 2011 as compared to 2009 by Baht 459 Million.

### Financial Liquidity

In 2011, SVI generated positive cash flow from operation of Baht 1,036 Million, increased from year 2010 by Baht 695 Million. This was mainly resulted by reduction of trade receivable in 2011 as compared to 2009 by Baht 1,059 Million due to early receipt payment from customers, reversal of non-cash payment of floods damages of Baht 1,965 Million, partially offset with the net losses before income tax of Baht 1,264 Million.

As compared to cash flow generated from operation in year 2009 reported a decrease by Baht 112 Million. It was mainly caused by the reduction of inventory in 2009 by Baht 334 Million and the decrease of trade payable by Baht 285 Million with longer payment term.

### Liabilities

Total liabilities for the Company and Consolidated Financial Statement were recorded at Baht 2,631 Million and Baht 2,704 Million respectively. The consolidated total liabilities were decreased by Baht 63 Million from 31<sup>st</sup> December 2010. Primarily due to the decrease of Short-term and Long-term Loan in the amount of Baht 245 Million, partially offset with the increase of trade payable and the reserve of retirement fund of Baht 99 Million and Baht 28 Million respectively.

Total consolidated liabilities year 2011 was higher than year 2009 by Baht 692 Million. It was mainly caused by higher trade payable amounted to Baht 665 Million related to more purchase of materials to support higher demand.

### Shareholders' Equity

The company and consolidated Shareholders' equity at the end of 2011 was Baht 1,337 Million and Baht 1,250 Million. Compared to the end of last year, the Company and Consolidated Shareholder's equity decreased by Baht 1,568 Million and Baht 1,596 Million respectively. It was due to an increase in retained earnings derived from net profit of Baht 700 Million and the conversion of ESOP-5 of Baht 24 Million. However, it was lowered with the losses caused by severe floods of Baht 1,974 Million, the translation losses on consolidation of subsidiaries accounts, Baht 27 Million and with the payment of dividend of Baht 204 Million, including the exercise of treasury stock accounted to Baht 114 Million.

As compared to the consolidated Shareholders' equity at the end of 2009, reported a decrease of Baht 722 Million. The decrease of Shareholders' equity was mainly resulted by Baht 1,275 Net Losses recorded in 2011 caused by flood damages and the purchase of common stocks back in the amount of Baht 114 Million. The increase of Shareholders' equity at the end of 2011 as compared to 2009 was mainly related to the conversion of the right warrants of Baht 316 Million and less payment of dividend by Baht 1,454 Million (Dividend payment in 2010 and 2011 was Baht 159 Million and Baht 204 Million respectively where by dividend payment in 2009 was Baht 1,817 Million).



# Report of Independent Auditor

To the Shareholders of SVI Public Company Limited

I have audited the accompanying consolidated statements of financial position of SVI Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and have also audited the separate financial statements of SVI Public Company Limited for the same years. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. As discussed in Note 14 to the financial statements, I did not audit the financial statements of five overseas subsidiaries for the years ended 31 December 2011 and 2010. The consolidated financial statements as of 31 December 2011 and 2010 included the subsidiaries' financial statements which present total assets as at 31 December 2011 and 2010 of Baht 149 million and Baht 121 million respectively, and revenues for the years then ended totaling Baht 121 million and Baht 136 million respectively. The financial statements of the subsidiaries were audited by other auditors, whose reports have been furnished to me, and who expressed unqualified opinions. My opinion insofar as it relates to the amounts of the various transactions of those subsidiaries included in the consolidated financial statements, is based solely on the reports of the other auditors.

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

In my opinion, based on my audits and the auditor reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of SVI Public Company Limited and its subsidiaries and of SVI Public Company Limited as at 31 December 2011 and 2010, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 4 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements. As discussed in Note 2 to the financial statements, the Company estimated its asset losses and recognised losses due to flooding totaling Baht 1,974 million in profit or loss for the year. However, the Company has insurance coverage for property damage caused by flooding and is currently claiming compensation from its insurance company.



Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited  
Bangkok: 24 February 2012



# Statements of financial position

SVI Public Company Limited and its subsidiaries

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	10	374,390,488	675,618,105	315,074,112	643,705,271
Current investments	11	795,107,531	540,032,273	795,107,531	540,032,273
Trade accounts receivable	9, 12	587,456,981	1,745,098,986	574,236,900	1,719,459,907
Inventories	13	1,117,271,423	1,480,206,581	1,051,464,328	1,453,388,823
Advance payment for purchase of materials and equipment		13,165,305	41,512,485	13,165,305	20,396,869
Other current assets		27,768,438	29,303,775	17,645,010	21,536,350
<b>Total current assets</b>		<b>2,915,160,166</b>	<b>4,511,772,205</b>	<b>2,766,693,186</b>	<b>4,398,519,493</b>
<b>Non-current assets</b>					
Other account receivable - subsidiary	9	-	-	96,516,920	78,674,844
Long-term loan to subsidiary and interest receivable	9	-	-	36,508,366	34,052,203
Investments in subsidiaries	14	-	-	3,269,050	3,269,050
Property, plant and equipment	15	1,022,554,283	1,012,147,569	1,049,977,769	1,012,798,505
Deposit for purchase of land and structures thereon		-	74,806,746	-	74,806,746
Intangible assets	16	10,372,517	12,071,705	10,372,517	12,071,705
Other non-current assets		5,974,622	1,749,564	4,506,371	1,467,414
<b>Total non-current assets</b>		<b>1,038,901,422</b>	<b>1,100,775,584</b>	<b>1,201,150,993</b>	<b>1,217,140,467</b>
<b>Total assets</b>		<b>3,954,061,588</b>	<b>5,612,547,789</b>	<b>3,967,844,179</b>	<b>5,615,659,960</b>

The accompanying notes are an integral part of the financial statements.



# Statements of financial position (Continued)

SVI Public Company Limited and its subsidiaries

As at 31 December 2011 and 2010

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Short-term loan from financial institution	17	7,549,200	6,837,300	-	-
Trade and other payables	9, 18	1,881,010,377	1,781,903,649	1,837,609,696	1,729,181,837
Current portion of long-term loans from banks	19	273,754,340	339,318,560	273,754,340	339,318,560
Current portion of liabilities under financial lease	20	2,417,246	2,279,476	2,417,246	2,279,476
Income tax payable		2,772,756	6,323,598	2,772,756	5,866,947
Advance payment for purchase material and equipment		65,050,995	56,314,724	65,050,995	56,314,724
Other current liabilities		92,068,553	43,066,987	69,921,750	47,028,449
Total current liabilities		2,324,623,467	2,236,044,294	2,251,526,783	2,179,989,993
Non-current liabilities					
Long-term loans from banks - net of current portion	19	343,784,520	521,096,360	343,784,520	521,096,360
Liabilities under financial lease - net of current portion	20	1,727,863	4,143,237	1,727,863	4,143,237
Provision for long-term employee benefits	21	33,499,958	5,520,000	33,499,958	5,520,000
Total non-current liabilities		379,012,341	530,759,597	379,012,341	530,759,597
Total liabilities		2,703,635,808	2,766,803,891	2,630,539,124	2,710,749,590

The accompanying notes are an integral part of the financial statements.



## Statements of financial position (Continued)

SVI Public Company Limited and its subsidiaries

As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>Shareholders' equity</b>					
Share capital	22				
Registered					
1,985,178,736 ordinary shares of Baht 1 each					
(2010: 1,986,216,815 ordinary shares of Baht 1 each)		1,985,178,736	1,986,216,815	1,985,178,736	1,986,216,815
Issued and paid-up share capital					
1,950,496,236 ordinary shares of Baht 1 each					
(2010: 1,938,611,986 ordinary shares of Baht 1 each)		1,950,469,236	1,938,611,986	1,950,469,236	1,938,611,986
Premium on ordinary shares		15,769,777	3,912,527	15,769,777	3,912,527
Treasury stocks	24	(113,520,282)	-	(113,520,282)	-
Retained earnings					
Appropriated					
Statutory reserve	25	203,514,770	169,174,841	203,514,770	169,174,841
Reserve for treasury stocks	24	113,520,282	-	113,520,282	-
Unappropriated		(899,536,740)	726,982,872	(832,556,258)	793,178,743
Other components of shareholders' equity		(19,791,263)	7,061,672	107,530	32,273
<b>Total shareholders' equity</b>		<b>1,250,425,780</b>	<b>2,845,743,898</b>	<b>1,337,305,055</b>	<b>2,904,910,370</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,954,061,588</b>	<b>5,612,547,789</b>	<b>3,967,844,179</b>	<b>5,615,659,960</b>

The accompanying notes are an integral part of the financial statements.

