

2013 ANNUAL REPORT



"Commitment to Superior Service and Highest Quality"



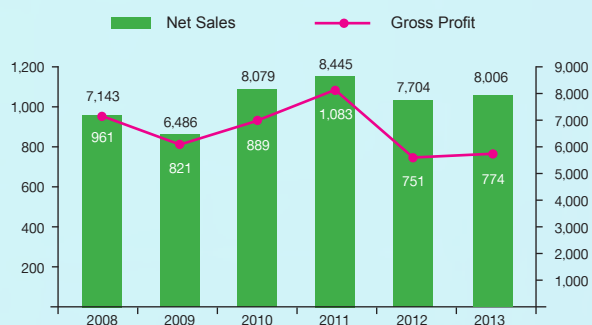
SVI Public Company Limited

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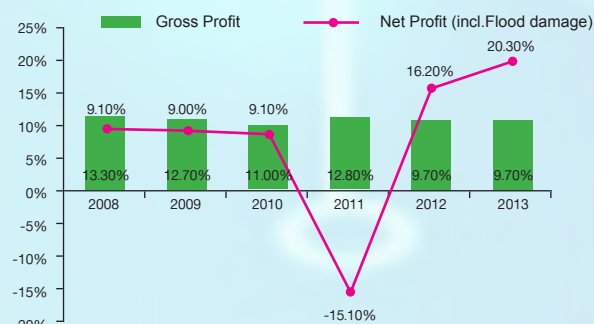
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Financial Highlights from Consolidated Financial Statement

Net Sales, Gross Profit
(Unit: Million Baht)

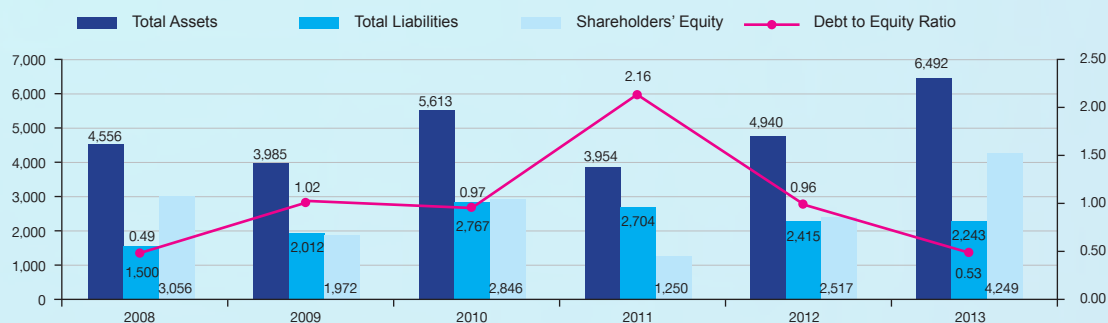


Percentage of Gross Profit and Net Profit
(Unit: Percentage)



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

Financial Status



Financial Ratio

	2008	2009	2010	2011	2012	2013
Gross Profit Margin (%)	13.50	12.70	11.0	12.80	9.70	9.70
Net Profit Margin (%)	9.10	9.00	9.10	-15.10	16.20	20.30
Return on Assets (%)	14.20	15.10	14.60	-24.80	24.70	26.40
Return on Equity (%)	21.83	23.15	27.72	-56.81	51.85	42.93
Current Ratio (Times)	2.63	1.83	2.01	1.25	1.57	2.35
Total Assets Turn Over (Times)	1.57	1.63	1.44	2.14	1.56	1.23
D:E Ratio (Times)	0.49	1.02	0.97	2.16	0.96	0.53
Interest Bearing Debt to Equity	0.07	0.28	0.31	0.50	0.26	0.00
Earnings per Share (Baht-Basic)	0.43	0.37	0.42	-0.65	0.64	0.72
Book Value per Share (Baht)	2.04	1.19	1.47	0.64	1.29	1.88

Letter to Shareholders



Dear Shareholders,

During the year 2013 SVI continued on his path to success, as we were able to meet targets, execute plans and deliver tangible value to our customers. We look at the future with confidence, conscious that we can deliver more and better and that we can exceed expectations, motivated by our passion and by our aspirations and driven by our shared values of excellence, hard work and leadership.

