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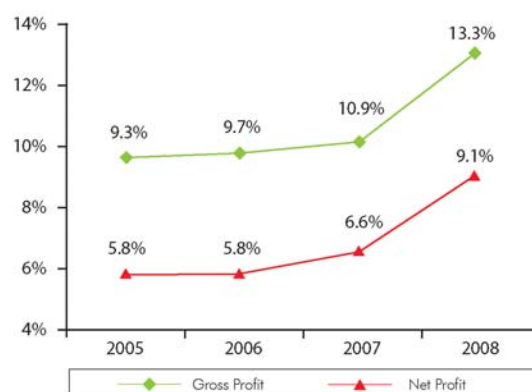
Financial Highlights from Consolidated Financial Statement

Net Sales, Gross Profit and Net Profit

(Unit: Million Baht)



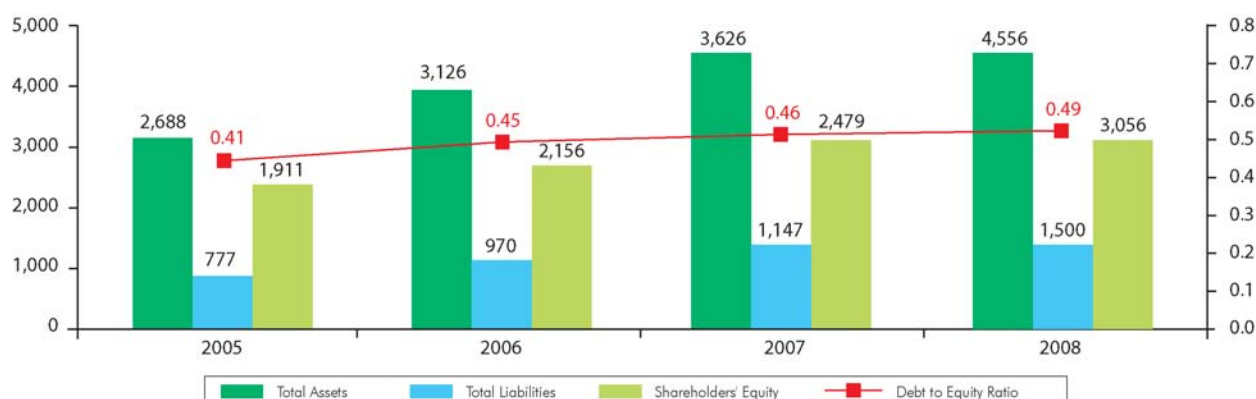
Percentage of Gross Profit and Net Profit



Financial Status

Balance Sheet

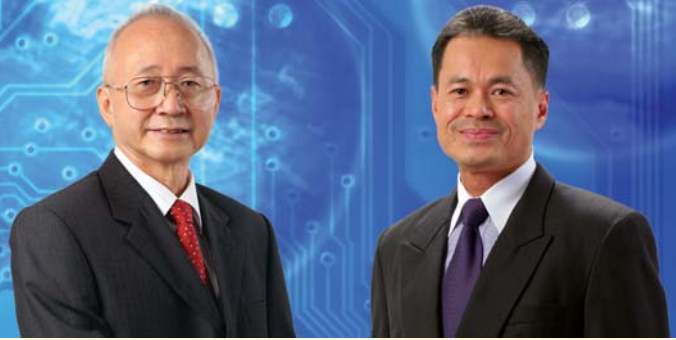
Unit : Million Baht



Financial Ratio

	2005	2006	2007	2008
Gross Profit Margin (%)	9.3	9.7	10.9	13.3
Net Profit Margin (%)	5.8	5.8	6.6	9.1
Return on Assets (%)	9.55	9.42	10.59	14.20
Return on Equity (%)	13.43	13.66	15.49	21.17
Return on Capital Employed (%)	12.14	12.55	14.06	20.33
Current Ratio (Times)	2.88	2.57	2.47	2.73
D:E Ratio (Times)	0.41	0.45	0.46	0.49
Total Assets Turn Over (Times)	1.64	1.63	1.61	1.57
Earning per Share (Baht)	0.18	0.20	0.24	0.41
Book Value per Share (Baht)	1.33	1.48	1.68	2.04

Letter to Shareholders



Dear Shareholders:

In fiscal 2008, SVI continued to show strong revenue growth as it reached USD 215 million (Baht 7,143 million), 23 percent higher than that in fiscal 2007. Net profit improved 68 percent to Baht 647 million, an increase of Baht 263 million from the previous year. Sales growth occurred in all market segments, but was particularly strong in our industrial control and Telecommunication sectors. The growth trend has been strong backed by infrastructure build up and manufacturing boom across Asia and Eastern Europe.

SVI has proven to be a key manufacturing partner to support our customers in this growing market.

In 2008, SVI realigned our business infrastructure to reduce costs, support increased sales and maximize service levels to strengthen customer relationships. Also, our commitment to deliver superior service and highest quality to customers has driven our increasing market share for the year.

We realize customers are continually searching for ways to deliver better products at more cost-competitive prices. SVI is one of the few EMS (Electronic Manufacturing Services) companies that can provide this combination. At the same time, to support the high-efficient production during the past year, we renovated production area at SVI-1, Chaengwattana Road, as to support the current production process and to reduce energy consumption. We also expanded warehouse area to improve our customers' logistic system. We increased our production capacity and office space in SVI-2 factory, Bangkadi Industrial Park. We added newer technology and higher efficiency machines. We have bought a new plant in Thailand, SVI-3, at Bangkadi Industrial Park, Prathumtani, with the production and office space of 41,380 square meter, as to support the expansion of the business. Regarding our plant in Tianjin, China, the operation result in Q4'08 was at break even point. We, moreover, improved supply chain management and kept relationships with our suppliers in order to help our customers reduce their cost of goods sold and to reduce inventory exposure.

The global EMS market will continue to grow with a forecast of \$493 billion in 2012, and industrial and medical product segments are expected to be profitable, with attractive margins.

SVI expects to enjoy healthy long-term growth in industrial products as the market expands and the customers still outsource their development and manufacturing requirements.

With the current economic crisis effecting all manufacturing sectors, SVI will face with some difficulty the first half of 2009, but is expected to start growing again in the second half of this year. The company's goal is to attain balanced growth of revenue, operating income and earnings and to deliver this growth with strong cash flow, while at the same time maintaining a flexible, adaptable model to serve the global market.

We would like to personally 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 continued encouragement and support.

A handwritten signature in black ink, appearing to read 'Dr. Suvarn Valaisathien'.

Dr. Suvarn Valaisathien
Chairman of the Board

A handwritten signature in black ink, appearing to read 'Mr. Pongsak Lothongkam'.

Mr. Pongsak Lothongkam
Chief Executive Officer



Dr. Suvann Valaisathien

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



Dr. Pruchya Piumsomboon

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

Board of Directors

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 Thalang 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. Suvann Law Office
- Executive Director, Berli Jucker Public Co., Ltd.

Education

- Master of Engineering and Ph.D. in Engineering, Operations Research, Texas A&M University, U.S.A.
- Professional Engineer, Operations Research, 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

- Advisory board (e-Industry) of ICT Ministry
- 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 Consultant of more than 5 organizations and companies in U.S.A. and Thailand
- National ITC Master Plan Working Group
- National Information Technology Committee Member

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.
- First Vice Secretary of the Selected Committee on Computer Misleading Act to the Secretary General of the National Legislative Assembly
- Professional Expert to the Chairman of the Election Commission of Thailand
- National Information Technology Committee Member
- The Council of Engineers Subcommittee on the International affairs



Mr. Threekwan Bunnag

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



Mr. Virapan Pulges

Director and Member of the Nomination and Compensation Committee



Mr. Pongsak Lothongkam

Director and Chief Executive Officer

Education

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

Experience

- Director and Deputy Managing Director, Trinity Securities Co., Ltd.

Present Positions

- Independent Director, Audit Committee and the Nomination and Compensation Committee, SVI Public Co., Ltd.
- Director and Chairman, Threewantra Co., Ltd.
- Independent Director and Chairman of the Audit Committee, Siam Industry Pineapple and Others Public Co., Ltd.
- Independent Director, Audit Committee and Nomination Committee, Ticon Industrial Connection Public Co., Ltd.
- Director, TICON Logistics Park Co., Ltd.
- Independent Director and Audit Committee, Living Land Capital Public Co., Ltd.
- Independent Director, Audit Committee and Remuneration Committee, Golden Land Property Development Public Co., Ltd.

Education

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

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 and Member of Nomination and Compensation Committee, 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
- Treasurer and Director, Singapore-Thai Chamber of Commerce

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

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.



Mr. Pongsak Lothongkam
Chief Executive Officer



Mr. Ruangpoj Phakdurong
Vice President of
Business Development



Mrs. Pissamai Saibua
Chief Financial Officer

Management Team

Education

- Bachelor of Science in Electrical Engineering and Computer Science, University of California at Berkeley, USA
- Director Certification Program, Thai Institute of Directors

Working Experience

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

Present Position

- Chief Executive Officer, SVI Public Co., Ltd.

Education

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

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)

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.



Mr. Pornyoot Chinmahavong
Director of Operations

Mrs. Saovane Chirachon
Director of Warehouse Management

Mr. Carsten Bremerskov Kaysen
Director of Sales, Scandinavia

Education

- Master Degree in Engineering, Chulalongkorn University
- Master Degree of Business Administration in Marketing, Dhurakijbundit University

Working Experience

- Director of Quality Assurance, SVI Public Co., Ltd.
- Plant Manager, Drago PCB Public Co., Ltd.
- VCR Factory Manager, Thomson Television Thailand Co., Ltd.

Present Position

- Director of Operations, SVI Public Co., Ltd.

Education

- Bachelor of Engineering (Electrical), Kasetsart University

Working Experience

- Director of Materials Management, SVI Public Co., Ltd.
- Director of Materials, Seagate Technology (Thailand) Ltd.

Present Position

- Director of Warehouse Management, 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. Phichet Kanogsirima
Director of Materials Management



Mr. Virat Phugthai
Director of Business Development



Mr. Visuth Tawatnantachai
Director of Engineering

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)

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 and Materials Management, SVI Public Co., Ltd.

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.

Education

- Master of Science in Industrial and Systems Engineering, Ohio University, Ohio, USA
- Bachelor of Science in Applied Mathematics, Ohio University, Ohio, USA
- Diploma in Chemical Engineering, National Taipei Institute of Technology, Taipei, Taiwan

Working Experience

- Operations Director, Benchmark Electronics Thailand / Pemstar (Thailand) Co., Ltd.
- Senior Engineering Manager, Western Digital Thailand / Read-Rite (Thailand) Co., Ltd.

Present Position

- Director of Engineering, SVI Public Co., Ltd.



Mr. Manoon Noonate
Director of Human Resources



Mr. Suporn Limchunhanukul
Assistant Director of Operations



Mr. Chatchawan Wimukdakom
Assistant Director of Business Development

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.

Education

- Bachelor of Science in Solid State Electronics, King Mongkut's Institute of Technology (Ladkrabang)

Working Experience

- Senior Manager, IE and Facility Department, SVI Public Co., Ltd.

Present Position

- Assistant Director of Operations, SVI Public Co., Ltd.

Education

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

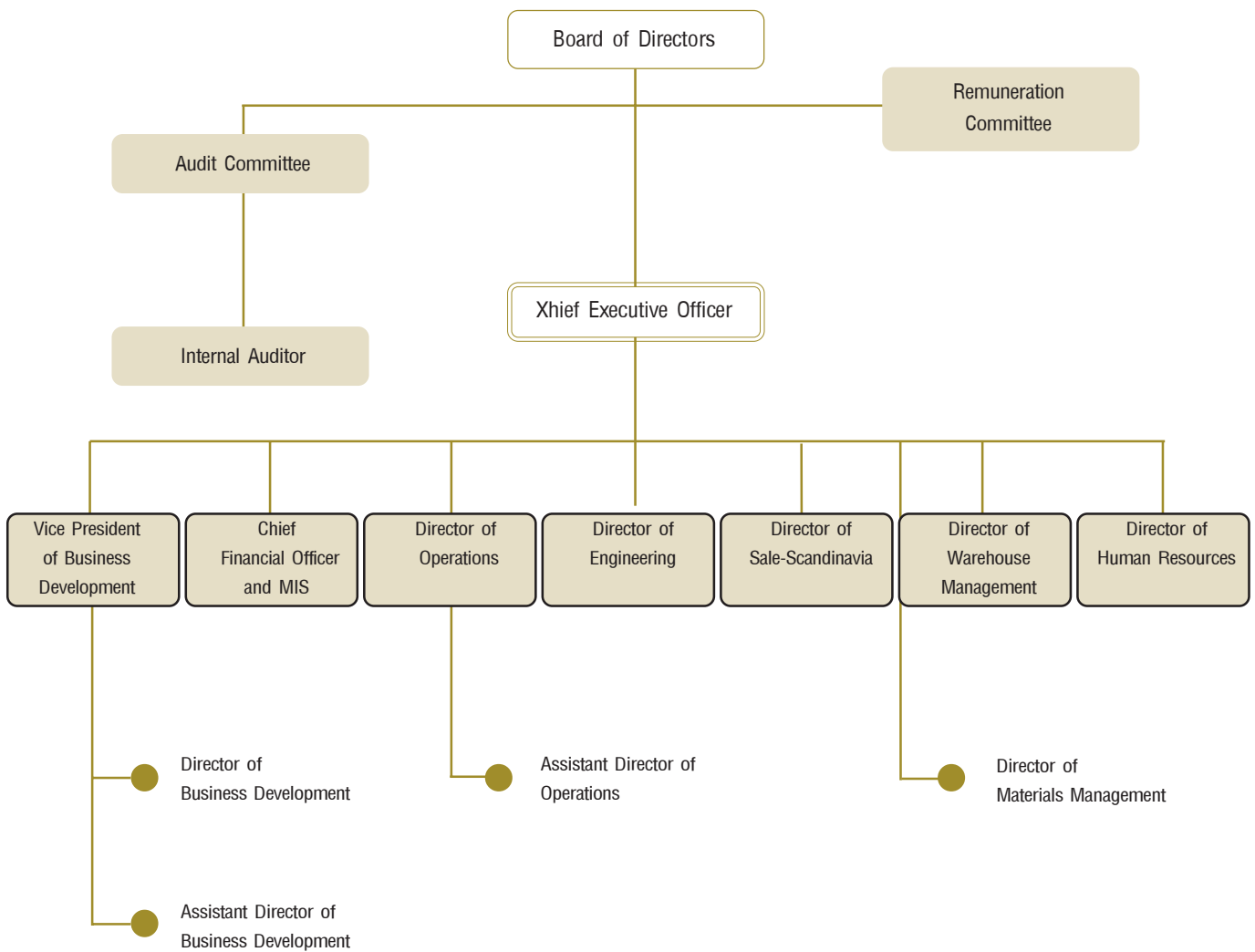
Working Experience

- Assistant Director of Project Coordination, SVI Public Co., Ltd.
- Assistant Director of Test Engineering, SVI Public Co., Ltd.
- Assistant Director, Acting for Quality Assurance Director, SVI Public Co., Ltd.
- General Manager, Engineering & Service, Heidelberg (Thailand) Co., Ltd.

Present Position

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

Organizational Management Structure



Organizational Management

Management Structure

Management structure comprises of the Board of Directors (two Sub-Committees: Audit Committee and Nomination and Compensation Committee) and the Executive Management.