Directors



# Income statements

SVI Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Revenues					
Sales	9	8,445,295,353	8,078,511,920	8,361,658,819	7,985,869,796
Gains on exchange		10,973,119	84,211,707	7,108,231	84,790,979
Other income	9	49,610,070	91,471,036	62,620,842	92,114,765
Total revenues		8,505,878,542	8,254,194,663	8,431,387,892	8,162,775,540
Expenses					
Cost of sales	9	7,362,661,380	7,198,393,142	7,330,956,558	7,156,454,326
Selling expenses		117,104,195	108,710,552	115,062,633	107,958,574
Administrative expenses		187,218,322	157,449,964	131,279,655	119,040,160
Allowance for doubtful accounts	12	105,914,301	24,259,438	121,638,535	50,371,331
Loss from flooding	2	1,974,464,949	-	1,974,464,949	-
Total expenses		9,747,363,147	7,488,813,096	9,673,402,330	7,433,824,391
Profit (loss) before finance cost and corporate income tax		(1,241,484,605)	765,381,567	(1,242,014,438)	728,951,149
Finance cost		(22,766,161)	(21,717,020)	(21,451,717)	(21,176,841)
Profit (loss) before corporate income tax		(1,264,250,766)	743,664,547	(1,263,466,155)	707,774,308
Corporate income tax		(10,673,588)	(8,509,518)	(10,673,588)	(7,792,087)
Profit for the year		(1,274,924,354)	735,155,029	(1,274,139,743)	699,982,221
Earnings per share					
28					
Basic earnings per share					
Profit attributable to equity holders of the Company		(0.66)	0.42	(0.66)	0.40
Diluted earnings per share					
Profit attributable to equity holders of the Company		(0.66)	0.39	(0.66)	0.37

The accompanying notes are an integral part of the financial statements.



# Statements of comprehensive income

SVI Public Company Limited and its subsidiaries

For the years ended 31December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Profit for the year</b>	(1,274,924,354)	735,155,029	(1,274,139,743)	699,982,221
<b>Other comprehensive income:</b>				
Exchange differences on translation of financial statements in foreign currency	(26,928,192)	5,587,153	-	-
Gain on change in value of available-for-sale investments	75,257	22,552	75,257	22,552
<b>Other comprehensive income for the year</b>	(26,852,935)	5,609,705	75,257	22,552
<b>Total comprehensive income for the year</b>	(1,301,777,289)	740,764,734	(1,274,064,486)	700,004,773

The accompanying notes are an integral part of the financial statements.



# Statements of changes in shareholders' equity

SVI Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements									
	Retained earnings					Other components of equity				
	Appropriated					Other comprehensive income				
	Issued and fully paid-up share capital	Premium on ordinary shares	Treasury stocks	Appropriated	Reserve for treasury stocks	Unappropriated	Exchange differences on translation of financial statement in foreign currency	Surplus on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total shareholders' equity
<b>Balance as at 31 December 2009</b>	1,655,296,224	(4,520,723)	-	134,175,353	-	185,847,435	1,442,246	9,721	1,451,967	1,972,250,256
Converted right to purchase ordinary shares to share capital (Note 22)	283,315,762	8,433,250	-	-	-	-	-	-	-	291,749,012
Dividend paid (Note 31)	-	-	-	-	-	(159,020,104)	-	-	-	(159,020,104)
Total comprehensive income for the year	-	-	-	-	-	735,155,029	5,587,153	22,552	5,609,705	740,764,734
Unappropriated retained earnings transferred to statutory reserve	-	-	-	34,999,488	-	(34,999,488)	-	-	-	-
<b>Balance as at 31 December 2010</b>	1,938,611,986	3,912,527	-	169,174,841	-	726,982,872	7,029,399	32,273	7,061,672	2,845,743,898
<b>Balance as at 31 December 2010</b>	1,938,611,986	3,912,527	-	169,174,841	-	726,982,872	7,029,399	32,273	7,061,672	2,845,743,898
Premium on ordinary shares	-	11,857,250	-	-	-	-	-	-	-	11,857,250
Convert right to purchase ordinary shares to share capital (Note 22)	11,857,250	-	-	-	-	-	-	-	-	11,857,250
Treasury stocks during the year (Note 24)	-	-	(113,520,282)	-	-	-	-	-	-	(113,520,282)
Reserve for treasury stocks (Note 24)	-	-	-	-	113,520,282	(113,520,282)	-	-	-	-
Dividend paid (Note 31)	-	-	-	-	-	(203,735,047)	-	-	-	(203,735,047)
Total comprehensive income for the year	-	-	-	-	-	(1,274,924,354)	(26,928,192)	75,257	(26,852,935)	(1,301,777,289)
Unappropriated retained earnings transfer to statutory reserve	-	-	-	34,339,929	-	(34,339,929)	-	-	-	-
<b>Balance as at 31 December 2011</b>	1,950,469,236	15,769,777	(113,520,282)	203,514,770	113,520,282	(899,536,740)	(19,898,793)	107,530	(19,791,263)	1,250,425,760

The accompanying notes are an integral part of the financial statements.



# Statements of changes in shareholders' equity (continued)

SVI Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

(Unit: Thousand Baht)

	Separate financial statements										
		Retained earnings					Other components of equity				
		Issued and fully paid-up share capital	Premium (Discount) on ordinary shares	Treasury stocks	Appropriated		Reserve for treasury stocks	Unappropriated	Surplus on changes in value of available-for-sale investments	Total other components of shareholders' equity	Total shareholders' equity
					Appropriated						
<b>Balance as at 31 December 2009</b>	1,655,296,224	(4,520,723)	-	134,175,353	-	-	287,216,114	9,721	9,721	2,072,176,689	
Converted right to purchase ordinary shares to share capital (Note 22)	283,315,762	8,433,250	-	-	-	-	-	-	-	291,749,012	
Dividend paid (Note 31)	-	-	-	-	-	-	(159,020,104)	-	-	(159,020,104)	
Total comprehensive income for the year	-	-	-	-	-	-	699,982,221	22,552	22,552	700,004,773	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	34,999,488	-	-	(34,999,488)	-	-	-	
<b>Balance as at 31 December 2010</b>	1,938,611,986	3,912,527	-	169,174,841	-	-	793,178,743	32,273	32,273	2,904,910,370	
<b>Balance as at 31 December 2010</b>	1,938,611,986	3,912,527	-	169,174,841	-	-	793,178,743	32,273	32,273	2,904,910,370	
Premium on ordinary shares	-	11,857,250	-	-	-	-	-	-	-	11,857,250	
Converted right to purchase ordinary shares to share capital (Note 22)	11,857,250	-	-	-	-	-	-	-	-	11,857,250	
Treasury stocks during the year (Note 24)	-	-	(113,520,282)	-	-	-	-	-	-	(113,520,282)	
Reserve for treasury stocks (Note 24)	-	-	-	-	113,520,282	-	(113,520,282)	-	-	-	
Dividend paid (Note 31)	-	-	-	-	-	-	(203,735,047)	-	-	(203,735,047)	
Total comprehensive income for the year	-	-	-	-	-	-	(1,274,139,743)	75,257	75,257	(1,274,064,486)	
Unappropriated retained earning transfer to statutory reserve	-	-	-	34,339,929	-	-	(34,339,929)	-	-	-	
<b>Balance as at 31 December 2011</b>	1,950,469,236	15,769,777	(113,520,282)	203,514,770	113,520,282	-	(832,556,258)	107,530	107,530	1,337,305,055	

The accompanying notes are an integral part of the financial statements.



# Cash flow statements

SVI Public Company Limited and its subsidiaries  
For the years ended 31December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Cash flows from operating activities</b>				
Profit before tax	(1,264,250,766)	743,664,547	(1,263,466,155)	707,774,308
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Loss from flooding	1,965,361,773	-	1,965,361,773	-
Depreciation and amortisation	199,249,330	154,515,541	184,251,322	135,437,472
Allowance for doubtful accounts	105,914,301	24,259,438	121,638,535	50,371,331
Reduce cost to net realisable value (Reversal)	(139,485,342)	9,851,973	(138,964,200)	9,682,340
Reserve for warranty	17,052,103	656,816	17,052,103	656,816
Reserve for workmen compensation (Reversal)	27,979,958	(2,041,640)	27,979,958	(2,041,640)
(Gain) loss from sales of equipment/written-off	10,388,204	6,709,961	(3,128,825)	6,707,458
Reversal of loss on impairment of equipment	(47,045,491)	(8,495,055)	(47,045,491)	(8,495,055)
Unrealised (gain) loss on exchange	60,286,544	(53,156,122)	49,810,531	(34,248,884)
Interest income	(10,167,090)	(3,966,043)	(9,968,379)	(5,446,658)
Interest expenses	19,490,640	18,328,579	18,893,563	17,869,670
Income from operating activities before change in operating assets and liabilities	944,774,164	890,327,995	922,414,735	878,267,158
Operating assets (increase) decrease				
Trade accounts receivable	1,059,223,301	(421,024,814)	1,044,836,569	(449,331,451)
Inventories	(692,430,141)	(466,526,546)	(653,961,947)	(454,270,990)
Other current assets	25,703,484	(46,967,006)	2,043,444	(17,647,745)
Other non-current assets	(23,138,172)	1,868,390	(24,916,626)	2,615,235
Operating liabilities increase (decrease)				
Trade and other payable	(280,866,014)	433,093,304	(277,868,481)	418,269,859
Other current liabilities	30,442,654	(26,257,124)	10,657,985	(21,312,168)
Cash flows from operating activities	1,063,709,276	364,514,199	1,023,205,679	356,589,898
Cash paid for interest expenses	(18,139,866)	(18,932,108)	(17,542,789)	(18,473,198)
Cash paid for corporate income tax	(9,531,920)	(4,923,152)	(8,287,773)	(4,662,372)
<b>Net cash flows from operating activities</b>	<b>1,036,037,490</b>	<b>340,658,939</b>	<b>997,375,117</b>	<b>333,454,328</b>

The accompanying notes are an integral part of the financial statements.