Our consolidated revenues mark an increase of 4% from the previous year, with a solid Baht 8,006 Million that consolidate, SVI as a top player in the value-added spectrum of the EMS business. At the same time, our relentless focus on profitability and efficiency has generated visible results at all levels of the P&L structure, marking considerable improvements from the previous year and exceeding, at times remarkably, also our management guidelines. Consolidated net profit for this year is Baht 1,623 Million, while net result, normalized by extraordinary items, is Baht 560 Million, a healthy 7% net profit.

SVI ability to generate profits is coupled by its ability to make cash. Every quarter, the cashflow generated by our operating activities has allowed SVI to finance its capex plans, repay debt and accumulate a considerable cash balance. For the year 2013, we can proudly say that our balance sheet is “clean”, with virtually no financial indebtedness and a cash position that is among the strongest in the industry. This is even more noticeable considering that only two years ago, with the flood surrounding our factories, SVI had to face one of the biggest challenges in its history.

For the years ahead, as we assist to a progressive improvement of the macroeconomic outlook on a global scale, our top priority will be sustained growth and profitability. We are confident we can achieve this goal, thanks to our unique skill-set and knowledge, our talented management team and our relentless workforce. We will achieve ambitious targets by putting our customers first, and by consolidating our leadership in our traditional markets as well as by penetrating new geographies. Our close focus on the value-add segments of the EMS business is key to preserve the competitive advantage that we have been enjoying in the past.

Innovation and hard work, creativity and strategic thinking will drive our decisions in the short and in the long term. SVI is incredibly well positioned to capture the best opportunities in the market globally. Our franchise and dedication to customers will be our key to success.

As in the past, also this year we want to celebrate this success with our management team and with our staff and we want to share it with our customers, who so strenuously have supported us during all these years. As always, we are grateful to our shareholders for their continual support and encouragement.

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

Dr. Suvarn Valaisathien
Chairman of the Board

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

Mr. Pongsak Lothongkam
Chief Executive Officer

Board of Directors



Dr. Suvarn Valaisathien

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

Education

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

Experience

- Senior Secretary, UN-ESCAP
- Attorney – Kirkwood Law Office
- Attorney – Trainee, Hale and Dorr, Boston Massachusetts, U.S.A.
- Partner, International Legal Counsellors Thailand
- Partner and Head of Tax Division, SGV Na 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. Suvarn Law Office
- Executive Director, Berli Jucker Public Co., Ltd.
- Director, Bumrungrad Hospital Public Co., Ltd.
- Chairman, Thai Stainless Steel Co., Ltd.



Dr. Pruchya Piumsomboon

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

Education

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

Experience

- Leader of IT consultant services more than 70 organizations and companies in U.S.A. and Thailand
- Professional Expert to the Chairman of the Election Commission of Thailand
- Advisory board (e-Industry) to the ICT Minister
- Sub-committee on Science and Technology, The Senate of Thailand
- Chairman Committee on Information Technology and Telecommunication of the Thai Chamber of Commerce
- First National ITC Master Plan B.E. 2545 – 2549 Working Group
- E-ASEAN Task Force (private sector), Ministry of Commerce ITC
- National Information Technology Committee Member
- First Vice Secretary of the Selected Committee on Computer Misleading Act to the Secretary General of the National Legislative Assembly
- The Council of Engineers Subcommittee on the International affairs

Present Positions

- Independent Director, Chairman of the Audit Committee, and Member of the Nomination and Compensation Committee, SVI Public Co., Ltd.
- Managing Director, CIM Systems (Thailand) Co., Ltd.
- Managing Director, Pakin Properties Co., Ltd.
- Board of Casa Verde Co., Ltd.
- Chairman of the Board of Directors, Chow Steel Industries Public Co., Ltd.
- Chairman of the Board of Directors, President Automobile Industries Co., Ltd.
- Advisor to the Board of Executive Committee of GS1 Thailand, The Federation of Thai Industries
- Committee on APEC, and Committee on International Organization, Board of Trade Thailand and the Thai Chamber of Commerce



Mr. Threekwan Bunnag

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

Education

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

Present Positions

- Independent Director, Audit Committee Member and Member of the Nomination and Compensation Committee, SVI Public Co., Ltd.
- Independent Director, Audit Committee and Nomination Committee, TICON Industrial Connection Public Co., Ltd.