Board of Directors

As of December 31st, 2008, 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. Mr. Virapan Pulges	Director
3. Mr. Pongsak Lothongkam	Director
4. Dr. Pruchya Piumsomboon	Independent Director
5. Mr. Threekwan Bunnag	Independent Director

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

The Authorized Director

The Directors who are empowered to sign on behalf of the Company are the joint signatures of any two of the members of the Board of Directors with the Company's 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.
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, complied 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 possesses good corporate governance, effective internal control system, internal auditing process and risk management as well as approve Audit Committee's report.
5. To be ready to use their own discretion freely on management strategies, resource usage, directors appointment, business standards as well as objection to the actions of other directors or management in case of conflicting opinions resulting in 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 directors are free to make the decisions and are not necessarily influenced by any major shareholders in exercising their decision in order to appease those said shareholders, minor shareholders and other related parties.

8. To disclose of information of the Company in case that there is a connected transaction accordance to the regulations, conditions and approaches set by SEC

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.

The Board of Directors' Secretary

The Board of Directors has appointed its secretary to provide advice on any laws, procedures that the Board of Directors must follow. 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 will follow the relevant laws and regulations on the information disclosure.

Company's Secretary

For good governance practice, the Directors appointed Ms. Pissamai Saibua to be the Company's secretary assisting the Directors in ensuring that the Company has suitable, efficient and transparent operation. On behalf of the Directors, the Company's secretary responsibilities are as below;

1. Preparing and storing documents as below;
 - 1.1 Directors' Profile
 - 1.2 Invitation Letter to the Meeting and Minute Report of the Board of Director and the Company's annual report
 - 1.3 Invitation letter to shareholders for Annual General Meeting of Shareholders
- 2 Storing the reports of disclosure of the company's connected transactions reported by Directors or management
- 3 Others accordance with SEC's regulations

Audit Committee

As of December 31st, 2008, SVI's Audit Committee consisted of 3 members:

Name	Position
1. Dr. Suvarn Valaisathien	Chairman of the Audit Committee
2. Dr. Pruchya Piumsomboon	Audit Committee
3. Mr. Threekwan Bunnag	Audit Committee

Mr. Thanaphat Pimpfahu is 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. To review and ensure the Company's financial reporting process is accurate and adequately disclosed.
2. To review and ensure the Company's internal control and internal audit systems are appropriate and effective.
3. To review the Company's compliance with laws on securities and exchange, regulations of the Stock Exchange and laws relating to the Company's business.
4. To consider, select, and nominate the Company's auditor and recommend the auditing fee.

5. To consider and ensure the accuracy and completeness of the disclosure of information of the Company in case of a connected transaction or transaction that may lead to conflicts of interest.
6. To prepare the Audit Committee's report, duly signed by the Audit Committee Chairman, for disclosure in the Company's annual report.
7. To perform any other act as assigned by the Board of Directors with the consent of the Audit Committee.
8. To report directly to the Company's Board of Directors.

Nomination and Compensation Committee

As of December 31st, 2008, SVI's Nomination and Compensation Committee consisted of 4 members:

Name	Position
1. Dr. Suvam Valaisathien	Chairman of the Nomination and Compensation Committee, Independent Director
2. Dr. Pruchya Piumsomboon	Non-Executive Director, Independent Director
3. Mr. Threekwan Bunnag	Non-Executive Director, Independent Director
4. Mr. Virapan Pulges	Non-Executive Director

Authority and Responsibilities of the Nomination and Compensation Committee

1. To consider and approve the appointment of the Company's Board of Directors and Chief Executive Officer.
2. To reasonably consider criteria of remuneration policy to be paid to the Company's Directors and the Chief Executive Officer.
3. To review and approve ESOP offered to employees and the Board of Directors.

Management

As of December 31st, 2008, 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. Pornyoot Chinmahavong	Director of Operations
5. Mr. Carsten Bremerskov Kaysen	Director of Sales - Scandinavia
6. Mrs. Saovanee Chirachon	Director of Warehouse Management
7. Mr. Phichet Kanoksirima	Director of Materials Management
8. Mr. Virat Phugthai	Director of Business Development
9. Mr. Visuth Tawatnantachai	Director of Engineering
10. Mr. Manoon Noonate	Director of Human Resources
11. Mr. Suporn Limchunhanukul	Assistant Director of Operations
12. Mr. Chatchawan Wimukdakom	Assistant Director of Business Development

Authority and Responsibilities of the Chief Executive Officer

1. To take actions on behalf of the Board in operating business of the Company and ensure that such action is taken under rules, regulations, policies and resolutions set by the Board and from the shareholders meeting.
2. To be responsible for running the Company, managing the business in line with the objectives, plan, policies, rules and budget approved by the Board.
3. To daily exercise executive stewardship of the Company's physical, financial and human resources.
4. To set objectives, policies and strategies of the Company as well as direct and monitor overall operation for the maximum benefits of the Company and to report all the 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, order, announce and set the Company's rules in order to keep internal discipline within the Company.
8. To approve all actions under rules and from the Board's approval.
9. To be able to delegate the authority to other persons to operate specific functions on behalf. This delegation has to be made under the limitation stated in the letter of authority delegation or to follow rules, regulations and orders of the Board.
10. To occasionally take other actions as assigned by the Board.

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 and the directors so appointed are subject to the approval by the SET. Qualified directors should be honest and have proper management skills. Nomination of directors comes from the resolution of the Board of Directors and the meeting of shareholders.

Appointment of the Board of Directors

The Board of Directors shall consist of not less than five persons. Not less than one half of the number of such directors must reside within the Kingdom of Thailand. Qualifications of all directors must be complied with the law.

The directors shall be elected at the shareholders' meeting in accordance with the criteria and procedures as follows:

1. Each shareholder shall have one vote for one share.
2. Each shareholder may exercise all the votes he or she has under criteria 1 to elect one or several persons as director or directors, but the shareholder may not split his or her votes between any directors or any group of directors.

3. Persons who receive the highest votes arranged in order from higher to lower in a number equal to that of the number of directors to be appointed are elected to be the directors of the Company. In the event of a tie at a lower place, which would make the number of directors greater 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 conversion 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 vacating director may be eligible for re-election with no limitation of time.

The company's director can be a director of other companies with no limitation of the companies, however, The Nomination and Compensation Committee will select a director who are capable, knowledgeable and dedication to the company.

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 5% of paid-up capital of the Company and its subsidiaries.

Nomination of the Audit Committee

The Company's Audit Committee consists of three members. All members are independent, non-executive directors, and have 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 years term.

Nomination of Management

The Board of Directors authorizes the Chief Executive Officer to search for qualified managements.

Director Remuneration

In 2008, a total of Baht 4,570,000 was paid to the Company's directors and audit committees as following details.

	Meeting Attendance (Time)	Board of Directors		Audit Committee		Total Remuneration (Baht)
		Director's Remuneration	Meeting Allowance	Committee's Remuneration	Meeting Allowance	
1. Dr. Suvarn Valaisathien	8	600,000	270,000	200,000	-	1,070,000
2. Dr. Pruchya Piumsomboon	8	400,000	180,000	200,000	200,000	980,000
3. Mr. Threekwan Bunnag	8	400,000	180,000	200,000	200,000	980,000
4. Mr. Virapan Pulges	8	400,000	180,000	200,000	-	780,000
5. Mr. Pongsak Lothongkam	7	400,000	160,000	200,000	-	780,000
Total		2,200,000	970,000	1,000,000	400,000	4,570,000

Management Remuneration

In 2008, a total of Baht 42,745,187 was paid to the Company's management executives as following details.

Type of Remuneration	2008	
	Number of Management	Baht
Monthly Salary and Bonus	13	41,588,167
Provident Fund	11	1,157,020

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 over	5

Warrant

The Company issued the warrants to purchase the ordinary shares to the directors and employees of the Company. If the directors and employees need to exercise the rights, they need to remain employee status of the Company on each of the exercise date. At time they resign, are retired or not employed by the Company, the rights of warrant will be canceled.

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 include the shares or warrants holding by their partner in marriage and children under 20 years old. The percentage of shareholding in 2007 and 2008 was based on the total of 1,478,508,320 and 1,500,177,850 common shares respectively.

	Common Shares				Warrant Units	
	As of December 31, 2007	% of share holding	As of December 31, 2008	% of share holding	As of December 31, 2007	As of December 31, 2008
Board of Directors						
1. Dr. Suvarn Valaisathien	1,040,000	0.070	1,420,000	0.095	260,000	-
2. Dr. Pruchya Piumsomboon	1,000,000	0.068	1,000,000	0.067	187,500	-
3. Mr. Threekwan Bunnag	1,100,000	0.074	700,000	0.047	162,500	-
4. Mr. Virapan Pulges	100,000	0.007	100,000	0.007	-	-
5. Mr. Pongsak Lothongkam	42,092,660	2.847	61,209,330	4.080	-	-
Management						
1. Mr. Ruangpoj Phakdurong	2,050,000	0.138	3,475,000	0.232	-	-
2. Mr. Pornyoot Chinmahavong	600,000	0.041	300,000	0.020	-	-
3. Mrs. Pissamai Saibua	1,425,000	0.096	1,125,000	0.075	50	50
4. Mr. Carsten Bremerskov Kaysen	750,000	0.051	750,000	0.050	-	-
5. Mrs. Saovane Chirachon	-	-	-	-	-	-
6. Mr. Manoon Noonate	600,000	0.041	900,000	0.060	-	-
7. Mr. Phichet Kanoksirima	200,000	0.014	993,700	0.066	75,000	75,000
8. Mr. Virat Phugthai	750,000	0.051	1,025,000	0.068	-	-
9. Mr. Visuth Tawatnantachai	-	-	-	-	-	-
10. Mr. Suporn Limchunhanukul	-	-	-	-	-	-
11. Mr. Chatchawan Wimukdakom	-	-	200,000	0.013	-	-
Total	51,707,660	3.498	73,198,030	4.879	685,050	75,050

Personnel

As of December 31st, 2008, the Company's total number of employees was 2,529, and could be divided by department as follows:

Department	Number of Employee
1. CEO Office	12
2. Program Management	41
3. Materials Management	75
4. Business Development	33
5. Manufacturing	1,616
6. Engineering	211
7. Tooling	0
8. Quality Assurance	143
9. Human Resources	29
10. Finance & Accounting	30
11. MIS	15
12. Warehouse DC	302
13. Facility	22
Total	2,529

Number of Employees During the Past Three Years

Year	Number of Employees	Increase / (Decrease)	%
2006	2,047	323	18.73
2007	2,074	27	1.30
2008	2,529	455	21.94

2008's Remuneration for Employees

Type of Remuneration	Monthly Employee	Daily Employee	Total
Salary (Baht)	227,489,967.22	116,386,090.41	343,876,057.57
Bonus and others (Baht)	24,451,788.00	14,429,657.97	38,881,445.97
Company's Contribution to Provident Fund (Baht)	5,689,924.00	1,424,631.00	7,114,555.00

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 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 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

To prevent the Company from any unexpected outcomes and to ensure that the Company has effective operation, the internal control covers in financial report and protection of the Company's assets from being sourced, used and sold by unauthorized person. The internal control includes appointing duties and clear delegation of authorizations and responsibilities as well.

Furthermore, the Company implemented the latest technology for the internal control, ERP from SAP, in area of account, finance and inventory management. E-Procurement system is also used for purchasing process such as price auction by consideration from Approved Vendor List of the Company.

Production Quality Control is ISO 9001:2000 certified by TUV Rheinland and the Company also receives certification in environment of ISO 14001:2004 by AJA Registrars.

The Audit Committee has set up the internal audit department which is directly reported to the Audit Committee for assertion of the effectiveness of internal control. While the external auditor has random inspections of internal control, if any defects in operation are found, the Audit Committee will be reported. For year 2008, the Audit Committee has not been reported of any significant defection in the internal control process.

The Board of Directors meetings took place during 2008 in which all three members of the Audit Committee also attended, have reviewed the Company's internal control systems and discussed with the management.

The Board of Directors was of the opinion that, the Company has an adequate system of internal control in place. Furthermore, the Board of Directors also views that the Company had implemented a system of internal controls that is capable of monitoring transactions between the Company and its connected parties.

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: Dr. Suvarn Valaisathien, Chairman of the Audit Committee; Dr. Pruchya Plumsomboon, Audit Committee and Mr. Threekwan Bunnag, Audit Committee. They are all qualified in accordance with the standards 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 will need to direct the Company to have 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 conduct other duties as delegated by the Board of Directors.

During 2008, the Audit Committee had taken responsibilities as entrusted by the Board of Directors, holding 4 meetings in which top management, internal auditor and external financial auditor attended as appropriate. Important activities were as follows:

- 1) Examined the overall accuracy of the 2008 quarterly financial statements and the annual financial statements which had been audited by the Company's external auditor prior to submitting to the company's Board of Directors for approval.
- 2) Considered and reviewed the corporate governance policy as well as risk management policy in compliance with the principles for listed companies prescribed by the SET prior to submitting to the company's Board of Directors for approval.
- 3) Considered and set the 2008 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. Acknowledged the results of internal auditing and provided recommendations in order to improve internal auditing system.
- 4) Examined the Company to operate in compliance with the SET's good corporate governance.
- 5) Considered and selected the external auditor for the year 2008 as well as recommended remuneration for the external auditor to the Board of Directors and to the General Shareholders' Meeting for further approval.
- 6) Considered and controlled the accuracy of the Company's information disclosure in case any related transactions or conflicts of interest occurred.

The Audit Committee commented that the separate and consolidated financial statements of the Company and its subsidiaries as at December 31, 2008 and 2007, as well as the internal control system were present fairly, in accordance with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Dr. Suvarn Valaisathien'.

Dr. Suvarn Valaisathien
Chairman of the Audit Committee

The Board of Directors' Responsibility Report to Financial Statements

The Board of Directors is responsible for the consolidated financial statements of SVI Public Company Limited and its subsidiaries, together with all financial information shown in this annual report. The aforementioned financial statements have been prepared in accordance with generally accepted accounting standard in Thailand. Appropriate accounting policies were selected and applied consistently. All specific information has been sufficiently disclosed in the notes of financial statements as well as unconditionally audited by independent auditors. As a result, shareholders and general investors can gain benefits from this true, transparent information which reflects actual financial performance of the Company.

The Board of Directors encourages the practice of good corporate governance in the Company to ensure efficient, appropriate internal control system and smooth operation. The accounting data must be accurate, reliable and adequate to protect its assets and not to allow any fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit Committee to be responsible for the validity and reliability of financial information, and also to provide an assessment of the Company or and its business system of internal control. Such systems must adhere to generally accepted standards set by governing bodies that regulate businesses. The opinion of the Audit Committee appears in the Report of the Audit Committee in this annual report.

In the view of The Board of Directors, the 2008 consolidated financial statements of SVI and its subsidiaries reviewed by the Audit Committee in collaboration with the Management and the external auditor are presented in a complete, accurate and fair manner. The Company's overall internal control system is also at the satisfactory level, being able to create reliability of the Company and its subsidiaries among the general public.

The Board of Directors

Corporate Governance

The Company has implemented its corporate governance practice in compliance with the principles prescribed by the Stock Exchange of Thailand (the Principles Good Corporate Governance for Listed Companies in 2006).

Article 1 Rights of Shareholders

It is the Company's policy to respect the rights of shareholders and to facilitate the exercise of those rights, including the right to attend Annual General Meeting of Shareholders (AGM) and to vote, and refraining from any action that impedes these opportunities. Shareholders can protect their interests by exercising their rights to ask questions, express opinions, offer recommendations, and vote at AGM. Shareholders have the rights to participate in making decisions concerning on any significant corporate changes, such as the election or removal of directors, nomination of independent directors, appointment of 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 will announce the invitation of AGM on our website in advance to give shareholders sufficient time to send in questions and names of nominees for election as directors. Shareholders will receive adequate, accurate, complete, transparent, timely and verifiable information on which to form decisions. Information accompanying the agenda for AGM are posted on the Company's website prior to being mailed to shareholders.