# Cash flow statements (continued)

SVI Public Company Limited and its subsidiaries

For the years ended 31December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	104,999,999	(330,000,000)	104,999,999	(330,000,000)
(Increase) decrease in long-term loan to subsidiary and interest receivable	-	-	(685,922)	23,560,804
Interest income	10,167,090	3,966,043	9,968,379	5,446,658
Acquisition of property, plant and equipment	(522,763,198)	(261,999,546)	(521,572,678)	(260,145,199)
Cash payment for purchase of land and structure thereon	-	(74,806,746)	-	(74,806,746)
Proceed from sales of equipment	7,381,941	2,099,964	6,687,351	2,106,695
Acquisition of computer software	(2,988,295)	(8,723,016)	(2,988,295)	(8,723,016)
<b>Net cash flows from investing activities</b>	<b>(403,202,463)</b>	<b>(669,463,301)</b>	<b>(403,591,166)</b>	<b>(642,560,804)</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loan from banks	711,900	(502,050)	-	-
Increase in long-term loan from banks	-	752,753,600	-	752,753,600
Repayment of long-term loan from banks	(273,349,800)	(386,164,752)	(273,349,800)	(386,164,752)
Decrease in liabilities under financial lease	(2,277,605)	(68,932)	(2,277,605)	(68,932)
Treasury stocks during the year	(113,520,282)	-	(113,520,282)	-
Dividend paid	(203,735,047)	(159,020,104)	(203,735,047)	(159,020,104)
<b>Cash received from converted right to purchase ordinary shares</b>	<b>23,714,500</b>	<b>291,749,012</b>	<b>23,714,500</b>	<b>291,749,012</b>
<b>Net cash flows from (used in) financing activities</b>	<b>(568,456,334)</b>	<b>498,746,774</b>	<b>(569,168,234)</b>	<b>499,248,824</b>
Increase (decrease) in translation adjustment	(12,359,431)	11,141,458	-	-
Effects of exchange changes rate on cash and cash equivalents	6,753,124	(5,445,873)	6,753,124	(5,445,873)
<b>Net increase in cash and cash equivalents</b>	<b>58,772,386</b>	<b>175,637,997</b>	<b>31,368,841</b>	<b>184,696,475</b>
Cash and cash equivalents at beginning of year	865,618,105	689,980,108	833,705,271	649,008,796
<b>Cash and cash equivalents at end of year (Note 10)</b>	<b>924,390,491</b>	<b>865,618,105</b>	<b>865,074,112</b>	<b>833,705,271</b>
<b>Supplemental cash flows information:</b>				
Non-cash item consist of :				
Unrealised gain on the change in value of investments	75,257	32,273	75,257	32,273
Purchase of machinery and equipment for which no cash has been paid	77,744,956	31,448,452	77,744,956	31,448,452
Sale machinery to subsidiary that has not yet been received	15,815,319	-	15,815,319	122,132
Consigned stock and equipment for production payable	285,458,208	-	285,458,208	-

The accompanying notes are an integral part of the financial statements.



# Notes to consolidated financial statements

SVI Public Company Limited and its subsidiaries

For the years ended 31 December 2011 and 2010

## 1. Corporate information

SVI Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company listed on the Stock Exchange of Thailand on 25 May 1994. Its major shareholder is MFG Solution Company Limited. The Company is principally engaged in the manufacture and distribution of electronic manufacturing services (EMS). The registered office of the Company is at 142 Moo 5, Bangkadi Industrial Park, Tiwanon Road, Bangkadi, Muang, Pathumthani. Another factory is located at 33/10 Moo 4, Chaeng Wattana Road, Bangtalad, Pakkred, Nontaburi.

## 2. Effect of severe flooding

From 21 October 2011 to 7 December 2011, there was severe flooding in Pathumthani province, and the location of the Company’s factory at the Bangkadi Industrial Park was inundated. Based on assessment of the situation at that time, the Company installed adequate flood barriers and relocated certain machineries to its factory on Chaengwattana Road, in Nonthaburi province. However, the actual flood levels exceeded those expected and the factory was heavily flooded, resulting in damage to the Company’s assets: inventories, building utility systems, and machinery. The Company estimated its asset losses and recognised losses due to flooding totaling Baht 1,974 million in profit or loss for the year. This caused earnings per share to decrease by Baht 1.02, as detailed below.

1. The Company wrote off damaged inventories which could no longer be used for manufacture or for sale, totaling Baht 1,434 million, at cost. Such amount is composed of damaged goods of the Company amounting to Baht 1,195 million and damaged goods belonging to customers that were stored at the factory amounting to Baht 239 million.
2. The Company recorded allowance for loss on impairment and wrote off some of its building utility systems, machinery and equipment, furniture, fixtures and other office supplies with net book values of Baht 531 million. Such amount composed of allowance for loss on impairment of damaged asset of the Company with net book value amounting to Baht 485 million and wrote off damaged assets belonging to customers that were stored at the Company with net book value amounting to Baht 46 million.
3. Other expenses such as consulting fees and preliminary recovery expenses, amounting to Baht 9 million.

However, the Company has an Accidental Damage (Property) Insurance Policy coverage for the replacement value of property damage caused by flooding and for business interruption. The sum insured under the policy is as follows:

	<u>Million Baht</u>
Property damage	1,640
Inventory damage	1,700
Business interruption	750

The Company is currently claiming compensation from its insurance company. The insurance company has assessed losses and is finalising the compensation payable to the Company.



### 3. Basis of preparation

3.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### 3.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of SVI Public Company Limited (“the Company”) and the following subsidiaries (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2011</u> Percent	<u>2010</u> Percent
<u>Held by the Company</u>				
Globe Vision Corp.	Holding of investment	British Virgin Island	100.0	100.0
SVI A/S	Raw material sourcing service	Denmark	100.0	100.0
Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2011</u> Percent	<u>2010</u> Percent
<u>Held by Globe Vision Corp.</u>				
SVI China Limited	Holding of investment and raw material sourcing service	Hong Kong	100.0	100.0
Shi Wei Electronics (HK) Company Limited	Raw material sourcing service	Hong Kong	100.0	100.0
Northtec Co., Ltd.	Raw material sourcing service	Taiwan	100.0	100.0
<u>Held by SVI China Limited</u>				
SVI Electronics (Tianjin) Co., Ltd.	Manufacturing electronics equipment	China	100.0	100.0

b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on transaction of financial statements in foreign currency” in the statements of changes in shareholders’ equity.

e) Material balances and transactions between the Company and its subsidiary, companies have been eliminated from the consolidated financial statements.

3.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.



#### 4. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial Reporting Standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.



## **TAS 19 Employee Benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits by the management estimation.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period as an expense in profit or loss for the year 2011. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year 2011 by Baht 27.98 million, (0.01 Baht per share) (Separate financial statements: decreasing profit by Baht 27.98 million, or 0.01 Baht per share).

### **5. New accounting standards issued during the years not yet effective**

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards.

## **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

## **TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates**

This accounting standard requires an entity to identify its functional currency in accordance with certain conditions in the standard and to record transactions and report its financial position and operating results in this functional currency, which may not be Baht.

At present, the management is still evaluating the impact on the financial statements in the year when this standard is adopted.

### **6. Change in accounting estimates**

During the first quarter of 2011, the Company changed the estimated useful lives of the machinery and equipment from 5 years to 3 years. These change in accounting estimates have the effect of decreasing profit of the Company for the year ended 31 December 2011 by Baht 1.41 million.



## **7. Significant accounting policies**

### **7.1 Revenue Recognition**

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowance.

#### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### **7.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **7.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### **7.4 Inventories**

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials, supplies and spare parts are valued at the lower of weighted average cost and net realisable value and are charged to production costs whenever consumed.

### **7.5 Current investment**

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in profit or loss when the securities are sold.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

### **7.6 Property, plant and equipment / depreciation**

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).



Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	20 years
Land and buildings improvements	5 years
Machinery and equipment	3 - 10 years
Furniture, fixtures and office equipment	5 - 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land, work under construction and machinery under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

## 7.7 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any). Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

<u>Useful lives</u>	
Computer software	5 years

## 7.8 Related party transactions

Related parties comprise enterprises and individuals that control or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, and key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

## 7.9 Long-term lease

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset and the lease period.

Operating lease payments are recognized as an expense in profit or loss on a straight line basis over the lease term.

## 7.10 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate



ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

### **7.11 Impairment of assets**

At the end of reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the profit or loss.

### **7.12 Treasury stock**

Treasury stock is stated at cost in the statements of financial position and presented as a deduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

The weighted average method is used for computation of the unit cost of treasury stock.

### **7.13 Employee benefits**

#### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

#### *Post-employment benefits*

##### Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

##### Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as expenses in profit or loss for the year 2011.



#### **7.14 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **7.15 Income tax**

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on the taxable profits from the non-promoted activities determined in accordance with tax legislation. Income tax of the overseas subsidiaries is provided for in the accounts based on the taxable profits determined in accordance with tax legislation of their countries.