Mr. Virapan Pulges

Director

Education

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

Experience

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

Present Positions

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



Mr. Pongsak Lothongkam

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

Education

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

Experience

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

Present Position

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



Mr. Chatchaval Jiaravanon

Independent Director

Education

- Bachelor Degree in Business Administration, University of Southern California
- Director Accreditation Program, Thai Institute of Director.
- Executive Program, Capital Market Academy in 2011

Experience

- Independent Director, Cal-Comp Electronics (Thailand) PLC
- Director, Hi Pro Electronic PLC
- Independent Director, Seamico Securities PLC
- Chairman of the board, Metrostar Property PLC
- Director, Chia Tai Enterprises International Co., LTD
- Advisor to the Deputy Minister
- Director, The Federation of Thai Industries
- Director, Thailand Management Association

Present Position

Listed Company

- Director and Managing Director, TRUE Corporation PLC
- Director, CPPC PLC
- Chairman and Chairman of the Executive Board; Finansia Syrus Securities PLC
- Director, Amanah Leasing PLC
- Director, AEON Thana Sinsap (Thailand) PLC

Non-Listed Company

- President and CEO, Telecom Holding Co., Ltd.
- Chief Executive Officer, True Multimedia Co., LTD
- Board of Associate Director, Charoen Pokphand Group
- Director, Committee Information Technology and Communication, The Thai Chamber Commerce

Management Team



1. **Mr. Pongsak Lothongkam**
Chief Executive Officer

2. **Mr. Ruangpoj Phakdurong**
Vice President, Business Development

3. **Mrs. Pissamai Saibua**
Chief Financial Officer

4. **Mr. Carsten Bremerskov Kaysen**
Senior Director, Sales - Scandinavia

5. **Mr. Phichet Kanogsirima**
Senior Director, Materials Management

6. **Mr. Virat Phugthai**
Senior Director, Corporate Sales

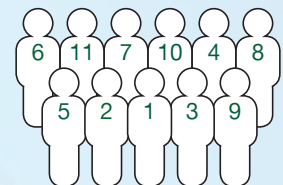
7. **Dr. Raymond Ramiah**
Senior Director, Quality Assurance

8. **Mr. Manoon Noonate**
Senior Director, Human Resources

9. **Mr. Wayne Kenneth Ellis**
Senior Director, Global Sourcing

10. **Mr. Verne Mundell**
Director, New Product Introduction (NPI)

11. **Mr. Steven Christopher Polaski**
Senior Director, Operations



Management Team

Mr. Pongsak Lothongkam

Chief Executive Officer

Education

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

Experience

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

Present Position

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

Mr. Ruangpoj Phakdurong

Vice President, Business Development

Education

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

Working Experience

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

Present Position

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

Mrs. Pissamai Saibua

Chief Financial Officer

Education

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

Working Experience

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

Present Position

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

Mr. Carsten Bremerskov Kaysen
Senior Director, Sales - Scandinavia**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

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

Mr. Phichet Kanogsirima
Senior Director, Materials Management**Education**

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

Professional Certificates

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

Working Experience

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

Present Position

- Senior Director, Materials Management, SVI Public Co., Ltd.

Mr. Virat Phugthai

Senior Director, Corporate Sales

Education

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

Working Experience

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

- Senior Director, Corporate Sales, SVI Public Co., Ltd.
-

Dr. Raymond Ramiah

Senior Director, Quality Assurance

Education

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

Working Experience

- Director, Quality System/QA, Innovex Thailand Ltd.
- Senior Manager, Quality System & Customer Quality, Innovex Thailand Ltd.
- Process/Test/Assembly Engineering Manager, Innovex Thailand Ltd.