The Company will prepare notice of the shareholder meeting specifying the meeting venue, date, time, agenda, and matters to be proposed at the meeting together with appropriate details. It shall be clearly specified whether the matter is proposed for information or consideration, and the opinion of the Board of Directors on such matter shall be included. Announcement will be made on the Company's website prior to the meeting to give shareholders an opportunity to add items to the agenda. Shareholders shall be notified of any additional items to the agenda. Notice of AGM shall be delivered to all shareholders and the registrar not less than fourteen days prior to the meeting. In the event of an emergency to protect the rights and benefits of the Company, notice can be sent not less than seven days in advance. Information regarding items to be decided at the meeting shall be posted on the Company's website prior to be delivered to shareholders.

Article 2 Equitable Treatment of Shareholders

The company have treated all shareholders in equitable to promote investor confidence. Shareholders have the right to assign proxies to attend the AGM and vote on their behalf. Conditions to assigning proxies conditions 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 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 reviewed by shareholders. The Company has in place measures 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.

- Shareholders:** The Company represents the shareholders in conducting business with transparency, putting in place reliable finance and accounting systems, creating optimum satisfaction for shareholders in the Company's long term growth and sustained returns.
- Employees:** The Company treats its employees on a fair and equitable basis with proper rates of returns including fringe benefits such as provident fund, medical fee and having the Employees' Savings and Credit Cooperatives.

Customers:	The Company takes good care of and be accountable to the customers by developing services, widening service channels/alternatives, retaining customers' information in strict confidentiality, and systematizing treatment of customers' complaints to enhance rapid conclusion and solution on a fair basis.
Partners:	The Company has always complied with the terms and conditions set out in the credit agreements with the financial institution. It also develops a long-term relationship with partners which will finally create chained value to customers.
Competitors:	The Company adheres to the rules of fair competition adopted by the same industry.
Community and Environment:	With dedication to social responsibility, the Company has carried out its business with integrity and carried out its business with integrity and provided constant support to social activities in the areas of the environment, education, sports, community, and public welfare.

Article 4 Disclosure and Transparency

SVI discloses information on material matters regarding the Company, such as financial reports and other information, that are clear, concise, 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 which appear together with the audited report of the certified public accountant in the annual report.

The Company requires all employees to perform their duties with best interest of the Company. Actions and decisions must be free from the influence of personal gains of family, relatives or other associated persons. Employees must employ the same standard in complying with the rules and procedures of the Company. Measures have been adopted to deter employees from illegally using inside information for personal gains or for gains of family or associated persons and to protect non-public information and documents, such as information on business activities or future plans.

The Company has a policy of prohibiting its management team and employees 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, management, 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.

Directors and management have to report the selling and buying of the Company's shares in a form set by the Company. The report needs to be submitted on the working day following the day of selling or buying the shares. In case directors and management report to the SET themselves, they need to report to the Company as well. The Company will clarify to the shareholders and investors via in the SET once any true or untrue 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 best practices of leading international organizations. A number channels are available to communicate effectively with investors, analysts, media and others. Opportunity is also provided for investors to raise questions and receive Company 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), all of which provide quick access to clarify and answer questions from investors.

Article 5 Board Responsibilities

5.1 Board Structure

Independent directors on the Board of Directors' represent at least one-third of all directors and must 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, are knowledgeable, capable and experienced in business management, and perform the duty of setting policies, corporate vision, strategies goals, mission, business plans and budgets as well as oversight of management of the Company by executives according to defined policies in compliance with the framework of laws, objectives, Company Regulations and shareholder resolutions. Directors discharge their responsibilities accountably, honestly, and discretely according to principles of best practices. The Board of Directors is led by the Chairman who is a qualified leader and highly capable of guiding executives to perform effectively, adding greater economic value to the business and providing reasonable security for shareholders.

The Chairman of the Board of Directors and the Chief Executive Officer of the Company is not the same person. The Chairman is independent from the major shareholder and does not hold any position in the management and is not an employee of the Company. In addition, the Chairman is free of any present, direct or indirect, financial or other interest in the management and business of the Company.

As at December 31, 2008, 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 set out in the *Organizational Management* section.

5.2 Sub-Committees

The Board has established two group of sub-committees to assist in effectively discharging its responsibilities. As at December 31, 2008, the standing sub-committees comprised:

- **Audit Committee** of three members, all of whom were independent directors. The qualifications of the members meet the requirements stipulated in the announcement of the Stock Exchange of Thailand regarding qualifications and scope of work of the audit committee. It has been assigned to perform audits to ensure that the systems in place provide checks and balances in the management of various activities which will promote reliability, integrity and serve the best interests of all stakeholders. The names and role and responsibilities of the Audit Committee are set out in the *Organizational Management* section.

- **Remuneration Committee** consisted of four members, three of whom were independent directors, and the other one is non-executive director. The names, role and responsibilities are set out in the *Organizational Management* section.

5.3 Responsibilities of the Board of Directors

The Board of directors provides leadership, vision and independent decision-making for the optimum benefits of the Company and shareholders. The Board of Directors ensures a clear separation between its supervisory function and the management function, and oversees that systems are in place to enhance the legal and ethical integrity of business operations. All directors understand the duties of the Board of Directors and the business of the Company. Duties are discharged with honesty and in good faith, using due care and diligence, and with regard for the highest benefits of the Company and the fair treatment of all shareholders. The role and responsibilities of the Board of Directors are set out in the *Organizational Management* section.

5.4 Board Meetings

Meetings of the Board of Directors are planned in advance and members are notified in order to arrange their schedules to attend the meetings. The Chairman of the Board approves matters to be included in the agenda in consultation with the Managing Director and in response to request by directors to incorporate other major issues in the agenda. Supporting documents are distributed to each director well before the meeting to provide sufficient time to study and reach an informed decision on each item for consideration.

The Board meeting is held regularly at least once a quarter. The secretary of the Board of Directors will schedule the date and agenda of the regular meeting in advance. In each meeting session, the management prepares information to support 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. Meeting minutes are taken in written form and the certified copy of which will be kept for inspection by the concerned parties.

The Audit Committee meeting is held regularly at least once a quarter. At the meeting, the Audit Committee made consideration, selection, and nomination of auditor as well as fixed the audit fee; provided opinions in the interim and annual financial statements duly reviewed or audited before submission for the Board's consideration; considered compliance with the accounting standard and disclosure of information in the financial statements; reviewed the disclosure of related or connected transactions; and considered the appropriateness of the corporate governance and internal audit plan.

The table below shows the meeting attendance of the Board of Directors in 2008:

Name	2007 Shareholder Meeting		Board of Directors Meeting	Sub-Committee Meeting	
	Ordinary Shareholder Meeting	Extraordinary Shareholder Meeting		Audit Committee	Remuneration Committee
1. Dr. Suvarn Valaisathien	1/1	-	8/8	4/4	1/1
2. Dr. Pruchya Piumsomboon	1/1	-	8/8	4/4	1/1
3. Mr. Threekwan Bunnag	1/1	-	8/8	4/4	1/1
4. Mr. Virapan Pulges	1/1	-	8/8	-	1/1
5. Mr. Pongsak Lothongkam	1/1	-	7/8	-	-

5.5 Performance Evaluation

The Board of Directors evaluates on individual directors and the collective Board to facilitate an examination of the performance of the Board. The process will set the standard of Board practice from which to measure future performances on an annual basis. The performance of Board duties and corporate governance is reported in the annual report.

5.6 Remuneration

It is the Company's policy to compensate directors and Chief Executive Officer at reasonable levels to motivate and retain quality directors or at levels comparable to industrial practices. The remuneration is linked to the Company's performance. The Remuneration Committee sets the remuneration policy, payment method, and reports the remuneration performance to the Board of Directors for approval at the shareholder meeting. Details of remuneration payments to directors and executives in 2008 are set out in the *Organizational Management* section.

5.7 Continuing Education Of Directors and Management

The Board promotes and facilitates training and the continuing education of those associated with the corporate governance system, such as directors, Audit Committee members, executives, Company's secretary. This enables continuous improvements to work practices. In addition, incase there are new directors, they will receive documents and materials beneficial to performing the new duties. Sessions are also organized to educate new directors about the Company's businesses and strategic plans.

Background and Key Development

SVI Public Company Limited, formally known as Semiconductor Venture International Limited, was established on the August 2nd, 1985 to operate Electronics Manufacturing Services (EMS).

The company's background and major developments are as follows:

- 1989** Listed on The Stock Exchange of Thailand.
- 1994** Converted to a Public Company Limited on May 25th, using the name Semiconductor Venture International Public Company Limited and focusing on more complicated electronics products and Box-Build.
- 1995** Received the quality certificate ISO 9002:1994 from TRADA, a leading multi-sector certification body accredited by UKAS (United Kingdom Accreditation Service).
- 1997** Asia Pacific Electronic Company Limited, a company within H&Q Asia Pacific Group, acquired 94.5% of shares in the company from Bangkok Bank Public Company Limited which made Asia Pacific Electronic a major shareholder.
- 1999** Received the quality certificate ISO 9002:1994 from QSU (Quality Science Universal), Singapore.
- 2000** Started high technology production process by implementing Micro-BGA and Flip Chip Lines.
- 2002** Received ISO 14001:1996, the Environmental Management System certificate, from the AJA Registrars.

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** Changed the company's name to SVI Public Company Limited on February 5th.

Passed the basic test of the quality standard ISO 13485:2002, a standard in manufacturing medical equipment.

- 2004** Set up the second factory (SVI-2) in Bangkadi Industrial Park, Pathumthani province and implemented a new ERP system (SAP) to manage operation and raw materials.
- 2005** Implemented quality management system of ISO 9001:2000 and ISO/TS 16949:2002 in SVI-II.

Received ISO 14001:2004, the Environmental Management System certificate, which is an upgraded standard from ISO 14001:1996 received earlier from the AJA Registrars as well as passed the surveillance audit of ISO 9001:2000, ISO/TS 16949:2002 and ISO 14001:2004.

Increased production capacity at SVI-2 and adjusted production lines at SVI-I to be able 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 third factory (SVI-3), located in Tianjin, China started operation early in this year and later received ISO 9001:2000 Quality Management System certificate from TUV Rheinland Thailand Ltd.

2007 Built a new warehouse in SVI-1, using 600 square metres to meet the site expansion plan.

Added one more “In-line Hydro Cleaning” washing machine for PCBA to improve washing capacity and performance in SVI-1.

Expanded production space and added more machines in SVI-2 to increase capacity.

SVI-3 in Tianjin, China received ISO 9001:2000 with the expansion of product quality certification from only PCBA to both PCBA and Box-Build and passed the basic test of ISO 14001:2004, Environmental Management System, certified by the Chinese organization.

“SVI” par value was changed from 10 Baht to 1 Baht and adjusted in the trading system effective from May 18, 2007 onwards.

2008 SVI-1: renovated production area, 3,300 square meters, for supporting new machine and energy saving, including the expansion of the existing warehouse of 750 square meters to support more customers on distribution center services.

SVI-2: Installed additional high-technology and high speed machine for 5 lines, including the expansion of the mezzanine office area of 800 square meters as to support additional demands

Purchased the third new plant in Thailand, at Bangkadi Industrial Park, Prathumtani, with the production and office space of 41,380 square meters, in order to support the expansion of the business.

Characteristics of Business

Type of Business

The company has been providing 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 changed its business strategy to focus on box-build and system-build product manufacturing. SVI's business can be currently categorized as follows:

1. Turnkey Box-Build

Apart from manufacturing 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 and Network Equipment for printers and video cameras. The products in this category account approximately 55% of the total revenue in 2008.

2. 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 11% of the total revenue in 2008.

3. PCBA Assembly

PCBA assembly service is the company's original business. The products in this category account approximately 34% of the total revenue in 2008.

Type of Product

In 2008, SVI has divided its products into 6 categories as follows:

1. Industrial Control System
2. Hi-End Office Automation
3. Hi-End Telecommunications
4. Professional Audio and Video
5. Automotive Electronics
6. Medical Laboratory Equipment

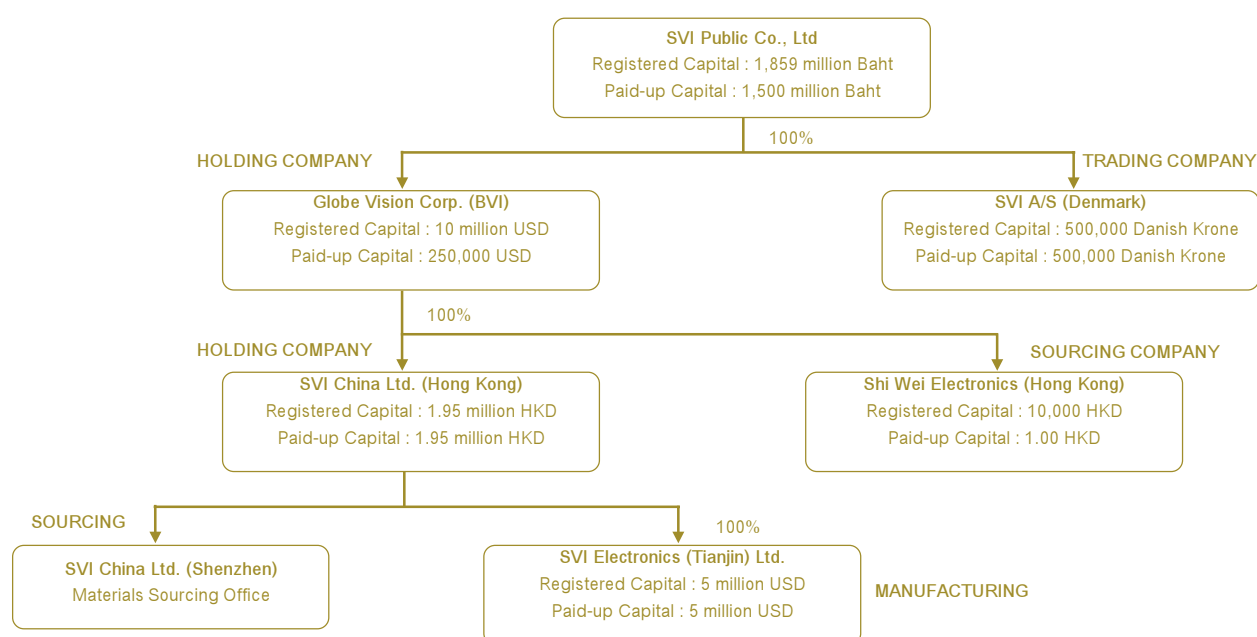
Manufacturing Facility

SVI has four manufacturing plants which three of them are in Thailand and the rest in China. SVI-I is located on Chaengwattana road, Nonthaburi province, focusing the production on Professional Audio and Video products. SVI-II, the main factory, is located in the Bangkadi Industrial Park, Pathumthani province which most of the products manufactured from this factory are those in Industrial Control category. SVI-III has been bought in 2008, as to support the growth of business, located at the Bangkadi Industrial Park, has not been started the operation yet. The forth plant is in Tianjin, China, started operation early in 2006 with the aim to support customers whose offices are in China.

BOI Privilege

The company, both at SVI-1, located at Chaengwattana Road, and SVI-2, located at the Bangkadi Industrial Park, have been granted for the exemption of import duty of essential materials, machinery and equipment, including the corporate income tax by Thailand's Board of Investment (BOI).

Company and Subsidiaries



Revenue Structure

Listed below are the revenue structure of the company, during 2005 – 2008 by product category.