#### **7.16 Derivatives**

##### **Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gain and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

##### **Interest rate swap contracts**

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

##### **Currency option agreement**

The notional amounts of cross currency option agreements utilised by the Company to manage foreign exchange risk are not recognised as assets or liabilities upon inception of the agreement, but fees to be received or paid by the Company in respect of such agreements are amortised on a straight line basis over the term of the agreement.

### **8. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

#### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset have been transferred, taking into consideration terms and conditions of the arrangement.

#### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.



**Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

**Impairment of equity investments**

The Company treats available-for-sale investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

**Allowance for diminution in value of inventory**

The determination of allowance for diminution in the value of inventory requires management to exercise judgment in estimating losses on outstanding inventory, based on the selling price expected in the ordinary course of business; minus selling expenses and provision for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory and current changes in technology.

**Property plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

**Litigation**

The Company has contingent liabilities as a result of litigation. The Company’s management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

**9. Related party transactions**

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.



(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2011	2010	2011	2010	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	32	41	Cost plus margin of 2%
Purchases of raw materials	-	-	657	686	At cost
Raw material sourcing fee	-	-	58	41	Actual charge
Interest income	-	-	1	2	2% per annum
Sales of machinery and equipment	-	-	15	-	Book value plus margin of 800%
<u>Transactions with related parties</u>					
Raw material sourcing fee and marketing fee	6	21	6	21	Actual charge

In the second quarter of 2011, the Company sold machine that book value was Baht 1.6 million to China Limited, a subsidiary office that invested through Globe Vision Corp., for 501,270 USD for additional investment of SVI Electronics (Tianjin) Co., Ltd. that also was a subsidiary office. The Company recorded Baht 13.5 million profit from selling that machine in separate financial statement on 28 September 2011 SVI Electronics (Tianjin) Co., Ltd. already registered additional investment of company.

The balances of the accounts as at 31 December 2011 and 2010 between the Company and those related companies are as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<u>Trade and other receivables - subsidiaries (Note 12)</u>				
Subsidiaries	-	-	91,138	57,326
Less: Allowance for doubtful debt	-	-	(62,696)	(47,186)
Total trade and other receivable - subsidiaries - net	-	-	28,442	10,140
<u>Other receivable (non-current) - subsidiaries</u>				
Subsidiaries	-	-	100,899	82,842
Less: Allowance for doubtful debt	-	-	(4,382)	(4,167)
Total other receivable - subsidiaries - net	-	-	96,517	78,675
<u>Long-term loan to subsidiary and interest receivable</u>				
subsidiary	-	-	36,508	34,052
<u>Trade accounts payable - related parties (Note 18)</u>				
Subsidiaries	-	-	131,812	158,591
Related companies (related by common management)	-	557	-	557
Total trade accounts payable - related parties	-	557	131,812	159,148

#### Long-term loans to subsidiary and interest receivable

As at 31 December 2011 and 2010, the balance of long-term loan and interest receivable between the Company and its subsidiary and the movements of long-term loan to subsidiary and interest receivable are as follows:



(Unit: Thousand Baht)

	Balance as at 1 January 2011	During the year			Balance as at 31 Decem- ber 2011
		Increase during the year	Decrease during the year	Unrealised gain on exchange	
<b><u>Long-term loan to subsidiary</u></b>					
Globe Vision Corp	33,007	-	-	1,698	34,705
<b><u>Interest receivable</u></b>					
Globe Vision Corp.	1,045	686	-	72	1,803
Total long-term loan to subsidiary and interest receivable	34,052	686	-	1,770	36,508

Long-term loan of USD 1.10 million is unsecured loan to Globe Vision Corp. and carries interest at a rate of 2.00 percent per annum.

#### Directors and management's benefits

In years ended 31 December 2011 and 2010. The Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term employee benefits	41	55	41	55
Post employment benefits	9	-	9	-
Total	50	55	50	55

#### Guarantee obligations with subsidiary

The Company had outstanding guarantees with its subsidiary as described in Note 32.3 (b) to the financial statements.

## 10. Statement of cash flows

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at financial institutions and current investments with an original maturity of 3 months or less.

Cash and cash equivalents as reflected in the statements of cash flows consist of the followings:



	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	1,737	4,805	1,349	4,478
Deposit at banks	372,653	670,813	313,725	639,227
Cash and cash equivalents	374,390	675,618	315,074	643,705
Current investments -				
Government bond and note				
with an original maturity of				
3 months or less	550,000	190,000	550,000	190,000
Cash and cash equivalents in statements of cash flows	924,390	865,618	865,074	833,705

As at 31 December 2011, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.7 and 2.6 percent per annum (2010: between 0.5 and 2.6 percent per annum).

#### 11. Current investments

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Available-for sale securities</b>				
Unit trusts	245,000	350,000	245,000	350,000
Add: Unrealise gain on the change in value of investments	108	32	108	32
Unit trusts - net	245,108	350,032	245,108	350,032
Bill of exchange	350,000	90,000	350,000	90,000
Total	595,108	440,032	595,108	440,032
<b>Held to maturity debt security due within one year</b>				
Government bond	200,000	100,000	200,000	100,000
Total current investments	795,108	540,032	795,108	540,032



## 12. Trade accounts receivable

(Unit: Thousand Baht)					
		Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<u>Trade accounts receivable - related parties</u>					
Aged on the basis of due dates					
Not yet due		-	-	17,416	3,948
Past due					
Up to 3 months		-	-	11,035	11,691
3 - 6 months		-	-	1,708	11,669
6 - 12 months		-	-	7,130	11,435
Over 12 months		-	-	53,849	18,583
Total		-	-	91,138	57,326
Less: Allowance for doubtful debts		-	-	(62,696)	(47,186)
Total trade accounts receivable - related parties, net		-	-	28,442	10,140
<u>Trade accounts receivable - unrelated parties</u>					
Aged on the basis of due dates					
Not yet due		37,783	1,470,733	3,093	1,449,926
Past due					
Up to 3 months		639,581	258,113	635,300	243,474
3 - 6 months		36,724	12,525	36,724	12,192
6 - 12 months		5,418	27,238	2,727	27,238
Over 12 months		10,999	9,781	10,999	9,781
Total		730,505	1,778,390	688,843	1,742,611
Less: Allowance for doubtful debts		(143,048)	(33,291)	(143,048)	(33,291)
Total trade accounts receivable - unrelated parties, net		587,457	1,745,099	545,795	1,709,320
Total trade accounts receivable - net		587,457	1,745,099	574,237	1,719,460

As discussed in Note 2 and Note 32.4 to the financial statements, the Company set aside of Baht 122 million of provision for doubtful accounts from the argument between the Company and such customer.



### 13. Inventories

(Unit: Thousand Baht)

#### Consolidated financial statements

	Cost		Decrease to net realisable value		Inventory - net	
	2011	2010	2011	2010	2011	2010
Finished goods	71,827	140,289	(10)	(1,512)	71,817	138,777
Work in process	124,418	147,513	-	-	124,418	147,513
Raw materials	892,165	1,322,965	(63,201)	(200,912)	828,964	1,122,053
Supplies and spare parts	1,366	978	(60)	(60)	1,306	918
Raw materials in transit	90,766	70,946	-	-	90,766	70,946
Total	<u>1,180,542</u>	<u>1,682,691</u>	<u>(63,271)</u>	<u>(202,484)</u>	<u>1,117,271</u>	<u>1,480,207</u>

(Unit: Thousand Baht)

#### Separate financial statements

	Cost		Decrease to net realisable value		Inventory - net	
	2011	2010	2011	2010	2011	2010
Finished goods	70,938	137,330	(10)	(1,472)	70,928	135,858
Work in process	112,803	142,232	-	-	112,803	142,232
Raw materials	836,495	1,301,771	(60,834)	(198,336)	775,661	1,103,435
Supplies and spare parts	1,366	978	(60)	(60)	1,306	918
Raw materials in transit	90,766	70,946	-	-	90,766	70,946
Total	<u>1,112,368</u>	<u>1,653,257</u>	<u>(60,904)</u>	<u>(199,868)</u>	<u>1,051,464</u>	<u>1,453,389</u>

As discussed in Note 2 to the financial statements. Because the floods damaged the inventories, which are electric circuit boards and other electronic equipment, and they can no longer be used for manufacture or for sale. The Company estimated and wrote off damaged inventories totaling Baht 1,195 million at cost. The Company recognised loss on the damaged inventories in profit or loss for the year.



#### 14. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Shareholding percentage		Cost method	
	2011	2010	2011	2010	2011	2010
			Percent	Percent		
Globe Vision Corp.	8,838	8,838	100.00	100.00	8,838	8,838
SVI - A/S	3,269	3,269	100.00	100.00	3,269	3,269
Total investments in subsidiaries					12,107	12,107
Less: Allowance for impairment					(8,838)	(8,838)
Total investments in subsidiaries - net					3,269	3,269

The financial statements of subsidiaries which are included in the consolidated financial statements were audited by other auditors. Their aggregate assets and revenues are as follows.