Present Position

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

Mr. Manoon Noonate

Senior Director, Human Resources

Education

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

Working Experience

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

Present Position

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

Mr. Wayne Kenneth Ellis

Senior Director, Global Sourcing

Education

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

Working Experience

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

Present Position

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

Mr. Verne Mundell

Director, New Product Introduction (NPI)

Education

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

Experience

- Working with new products in the aerospace and telecommunication industries, USA.
- Litton Industries and Kollmorgen Corporation providing infrared and laser designation systems, USA.
- Set-up & managed Asian supply base for RF transceivers products at Signal Technology Corporation, USA.

Present Position

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

Mr. Steven Christopher Polaski

Senior Director, Operations

Education

- Bachelor Degree of Engineering, Major in Electronics Engineering, University of Lowell, Massachusetts

Experience

- CEO, Venger Wind
- Director Operations, Endwave Corporation
- VP Operations, Signal Technology Corporation
- COO, Raycom
- Director Operations, Raytheon Company

Present Position

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

Policy and Business Overview

1 Vision Mission and Business Goals

Vision

A globally recognized organization that strives for growth, profitability, integrity and social responsibility.

Mission

SVI is committed to be a leading global provider of full turnkey box-build contract manufacturing services to the industrial and professional electronic sectors. This will be achieved by focusing on the target sectors and building strong long-term partnerships with chosen strategic customers and suppliers.

We are driven to exceed our strategic customer expectations in terms of quality and service.

Business Goals

The Company is committed to being a leader in turnkey production of electronic products. The goals of the business are follows.

1. To be a Leader on the production of high value added products, such as, Industrial control system and office automation system. In particular, products with high value added labor which is a product that requires a workforce composed of people and must also engage in advanced technology manufacturing, products with long product lifecycles. The Company is focused on producing goods and the products with high value added of such a wide range of advanced products, but the volume of each order are not high. Of which, those larger EMS are not commonly produced in this manner. Because the volume produced in production are not worth as compared to the cost of production. For manufacturers with similar size or smaller company is no expertise in the management of the raw materials, no competitive technology or no sufficient experience as compared to SVI.

2. For customers, the company's strategy is to have revenue generated by selling of 70 percent to the customers in Scandinavia and Europe, 30 percent will be derived from customers in the United States and Japan.

3. Besides the emphasizing on products strategy, the Company has an appropriate increase of production capacity coupled with the ability to improve quality and productivity at the same time. To accommodate the needs of customers increased steadily, and keep up with technology including a high level of product complexity, process -oriented systems (High-End System-Build), the company has continued to improve the production area to be the right size continuously.



The business goals is the have income growing steadily and consistently, but not volatile depended on the global economic conditions.

The Company engaged in full turn key business of providing the outsource services for print circuit board assembly, and electronic finished products (Electronics Manufacturing Service - EMS) to customers who own the product prototype (Original Equipment Manufacturer: OEM) and clients who are contractors design (Design House) the Company began operation of the assembly of electronic circuit board , then there were more proficient strategies by concentrating on the production of finished electronic products (Turnkey Box-Build) and production of finished system-build.(System-Build).