Income Structure	2005 (Consolidated)		2006 (Consolidated)		2007 (Consolidated)		2008 (Consolidated)	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Sales Income								
1. Industrial Control	1,866.9	41.9	3,019	58.5	3,433	58.2	4,220	58.4
2. Telecommunications	653.9	14.7	413	8.0	471	8.0	718	9.9
3. Office Automation	1,277.4	28.7	1,231	23.9	1,465	24.9	1,708	23.7
4. Medical Laboratory Equipment	46.7	1.0	98	1.9	70	1.2	65	0.9
5. Automotive Electronics	85.9	1.9	68	1.3	30	0.5	39	0.5
6. Professional Audio & Video	461.8	10.4	275	5.3	350	5.9	367	5.1
7. Consumer	5.8	0.1	0	0	1	0	26	0.4
Total sales income	4,398.4	98.7	5,104	98.9	5,820	98.7	7,143	98.9
Gains on exchange rates	19.2	0.4	20	0.4	32	0.6	21	0.3
Other sales incomes*	38.9	0.9	35	0.7	42	0.7	57	0.8
Total	4,456.5	100	5,159	100	5,894	100	7,221	100

* Other incomes: Warehouse rental service and sales of scrapped materials

Operational Improvement

In 2008, 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-known 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 reduce 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.

Sale Income by Region	2005 (Consolidated)		2006 (Consolidated)		2007 (Consolidated)		2008 (Consolidated)	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Scandinavia	2,152.2	48.9	2,977	51.1	2,391	46.8	3,853	53.9
USA	598	13.6	341	5.9	363.7	7.1	387	5.4
Europe	139.5	3.2	225	3.9	200	3.9	264	3.7
Global (customers who have subsidiaries in many countries)	1,319.2	30	1,978	34	1,828.7	35.8	2,326	32.6
Total Overseas Market	4,208.9	95.7	5,521	94.9	4,783.4	93.7	6,830	95.6
Domestic & Others	189.5	4.3	299	5.1	320.6	6.3	313	4.4
Total Sales*	4,398.4	100	5,820	100.0	5,104	100	7,143	100.0

*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 service to customers by having our material procurement offices in Denmark, China and the central procurement units in Thailand. This, we can support customers who require us to be their material supplier. Moreover, to save cost and to bring more production efficiency, we have professional technician teams to investigate the PCBA quality before starting the actual production. We also provide design service for test equipments 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 customer, gaining more business competitive in term of time to the market and design involvement from the beginning of product life cycle.

Manufacturing

SVI has a plan to increase capacity properly along with the improvement of product quality and production capability. Our plan is developed to well support the increasing customers' demand, high complex production and to catch up with the fast-moving technology. In 2008, we expanded 23% of our production space in SVI-2 and increased 5 production lines. One in-line hydro cleaning washing machine was added at SVI-1 as to improve our washing capacity technology and performance.

Product

High value-added products in such Industrial Control and Office Automation category continue to receive heavy emphasis at SVI. These products have different variants, long life-cycle and gain high labor cost. As for the low order volume, other bigger players in the same industry will not focus the business on this high-mixed type of product. Neither the same nor small sized companies do owing to the lack of material management and production skill. SVI has stopped manufacturing Consumer electronic products due to their low added-value as well as the rapid change.

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. 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. 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. SVI-3, located in Tianjin, China started operation and later received ISO 9001:2000 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. 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. 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 online document controlling system, has been implemented for SVI's factory in Thailand and China as well. 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.

2. Material Sourcing

Most of our major materials are imported from Denmark, Singapore, Hong Kong, Japan and USA.

In order to receive orders from customers and be able to manufacture continually, SVI gives very much attention to cost and time delivery when sourcing for raw materials.

However, SVI also has a strong strategy for the purchasing procurements applied to our purchasing offices located at Denmark, China and Thailand, in which the lists of required materials are distributed to those procurement offices and other suppliers, however the final decision on material purchasing will be controlled by the central office in Thailand. The purchase of materials can be made by either dealing directly with suppliers or making orders through the procurement offices, depending on the cost and other conditions. While remaining material sourcing in foreign countries, we also have a future plan to source materials in Thailand, which are mainly based on reasonable cost and quality of product.

In 2008, our customers placed orders in shorter period of time whereby some raw materials, such as semi-conductor and frequency generator taking longer time to obtain. Thus, we had to order materials in advance, based on the demand forecast. The increase of oil price at the first half of the year was mainly caused to the higher price of raw materials from petrochemical, plastic and steel. The logistic cost was higher as it's related to the price of fuel as well.

However, the company has no interruption on the shortage of materials, because we have the contract with our key suppliers through VMI (Vendor Management Inventory) system in order to control our inventory process.

Starting at the end of this year, the demand of electronics parts has been reduced, thus, the materials can be supplied in a shorter lead time. However, our customers have requested us to produce more new products which we had to manage to get required materials in a shorter lead time.

3. Product Testing

Prior to start the mass production, SVI has to perform the test run, in order to ensure that the quality of products produced as a sample are qualified per customers' requirement.

4. Environmental Care

SVI controls material waste from production process by having companies, licensed by Industrial Works Department, Ministry of Industry, being responsible for all solid waste. Moreover, we construct the vapor ducts at the soldering stations to separate the gas and contamination particles by the Wet Scrubber before releasing the clean air back to the atmosphere. All in all, neither we have any substantial expense nor conflict on the environmental issue.

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 Environmental Management System Committee to take care of the environmental matters, reduce pollution problems and

maintain good quality of life for its employees, community and society. Examples of our environmental care are that we improve the cleaning process by using water instead of CFC solution to clean printed circuit boards and that we design our manufacturing process to be lead-free.

In recognition of our commitment to environmental excellence, SVI received ISO 14001:1996, the Environmental Management System certificate, from the AJA Registrars and both factories in Thailand received ISO 14001:2004, the Environmental Management System certificate, which is an upgraded standard from ISO 14001:1996 in 2002 and 2005 respectively.

Industry and Competition Trend

Electronics Manufacturing Services (EMS) is an industry to support electronics product industry. The latter depends on global economic situation and overall demand. In Thailand, almost all EMS and electronics products are for export and the value has been increasing every year in the past four years.

Industrial Control products that SVI manufactures slightly depend on economic condition since the demand of this product category is generated by different industries. Once there is a recession in one specific industry, SVI can change its direction to serve other industries, and selling price is not the main factor when competing in this product category as customers always put more concern on quality.

Our competitors in European and Scandinavian markets are companies from the USA, China and Malaysia. In the US market, we have companies from South Korea, Mexico, Malaysia and the USA itself as our competitors. In comparison, we have competitive ability at the same level as countries in South East Asian (SEA) region do. At the same time, our competitive ability on the production cost is considered higher than the US and European companies. If compared with the Chinese manufacturers, our advantage on quality, design service and product development is superior to those of Chinese companies.

Currently, SVI has five major competitors. There is one competitor in Denmark and Malaysia each, and the other three located in Thailand in which two of them have their mother companies in foreign countries.

Risk Assessment

Risks that would affect SVI business operations as well as our actions that can minimize exposure to such risks are detailed below.

1. Operational Risks

1.1 Risk from material sourcing

As crude oil price increased more than \$100/barrel in the first quarter and the highest price reached 147.27 \$/barrel, in July last year, the impact of the higher price of fuel has been continually a major cost driver of materials and logistic costs. The volatility of foreign exchange rates resulted in the price of PCB which were sold in Asia Pacific for 80% increased, thus, the process of operation have to be adjusted. However, since the oil price was reduced from \$ 70/barrel in November to \$ 40/barrel at the end of the year, which finally making the PCB price reduced. caused to the price of those materials built in Japan, Taiwan and Korea increased,

SVI operates full turnkey electronics manufacturing services which its primary raw materials including IC, PCB, iron box, aluminum, plastic and transmitter have higher costs. However, SVI has the concept to buy from suppliers based on Volume Price Agreement which making the materials costs more competitive.

In the fourth quarter of 2008, the economic crisis in USA impacted to the global economic, caused to the recession, many business sectors including electronic industry and related upstream industries especially, computer industry and hardware, automobile industry, etc., have been suffer.

However, the integrated circuit (IC) industry has consistently growth, especially those products under the category of LCD monitor such as laptop computer and wireless accessory, resulted in high demand of Opto and Passive IC, caused to longer lead time to order.

However, SVI has realized in having efficient materials management. Price and delivery time are our major concerns. We have the procurement offices to collect materials in various countries such as Denmark, China, and Thailand. The central office is in Thailand which cooperates with oversea offices to send the material need and other material dealers that company can find materials need. Furthermore, in the late 2005, we began to utilize Vendor Management Inventory (VMI) system to support material sourcing. As for limited-production parts, we have made order in advance to meet with the manufacturing process. Meanwhile, in the past three years, we have limited the proportion of material purchase to our single supplier to not over 30% of the total cost of sales.

1.2 Risk from dependency upon major product segment or customer

Industrial Control product category plays the highest proportion of our revenue, accounted to 59%, of total revenue in 2007 and 2008, and 50% of our revenue, for three consecutive years, have been derived from the customers in Scandinavian market. However, none of customer group has the proportions of revenue that more than 21%.

Relying on certain group of product and customer group can probably causes risk due to demand shortage, change of trade policies, and economic recession in Scandinavian market.

We always realize these factors and know the demand slightly fluctuates. Our strategy includes markets and regulations follow-up. We constantly adjust our production to comply with the laws issued by EU Committee i.e. the RoHS (Restriction of Hazardous Substances) standard, a EU-Directive in dangerous materials used in electrical and electronic products. We, moreover, expand our production capacity by investing more in 2 factories, SVI-II and SVI-III in China to support the customers' orders from Scandinavian market and others and to diversify our source of revenue.

2. Financial Risks

2.1 Risk from currency exchange volatility

Most of our revenues are in USD and Euro currency. Production cost, mainly for raw materials, is in USD. A fluctuation of exchange rate can affect our revenues and cost of sales as well as assets and liability accounts.

In 2008, the USD and Euro revenues were respectively 85 percent and 12 percent of total sales revenue, whereas the material cost in the USD term was at around 71 percent of total cost of sales. Thus SVI can minimize risk from natural hedge. Besides, we managed exchange risks by buying Forward Exchange Contract at the sufficient amount for “Baht” requirements, which was an effective tool in preventing risks on exchange rate fluctuation.

2.2 Risk from having more than 50 percent of shares held by major shareholder

As of December 30th, 2008, Asia Pacific Electronics (BVI) Limited fund, owned by H&Q Asia Pacific, held 58.48% of total shares of the company through its nominee, DBS Vickers Securities (Singapore) Pte. Ltd. Holding more than 50% of company shares, H&Q Asia Pacific can absolutely control the result in the shareholder meeting. It is impossible for the rest of company shareholders to check and balance the power of the major shareholder. However, the major shareholder will not vote on the subject that it may have a conflict of interest.

2.3 Risk from dilution effect from the exercise of warrants

As of December 31st, 2008, SVI had no any unit of ESOP-4 (to exercise for SVI common shares at exercise price of 1 Baht per 1 share) and had 358,725,220 units of warrant-2 (SVI-W2) (to be able to buy SVI common shares at exercise price of 1 Baht per 1 share).

In case, if the warrant 2 (SVI-W2) were exercised, the voting rights of the existing shareholders will be decrease by 19.30%. (This was calculated from the combination of existing shareholders and the warrants, SVI-W2 as at year end 2008).

Financial Structure

Capital (as of December 31st, 2008)

- Registered: 1,858,903,070 Baht
- Paid – Up: 1,500,177,850 Baht
- Common Stock: 1,500,177,850 shares (1 Baht per share)
- Total Warrant (SVI-W2) : 358,725,220 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 30th, 2008 are as follows:

	Name	No. of Share	Percentage of Total Share
1	DBS Vickers Securities (Singapore) Pte Ltd.*	877,318,460	58.48
2	UBS AG Singapore, Branch-PB Securities	82,714,500	5.51
3	Mr. Pongsak Lothongkam	61,209,330	4.08
4	Thai NVDR Company Limited	45,712,700	3.05
5	Citibank Nominees Singapore Pte Ltd-BK Julius Baer & Co.,Ltd.-Client's A/C	34,704,600	2.31
6	Ms. Waraporn Harnkraivilai	20,000,000	1.33
7	Mr. Supachai Watcharawasontara	12,100,000	0.81
8	Citibank International PLC (Luxembourg Branch)-UBS Luxembourg S.A.	12,000,000	0.80
9	RBS Coutts Bank Ltd, Singapore Branch	10,877,300	0.73
10	Mr. Nakorn Harnkraivilai	10,000,000	0.67

* DBS Vickers Securities (Singapore) Pte Ltd. holds shares on behalf of Asia Pacific Electronics (BVI) Limited, a subsidiary under H&Q Asia Pacific, USA.

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

Dividend Policy

The payment of dividends is approximately at about 30% of the net profit, however it's depended on the operating result, economic condition, financial status and others factors which we will propose for approval from the shareholders. As for our subsidiaries, the company has not yet considered the payment of dividends since the operation is still at the beginning stage.

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

Year Earned	Dividend Payment (Baht per Share)
2005	0.50
2006	0.60
2007	0.06*

*The dividend payment per share in 2007 which was apparently different from the previous year due to the Company has changed the par value of common share from 10 Baht to 1 Baht. As a result, the par value of the "SVI" securities in the trading system was adjusted and effective from May 18, 2007 onwards.

The dividend payment for year 2008's result will be considered in AGM later on.

Corporate Social Responsibility

In order to successfully run business in a long-term, keeping the company's business ethics under the good corporate governance policy plays as much important role as an ability to manage organization. Among several aspects, social responsibility is one that SVI places in great concerns. We always encourage staff to continually participate in social activities in a variety of different ways.

Educational Support

SVI has been participating in educational development programs in the previous years, such as donation of computer and net work equipment for computer studying room and water cooling machine to Wat Bang-Poon School, Singburi province. We also built restrooms, and renovated playground and environment for Wat Bang-Na School, Prathumthani province. In addition, SVI provided scholarships to students in leading Government University for at least 5 scholarships a year, including the subsidization of many new education development programs

Moreover, college and university students were also given opportunities by the company to work as trainees in each department, the post graduation students can interview and meet our top management as to gain knowledge and research to support their study.

Social Contribution

SVI set aside a budget to donate to a variety of charities, non-profit organizations as appropriate, such as donation of cash and wheelchairs to Banbanglamung Social Welfare Development Center for Older Persons, Chonburi province, donation of cash to Friendship Foundation of Thailand, housing gray beard (women) Nonthaburi province, donation of cash to Sutasini Noi-in Foundation for Children and Youth, Yasothon province. SVI encouraged its employees to donate blanket, used clothes, house hold, and necessary things for surviving during cold season, to 6 villages at Tambol Kaojao, Amphur Pramburi, Prachuapkirikhun Province. The company also conducted a project called " Young Kids Tour" by taking those 50 children , age at 7-12 years old from The Orphanage of Thailand, Suksawas Road to visit Dusit Zoo, Bangkok and entertained them with all the funny activities, games, including nice awards provided to them.

Environmental Management

SVI is intensely committed to environmental responsibility by closely following environmental policy issued by the government and continually paying contribute to a better life of its employees, community and society.

In 2008, SVI participated in "Energy Conservation Project" with King Mongkut's University of Technology Thonburi for development of economic and minimizing of energy consumption and introduction of substitution of energy program.

In addition, SVI continues on minimizing the impact on the environment, taking care by our environment committee, by improvement of production area, office building, restroom, canteen, and recreation area, including well managed and controlled of waste and scrapped materials. Our manufacturing process is designed to be lead-free and to properly get rid of any waste materials after the production. We have always complied with the rules, laws, and other regulations concerning the environment.

In the area of improving quality of life for its employees, SVI has set a nutrition management policy focusing on the cleanliness, taste and price of food. Benchmarking with other restaurants outside the company was also implemented efficiently suggestion program as part of continual improvement.

Financial Analysis and Operating Results

Operating Results

Total year consolidated net sales as of 31 December, 2008 was USD 215 million or Baht 7,143 million, compared with last year at USD 169 million or Baht 5,820 million, an increase of 27%. The revenue growth in “Baht” was 23% as compared with that of last year, due to strengthen of Baht, 3% year on year (Average 2007: Baht 34.38 vs Average 2008: Baht 33.23 / USD 1). The revenue growth was driven by strong seasonal demand and continual growth in European market. The company also had added capacity to meet this growth.