(Unit: Million Baht)

	Total assets as at		Total revenues	
	31 December		for the year ended	
	2011	2010	2011	2010
SVI Electronics (Tianjin) Co., Ltd.	91	81	120	136
SVI A/S	10	28	-	-
Northtec Co., Ltd.	11	11	1	-
SVI China Limited	36	1	-	-
Shi Wei Electronics (HK) Company Limited	1	-	-	-
Total	149	121	121	136

On 24 February 2011, a meeting of the Board of Directors acknowledged the acquisition of USD 500,000 of the common stock of a subsidiary, SVI Electronics (Tianjin) Co., Ltd., by SVI China Limited which is a subsidiary of the Company held through Globe Vision Corp. SVI Electronics (Tianjin) Co., Ltd. registered the increase of its capital on 28 September 2011.



## 15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land	Buildings and land improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work under construction and machinery under installation	Total
<b>Cost</b>							
1 January 2010	429,873	227,750	952,391	171,188	7,745	14,508	1,803,455
Addition	-	1,313	5,581	10,632	2,716	275,565	295,807
Disposal/Write-off	-	(544)	(17,215)	-	(2,635)	-	(20,394)
Transfer in (out)	-	9,985	94,045	951	-	(107,340)	(2,359)
Translation adjustment	-	(1,296)	(1,076)	(721)	-	-	(3,093)
31 December 2010	429,873	237,208	1,033,726	182,050	7,826	182,733	2,073,416
Addition	118,118	135,884	7,075	11,835	3,540	399,379	675,831
Disposal/Write-off	-	-	(206,125)	(7,448)	-	-	(213,573)
Transfer in (out)	-	1,723	197,167	29,036	-	(228,416)	(490)
Translation adjustment	-	1,892	(6,571)	1,019	-	-	(3,660)
31 December 2011	547,991	376,707	1,025,272	216,492	11,366	353,696	2,531,524
<b>Accumulated depreciation</b>							
1 January 2010	-	115,770	624,520	128,374	6,103	-	874,767
Depreciation for the year	-	18,786	111,283	17,274	1,235	-	148,578
Depreciation on disposal/write-off	-	(229)	(8,720)	-	(2,635)	-	(11,584)
Translation adjustment	-	(1,104)	3,983	(417)	-	-	2,462
31 December 2011	-	133,223	731,066	145,231	4,703	-	1,014,223
Depreciation for the year	-	19,794	154,491	18,513	1,764	-	194,562
Depreciation on disposal/write-off	-	-	(188,295)	(7,333)	-	-	(195,628)
Translation adjustment	-	1,831	8,315	762	-	-	10,908
31 December 2011	-	154,848	705,577	157,173	6,467	-	1,024,065
<b>Allowance for impairment loss</b>							
1 January 2010	-	-	55,540	-	-	-	55,540
Decrease during the year	-	-	(8,495)	-	-	-	(8,495)
31 December 2010	-	-	47,045	-	-	-	47,045
Increase during the year	-	10,648	239,900	39,519	499	147,294	437,860
31 December 2011	-	10,648	286,945	39,519	499	147,294	484,905
<b>Net book value</b>							
31 December 2010	429,873	103,985	255,615	36,819	3,123	182,733	1,012,148
31 December 2011	547,991	211,211	32,750	19,800	4,400	206,402	1,022,554
<b>Depreciation for the year</b>							
2010 (Baht 139 million included in manufacturing cost, and the balance in selling and administrative expense)							148,578
2011 (Baht 148 million included in manufacturing cost, and the balance in selling and administrative expense)							194,562



(Unit: Thousand Baht)

## Separate financial statements

	Land	Buildings and land and buildings improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work under construction and machinery under installation	Total
<b>Cost</b>							
1 January 2010	429,873	208,447	878,334	161,049	7,745	14,508	1,699,956
Addition	-	499	5,447	9,725	2,716	275,565	293,952
Disposal/write off	-	(544)	(17,341)	-	(2,635)	-	(20,520)
Transfer in (out)	-	9,985	94,045	951	-	(107,339)	(2,358)
31 December 2010	429,873	218,387	960,485	171,725	7,826	182,734	1,971,030
Addition	118,118	135,736	6,939	10,903	3,540	399,379	674,615
Disposal/Write-off	-	-	(215,950)	(7,287)	-	-	(223,237)
Transfer in (out)	-	1,723	197,167	29,037	-	(228,417)	(490)
31 December 2011	547,991	355,846	948,641	204,378	11,366	353,696	2,421,918
<b>Accumulated depreciation</b>							
1 January 2010	-	101,097	562,762	123,307	6,103	-	793,269
Depreciation for the year	-	15,075	97,908	15,282	1,235	-	129,500
Depreciation on disposal/write-off	-	(229)	(8,720)	-	(2,635)	-	(11,584)
31 December 2010	-	115,943	651,950	138,589	4,703	-	911,185
Depreciation for the year	-	19,120	141,904	16,777	1,764	-	179,565
Depreciation on disposal/write-off	-	-	(196,518)	(7,196)	-	-	(203,714)
31 December 2011	-	135,063	597,336	148,170	6,467	-	887,036
<b>Allowance for impairment loss</b>							
1 January 2010	-	-	55,541	-	-	-	55,541
Decrease during the year	-	-	(8,495)	-	-	-	(8,495)
31 December 2011	-	-	47,046	-	-	-	47,046
Increase during the year	-	10,647	239,900	39,519	498	147,294	437,858
31 December 2011	-	10,647	286,946	39,519	498	147,294	484,904
<b>Net book value</b>							
31 December 2010	429,873	102,444	261,489	33,136	3,123	182,734	1,012,799
31 December 2011	547,991	210,136	64,359	16,689	4,401	206,402	1,049,978
2010 (Baht 126 million included in manufacturing cost, and the balance in selling and administrative expense)							129,500
2011 (Baht 136 million included in manufacturing cost, and the balance in selling and administrative expense)							179,565

The Company has undertake not to sell, transfer, mortgage, pledge or allow creation of commitment over those of its fixed assets under the negative pledge conditions of the facilities and loans, as described in Note 19 to the financial statement, except with the consent of the bank.

As at 31 December 2011, the Company had vehicles and equipment under finance lease agreements with net book values amounting to Baht 4 million (2010: Baht 6 million).

As at 31 December 2011, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 174 million (2010: Baht 433 million).

As discussed in Note 2 to the financial statements, because actual flood levels exceeded the expected levels, the factory was inundated, causing damage to the machinery kept on the first floor. The humidity from the



floods damaged the machinery so much that it can no longer be repaired or used for manufacturing. In addition, building utility systems, furniture, fixtures and other office supplies were damaged by the floods. After estimating the losses incurred, the Company recorded allowance for loss on impairment of damaged assets with net book values amounting to Baht 485 million, and recognised this loss in profit or loss for the year.

#### 16. Computer software

The net book value of intangible assets as at 31 December 2011 and 2010 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	2011	2010
Cost	80,851	111,366
Less: Accumulated amortisation	(70,478)	(99,294)
Net book value	10,373	12,072

A reconciliation of the net book value of intangible assets for the years 2011 and 2010 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	2011	2010
Net book value at beginning of year	12,072	9,285
Acquisition of computer software	2,956	8,748
Transfer in	32	-
Transfer out	-	(24)
Amortisation	(4,687)	(5,937)
Net book value at end of year	10,373	12,072

#### 17. Short-term loan from financial institution

As at 31 December 2011 and 2010, short-term loan from financial institution of the subsidiary is a loan from the Chinese branch of an overseas bank in foreign currency. The loan carries interest at 9.65% per annum and is due in March 2012 (2010: 6.3% per annum and is due in March 2011). It is guaranteed by the Company.

#### 18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2011	2010	2011	2010
Trade payables - related parties	-	557	131,812	159,148
Trade payable - unrelated parties	1,367,981	1,628,054	1,192,921	1,437,196
Liabilities for acquisition of machine and equipment	130,636	52,892	130,636	52,892
Accrued expenses	96,935	100,401	96,783	79,947
Consigned stock and equipment for production payable	285,458	-	285,458	-
Total trade and other payables	1,881,010	1,781,904	1,837,610	1,729,182



Consigned stock and equipment for production payable represents consigned products and equipment at the Company's factory that were damaged by flooding. Currently, the Company is claiming compensation from its insurance company.

## 19. Long-term loans from banks

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	2011	2010
Long-term loans from banks	617,539	860,415
Less: Current portion	(273,754)	(339,319)
Long-term loans, net of current portion	343,785	521,096

- 19.1 On 12 May 2010, the Company entered into a loan agreement with a commercial bank for a facility of USD 12 million to fund capital expenditure. The Company has drawn down the full amount. The loan carries interest at LIBOR plus a margin per annum, but the aggregate interest rate is limited to the maximum interest rate announced by the bank. Interest is payable in quarterly installment, commencing from the first utilisation date, and is to be completed within 3 years. There is a grace period for payment of loan principal of 9 months as from the first utilisation date, and the Company is then to repay the loans in 10 equal installments, with full settlement of principal to be made within 3 years from the first utilisation date. The Company is therefore to commence principal repayment in March 2011, and it is to be completed within 2013. The loan is secured by a negative pledge and therefore the Company has not pledged any collateral. The Company has covenanted not to sell, transfer, mortgage, pledge or create lien over any of the fixed assets. The outstanding balance of the loan as at 31 December 2011 was Baht 267 million (2010: Baht 364 million).