2 Background and Major Progress

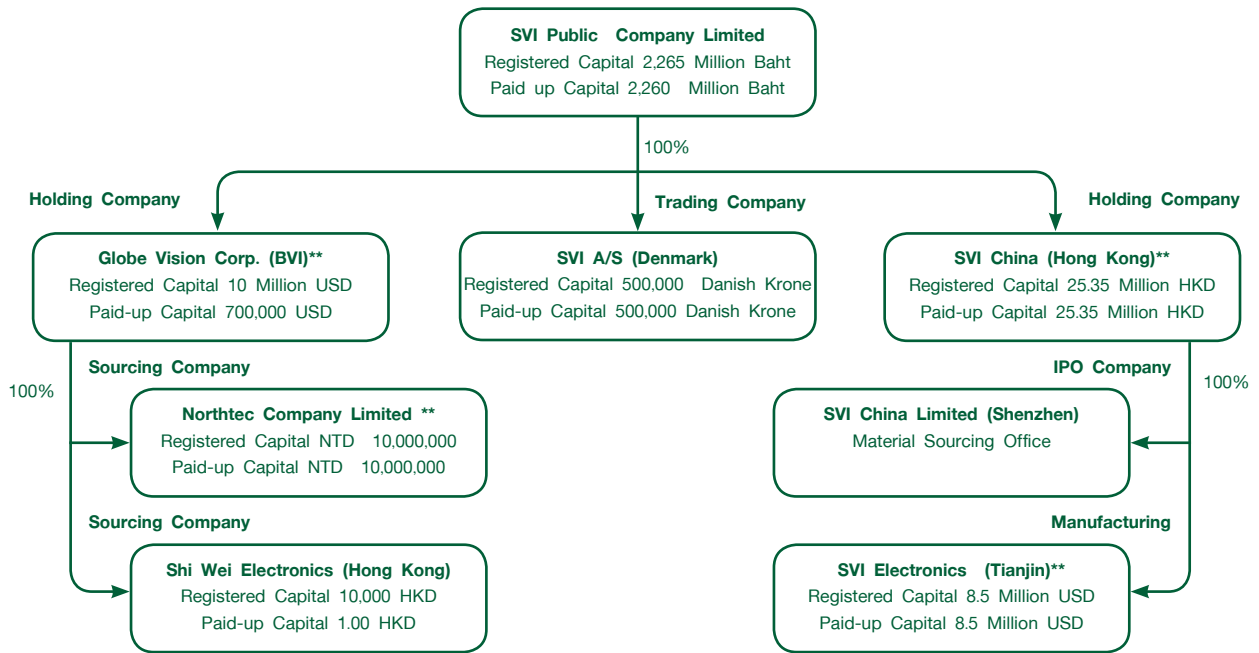
SVI Public Company Limited, formerly known as Semiconductor Venture International Limited was established on August 2, 1985 to operate as an Electronics Manufacturing Service (EMS). The company's background and major developments are as follows:

Year Activities

- 1989 Listed on The Stock Exchange of Thailand (SET).
- 1994 Converted to a Public Company Limited on May 25, named Semiconductor Venture International Public Company Limited and placed emphasis more complicated electronic products and Box-Builds.
- 1997 Asia Pacific Electronic Company Limited, a company under H & Q Asia Pacific Group, acquired 94.5% of shares in the company from The Bangkok Bank Public Company Limited making Asia Pacific Electronic Co., the major shareholder.
- 2000 Started high technology production processes by implementing Micro-BGA and Flip Chip Lines.
- 2003 February 5th changed the company's name to SVI Public Company Limited.
- 2004 Set up the second factory (SVI-2) in Bangkadi Industrial Park, Pathumthani province.
Implemented a new ERP system (SAP) to manage operations and raw materials.
- 2005 Increased production capacity at SVI-2 and modified production lines at SVI-1 to support production of high technology products.
SVI Public Company Limited invested 100% in Globe Vision Corp.
Globe Vision Corp invested 100% in SVI China Limited (Hong Kong).
SVI China Limited (Hong Kong) invested 100% in SVI Electronics (Tianjin) Company Limited.
- 2006 The new factory located in Tianjin, China, started operations beginning of year.