Total year consolidated gross profit was Baht 950 million, higher than last year by Baht 315 million or 50%. This was due to higher revenue and reduction of material costs, mainly related to Baht weaken at the 2nd half of this year. The company's total year gross profit was Baht 911 million, not included Subsidiaries' gross profit of Baht 39 Million this year.

Total year expenses of selling and administrative of the Company were Baht 302 million, and consolidated expenses were Baht 347 million, compared to last year expenses at Baht 285 million and Baht 309 million respectively. The increase of Baht 17 millions and 38 millions was mainly related to more reserve of impairment of machine and obsolescent materials.

Total year net profit of the Company was achieved at Baht 642 million, an increase of Baht 203 million or 46% from previous year. This was mainly due to higher revenue, couple with improvement of materials cost. Total year consolidated net profit was Baht 647 million, higher than that of last year by Baht 263 million, an improvement of 68%, mainly related to higher revenue.

Financial Status

Assets

The Company and consolidated financial status as of 31 December 2008 showed total assets of Baht 4,536 Million and Baht 4,556 Million respectively. This represents an increase of Baht 848 Million and Baht 932 Million as compare to 31st December 2007. The increase of the company and consolidated total assets was mainly due to Cash and ST investment amounted to Baht 342 Millions and Baht 344 Millions respectively. The increase of the company account receivable and inventory of Baht 93 Millions and Baht 207 Million, mainly related to higher revenue. The company fixed assets shown an increase of 235 Million, mainly due to the purchase of new land and building.

Liquidity

Cash flow continued to be strong generated from the operation, at the end of this year, the Company and consolidated operational cash flow were Baht 704 millions and 712 millions respectively. The earning before interest, tax, depreciation and amortization (EBITDA) from consolidated financial statement was amounted to Baht 949 millions.

Liabilities

Total liabilities for the Company and Consolidated Financial Statement were recorded at Baht 1,400 Million and Baht 1,500 Million respectively. The consolidated total liabilities were increased by Baht 354 Millions from 31st December 2007. This was mainly generated by short term loan at Tianjin's plant, amounted to Baht 20 Million and long term loan to buy land and building in the amount of Baht 189 Million, couple with the increase of Trade Payable of Baht 179 Million, related to more purchase of materials and equipment to support the increase of revenue.

Shareholders' Equity

The company and consolidated Shareholder's equity at the end of 2008 was Baht 3,136 Million and Baht 3,057 Million respectively, an increase of both the company and consolidated Shareholder's equity from the end of last year were Baht 578 Million, mainly due to an increase in retained earnings derived from net profit of Baht 647 Million, and the exercise of ESOP4 of Baht 20 Million, partially offset with the dividend payment of Baht 89 Million this year.

Related Transaction

The Company has already settled the related transactions with the subsidiaries and also discloses in the Company's financial statement and notes to financial statements. For listing normal business activities such as sale of products and raw material, the Company will use the cost plus pricing and the real expense policy. In case of the long-term loan for subsidiaries (Globe Vision Corp.), the Company has approved the loan and adjusted the interest rate since the Board of Directors' meeting. At the end of year 2007 and the end of year 2008, the long-term loan accrual basis shown in the Company's financial statement totally amounted to Baht 82 million and Baht 72 million respectively.

The Company had related transactions with other two related business companies. One is SVI Scandinavia APS which its management is one of the executive of the Company. The other is SVI (S.E. ASIA) PTE. LTD. in which its major shareholder is one of the Company's executive. Those two companies provided raw material sourcing and taking care offshore customers services to the Company. The Company used the market price to compare and dealt the business with fair practice or followed the conditions and mutual agreements between the Company and the two companies with the decision based on the company's benefits and fair practiced market price. However, the company has not used the service from SVI (S.E. ASIA) PTE. LTD., since the end of 2008.

Thus, the information on related transactions for the year ended 31 December 2008 has been disclosed in Note 6 of the Financial Statements. The Board of Directors and the Audit Committee have reviewed such related transactions and found that those transactions were reasonable and justified.

Policy or procedures for the approval of inter-company transactions

The related transaction made by any person who has a conflict of interest with the company, the approval has to be obtained from the Board of Directors Meeting, and consented by the Audit Committee. Besides, it must be complied with the Stock Exchange of Thailand's rule and regulations in relation to the related transaction and the acquisition or the disposal of assets. A member of the Board of Directors who involve with that transaction has to declare the committee about any cases subject to be considered. Moreover, he/she can neither vote nor express the opinions on that matter.

In this regards, to approve the related transactions, the Company has the policy strictly to comply with the procedure by placing the great importance on the Company's benefits and considering that settled related transactions the same as performing the business with other persons.

Policies or directions of the future related transactions

Regarding to the future related transactions, the Company will strictly abide by all of the procedures mentioned above. In case that there are any related transactions subject to be considered by the Audit Committee due to the Stock Exchange of Thailand regulations, the Company will assign the Audit Committee to independently examine and consider both the necessity and appropriateness of those related transactions. On the contrary, if the Audit Committee is not expertise in the examination of those mentioned related transactions, the company will appoint an independent expert or the Company's external auditor to assist the Audit Committee in that process in order to get the most effective comments or information which the Board of Directors, the Audit Committee, or the Shareholders use to support their decisions in each case. In addition, the Company will disclose and note the related transactions in the Company's financial statements examined by the Company's auditor.

Report of Independent Auditor

To The Shareholders of SVI Public Company Limited

I have audited the accompanying consolidated balance sheet of SVI Public Company Limited and its subsidiaries as at 31 December 2008, the related consolidated income statements, changes in shareholders' equity, and cash flows for the year then ended, and the separate financial statements of SVI Public Company Limited for the same year. 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 audit. As discussed in Note 12 to the financial statements, I did not audit the financial statements of overseas subsidiaries for the year ended 31 December 2008. The consolidated financial statements as of 31 December 2008 included the subsidiaries' financial statements which present total assets as at 31 December 2008 of Baht 185.7 million, and revenues for the year then ended totaling Baht 151.2 million. 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 companies included in the consolidated financial statements, is based solely on those auditors' reports.

I conducted my audit 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 audit, together with the reports of the other auditors discussed in the first paragraph, provides a reasonable basis for my opinion.

In my opinion, based on my audit and the 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 2008, the results of their operations, and cash flows for the year then ended, in accordance with generally accepted accounting principles.

The consolidated financial statements of SVI Public Company Limited and its subsidiaries, and the separate financial statements of SVI Public Company Limited for the year ended 31 December 2007, as presented herein for comparative purposes, were audited by another auditor of our firm. As discussed in Note 12 to financial statements, the subsidiaries' financial statements as included in the consolidated financial statements as of 31 December 2007 were audited by other auditors of those subsidiaries. Based on audit of the above auditor and the reports of subsidiaries' auditors, under his report dated 28 February 2008, expressed an unqualified opinion on those statements and drew attention to the Company's changing of its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method.

A handwritten signature in blue ink, appearing to read 'Rungrapa Lertsuwankul'.

Rungrapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited
Bangkok: 27 February 2009

Balance Sheets

SVI Public Company Limited and its subsidiaries

As at 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Assets					
Current assets					
Cash and cash equivalents	7	639,321,424	518,908,127	598,726,693	480,717,164
Current investments	8	263,911,973	39,757,896	263,911,973	39,757,896
Trade accounts receivable - subsidiary - net	6	-	-	2,535,389	23,838,218
Trade accounts receivable - net	9	1,233,211,405	1,098,773,514	1,186,838,555	1,094,181,805
Inventories - net	10	1,375,293,818	1,154,965,637	1,340,296,498	1,132,758,975
Advance payment for purchase of materials and equipment		3,966,965	3,964,937	3,966,965	3,964,937
Refundable value added tax		16,402,307	10,138,890	3,588,559	10,138,890
Refundable custom duty tax		568,214	445,384	568,214	445,384
Other current assets		15,068,138	6,452,175	10,639,269	3,024,979
Total current assets		3,547,744,244	2,833,406,560	3,411,072,115	2,788,828,248
Non-current assets					
Restricted bank deposits	11	5,776,168	5,665,389	5,776,168	5,665,389
Other receivables - subsidiaries - net	6	-	-	89,021,060	85,950,162
Long-term loan to subsidiary and interest receivable	6	-	-	73,611,578	86,149,892
Investments in subsidiaries - net	12	-	-	3,269,050	3,269,050
Property, plant and equipment - net	13	987,632,506	766,965,365	938,102,477	699,913,423
Computer software - net	14	13,507,778	16,636,912	13,507,778	16,636,912
Other non-current assets		1,676,328	1,753,637	1,676,328	1,753,637
Total non-current assets		1,008,592,780	791,021,303	1,124,964,439	899,338,465
Total assets		4,556,337,024	3,624,427,863	4,536,036,554	3,688,166,713

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

Balance Sheets (Continued)

SVI Public Company Limited and its subsidiaries

As at 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Liabilities and shareholders' equity					
Current liabilities					
Short-term loan from financial institution	15	19,616,018	-	-	-
Trade accounts payable - related parties	6	20,587,988	147,601,333	92,115,057	155,760,501
Trade accounts payable		928,441,519	748,657,031	796,141,318	738,031,430
Current portion of long-term loan	16	44,320,000	-	44,320,000	-
Current portion of liabilities under financial lease	17	3,161,850	1,474,600	3,161,850	1,474,600
Corporate income tax payable		12,676,988	5,687,765	12,676,988	5,687,765
Accrued transportation payable		21,148,814	28,355,304	21,148,814	28,042,139
Customer down payment		169,256,166	17,063,883	162,460,500	12,179,302
Cash received in advance for tooling		35,454,691	18,215,113	35,454,691	18,215,113
Accrued expenses		36,338,483	21,583,566	23,621,127	14,780,699
Amount due to related companies	6	2,896,228	4,568,908	2,896,228	4,568,908
Liabilities for acquisition of machine and equipment		19,830,495	118,958,332	19,830,495	118,958,332
Other current liabilities		34,965,274	31,342,750	34,965,274	31,342,750
Total current liabilities		1,348,694,514	1,143,508,585	1,248,792,342	1,129,041,539
Non-current liabilities					
Long-term loan - net of current portion	16	144,600,000	-	144,600,000	-
Liabilities under financial lease					
- net of current portion	17	6,530,323	2,149,592	6,530,323	2,149,592
Total non-current liabilities		151,130,323	2,149,592	151,130,323	2,149,592
Total liabilities		1,499,824,837	1,145,658,177	1,399,922,665	1,131,191,131

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

Balance Sheets (Continued)

SVI Public Company Limited and its subsidiaries

As at 31 December 2008 and 2007

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2008	2007	2008	2007
Shareholders' equity					
Share capital	18				
Registered					
1,858,903,070 ordinary shares of Baht 1 each					
(2007: 1,861,078,070 ordinary shares of Baht 1 each)		1,858,903,070	1,861,078,070	1,858,903,070	1,861,078,070
Issued and paid-up share capital					
1,500,177,850 ordinary shares of Baht 1 each					
(2007: 1,478,508,320 ordinary shares of Baht 1 each)		1,500,177,850	1,478,508,320	1,500,177,850	1,478,508,320
Premium on ordinary shares		2,799,378	2,799,378	2,799,378	2,799,378
Discount on ordinary shares		(7,320,101)	(7,320,101)	(7,320,101)	(7,320,101)
Unrealised gain on the change in value of investments		3,911,973	-	3,911,973	-
Translation adjustment		1,707,612	7,951,217	-	-
Retained earnings					
Appropriated - statutory reserve	20	104,068,386	71,955,144	104,068,386	71,955,144
Unappropriated		1,451,167,089	924,875,728	1,532,476,403	1,011,032,841
Total shareholders' equity		3,056,512,187	2,478,769,686	3,136,113,889	2,556,975,582
Total liabilities and shareholders' equity		4,556,337,024	3,624,427,863	4,536,036,554	3,688,166,713

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

Income Statements

SVI Public Company Limited and its subsidiaries
For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Revenues					
Sales		7,142,646,010	5,819,936,147	7,000,302,797	5,784,514,570
Gains on exchange		20,864,909	31,819,100	21,463,561	31,251,336
Other income		57,303,272	42,210,587	63,936,741	78,626,513
Total revenues		7,220,814,191	5,893,965,834	7,085,703,099	5,894,392,419
Expenses					
Cost of sales		6,192,751,740	5,185,405,085	6,088,687,914	5,155,175,633
Selling expenses		106,633,787	88,774,873	105,653,245	88,671,793
Administrative expenses		189,159,171	204,663,985	164,558,184	176,195,848
Loss from investment in subsidiaries		-	-	-	6,778,880
Loss on impairment of equipment		48,270,672	9,510,948	48,270,672	9,510,948
Other expenses		-	2,204,919	-	-
Total expenses		6,536,815,370	5,490,559,810	6,407,170,015	5,436,333,102
Income before finance cost and corporate income tax		683,998,821	403,406,024	678,533,084	458,059,317
Finance cost		(13,814,444)	(6,344,452)	(13,196,506)	(6,332,476)
Income before corporate income tax		670,184,377	397,061,572	665,336,578	451,726,841
Corporate income tax		(23,069,202)	(13,044,824)	(23,069,202)	(12,791,751)
Net income for the year		647,115,175	384,016,748	642,267,376	438,935,090
Net income attributable to:					
Equity holder of the parent		647,115,175	384,016,748	642,267,376	438,935,090
Earnings per shares	23				
Basic earnings per share					
Net income attributable to equity holder of the parent		0.44	0.26	0.43	0.30
Diluted earnings per share					
Net income attributable to equity holder of the parent		0.41	0.24	0.41	0.27

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 2008 and 2007

(Unit: Baht)

	Consolidated financial statements							
	Equity attributable to the parent's shareholders							
	Issued and paid-up share capital	Premium on ordinary shares	Discount on ordinary shares	Unrealised gain on the change in value of investments	Translation adjustment	Retained earnings		Total equity attributable to the parent's shareholders
						Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2006	1,456,251,980	2,799,378	(5,411,917)	-	1,948,780	50,008,263	650,180,979	2,155,777,463
Income and expenses recognised directly in equity:								
Translation adjustment	-	-	-	-	6,002,437	-	-	6,002,437
Net income recognised directly in equity	-	-	-	-	6,002,437	-	-	6,002,437
Net income for the year	-	-	-	-	-	-	384,016,748	384,016,748
Total income for the year	-	-	-	-	6,002,437	-	384,016,748	390,019,185
Dividend paid (Note 25)	-	-	-	-	-	-	(87,375,118)	(87,375,118)
Unappropriated retained earnings transferred to statutory reserve (Note 20)	-	-	-	-	-	21,946,881	(21,946,881)	-
Converted right to purchase ordinary shares to share capital	22,256,340	-	(1,908,184)	-	-	-	-	20,348,156
Balance as at 31 December 2007	1,478,508,320	2,799,378	(7,320,101)	-	7,951,217	71,955,144	924,875,728	2,478,769,686
Balance as at 31 December 2007	1,478,508,320	2,799,378	(7,320,101)	-	7,951,217	71,955,144	924,875,728	2,478,769,686
Income and expenses recognised directly in equity:								
Current investments - gain recognised in shareholders' equity	-	-	-	3,911,973	-	-	-	3,911,973
Translation adjustment	-	-	-	-	(6,243,605)	-	-	(6,243,605)
Net income and expenses recognised directly in equity	-	-	-	3,911,973	(6,243,605)	-	-	(2,331,632)
Net income for the year	-	-	-	-	-	-	647,115,175	647,115,175
Total income and expenses for the year	-	-	-	3,911,973	(6,243,605)	-	647,115,175	644,783,543
Dividend paid (Note 25)	-	-	-	-	-	-	(88,710,572)	(88,710,572)
Unappropriated retained earnings transferred to statutory reserve (Note 20)	-	-	-	-	-	32,113,242	(32,113,242)	-
Converted right to purchase ordinary shares to share capital	21,669,530	-	-	-	-	-	-	21,669,530
Balance as at 31 December 2008	1,500,177,850	2,799,378	(7,320,101)	3,911,973	1,707,612	104,068,386	1,451,167,089	3,056,512,187
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