The loan agreement contain certain covenants and restrictions imposed by the lenders regarding merger, changes in the business, acquisitions, loans and guarantees, and dividend payment, as well as the maintenance of the shareholding of the Company's Chief Executive Officer, and certain financial ratios.

- 19.2 On 28 June 2010, the Company entered into the following loan agreements with a commercial bank.

- A Baht 20 million overdraft agreement for a loan carrying interest at MOR per annum.
- A USD 12 million loan agreement to provide funds for replenishment of the Company's core operating assets or for investment in machinery or factory improvements. The Company has drawn down the full amount. The loan carries interest at LIBOR3M plus a fixed rate per annum, payable quarterly as from the third month from the date of the first drawdown. Principal is payable in 10 quarterly installments of USD 1.2 million per each, with the first installment due in the ninth month after the first drawdown date and settlement to be completed within 3 years from the first drawdown date. The Company is therefore to commence principal repayment in July 2011 and it is to be completed within 2013. The outstanding balance of the loan as at 31 December 2011 was USD 10 million or Baht 306 million (2010: USD 12 million or Baht 364 million).

These loans are secured by negative pledges. The loan agreements contain certain covenants and restrictions imposed by the lenders, such as prohibitions on the creation of commitments or the sale or transfer of assets, and the maintenance of certain financial ratios.

- 19.3 On 18 September 2009, the Company entered into a loan agreement with a bank for a facility not over USD 12 million for use as working capital. The Company has drawn down the full amount. The loan carries interest at LIBOR plus a fixed rate percent per annum, and is payable in 12 quarterly installments, beginning from the third month after the date of the first drawdown. Installments 1 - 11 are USD 1 million each and the balance



of principal is to be paid in the twelfth installment. The Company therefore commenced principal repayment in November 2009 and it is to be completed within 2012. The loan agreement includes a negative pledge provision. The outstanding balance of the loan as at 31 December 2011 was Baht 45 million (2010: Baht 133 million).

The loan agreement contain certain covenants and restrictions imposed by the lenders regarding information in the form of letter in case of changing director in the board of director or changing power of director or changing register share capital, make a commitment over assets and revenue of the Company, decreasing share capital, as well as the maintenance of percent of shareholder both direct and indirect of the Company's Chief Executive Officer, and maintenance of certain financial ratios.

- 19.4 On 29 December 2011, the Company entered into a loan agreement with a commercial bank for a facility of USD 10 million to purchase equipment, machinery and recovery the factories of the Company after flooding. The loan carries interest at LIBOR3M plus a fixed rate per annum, payable quarterly due in the third month from the date of the first drawdown. Principal is payable in 12 quarterly installments, with the first installment due in the fifteenth month after the first drawdown date and settlement to be completed within 48 months from the first drawdown date. As at 31 December 2011, this loan has not yet been drawdown.

This loan is secured by negative pledges. The loan agreements contain certain covenants and restrictions imposed by the lenders, such as prohibitions on the creation of commitments or the sale or transfer of assets, and the maintenance of certain financial ratios.

As at 31 December 2011, the long-term credit facilities of the Company received in January 2012 and have not yet been drawdown amounted to Baht 300 million.

## 20. Liabilities under finance lease

		(Unit: Thousand Baht)	
		Consolidated and Separate	
		financial statements	
		2011	2010
Liabilities under finance lease agreements		4,544	7,155
Less: Deferred interest expenses		(399)	(732)
Total		4,145	6,423
Less: Portion due within one year		(2,417)	(2,280)
Liabilities under finance lease agreements			
- net of current portion		1,728	4,143

The Company has entered into the finance lease agreements with leasing companies for rental of the vehicle and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2011, Future minimum lease payments required under the finance lease agreements were as follows:

		(Unit: Million Baht)		
		Less than 1	1-5 years	Total
		year		
Future minimum lease payments		2.6	1.9	4.5
Deferred interest expenses		(0.2)	(0.2)	(0.4)
Present value of future minimum lease payments		2.4	1.7	4.1



## 21. Provision for long-term employee benefits

	(Unit: Thousand Baht) Consolidated and Separate financial statements
	2011
Provision for employee benefits at beginning of year	5,520
Cumulative effect of change in accounting policy for employee benefits recorded in profit and loss during the year	23,251
Current service cost	3,577
Interest cost	1,152
Balance at end of year	33,500

Assumption of estimation of actuarial principles on date of conclusion are

	Consolidated and Separate financial statements
	2011
	(% per annum)
Discount rate	4.2
Future salary increase rate	4.0
Staff turnover rate	6.0

## 22. Share capital

Number of ordinary shares reconciliation

	(Unit: shares)
	2011
	2010
<u>Registered share capital</u>	
Number of ordinary shares as at beginning of year	1,986,216,815
Decrease from cancellation of right to purchase ordinary shares	(1,038,079)
Increase in order to accommodate the exercise of ESOP warrants issued to directors and employees	-
Number of ordinary shares as at end of year	1,985,178,736
<u>Issued and paid-up share capital</u>	
Number of ordinary shares as at beginning of year	1,938,611,986
Converted right to purchase ordinary shares to share capital	11,857,250
Number of ordinary shares as at end of year	1,950,469,236

Registered ordinary shares which are not issued and paid-up are the ordinary shares which are reserved for the exercise of right to purchase ordinary shares as discussed in Note 23.



On 24 February 2011, a meeting of the Board of Directors approved a reduction of the Company's registered share capital from Baht 1,986,216,815 to Baht 1,985,178,736, in line with the cancellation of SVI-W2 warrants, for which the final exercise date was 14 December 2010, by canceling the 1,038,079 unissued ordinary shares with a par value of Baht 1 each, or a total of Baht 1,038,079. The Company registered the decrease in its registered share capital with the Ministry of Commerce on 10 May 2011.

During 2011, the holders of the ordinary share warrants offered to the directors and employees (ESOP-5) exercised 11,857,250 warrants at an exercise price of Baht 2 each, or for a total of Baht 23,714,500 to purchase 11,857,250 ordinary shares with a par value of Baht 1 each, or a total of Baht 11,857,250. The Company has a Baht 11,857,250 premium on the ordinary shares as a result of such exercises.

The Company registered resulting increase in its paid up share capital with the Ministry of Commerce, and the Stock Exchange of Thailand approved the additional ordinary shares as listed securities.

## 23. Right to purchase ordinary shares

On 28 April 2010, the Annual General Meeting of shareholders No. 1/2553 approved the issue and offer of 55,000,000 No.5 warrants to purchase ordinary shares of the Company (ESOP-5), to be offered free of charge solely to the directors and employees. The purpose is to reward directors and employees and to provide incentives to encourage them to remain with the Company.

The term of the warrant is 4 years from the issue date and each warrant can be exercised to purchase one new ordinary share at an exercise price of Baht 2 per share. The warrants can be exercised twice a year, with the warrant holders to exercise in each year not more than 25% of the total warrants allotted to them, plus unexercised warrants from previous periods.

The offer of the ESOP-5 was informed to the Office of the Securities and Exchange Commission on 6 July 2010.

The movements of right to purchase ordinary shares during the period are summarised below.

	ESOP-5 (Units)
Brought forward/Number of unexercised	46,566,750
Exercised during the year	(11,857,250)
Number of unexercised right to purchase ordinary shares	<u>34,709,500</u>

## 24. Treasury stock

On 2 September 2011, a meeting of the Board of Directors of the Company approved a share repurchase program for the purpose of financial management and to manage the Company's excess liquidity. The details are as follows:

- The maximum amount available for repurchasing the shares is Baht 275 million.
- A maximum of 55 million shares with par value of Baht 1 per share are available for repurchase, equivalent to 2.82% of the total paid-up capital as at 2 September 2011.
- These shares are to be repurchased through the Stock Exchange of Thailand. The repurchase price must not exceed 115% of the weighted average closing price over the five trading days before each repurchase is made.
- The repurchase period is from 19 September 2011 to 16 March 2012.
- Any shares bought back are to be resold on the Stock Exchange of Thailand, during the period from 17 September 2012 to 16 March 2015 (after 6 months but no later than 3 years after the completion date of the share repurchase scheme). Reselling of shares, cancellations of the repurchased shares and reductions



of share capital are to conform to the 2001 ministerial regulations regarding principles and procedures for the repurchase and resale of shares. The resale price is to be set at not lower than 85% of the weighted average closing price over the five trading days before each resale is made.

- f) The treasury stocks carry no rights to receive dividend.

	Consolidated and Separate financial statements	
	2011	2010
Number of shares (shares)	30,081,800	-
Average price per share (Baht)	3.77	-

As at 31 December 2011, the Company's treasury stocks, amounting to Baht 114 million, were presented as a deduction item in shareholders' equity. This amount is presented under the cost method. The market price of the treasury stocks, which is based on the closing price quoted on the Stock Exchange of Thailand on the last day of year, was approximately Baht 96 million.

The Company has to set aside an amount from retained earnings equal to the cost of the treasury shares to a separate reserve account, with such reserve to remain outstanding until either the shares are sold or paid-up capital is reduced by the cancellation of any remaining unsold shares. As at 31 December 2011, the Company had reserved Baht 114 million of its retained earnings; an amount equal to the cost of the treasury shares. Such reserve has been presented as "Appropriated retained earnings - reserve for treasury shares" in the statements of financial position.