- 2007 Expanded a 600 square metre warehouse in SVI-1.
- Installed another “In-line Hydro Cleaning” washing machine for PCBA to improve washing capacity and performance at SVI-1. Expanded production space and installed more high technology and high efficiency machines at SVI-2 to support capacity expansions. ‘SVI’ par value was changed from Baht 10 to Baht 1 each, and started trading on SET at the new value on May 18th, 2007.
- 2008 SVI-1 at Chaengwattana renovated a production area of 3,300 square meters, to support new product processes and energy saving. This included the expansion of the existing warehouse by 750 square meters to support more customers for distribution centre services. SVI-2 at Bangkadi installed additional high-technology and high speed machines for 7 lines, including the expansion of the mezzanine office area by 800 square meters to support additional demands. Acquired the third plant in Thailand (SVI-3) at Bangkadi Industrial Park, Pathumthani with total space of 70,400 square meters.
- 2009 SVI-3 Bangkadi renovated and built a warehouse of 2,800 square meters to merge a Distribution Center (DC) of SVI-1 and SVI-2 to support Customers’ DC and Vendor Management Program (VMI). This warehouse was authorized by The Customs Department to be a Free Zone.
- Started research and development on a Solar Cell project supervised by the Nano Technology Department of the Asian Institute of Technology (AIT), in order to implement this project for future production processes. Selected by SET to be one of the companies in the SET 100 Index. Nominated by SET as one of the companies to compete in ‘The Best Performance Awards’ and ‘The Best CEO Awards’.
- 2010 Acquired the new factory (SVI-5) in Bangkadi Industrial Park, Prathumthani with a total space of 65,340 square meters (including both production area and office space) to support the drastic growth of SVI’s business. Renovated of production area and office space, Phase 1 and 2 at SVI-3 (23,000 square meters). Received excellent Corporate Governance score from IOD supported by SET/SEC Received Supplier of the year award from our number one customer.
- 2011 Received an Outstanding Investor Relations Awards from SET market capitalization of Baht 10,000 Million or less. A severe flood occurred during October 21th, to December 05, 2011 at Bangkadi Industrial Park, water level was approximately at 4 msl. The company temporarily moved to factory at Chaeng-wattana road and the production resumed on November 08, 2011. A recovery of Bangkadi plant started on December 08, 2011 and the plant has started production since mid of January 2012.
- 2012 Received an Outstanding Investor Relations Awards from SET market capitalization of Baht 10,000 Million Or less for the second year.
- After the flood, production at Bangkadi Plant started on January 16, 2012. The capacity at the end of 2012 was close to the capacity prior to the 2011 flood.
- 2013 Received an Outstanding Investor Relations Awards from SET market capitalization of Baht 10,000 Million Or less for the third consecutive year.
- Completed renovation and installation of production line and machineries located at Head Office, Bangkadi, which made the production capacity close to year 2011 before flood.
- Started vertical integration project by producing metal boxes to support customers’ products.

3 Company and Subsidiaries Structure



(IPO = International Purchasing Office)

Remark : ** In process to close down

4 Relation with shareholders' business

- None -

Characteristics of Business

The company provides turnkey Electronics Manufacturing Services (EMS) to customers who are Original Equipment Manufacturers (OEM) and Design Houses. In the beginning, the company only provided PCBA assembly services and later developed its business strategy to focus on Turnkey Box-Build and System-Build product manufacturing. SVI's flexible manufacturing process is able to produce and meet the finished goods requirements for its customers based on the following processes:



1. Printed Circuit Board Assembly (PCBA)

The PCBA assembly service was the original business of SVI, contributing to approximately 36% of the total company's revenue in 2013.

2. Turnkey Box-Build

Besides PCBA manufacturing, the company produces the complete box-build products. SVI provides services and advice to customers using high technology and flexible product lines with short lead-times for product delivery at competitive prices. Each of these are competitive advantages of the company. The products in this category are as follows: high frequency radio communication, satellite communication, Digital Signal Processing Audio used in radio and television station, Professional IP video and Medical products such as hearing aids. The products in this category account approximately 62% of the total revenue in 2013.

3. System-Build

System builds are advanced products that involve a more complex manufacturing process than box-build manufacturing. The company has increased its manufacturing capabilities to produce systems used in large industrial control systems and instruments. This contributes to 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 2% of the total revenue in 2013.

1 Type of Products and Services

The products built under the above mentioned three processes are classified into 3 major categories based on type of business as follows:

1. **Industrial Control System**, the majority of the company's revenue, generated 32% of total revenue in 2013. The main products are Temperature Control Equipment for cold storage, Circuit Breaker Equipment and products listed in item 2 of business type.
2. **Niche System** includes high end technology products as listed below:
 - 2.1 Hi-End Office Automation, such as wireless network office communication systems, Wireless network multi-functions office automation equipment (copier, printing, scanner, etc.), represented approximately 44% of the total revenue in 2013.
 - 2.2 Hi-End Telecommunications, products are mainly related to marine satellite systems or satellite broadcasts, represented 6% of total revenue in 2013.
 - 2.3 Professional Audio and Video, mainly equipment for audio and video used in large studios, international conventions, concerts, etc., represented 10% of total revenue in 2013.
 - 2.4 Automotive Electronics, mainly sensors used to control automotive tires, steering wheels, etc., represented 1% of total revenue last year.
3. Medical Laboratory Equipment is a rapid growth market became a new business segment of SVI. SVI has been certified by ISO 13485. Hence, SVI is ready to penetrate the market. In order to serve this business, the company built a new manufacturing line in a Clean Room as required for the dustless and clean manufacturing process. SVI's medical equipment customers are leaders in this category with high market shares and are satisfied with our performance. The 2013 revenue by this business was approximately 5% of total revenue.
4. Communication Component Products (CCP) is a communication product is a high growth market supporting high technology communication system which the signal is sent through a fibre optic cable system. This is a new product segment of SVI where the major market are in US and Japan. This product generated revenue of 1% of total revenue in 2013.