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 2008 and 2007

(Unit: Baht)

	Separate financial statements						
	Issued and paid-up share capital	Premium on ordinary shares	Discount on ordinary shares	Unrealised gain on the change in value of investments	Retained earnings		
					Appropriated - statutory reserve	Unappropriated	Total
Balance as at 31 December 2006	1,456,251,980	2,799,378	-5,411,917	-	50,008,263	681,419,750	2,185,067,454
Net income for the year	-	-	-	-	-	438,935,090	438,935,090
Total income for the year	-	-	-	-	-	438,935,090	438,935,090
Dividend paid (Note 25)	-	-	-	-	-	-87,375,118	-87,375,118
Unappropriated retained earnings transferred to statutory reserve (Note 20)	-	-	-	-	21,946,881	-21,946,881	-
Converted right to purchase ordinary shares to share capital	22,256,340	-	-1,908,184	-	-	-	20,348,156
Balance as at 31 December 2007	1,478,508,320	2,799,378	-7,320,101	-	71,955,144	1,011,032,841	2,556,975,582
Balance as at 31 December 2007	1,478,508,320	2,799,378	-7,320,101	-	71,955,144	1,011,032,841	2,556,975,582
Income and expenses recognised directly in equity:							
Current investments - gain recognised in shareholders' equity	-	-	-	3,911,973	-	-	3,911,973
Net income recognised directly in equity	-	-	-	3,911,973	-	-	3,911,973
Net income for the year	-	-	-	-	-	642,267,376	642,267,376
Total income for the year	-	-	-	3,911,973	-	642,267,376	646,179,349
Dividend paid (Note 25)	-	-	-	-	-	(88,710,572)	(88,710,572)
Unappropriated retained earnings transferred to statutory reserve (Note 20)	-	-	-	-	32,113,242	-32,113,242	-
Converted right to purchase ordinary shares to share capital	21,669,530	-	-	-	-	-	21,669,530
Balance as at 31 December 2008	1,500,177,850	2,799,378	-7,320,101	3,911,973	104,068,386	1,532,476,403	3,136,113,889

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 31 December 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash flows from operating activities				
Net income before tax	670,184,377	397,061,572	665,336,578	451,726,841
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	163,050,771	111,113,750	144,410,713	100,568,265
Allowance for doubtful accounts (Reversal)	(24,929,594)	29,855,750	(3,124,941)	29,855,750
Allowance for obsolete and slow-moving inventories	63,916,972	27,939,089	60,266,961	27,939,089
Loss on impairment of investment in subsidiary	-	-	-	6,778,880
Reserve for warranty	1,155,991	2,890,339	1,155,991	2,890,339
Reserve for workmen compensation	5,919,048	-	5,919,048	-
(Gains) loss from sales of equipment	(131,564)	2,204,919	(2,842,787)	(31,058,908)
Loss on impairment of fixed assets	48,270,672	9,510,948	48,270,672	9,510,948
Unrealised (gains) loss on exchange	7,554,549	(1,113,722)	(426,279)	3,904,067
Interest income	(14,939,734)	(7,015,243)	(19,332,000)	(10,712,028)
Interest expenses	10,357,879	2,678,988	9,740,472	2,667,012
Income from operating activities before change in operating assets and liabilities	930,409,367	575,126,390	909,374,428	594,070,255
Operating assets (increase) decrease				
Trade accounts receivable	(96,970,471)	(53,995,073)	(49,018,391)	(46,179,167)
Inventories	(284,245,152)	112,177,987	(267,804,483)	98,744,213
Other current assets	(15,695,472)	2,084,207	(1,880,052)	6,500,931
Other non-current assets	(278,071)	(585,666)	(409,146)	(602,742)
Operating liabilities increase (decrease)				
Trade accounts payable	40,872,975	135,507,436	(17,433,723)	132,876,255
Accrued expenses and other current liabilities	163,169,592	11,864,486	155,657,185	4,823,699
Cash flows from operating activities	737,262,768	782,179,767	728,485,818	790,233,444
Cash paid for interest expenses	(8,988,676)	(3,437,214)	(8,371,269)	(3,425,238)
Cash paid for corporate income tax	(16,079,979)	(13,170,903)	(16,079,979)	(12,917,830)
Net cash from operating activities	712,194,113	765,571,650	704,034,570	773,890,376

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 31 December 2008 and 2007

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash flows from investing activities				
Increase in current investments	(220,242,104)	(39,757,896)	(220,242,104)	(39,757,896)
Increase in restricted deposits at financial institutions	(110,779)	(151,222)	(110,779)	(151,222)
(Increase) decrease in long-term loan to subsidiary	-	-	12,171,705	(30,535,264)
Interest income	14,939,734	7,015,243	22,484,317	10,110,662
Cash paid for investment in subsidiaries	-	-	-	(10,047,930)
Acquisition of property, plant and equipment	(524,739,705)	(111,636,510)	(521,026,474)	(105,583,742)
Proceed from sales of equipment	826,294	4,378,846	651,327	4,566,394
Acquisition of computer software	(8,118,226)	(1,652,457)	(8,118,226)	(1,652,457)
Net cash used in investing activities	(737,444,786)	(141,803,996)	(714,190,234)	(173,051,455)
Cash flows from financing activities				
Increase in short-term loans from financial institutions	22,167,468	79,669,205	-	-
Repayment for short-term loans from financial institutions	(2,551,450)	(100,000,000)	-	(20,000,000)
Increase in long-term loan	200,000,000	-	200,000,000	-
Repayment of long-term loan	(11,080,000)	(60,491,849)	(11,080,000)	(60,491,849)
Increase (decrease) in liabilities under financial lease	6,067,980	(2,882,862)	6,067,980	(2,882,862)
Dividend paid	(88,710,572)	(87,375,118)	(88,710,572)	(87,375,118)
Cash received from converted right to purchase ordinary shares	21,669,530	20,348,156	21,669,530	20,348,156
Net cash from (used in) financing activities	147,562,956	(150,732,468)	127,946,938	(150,401,673)
(Decrease) increase in translation adjustment	(2,117,241)	7,814,072	-	-
Effects of exchange changes on cash and cash equivalents	218,255	(647,685)	218,255	(647,685)
Net increase in cash and cash equivalents	120,413,297	480,201,573	118,009,529	449,789,563
Cash and cash equivalents at beginning of year	518,908,127	38,706,554	480,717,164	30,927,601
Cash and cash equivalents at end of year (Note 7)	639,321,424	518,908,127	598,726,693	480,717,164
	-	-	-	-
Supplemental cash flows information:				
Non-cash item consist of :				
Purchase of plant and equipment that has not yet been paid	99,127,837	118,958,332	99,127,837	118,958,332
Sale machinery to subsidiary that has not yet been received	-	-	4,405,639	64,757,122
Unrealised gain on the change in value of investments	3,911,973	-	3,911,973	-

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 2008 and 2007

1. General information

1.1 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 Asia Pacific Electronics (BVI) Limited, which is in H&Q Asia Pacific Group from the United States of America. The Company is principally engaged in the manufacture and distribution of electronic manufacturing services (EMS) and its registered address is 33/10 Moo 4, Chaeng Wattana Road, Bangtalad, Pakkred, Nontaburi. Another factory is located at 141 Moo 5, Tiwanon Road, Bangkadi, Muang, Patumthani.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

2. Basis of preparation

- 2.1 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 14 September 2001, 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 such financial statements in Thai language.

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

2.2 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		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			2008	2007	2008	2007	2008	2007
			Percent	Percent	Percent	Percent	Percent	Percent
<u>Held by the Company</u>								
Globe Vision Corp.	Holding of investment	British Virgin Island	100.00	100.00	3.40	3.64	2.09	0.87
SVI A/S	Raw material sourcing service	Denmark	100.00	100.00	0.74	0.09	-	-

Company's name	Nature of business	Percentage of indirect shareholding		Country of incorporation
		2008	2007	
		Percent	Percent	
<u>Held by Globe Vision Corp.</u>				
SVI China Limited	Holding of investment and raw material sourcing service	100.0	100.0	Hong Kong
Shi Wei Electronics (HK) Company Limited	Raw material sourcing service	100.0	100.0	Hong Kong
<u>Held by SVI China Limited</u>				
SVI Electronics (Tianjin) Co., Ltd.	Manufacturing electronics equipment	100.0	100.0	China

- b) Subsidiaries are fully consolidated as from the date of acquisition, 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 for the same reporting period as the parent company, using consistent significant accounting policies.
- d) The financial statements of overseas subsidiaries are translated into Thai Baht at the closing exchange rate as to assets and liabilities, and at monthly average exchange rates as to revenues and expenses. The resultant differences are shown under the caption of "Translation adjustment" in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

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

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows:

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these standards and believes that TAS 49 (revised 2007) is not relevant to the business of the Company, while TAS 25 (revised 2007), TAS 29 (revised 2007), TAS 31 (revised 2007), TAS 33 (revised 2007), TAS 35 (revised 2007), TAS 39 (revised 2007), TAS 41 (revised 2007), TAS 43 (revised 2007) and TAS 51 do not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards:

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

4. Significant accounting policies

4.1 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.

For export sales, revenue is recognised when the goods are shipped and the title has passed to the buyer.

Interest income

Interest income is recognised as interest accrues based on the effective rate method.

4.2 Cash and cash equivalents

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

4.3 Current investment

Investments in unit trusts are held as available-for-sale securities, and presented at fair value. The fair value of unit trusts is the net asset value and the weighted average method is used for computation of the cost of investment. The change in value of securities is recorded as a separate item in shareholders' equity until securities are sold, the change shall be included in determining income.

4.4 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

4.5 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.

4.6 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.

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Plant 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 a straight-line basis over the following estimated useful lives.

Buildings	20 years
Land and buildings improvements	5 years
Machinery and equipment	5 - 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.

4.8 Software and amortisation

Software is stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the expected future period of economic benefit of software for 5 years. The amortisation is included in determining income.

4.9 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.

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

4.10 Long-term lease

Finance leases

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 other long-term payables, while the interest element is charged to the income statements 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 leases

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, and payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.11 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 balance sheet date, 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.

4.12 Impairment of assets

At each reporting date, 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 income statement.

4.13 Employee benefits

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

4.14 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.

4.15 Income tax

Income tax is provided in the accounts 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.

4.16 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the balance sheet date. Gains 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.

5. 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. The 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, debt 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.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's plant and equipment and to review estimate useful lives and salvage 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.

Impairment of equity investments

The Company treats available-for-sale investments as impaired when the management judges that 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.

6. 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: Thousand Baht)					
	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2008	2007	2008	2007	
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	6,891	14,730	Cost plus margin of 2%
Purchases of raw materials	-	-	414,140	20,494	At cost (2007: cost plus margin of 3 %)
Raw material sourcing fee	-	-	29,951	17,580	Actual charge
Interest income	-	-	4,769	3,970	5.00 and 6.25 % per annum
Sales of machinery	-	-	4,406	64,757	Cost plus margin of 63 % (2007: 81%)
Transactions with related parties					
Purchases of raw materials	842,566	1,129,810	842,566	1,129,810	At cost
Raw material sourcing fee	59,064	25,129	59,064	25,129	At actual cost, and based on contract at rate of 3% of sales and 9% of sales that over target

The balances of the accounts as at 31 December 2008 and 2007 between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<u>Trade accounts receivable - subsidiary</u>				
SVI Electronics (Tianjin) Co., Ltd.	-	-	19,240,032	23,838,218
Less: Allowance for doubtful debt	-	-	(16,704,643)	-
	-	-	2,535,389	23,838,218
<u>Other receivables - subsidiaries</u>				
SVI China Limited	-	-	88,551,136	85,611,312
Shi Wei Electronics (HK) Company Limited	-	-	350,824	338,850
SVI Electronics (Tianjin) Co., Ltd.	-	-	4,813,630	-
Total	-	-	93,715,590	85,950,162
Less: Allowance for doubtful debt	-	-	(4,694,530)	-
	-	-	89,021,060	85,950,162
<u>Long-term loan to subsidiary</u>				
Globe Vision Corp.	-	-	72,394,608	81,768,528
<u>Interest receivable - subsidiary</u>				
Globe Vision Corp.	-	-	1,216,970	4,381,364
Total long-term loan to subsidiary and interest receivable	-	-	73,611,578	86,149,892
<u>Trade accounts payable - related parties</u>				
Subsidiaries				
SVI China Limited	-	-	6,260,852	2,112,559
Shi Wei Electronics (HK) Company Limited	-	-	7,017,766	3,337,236
SVI Electronics (Tianjin) Co., Ltd.	-	-	-	2,709,373
SVI A/S	-	-	58,248,451	-
Related parties				
SVI Scandinavia APS.*	20,427,579	144,205,391	20,427,579	144,205,391
SVI (S.E.ASIA) PTE.LTD.*	160,409	3,395,942	160,409	3,395,942
Total trade accounts payable - related parties	20,587,988	147,601,333	92,115,057	155,760,501
<u>Amount due to related party</u>				
SVI Scandinavia APS.*	2,896,228	4,568,908	2,896,228	4,568,908
* Related by common management				

During 2008, movements of long-term loan to subsidiary and interest receivable were as follows:

(Unit: Baht)					
	Balance as at 1 January 2008	During the year		Unrealised gain (loss) on exchange	Balance As at 31 December 2008
		Increase	Decrease		
<u>Long-term loan to subsidiary</u>					
Globe Vision Corp.	81,768,528	10,432,890	(22,604,595)	2,797,785	72,394,608
<u>Interest receivable</u>					
Globe Vision Corp.	4,381,364	4,769,192	(7,921,509)	(12,077)	1,216,970
Total long-term loan to subsidiary and interest receivable	86,149,892	15,202,082	(30,526,104)	2,785,708	73,611,578

As at 31 December 2008 and 2007, long-term loan of USD 1.53 million and USD 0.90 million is unsecured loan to Globe Vision Corp. and carries interest at a rate of 6.25 and 5.00 percent per annum, respectively.

Directors and management's remuneration

In 2008, the Company and its subsidiaries paid salaries, meeting allowance, gratuities and other remuneration to their directors and management totaling Baht 48.5 million (The Company only: Baht 47.4 million) (2007: Baht 39.9 million, The Company only: Baht 39.9 million).

Guarantee obligations with subsidiary

The Company had outstanding guarantees with its subsidiary as described in Note 26.2.b and c to the financial statements.

7. Cash and cash equivalents

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash on hand	6,799,761	6,868,121	6,714,723	6,506,524
Deposits at financial institutions	532,550,690	244,180,175	492,040,997	206,350,809
Treasury bill with maturity of 3 months	99,970,973	267,859,831	99,970,973	267,859,831
Total cash and cash equivalents	693,321,424	518,908,127	598,726,693	480,717,164

8. Current investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Available-for sale securities				
Treasury bills	-	39,757,896	-	39,757,896
Unit trusts	260,000,000	-	260,000,000	-
Add: Unrealise gains on the change in value of investment	3,911,973	-	3,911,973	-
Total current investments	263,911,973	39,757,896	263,911,973	39,757,896

Current investments are investments in debt securities that can be sold back with one day's notice.

9. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2008 and 2007, aged on the basis of due date, are summarised below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Age of receivables				
Not yet due	827,322,270	803,238,107	799,108,055	799,053,302
Past due				
Up to 3 months	400,588,860	292,364,759	382,430,225	291,957,854
3 - 6 months	10,219,900	26,499,298	10,219,900	26,499,298
6 - 12 months	810,473	9,873,201	810,473	9,873,202
Over 12 months	16,369,737	13,124,827	16,369,737	13,124,827
Total	1,255,311,240	1,145,100,192	1,208,938,390	1,140,508,483
Less: Allowance for doubtful debts	(22,099,835)	(46,326,678)	(22,099,835)	(46,326,678)
Trade accounts receivable - net	1,233,211,405	1,098,773,514	1,186,838,555	1,094,181,805

10. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Allowance of diminution in value of inventory - stock obsolescence		Inventory - net	
	2008	2007	2008	2007	2008	2007
Finished goods	271,325,221	224,343,922	(178,412)	(1,559,000)	271,146,809	222,784,922
Work in process	66,647,878	77,638,176	-	-	66,647,878	77,638,176
Raw materials	1,161,066,416	925,360,673	(172,116,964)	(106,819,404)	988,949,452	818,541,269
Supplies and spare parts	6,032,950	5,596,747	(2,688,349)	(2,688,349)	3,344,601	2,908,398
Raw material in transit	45,205,078	33,092,872	-	-	45,205,078	33,092,872
Total	<u>1,550,277,543</u>	<u>1,266,032,390</u>	<u>(174,983,725)</u>	<u>(111,066,753)</u>	<u>1,375,293,818</u>	<u>1,154,965,637</u>

(Unit: Baht)

	Separate financial statements					
	Cost		Allowance of diminution in value of inventory - stock obsolescence		Inventory - net	
	2008	2007	2008	2007	2008	2007
Finished goods	270,603,677	223,018,743	(158,719)	(1,559,000)	270,444,958	221,459,743
Work in process	64,712,705	76,137,186	-	-	64,712,705	76,137,186
Raw materials	1,125,075,802	905,980,180	(168,486,646)	(106,819,404)	956,589,156	799,160,776
Supplies and spare parts	6,032,950	5,596,747	(2,688,349)	(2,688,349)	3,344,601	2,908,398
Raw material in transit	45,205,078	33,092,872	-	-	45,205,078	33,092,872
Total	<u>1,511,630,212</u>	<u>1,243,825,728</u>	<u>(171,333,714)</u>	<u>(111,066,753)</u>	<u>1,340,296,498</u>	<u>1,132,758,975</u>

11. Restricted bank deposits

Restricted bank deposits are fixed deposits which have been pledged with a bank as collateral for letters of guarantee as discussed in Note 26.2.a.

12. Investments in subsidiaries

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

(Unit: Baht)

Company's name	Separate financial statements					
	Paid-up share capital		Shareholding percentage		Cost method	
	2008	2007	2008	2007	2008	2007
			Percent	Percent		
Held by the Company						
Globe Vision Corp.	8,837,965	8,837,965	100.00	100.00	8,837,965	8,837,965
SVI - A/S	3,269,050	3,269,050	100.00	100.00	3,269,050	3,269,050
Total investments in subsidiaries					<u>12,107,015</u>	<u>12,107,015</u>
Less: Allowance for impairment					<u>(8,837,965)</u>	<u>(8,837,965)</u>
Total investments in subsidiaries - net					<u>3,269,050</u>	<u>3,269,050</u>

Significant transactions regarding the investments in subsidiaries during 2007 were as follows:

- a) In February 2007, Globe Vision Corp., a subsidiary registered in the British Virgin Islands, acquired a 100 percent equity interest in Shi Wei Electronics (HK) Company Limited, a company registered in Hong Kong, at a cost of HKD 1, and as a result Shi Wei Electronics (HK) Company Limited has the status of a subsidiary of the Company, held indirectly through Globe Vision Corp.
- b) In August 2007, the Company invested an additional USD 0.2 million in Globe Vision Corp., a subsidiary registered in the British Virgin Islands, since such company called-up additional unpaid share capital.
- c) In August 2007, Globe Vision Corp., a subsidiary registered in the British Virgin Islands, invested an additional HKD 1.2 million in SVI China Limited, a subsidiary registered in Hong Kong, since such company called-up additional unpaid share capital.
- d) In August 2007, SVI China Limited, a subsidiary of Globe Vision Corp., added cash and machinery valued at USD 2.9 million to invest an additional in SVI Electronics (Tianjin) Co., Ltd., a subsidiary registered in China. As a result the issued and paid-up share capital of SVI Electronics (Tianjin) Co., Ltd. increased to USD 5.0 million.
- e) In December 2007, the Company acquired a 100 percent equity interest in SVI A/S, a company registered in Denmark, at a cost of Krone 0.5 million.

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	
	2008	2007	2008	2007
SVI China Limited	1.0	1.5	-	-
Shi Wei Electronics (HK) Company Limited	0.8	3.1	-	-
SVI Electronics (Tianjin) Co., Ltd.	150.3	121.3	151.2	51.5
SVI A/S	33.6	-	-	-
Total	185.7	125.9	151.2	51.5

13. Property, plant and equipment

(Unit: Baht)

	Consolidated 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
Cost							
31 December 2007	211,250,064	159,277,465	826,665,802	142,404,964	8,404,110	18,369,718	1,366,372,123
Addition	218,622,931	2,434,470	14,014,741	17,960,772	-	172,578,954	425,611,868
Disposal/Write-off	-	-	(4,111,593)	(645,710)	(658,879)	-	(5,416,182)
Transfer in (out)	-	63,967,609	108,890,505	14,914,671	-	(187,818,135)	(45,350)
Translation adjustment	-	1,875,660	(2,960,384)	782,724	-	-	(302,450)
31 December 2008	429,872,995	227,555,204	942,499,071	175,416,971	7,745,231	3,130,537	1,786,220,009
Accumulated depreciation							
31 December 2007	-	78,546,271	408,796,399	98,831,794	3,721,346	-	589,895,810
Depreciation for the year	-	16,280,208	114,702,466	19,301,925	1,523,012	-	151,807,611
Depreciation on disposal/							
Write-off	-	-	(3,544,202)	(642,227)	(535,024)	-	(4,721,453)
Translation adjustment	-	922,839	2,657,198	243,878	-	-	3,823,915
31 December 2008	-	95,749,318	522,611,861	117,735,370	4,709,334	-	740,805,883
Allowance for impairment loss							
31 December 2007	-	-	9,510,948	-	-	-	9,510,948
Increase during the year	-	-	48,270,672	-	-	-	48,270,672
31 December 2008	-	-	57,781,620	-	-	-	57,781,620
Net book value							
31 December 2007	211,250,064	80,731,194	408,358,455	43,573,170	4,682,764	18,369,718	766,965,365
31 December 2008	429,872,995	131,805,886	362,105,590	57,681,601	3,035,897	3,130,537	987,632,506
Depreciation for the year							
2007 (Baht 88.8 million included in manufacturing cost, and the balance in selling and administrative expense)							99,964,109
2008 (Baht 148.8 million included in manufacturing cost, and the balance in selling and administrative expense)							151,807,611

(Unit: Baht)

	Separate financial statements						
	Land	Buildings and land improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work under construction and machinery under installation	Total
Cost							
31 December 2007	211,250,064	141,866,555	755,471,660	135,919,912	8,404,110	18,369,718	1,271,282,019
Addition	218,622,931	1,589,760	13,629,926	15,477,066	-	172,578,954	421,898,637
Disposal/Write-off	-	-	(6,364,497)	(645,710)	(658,879)	-	(7,669,086)
Transfer in (out)	-	63,967,609	108,890,505	14,914,671	-	(187,818,135)	(45,350)
31 December 2008	429,872,995	207,423,924	871,627,594	165,665,939	7,745,231	3,130,537	1,685,466,220
Accumulated depreciation							
31 December 2007	-	71,903,203	388,904,690	97,328,409	3,721,346	-	561,857,648
Depreciation for the year	-	12,568,999	101,316,687	17,758,855	1,523,012	-	133,167,553
Depreciation on disposal/Write-off	-	-	(4,265,827)	(642,227)	(535,024)	-	(5,443,078)
31 December 2008	-	84,472,202	485,955,550	114,445,037	4,709,334	-	689,582,123
Allowance for impairment loss							
31 December 2007	-	-	9,510,948	-	-	-	9,510,948
Increase during the year	-	-	48,270,672	-	-	-	48,270,672
31 December 2008	-	-	57,781,620	-	-	-	57,781,620
Net book value							
31 December 2007	211,250,064	69,963,352	357,056,022	38,591,503	4,682,764	18,369,718	699,913,423
31 December 2008	429,872,995	122,951,722	327,890,424	51,220,902	3,035,897	3,130,537	938,102,477
Depreciation for the year							
2007 (Baht 84.0 million included in manufacturing cost, and the balance in selling and administrative expense)							89,418,624
2008 (Baht 128.2 million included in manufacturing cost, and the balance in selling and administrative expense)							133,167,553

As at 31 December 2008, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 413.1 million (2007: Baht 359.2 million) (Separate financial statements: Baht 413.1 million, 2007: Baht 359.2 million).

14. Computer software

	(Unit: Baht)	
	Consolidated and Separate financial statements	
	2008	2007
Balance - beginning of the year	16,636,912	26,288,084
Additions	8,118,226	1,652,457
Transfer out	(4,200)	(153,988)
Amortisations	(11,243,160)	(11,149,641)
Balance - end of the year	13,507,778	16,636,912
Amortisation expenses included in the income statements for the year	11,243,160	11,149,641

15. Short-term loans from financial institutions

Short-term loans from financial institutions of the subsidiary are loans from the Chinese branch of a local bank in foreign currency. The loans carry interest at fixed rates, and the Chinese Central Bank's interest rate plus a 20% mark up and are due in 2009. They are guaranteed by the Company.

16. Long-term loan

	(Unit: Baht)	
	Consolidated and Separate financial statements	
	2008	2007
Long-term loan	188,920,000	-
Less: Current portion	(44,320,000)	-
Long-term loan - net of current portion	144,600,000	-

On 8 October 2007, the Company entered into a loan agreement with a bank for a facility of Baht 300 million, to fund the expansion of its production capacity. The Company can draw down from the date of the agreement until the earlier of 31 March 2008 or the date on which the facility is fully drawn. As at 31 March 2008, the Company had drawn down Baht 200 million. The loan carries interest at 4.875 percent per annum, payable quarterly as from the date of the first drawdown. Principal is payable in 18 quarterly installments with the first installment due in the ninth month after the date of the first drawdown. The Company will therefore commence principal repayment in October and November 2008 and it is to be completed within 2013. The Company has to comply with certain covenants and maintain financial ratios as specified in the agreement.

17. Liabilities under finance lease

(Unit: Baht)

	Consolidated and Separate financial statements	
	2008	2007
Liabilities under finance lease agreements	10,744,073	3,964,629
Less: Deferred interest expenses	(1,051,900)	(340,437)
Total	9,692,173	3,624,192
Less: Portion due within one year	(3,161,850)	(1,474,600)
Liabilities under finance lease agreements		
- net of current portion	6,530,323	2,149,592

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 2008, the Company has vehicle acquired under financial lease agreements, with net book value amounting to approximately Baht 0.7 million (2007: Baht 1.2 million).

18. Share capital

Number of ordinary shares reconciliation

(Unit: shares)

	2008	2007
<u>Registered share capital</u>		
Number of ordinary shares as at beginning of year	1,861,078,070	186,407,807
Decrease from cancellation of right to purchase ordinary shares	(2,175,000)	(300,000)
Effect from change in par value of ordinary share	-	1,674,970,263
Number of ordinary shares as at end of year	1,858,903,070	1,861,078,070
<u>Issued and paid-up share capital</u>		
Number of ordinary shares as at beginning of year	1,478,508,320	145,625,198
Effect from change in par value of ordinary share	-	1,310,626,782
Converted right to purchase ordinary shares to share capital	21,669,530	22,256,340
Number of ordinary shares as at end of year	1,500,177,850	1,478,508,320

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 19.

On 30 April 2008, the Annual General Meeting of shareholders No. 1/2551 approved a reduction in the registered share capital of the Company in line with the cancellation of 2,175,000 units of ESOP1 warrants offered to directors and employees of the Company, for which the final exercise date was 26 June 2007. The meeting approved

the reduction of the registered capital of the Company from Baht 1,861,078,070 to Baht 1,858,903,070 by means of canceling 2,175,000 unissued shares. The Company registered the decrease in its registered share capital with Ministry of Commerce on 15 May 2008.

On 26 April 2007, the Annual General Meeting of shareholders No. 1/2550 approved the following resolutions:

- 1) Approved a reduction in the registered share capital of the Company in line with the cancellation of 75,000 units of ESOP1 and 225,000 units of ESOP4 offered to directors and employees of the Company due to the resignation of employees. The meeting approved the reduction of the registered capital of the Company from Baht 186,407,807 to Baht 186,107,807 by means of canceling 300,000 unissued shares. The Company registered the decrease in its registered share capital with Ministry of Commerce on 3 July 2007.
- 2) Approved a change in par value from 10 Baht to 1 Baht per ordinary share. As a result the number of ordinary shares increased from 186,107,807 shares to 1,861,078,070 shares. The Company registered the change in par value from 10 Baht to 1 Baht per ordinary shares to the Ministry of Commerce on 15 May 2007.

19. Right to purchase ordinary shares

- 19.1 Resolution of the Meeting of Board of Directors held on 15 February 2006 approved the issue of 5,500,000 non-transferable ESOP4, to be offered free of charge specifically to directors and employees of the Company, for the purpose of providing motivation and rewards for directors and employees to encourage them to remain with the Company.

These 3-year right to purchase ordinary shares are exercisable in a ratio of one right to purchase ordinary shares to one new ordinary share at the average market price of the Company's shares quoted on the Stock Exchange of Thailand during the 30 business days before the Board of Directors Meeting approving the offer of the right to purchase ordinary shares to the directors and employees, which was Baht 9.53 per share. The exercise price was fixed at Baht 10.00 per share. The right to purchase ordinary shares can be exercised four times a year, with right to purchase ordinary shares holders to indicate their intention to exercise the right at least fifteen days prior to the stipulated exercise date, each year the right to purchase ordinary shares holders to exercise not more than 33.33 percent of the total right to purchase ordinary shares allotted to them, unless there is a change in the shareholding structure of the Company. In such case, right to purchase ordinary shares holders can immediately exercise all remaining right to purchase ordinary shares. A change in the shareholding structure of the Company is defined as a situation where one or more parties over which H&Q Asia Pacific has no control acquire not less than 50 percent of the total number of the issued ordinary shares of the Company.

If the right to purchase ordinary shares holder is no longer be a director and/or employee of the Company for any reason, the right to purchase ordinary shares issued to such director and/or employee are deemed to be revoked and the Company will cancel such right to purchase ordinary shares immediately. The right to purchase ordinary shares are not to be listed on the Stock Exchange of Thailand. The ordinary shares arising as a result of the exercise of the right to purchase ordinary shares are to be listed on the Stock Exchange of Thailand.

The Annual General Meeting held on 27 April 2006 passed a resolution stipulating details of the offer of the ESOP4, as summarised below: -

- The date for the initial issue and offer of the right to purchase ordinary shares is 15 October 2006, with subsequent issues on the 15th of every January, April, July and October.
- There are nine stipulated exercise dates during 15 October 2006 to 15 October 2008.
- On the first to the fifth exercise dates holders of the right to purchase ordinary shares may exercise in total not more than 33.33 percent of the number of right to purchase ordinary shares allotted to them. On the sixth to the

ninth exercise dates, holders of the right to purchase ordinary shares can exercise not more than the total number of right to purchase ordinary shares allotted to them and all right to purchase ordinary shares remaining after prior exercises.

The offer of the ESOP4 was approved by the office of the Securities and Exchange Commission on 8 September 2006.