## 25. Statutory reserve

Pursuant to Section 116 of the Public Company Limited Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered capital. The statutory reserve is not available for dividend distribution.

## 26. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Salary and wages and other employee benefits	675,022	520,008	651,647	504,604
Depreciation	194,562	148,578	179,564	129,500
Loss from flooding	1,974,465	-	1,974,465	-
Reversal of loss on obsolete and slow-moving inventories	(125,023)	-	(125,023)	-
Amortisation intangible asset expenses	4,687	5,937	4,687	5,937
Reversal of loss on impairment of equipment	(7,816)	(8,495)	(7,816)	(8,495)
Raw materials and consumables used	6,602,408	6,375,469	6,462,076	6,213,430
Changes in inventories of finished goods and work in progress	91,557	(77,056)	95,821	(69,212)



## 27. Promotional privileges

The Company has been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of the Company are as follows.

Details				
1. Certificate No.	1069(2)/2547	1065(2)/2550	1686(2)/2550	1296(2)/2554
2. Promotional privileges for	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products and handmicrophone
3. The significant privileges are				
3.1 Exemption of corporate income tax for net income from promotional privileges and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	3 years (Expired)	5 years	5 years	5 years
3.2 Allowance for 5% of the increment in export income over the preceding year for ten years, providing that the export income of that particular year should not be lower than the average export income over the three preceding years except for the first two years.	Non-granted	Non-granted	Non-granted	Non-granted
3.3 Exemption of import duty on machinery as approved by the board.	Granted	Granted	Granted	Granted
3.4 Exemption of import duty on raw materials and significant supplies used in export production for a period of one year from the first import date.	Granted	Granted	Granted	Granted
4. Date of first earning promotional privileges under the promotion certificates				
- Raw materials	20 Jul. 2004	24 Apr. 2008	30 Aug. 2007	1 May 2011
- Machinery	24 Dec. 2003	27 Dec. 2006	6 Jun. 2007	25 Jan 2011
- Income tax	7 Oct. 2004	14 May 2008	18 Oct. 2007	13 May 2011

The Company's operating revenues for the years, are below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2011	2010	2011	2010	2011	2010
Sales in Oversea	8,123,432	7,700,407	238,227	285,463	8,361,659	7,985,870
Other income	46,052	176,729	23,677	176	69,729	176,906
Total revenues	8,169,484	7,877,136	261,904	285,639	8,431,388	8,162,776

## 28. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year (net from treasury stocks held by the Company, as discussed in Note 24 to the financial statements).



Diluted earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year (net from treasury stocks held by the Company) plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

Consolidated financial statements						
		Weighted average number of ordinary shares*		Earnings per share		
Profit for the year						
2011	2010	2011	2010	2011	2010	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Profit (loss) attributable to equity holders of the Company						
(1,274,924)	735,155	1,936,943	1,735,677	(0.66)	0.42	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants						
-	-	16,417	135,712			
<b>Diluted earnings per share</b>						
Profit (loss) of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
(1,274,924)	735,155	1,953,360	1,871,389	(0.66)	0.39	

\* Weighted average number of ordinary share (net from treasury stocks held by the Company)

Separate financial statements						
		Weighted average number of ordinary shares*		Earnings per share		
Profit for the year						
2011	2010	2011	2010	2011	2010	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Profit (loss) attributable to equity holders of the Company						
(1,274,140)	699,982	1,936,943	1,735,677	(0.66)	0.40	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants						
-	-	16,417	135,712			
<b>Diluted earnings per share</b>						
Profit (loss) of ordinary shareholders assuming the conversion of dilutive potential ordinary shares						
(1,274,140)	699,982	1,953,360	1,871,389	(0.66)	0.37	

\* Weighted average number of ordinary share (net from treasury stocks held by the Company)

The Company did not calculate diluted earnings per share for the year 2011 because the effect of diluted earnings per share is antidilute.



## 29. Segment information

The operations of the Company and its subsidiaries involve mainly a single industry segment, the business of electronic manufacturing service, and are carried on in geographic area in Thailand, The People's Republic of China, Taiwan and Denmark. Below is the consolidated financial information for the years ended 31 December 2011 and 2010 of the Company and its subsidiaries presented by geographical segment.

(Unit: Million Baht)									
Consolidated									
	Thailand		China/Taiwan		Denmark		Elimination		Consolidated
	2011	2010	2011	2010	2011	2010	2011	2010	financial statements
Revenue from external	8,329	7,945	116	134	-	-	-	-	8,445 8,079
Inter segment revenues	32	41	75	46	582	640	(689)	(727)	- -
Total revenues	8,361	7,986	191	180	582	640	(689)	(727)	8,445 8,079
Segment income (loss)	1,030	830	(17)	(1)	1	2	68	50	1,082 881
Unallocated income and expenses:									
Gain on exchange									11 84
Other income									50 91
Selling expenses									(117) (109)
Administrative expenses									(187) (157)
Allowances for doubtful accounts									(106) (24)
Loss from flooding									(1,974) -
Finance cost									(23) (22)
Corporate income tax									(11) (9)
Profit (loss) for the year									(1,275) 735

(Unit: Million Baht)									
Consolidated									
	Thailand		China/Taiwan		Denmark		Elimination		Consolidated
	2011	2010	2011	2010	2011	2010	2011	2010	financial statements
Property, plant and equipment	1,050	1,013	33	36	-	-	(60)	(37)	1,023 1,012
Unallocated assets									2,931 4,601
Total assets									3,954 5,613

Transfer prices between business segments are as set out in Note 9 to the financial statements.

## 30. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate of 3 percent of their basic salaries, and by the Company at the rate of 3 and 5 percent and will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company contributed Baht 8 million (2010: Baht 7 million) to the fund.

## 31. Dividend

Dividend declared in year of 2011 and 2010 consists of the following:



Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividend on 2011 income	Annual General Meeting of Shareholders No. 1/2554	204	0.11
Interim dividend on 2010 income	Board of director meeting No. 3/2553	159	0.10

## 32. Commitments and contingent liabilities

### 32.1 Capital commitments

As at 31 December 2011, the Company had capital commitments of Baht 4 million (2010: Baht 4 million), relating to the installation of equipment.

### 32.2 Operating lease commitments

- a) The Company has entered into several lease agreements in respect of the lease of land, office building space, motor vehicles and equipment and service agreements. The terms of the agreements are generally between 1 and 3 years.

As at 31 December 2011, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

Payable within:	Million Baht
Less than 1 year	9
1 to 3 years	9

- b) The subsidiary in China has entered into a non-cancellable operating leases agreement, under which total minimum lease payments approximately RMB 4.0 million are required. The agreement ends on 31 August 2013. Details are as follows:

Payable within:	Million RMB
Less than 1 year	1
1 to 3 years	1

- c) The subsidiary has entered into an agreement to rent land and building in Hong Kong, for a period of one year beginning on 9 March 2011, under which the rental fee is RMB 24,900 per month.
- d) The subsidiary in Taiwan has entered into an agreement to rent building, for a period of 1 year beginning on 1 December 2011, under which the rental fee is TWD 100,000 per month.

### 32.3 Guarantees

- a) The Company has letters of guarantee issued by certain local banks in favor of a government agency, a state enterprise and other companies totaling approximately Baht 11 million (2010: Baht 9 million).
- b) The Company issued the guarantee letters to banks to guarantee USD 3 million and Baht 90 million of loans from banks to its overseas subsidiaries.

### 32.4 Compensation claim for damage demanded from customer

In December 2011, the Company received a letter from a customer demanding compensation totaling USD



4 million, for inventories and equipment kept at the Company that were damaged by flooding . The opinion of Company's legal counselor is that the Company is not obliged to pay the compensation claim as the damage was due to force majeure. However, the Company set aside provision for damage to the inventories and equipment in the current year.

### **32.5 Other commitment**

As at 31 December 2011, there was a total of Baht 85 million consigned stock for production kept at the Company's factory that have yet to be consumed.

## **33. Financial instrument**

### **33.1 Financial risk management**

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instrument: Disclosure and Presentation", principally comprise cash and cash equivalents, current investments, trade accounts receivable, trade and other payables, liabilities under finance lease and short-term and long-term loans from banks. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Company is exposed to credit risk primarily with respect to trade accounts receivable and loan. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and loans as stated in the statement of financial position.

#### **Interest rate risk**

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loan and long-term borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.