SVI has five manufacturing plants, four of which, are in Thailand and one plant in Tianjin, China. The first plant is located on Chaengwattana road, Nonthaburi province. The total area is 22,472 sq. meters, of which the office and production space is 7,800 sq. meters, and this plant focused on Hi-End Office Automation in 2012. The second plant is located at Bangkadi Industrial Park (BIP), Pathumtani with the total area is 17,215 sq. meters, office and production space is 12,000 sq. meters. There has been no production at this plant since the flood at the end of 2011. The third plant is at the headquarters, located at BIP, Pathumtani. The total area is 70,400 sq. meters, office and production space is 38,000 sq. meters. This plant is currently the primary production plant. The fourth plant is located in Tianjin, China which began operations in early 2006. The total area is 7,787 sq. meters, office and production space is 5,812 sq. meters, and this plant is focused on the customers whose manufacturing bases are in China. The fifth plant is again located in the Bangkadi Industrial Park, acquired at the beginning of 2011. The total area is 65,340,000 sq. meters, the office and production space is 30,000 sq. meters.

However, the Board of Directors had a resolution on October 30, 2013 to close down the factory in Tianjin, China, which is currently in the process of closing the plant and expect to complete by year 2014.

BOI Privilege

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

The details of BOI privileges are presented in Note 26 of the Financial Statement.

The structure of revenue

The company's revenue is mainly generated from manufacturing of electronics products. Listed below were revenue generated from 2010 to 2013 which reported by group of products as follows:

Income Structure	2010 (Consolidated)		2011 (Consolidated)		2012 (Consolidated)		2013 (Consolidated)	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Sales Income								
1. Industrial Control	4,076	50	3,951	47	2,756	36	2,603	32
2. Niche System								
2.1 Office Automation	2,640	33	3,188	38	3,198	41	3,505	44
2.2 Telecommunications	615	8	483	6	741	9	516	7
2.3 Professional Audio & Video	440	5	369	4	610	8	817	10
2.4 Automotive Electronics	18	0.2	126	1	129	2	75	1
3. Medical Laboratory Equipment	290	4	328	4	225	3	387	5
4. CCP	0	0	0	0	45	1	103	1
Total Sales Income	8,079	100	8,445	100	7,704	100	8,006	100
Gain on exchange rate	84		11		135		28	
Other sales income*	91		50		780		1,131	
Total	8,254		8,506		8,619		9,165	

Note: (*) Other incomes was The rental of Distribution Center and Warehouse in the Free Trade Zone and sales of scrapped materials. It was included an interim payment of Baht 1,063 Million for a compensation of flood damages in 2013.

2 Marketing and Competition Strategy

Marketing

The company has developed long-term relationships with its customers, who are mainly in mid-sized Original Equipment Manufacturers (OEMs) and Design House Companies that own products which are well-accepted among the global market.

They are mainly located in the Scandinavian region, and some have subsidiaries in other countries.

Having a large percentage of customers in this group helps diversify risk caused by economic fluctuations since their subsidiaries in other countries issue their sales orders separately. If the economy slows down in one country, we can still have sales orders from their subsidiaries located in other countries.

SVI's sales can be reported by region as listed below.