- 19.2 Resolution of the Extraordinary Meeting of shareholder No. 1/2549 held on 21 June 2006 approved the issue of 35,872,808 warrants ("Warrant No.2") to purchase ordinary shares of the Company, to be offered free of charge specifically to the existing shareholders on the basis of 4 ordinary shares to 1 unit of warrant.

These 4-year warrants are exercisable in a ratio of one warrant to one new ordinary share at the average market price of the Company's shares quoted on the Stock Exchange of Thailand during the 30 business days before the Board of Directors Meeting approving the offer of the warrants to the existing shareholders (exercise price of Baht 10.00 per share). The warrants can be exercised on quarterly basis after the warrants were approved by the Office of the Securities and Exchange Commission. The due of the initial use and offer of warrant is 15 January 2008 and last date of exercise is 14 December 2010.

The offer of the Warrant No. 2 was approved by the Office of the Securities and Exchange Commission on 23 November 2006 and traded in Stock Exchange of Thailand on 27 December 2006.

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

	ESOP4	W-2
	(Units)	(Units)
Brought forward/Number of unexercised	21,666,670	358,728,080
Exercised during the year	(21,666,670)	(2,860)
Number of unexercised right to purchase ordinary shares	-	358,725,220

- 19.3 On 26 April 2007, the Annual General Shareholder's meeting No. 1/2550 approved a change in the par value of the ordinary share from Baht 10 each to Baht 1 each causing changes in the ratio and exercise price as follow:

ESOP-4

From A total of 3,766,667 right to purchase ordinary shares, with each right to purchase ordinary shares entitling the holder to purchase one ordinary share at an exercise price of Baht 10 per share.

To A total of 37,666,670 right to purchase ordinary shares, with each right to purchase ordinary shares entitling the holder to purchase one ordinary share at an exercise price of Baht 1 per share.

SVI-W2

From A total of 35,872,808 warrants, with each warrant entitling the holder to purchase one ordinary share at an exercise price of Baht 10 per share.

To A total of 358,728,080 warrants, with each warrant entitling the holder to purchase one ordinary share at an exercise price of Baht 1 per share.

The changes in the exercise ratios and exercise prices were made to correspond with the number of ordinary shares following the change in the par value and to facilitate the exercise of the right to purchase ordinary shares.

20. 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.

21. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Salary and wages and other employee benefits	526,311,878	469,563,073	500,425,154	448,244,628
Depreciation	151,807,611	99,964,109	133,167,553	89,418,624
Amortisation expenses	11,243,160	11,149,641	11,243,160	11,149,641
Loss on impairment of equipment	48,270,672	9,510,948	48,270,672	9,510,948
Raw materials and consumables used	5,394,763,623	4,304,297,442	5,284,446,000	4,302,996,876
Changes in inventories of finished goods and work in progress	(35,812,589)	(29,397,424)	(36,160,453)	(36,231,761)

22. 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
2. Promotional privileges for	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products
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
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

Details			
3.3 Exemption of import duty on machinery as approved by the board.	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
4. Date of first earning operating income			
- Raw materials	20 Jul. 2004	-	30 Aug. 2007
- Machinery	23 Jan. 2004	27 Dec. 2006	6 Jun. 2007
- Income tax	7 Oct. 2004	-	18 Oct. 2007

The Company's operating revenues for the years ended 31 December 2008 and 2007, are below shown divided according to promoted and non-promoted operations.

	(Unit: Baht)					
	Promoted operations		Non-promoted operations		Total	
	2007	2006	2007	2006	2007	2006
Sales	6,150,226,443	4,454,018,651	850,076,354	1,330,495,919	7,000,302,797	5,784,514,570
Other income	55,626,426	67,805,911	29,773,876	42,071,938	85,400,302	109,877,849
Total revenues	<u>6,205,852,869</u>	<u>4,521,824,562</u>	<u>879,850,230</u>	<u>1,372,567,857</u>	<u>7,085,703,099</u>	<u>5,894,392,419</u>

23. Earnings per share

Basic earnings per share is calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year 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 earning per share:

Consolidated financial statements						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income attributable to equity holders of the parent	647,115	384,017	1,483,069	1,463,292	0.44	0.26
Effect of dilutive potential ordinary shares						
Warrants	-	-	86,731	149,925		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>647,115</u>	<u>384,017</u>	<u>1,569,800</u>	<u>1,613,217</u>	0.41	0.24
Separate financial statements						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Net income attributable to equity holders of the parent	642,267	438,935	1,483,069	1,463,292	0.43	0.30
Effect of dilutive potential ordinary shares						
Warrants	-	-	86,731	149,925		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>642,267</u>	<u>438,935</u>	<u>1,569,800</u>	<u>1,613,217</u>	0.41	0.27

24. 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 2008, the Company contributed Baht 7.1 million (2007: Baht 6.6 million) to the fund.

25. Dividend

Dividend declared in year of 2008 and 2007 consists of the following:

		(Unit: Baht)
	Approved by	Dividend per share
Final dividend for 2007	Annual General Meeting of Shareholders No. 1/2551	0.06
Final dividend for 2006	Annual General Meeting of Shareholders No. 1/2550	0.60

26. Commitments and contingent liabilities

26.1 Operating lease commitments

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

As at 31 December 2008, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

Payable within:	Million Baht
Less than 1 year	7,675,047
1 to 3 years	4,805,370
	<u>12,480,417</u>

- 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:	RMB
Less than 1 year	558,124
1 to 3 years	1,725,485
more than 3 years	1,748,802
	<u>4,032,411</u>

- c) The subsidiary has entered into an agreement to rent land and building in Hong Kong, for a period of two years beginning on 10 March 2008, under which the rental fee is RMB 21,840 per month.

26.2 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 7.0 million (2007: Baht 17.6 million) which were secured by the pledge of cash at banks and fixed deposit accounts totaling approximately Baht 5 million.
- b) The Company issued the guarantee letters to banks to guarantee USD 2.5 million and Baht 90 million of loans from banks to its overseas subsidiaries.

c) Resolutions of the Meeting of the Board of Directors held on 30 June 2008 are as follows:

- Approved the Company provision of a guarantee on behalf of the overseas subsidiary for a short-term loan from a financial institution in amounts not exceeding RMB 12.0 million and USD 1.5 million, in the form of a standby letter of credit with a bank.
- Approved the Company guaranteeing payment of the short-term loan debt of an overseas subsidiary and entering into a Corporate Guarantee Agreement with a bank in an amount not exceeding USD 2.7 million.

27. 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 and Denmark. Below is the consolidated financial information for the years ended 31 December 2008 and 2007 of the Company and its subsidiaries presented by geographical segment.

	(Unit: Million Baht)									
	Thailand		China		Denmark		Elimination		Consolidated financial statements	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue from external	6,994	5,770	149	50	-	-	-	-	7,143	5,820
Inter segment revenues	7	15	81	20	333	-	(421)	(35)	-	-
Total revenues	7,001	5,785	230	70	333	-	(421)	(35)	7,143	5,820
Segment income (loss)	912	629	(1)	(16)	1	-	38	21	950	634
Unallocated income and expenses:										
Gain on exchange									21	32
Other income									57	42
Selling expenses									(107)	(89)
Administrative expenses									(237)	(216)
Finance cost									(14)	(6)
Corporate income tax									(23)	(13)
Net income									647	384

	(Unit: Million Baht)									
	Thailand		China		Denmark		Elimination		Consolidated financial statements	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Property, plant and equipment	938	700	98	107	-	-	(48)	(40)	988	767
Unallocated assets									3,568	2,857
Total assets									4,556	3,624

Transfer prices between business segments are as set out in Note 6 to the financial statements.

28. Financial instrument

28.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instrument: Disclosure and Presentation", principally comprise cash and cash equivalents, current investments, trade accounts receivable, restricted bank deposits, trade accounts payable and short-term and long-term loans. 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 balance sheet.

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 2008 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								
	Floating interest rate	Fixed interest rate				Non-interest bearing		Average interest rate	
								(Percentage per annum)	
		At call	Within 1 year	1 - 5 years	Over 5 years			Floating rate	Fixed rate
Financial instruments - assets									
Cash and cash equivalents	532.7	-	100.0	-	-	6.6	639.3	0.25 - 3.40	2.75
Current investments	-	-	-	-	-	263.9	263.9	-	-
Trade accounts receivable - net	-	-	-	-	-	1,233.2	1,233.2	-	-
Deposits at bank with restrictions	-	-	-	-	5.8	-	5.8	-	0.25
Financial instruments - liabilities									
Trade accounts payable - related parties	-	-	-	-	-	20.6	20.6	-	-
Trade accounts payable	-	-	-	-	-	928.4	928.4	-	-
Liabilities under financial lease	-	-	-	9.7	-	-	9.7	-	3.75
Short-term loan from financial institution	-	-	19.6	-	-	-	19.6	3.85 - 7.88	-
Long-term loan	-	-	44.3	144.6	-	-	188.9	-	4.875

(Unit: Million Baht)

Consolidated financial statements

								Average interest rate	
	Floating	Fixed interest rate				Non-interest		(Percentage per annum)	
		interest rate	At call	Within 1 year	1 - 5 years			Over 5 years	bearing
Financial instruments - assets									
Cash and cash equivalents	492.1	-	100.0	-	-	6.6	598.7	0.25 - 3.40	2.75
Current investment	-	-	-	-	-	263.9	263.9	-	-
Trade accounts receivable	-	-	-	-	-	2.5	2.5	-	-
subsidiary - net									
Trade accounts receivable - net	-	-	-	-	-	1,186.8	1,186.8	-	-
Restricted bank deposits	-	-	-	-	5.8	-	5.8	-	0.25
Long-term loan to subsidiary	-	73.6	-	-	-	-	73.6	-	5.00 - 6.25
Financial instruments - liabilities									
Trade accounts payable - related parties	-	-	-	-	-	92.1	92.1	-	-
Trade accounts payable	-	-	-	-	-	796.1	796.1	-	-
Liabilities under financial lease	-	-	-	9.7	-	-	9.7	-	3.75
Long-term loan	-	-	44.3	144.6	-	-	188.9	-	4.875

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 2008 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate As at 31 December 2008
	(Million)	(Million)	(Baht per 1 foreign currency unit)
USD	1,342.9	940.3	34.9438
EUR	126.3	135.3	49.2662
JPY	-	22.7	0.3864
HKD	-	4.0	4.5105
DKK	4.9	13.6	4.4781
SGD	1.4	1.7	24.2207
CHF	-	1.5	33.1587

Foreign exchange contracts outstanding as at 31 December 2008 are summarised below.

Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	7.4	11.1	33.51 - 35.55	31.88 - 35.71
EUR	1.5	0.7	45.53	45.22 - 45.23
JPY	25.1	-	0.38 - 0.39	-

Currency option agreements outstanding as at 31 December 2008 are summarised below.

Foreign currency	Bought amount	Sold amount	Contractual exchange rate	
			Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	6.1	2.4	34.07 - 36.05	31.12 - 34.10

28.2 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 the balance sheets.

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.

29. Capital management

The primary objectives of the Company's capital management is to ensure that it has an appropriate financing structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2008, Group's debt-to-equity ratio was 0.49:1 (2007: 0.46:1) and the Company's was 0.45:1 (2007: 0.44:1).

30. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2007 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

	(Unit: Baht)			
	Consolidated		Separate financial	
	financial statements		statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Advance payment for purchase of materials and equipment	3,964,937	5,660,604	3,964,937	5,660,604
Trade accounts payable	748,657,031	750,352,698	738,031,430	739,727,097
Accrued transportation payable	28,355,304	29,749,361	28,042,139	29,436,196
Accrued expenses	21,583,566	24,758,417	14,780,699	17,955,550
Amount due to related companies	4,568,908	-	4,568,908	-

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2009.

Audit's Remuneration

The company and its subsidiaries paid for the audit fee of the fiscal year ended December 31st, 2008 as follows:

Audit Fee for Year 2008	SVI Public Co., Ltd.	Globe Vision Company Limited	SVI China Limited	SVI Electronics (Tianjin) Co., Ltd.	SHI WEI Electronics (Hong Kong)	SVI A/S
Audit Fee	1,430,000 Baht	50,000 Baht	115,754 Baht	791,867 Baht	140,620 Baht	459,963 Baht
Audit Fee for BOI Promoted Activities	250,000 Baht	None	None	None	None	None
Other FeesNone	None	None	None	None	None	
Other Fees in the Future	None	None	None	None	None	None

Investor Relations

The purpose of SVI's IR function is to provide information about the company's activities, financial position and goals, as well as conditions in its operating environment, in a timely basis, disclose and accurate. The objective is to reflect the real status of the company to the capital markets which will be a valuable information to investors, institution, shareholders, analyses, related public parties, and others. IR's activity is an important role as to increase awareness of SVI's strategy and activities, thereby enhancing and reflecting good governance of the company.

Insider Trading Policy

The company has the policy to disclose the accurate and transparent information to all shareholders and investors fairly and complied with SEC's and SET's rules and regulations. The company's directors and management can not trade the company's shares in the security market if he/she knows of any materialized information that impact to the company's share price until that important information or quarterly or yearly operating result are disclosed to SET's channel.

Investor/Analyst/Press Meetings

SVI arranges press interviews and meeting for analysts and financial journalists on the publication of its interim and full-year results. The annual general shareholder meeting is normally held in April with the invitation letter sent to shareholders at least 7 days prior the meeting. The meetings provide participants with the opportunity to hear the company's views and to address questions to its top management from time to time appropriately.

2008 Financial Reporting

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

- The first quarter operating result, released on May 9, 2008
- The second quarter operating result, released on August 4, 2008
- The third quarter result, released on November 7, 2008
- The fourth quarter and Year 2008's result, released on March 2, 2009
- 2008 Annual Report, released in April, 2009

Investor Relations Contact

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General Information

Name	:	SVI Public Company Limited
Type of Business	:	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.
Registration Number	:	0107537001790 (Previous No. Bor Mor Jor 426)
Registered Capital	:	1,858,903,070 Baht
Paid – Up Capital	:	1,500,177,850 Baht
Common Stock	:	1,500,177,850 shares
Par Value	:	1 Baht
Address	:	<p>Thailand</p> <p>SVI-I (Headquarters and Plant 1)</p> <p>33/10 Moo 4, Soi Chaengwattana 40, Chaengwattana Rd. Bangtalad, Pakkred Nonthaburi 11120 THAILAND Telephone: (66) 2574-5671 Fax: (66) 2574-5672-3</p> <p>SVI-II (Plant 2 at Bangkadi Industrial Park)</p> <p>141 Moo 5, Tiwanon Rd., Bangkadi, Muang, Pathumthani 12000 THAILAND Telephone: (66) 2963-6401 Fax: (66) 2963-6409</p> <p>SVI-III (Plant 3 at Bangkadi Industrial Park)</p> <p>142 Moo 5, Tiwanon Rd., Bangkadi, Muang, Pathumthani 12000 THAILAND โทรศัพท์ (66) 2963-6401 โทรสาร (66) 2963-6409</p> <p>Oversea</p> <p>SVI-III (Plant 3 in Tianjin, China)</p> <p>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</p>
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Website	:	http://www.svi.co.th
Investor Relations	:	<p>http://investorrelations.svi.co.th</p> <p>Tel: (66) 2574-5671 ext. 1231 Fax: (66) 2574-5672-3 Email: ir@svi.co.th</p>

Subsidiaries and Overseas Offices:

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2. **SVI CHINA LIMITED (Hong Kong)**

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Fax: 852-2374 1212

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

Materials Sourcing Office

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Fax: 86-0755-8214 7136

4. **SVI ELECTRONICS (TIANJIN) CO., LTD. (SVI Plant 3)**

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

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References:

- | | |
|---------------------|--|
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 Toong Song Hong, Laksi, Bangkok 10210
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 Fax: (66) 2832 4994</p> |
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 2. Yau Wai Ching Certified Public Accountant.
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| D. Finance Advisor | <p>None</p> |