(Unit: Million Baht)

## Consolidated financial statements

	Consolidated financial statements						Average interest rate (Percentage per annum)	
	Floating interest rate	Fixed interest rate			Non- interest bearing	Total	Floating rate	Fixed rate
		At call	Within 1 year	1 - 5 years				
<b><u>Financial instruments - assets</u></b>								
Cash and cash equivalents	372	-	-	-	2	374	-	-
Current investments	245	-	550	-	-	795	-	-
Trade accounts receivable	-	-	-	-	587	587	-	-
<b><u>Financial instruments - liabilities</u></b>								
Trade and other payables	-	-	-	-	1,881	1,881	-	-
Short-term loan from financial institution	-	-	8	-	-	8	-	9.65
Long-term loans from banks	618	-	-	-	-	618	LIBOR+1.5 LIBOR+2.9	-
Liabilities under financial lease	-	-	2	2	-	4	-	6.3 - 7.7

(Unit: Million Baht)

## Separate financial statements

	Separate financial statements							
	Floating interest rate	Fixed interest rate			Non- interest bearing	Total	Average interest rate (Percentage per annum)	
		At call	Within 1 year	1 - 5 years			Floating rate	Fixed rate
<b><u>Financial instruments - assets</u></b>								
Cash and cash equivalents	314	-	-	-	1	315	-	-
Current investments	245	-	550	-	-	795	-	-
<u>Trade accounts receivable</u>	-	-	-	-	574	574	-	-
Other account receivable - subsidiary	-	-	-	-	97	97	-	-
Long-term loan to subsidiary	-	37	-	-	-	37	-	2.0
<b><u>Financial instruments - liabilities</u></b>								
Trade and other payables	-	-	-	-	1,838	1,838	-	-
Long-term loans from banks	618	-	-	-	-	618	LIBOR+1.5 LIBOR+2.9	-
Liabilities under financial lease	-	-	2	2	-	4	-	6.3 – 7.7

The Company entered into interest rate swap agreement to manage risk associated with the financial liabilities carrying floating interest. The details of long-term loans are set out in Notes 19. The detail of the interest swap agreement outstanding as at 31 December 2011 is as follows:

The Company has entered into Interest Rate Swap Transaction Agreements with two banks which the balance as at 31 December 2011 is amounting to USD 17 million. The contracts are for a period of 3 years, maturing in September 2013 and December 2013 with the condition stipulated in the agreements. At each of the maturity dates, the Company is required to pay interest to the bank based at fixed rate stipulated in the agreements (2.2% and 2.9%p.a.) and the banks are required to pay interest to the Company at the floating rate plus stipulated rate. The agreement contains other conditions. The Company would have unrealised loss of approximately Baht 2 million, if it recorded the above contracts at fair value.

**Foreign currency risk**

The Company's exposure to foreign currency risk arises mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts and currency option agreements when it considers appropriate. Generally, the forward contracts and currency option agreements mature within one year.



The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2011 are summarised below.

Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Average exchange rate As at 31 December 2011 (Baht per 1 foreign currency unit)
<b><u>Due within 1 year</u></b>			
USD	22	67	31.69
EUR	3	7	41.03
JPY	4	102	40.84
HKD	-	2	4.08
DKK	-	3	5.52
SEK	-	1	4.59
<b><u>Due over 1 year</u></b>			
USD	-	11	31.69

Foreign exchange contracts outstanding as at 31 December 2011 are summarised below.

Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought amount	Sold amount
			(Baht per 1 foreign currency unit)	
USD	-	29	-	30.10 - 31.86
EUR	-	1	-	41.42 - 42.92

Currency option agreements outstanding as at 31 December 2011 are summarised below.

Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought amount	Sold amount
			(Baht per 1 foreign currency unit)	
USD	5	40	30.55-31.30	29.90-31.25
EUR	-	1	-	41.40-44.40

The maturity dates of these agreements are between 3 January 2012 to 2 June 2012. The Company would have unrealised loss of approximately Baht 52 million, if it recorded the above contracts at fair value.

### 33.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature and loans bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

## 34. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. As at 31 December 2011, the group's debt-to-equity ratio was 2.16:1 (2010: 0.97:1) and the Company's was 1.97:1 (2010: 0.93:1).



### 35. Reclassification

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 3 and as the result of the adoption of revised and new accounting standards as described in Note 4, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit or shareholder's equity.

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
	As reclassified	As previously reported
<b>Statements of financial position</b>		
Trade accounts receivable	1,745,098,986	1,745,098,986
Trade accounts receivable - subsidiaries	-	-
Trade and other payables	1,781,903,649	-
Trade payables - related parties	-	557,331
Trade accounts payable	-	1,628,053,678
Accrued transportation expenses	-	49,099,296
Accrued expenses	-	44,978,159
Liabilities for acquisition of machine and equipment	-	52,891,587
Other current liabilities	43,066,987	54,910,585
Provision for long-term employee benefits	5,520,000	-
<b>Income statements</b>		
Cost of sales	7,198,393,142	7,187,514,892
Selling expenses	108,710,552	98,303,872
Administrative expenses	157,449,964	131,984,493
Management benefit expenses	-	55,245,456
Loss from asset impairment (Reversal)	-	(8,495,055)

### 36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2012.



## Audit's Remuneration

The company and its subsidiaries paid the audit fee in the fiscal year ended December 31<sup>st</sup>, 2011 as follows:

Audit Fee for Year 2011	SVI Public Co., Ltd.	Globe Vision Company Limited	SVI China Limited	SVI Electronics (Tianjin) Co., Ltd.	SHI WEI Electronics (Hong Kong)	SVI A/S	Northtec Co., Ltd.
Audit Fee	1,370,000 Baht	50,000 Baht	101,858 Baht	618,512 Baht	129,281 Baht	489,569 Baht	347,198 Baht
Audit Fee for BOI Promoted Project	250,000 Baht	None	None	None	None	None	None
Other Fees	None	None	None	None	None	None	None
Other Fees in the Future	None	None	None	None	None	None	None



# Investor Relations

SVI has established and assigned an Investor Relations Unit to communicate any significant qualitative and quantitative information for investors, such as general information, financial information related to the characteristic of business, operating performance (already published), management discussions and other crucial information. SVI has an objective to transparently reflect the company's value to the capital market which will be beneficial to its shareholders, investment institutions, analysts, related public parties, media and others. SVI recognizes this activity as an important tool to reinforce good corporate governance of the company.

## Insider Trading Policy

The Company recognizes the importance of equitable treatment to stakeholders. Thus, the Company has disclosed accurate and transparent information to all shareholders and investors fairly and in compliance with SEC's and SET's rules and regulations. The Company set a Code of Conduct regarding to inside information and insider trading. Directors, and the management can not trade the company's shares in the security market if he/she knows of any materialized information that may impact the company's share price until, that information, quarterly or yearly operating result, or financial forecast are disclosed to SET's channel.

## Shareholders, Analyst and Press Meetings

SVI has arranged Shareholders Meetings and treated all Shareholders equitable by sending invitation letter at reasonable time as required by law. The letter informs Shareholders of the meeting schedule and location that is convenient to commute to the meeting. The Annual General Shareholders Meeting is normally held in April each year. The Company also invites both Analysts from inside and outside Thailand, Financial Journalists, media and press to discuss and interview SVI top management regarding to the company's strategy and business plan.

## 2011 Financial Reporting

The Company's information, annual reports and quarterly reports were released in both Thai and English, available on the IR website at <http://investorrelations.svi.co.th>.

## Investor Relations Contact

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IR Website: <http://investorrelations.svi.co.th>



## General Information

<b>Name</b>	:	SVI Public Company Limited
<b>Type of Business</b>	:	Full turnkey Electronics Manufacturing Services (EMS) Company, providing comprehensive services primarily to Original Equipment Manufacturers (OEMs) with the main customers in Europe, USA and other regions.
<b>Registration Number</b>	:	0107537001790 (Previous No. Bor Mor Jor 426)
<b>Registered Capital</b>	:	1,985,178,736 Baht
<b>Paid – Up Capital</b>	:	1,950,469,236 Baht
<b>Common Stock</b>	:	1,950,469,236 shares
<b>Par Value</b>	:	1 Baht
<b>Address</b>	:	<b><u>Thailand</u></b>  <b>SVI-Headquarters</b> 142 Moo 5, Tiwanon Rd., Bangkadi, Muang, Pathumthani 12000 THAILAND Telephone: (66) 2963-9101 Fax: (66) 2963-9070-1  <b>SVI- at Bangkadi Industrial Park</b> 141 Moo 5, Tiwanon Rd., Bangkadi, Muang, Pathumthani 12000 THAILAND Telephone: (66) 2963-6401 Fax: (66) 2963-6409  <b><u>SVI-at Chaengwattana Road</u></b> 33/10 Moo 4 Soi Chaengwattana-Pakkred 40, Chaengwattana Road, Bangtalad, Pakkred, Nonthaburi 11120 THAILAND Telephone: (66) 2574-5671 Fax (66) 2574-5672-3  <b>Oversea</b> SVI- Tianjin, China 6-C/D, Zhongxiaoyuan, Micro-Electronic Industrial Park, Jin Gang Highway, Xiquing District, Tianjin, P.R. China Telephone: (86) 22 – 2388 5699 Fax: (86) 22 – 2388 5686
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#### **Subsidiaries and Overseas Offices:**

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British Virgin Islands

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Tel: 852-2374 1213  
Fax: 852-2374 1212

**3. SVI CHINA LIMITED (Shenzhen)**

Materials Sourcing Office  
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**5. SHI WEI Electronics (Hong Kong)**

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Fax: 852-2374 1212

**6. SVI A/S (Denmark)**

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Denmark  
Tel: 4536344600

**7. NORTHTEC CO., LTD. (TAIWAN)**

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## References:

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Auditor's Registration Number: 3516

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### C. Legal Advisor

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### D. Financial Advisor

**None**