Sales Income by Region	2010 (Consolidated)		2011 (Consolidated)		2012 (Consolidated)		2013 (Consolidated)	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Scandinavia	5,001	62	5,235	62	4,950	64	5,000	62
USA	518	6	519	6	578	8	709	9
Europe	291	4	398	5	521	7	354	4
Global (customers who have subsidiaries in many countries)	2,001	25	2,045	24	1,275	16	1,565	20
Total Overseas Market	7,811	97	8,197	97	7,324	95	7,628	95
Domestic & Others	268	3	248	3	380	5	378	5
Total Sales*	8,079	100	8,445	100	7,704	100	8,006	100

**Excluding others incomes*

Competitions

In order to compete in its markets, SVI's strategic plan focuses on efficient operations management, manufacturing processes, high valued products and quality assurance as follows:

Operations Management

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

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

Manufacturing

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

Product

The Company has focused to produce high value-added products in the Industrial Control and Office Automation categories. These products have high labor costs, require high technology but also have a long life-cycle. The Company has purposely avoided production of consumer products and mobile phones because they are low value added products which have rapid changes in design and technology. With regards to the high value-added products, volumes are low and products have a high mix; therefore, large industry players do not focus on this business category. Small to medium sized businesses also avoid this category due to the lack of efficient materials management and production skills.

Quality Assurance

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

1995 Received systems certification ISO 9002:1994 from TRADA, a leading multi-sector certification body accredited by UKAS (United Kingdom Accreditation Service).

1999 Received systems certification 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, quality certification 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 basic assessment of 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 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 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 on 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.

- 2009 Successfully passed ISO audit certification with new version ISO9001:2008, TS16949: 2009
Awarded ISO Certification for Medical Devices and Hearing Aid Accessories – ISO13485 by British Standard Institute (BSI) Thailand.
- 2010 Successfully passed the audit certification for ISO9001:2008, TS16949:2009, ISO13485:2003 and Environmental Management System ISO14001:2004. We have to be certified for those certificates every year.
- 2011 Bangkok plants successfully passed OSHE Certification (ISO14001:2004 and OHSAS18001:2007) from the AJA Registrars.
Chaeng-Wattana plant has been under contingency plan per Business Continual Improvement Procedure and Quality System Management from TUV Rhienland ISO9001:2008 and ISO/TS16949:2009 since April 3, 2010 to February 11, 2012.
- 2012 Successfully passed ISO9001:2008 Certification for general products, TS16949:2009 for Automotive Products and ISO13485:2003 for Medical Products from Certified Body TUV Rheinland from Germany and BSI from England respectively.
- 2013 Completed systems training for Aerospace AS9100 Requirements. Achieved IPC 610E CIT certifications to enable SVI provide in-house IPC-A-610E “Acceptability of Electronic Assemblies “to organize Certified Inspection Specialist (CIS) for engineers and operators.

Company’s Potential of Competition

Our competitors in the Europe, Scandinavia and US markets are companies from USA, China and Malaysia. In the U.S. market, our competitors are based at South Korea, Mexico, Malaysia, and the U.S. itself. SVI has a great cost advantage and more Asian local suppliers compared to the EMS providers located in the U.S. and Europe. Additionally when compared to Chinese manufacturers, our advantages are product quality, trust in protection Intellectuals properties, customer service, and product development for manufacturing.

Currently, SVI has 7 major competitors located in the following regions: 5 are located in Scandinavia, 2 are located in the U.S., and one is located Thailand who has a headquarters in Scandinavia.

Industry and Competition Trend

Electronics Manufacturing Services (EMS) is an industry designed to support the electronics products industry and other high end equipment such as airline industry, automotive, telecommunication and medical services. The business primarily depends on the global economic situation and overall demand of electronics products. In Thailand, most of the EMS and electronics products are produced for export, and the value of exports have been gradually increasing for many consecutive years.

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

3 Product Supplies

Production

The company manufactures products based on customer's orders. Our engineers have a high expertise in providing the improvement of electronic circuit boards prior to launch the production. We are really focus and provide the best manufacturing option for costs competitive as well as increase the efficiency of production and quality. The Company also has high capabilities to design and develop the test system in order to test assembled products and its liability before delivery to our customers. Currently, our company has four mains technologies to manufacture the products to customers.

1. SMT Technology (Surface Mounted Technology) is our main technology which mainly used for most of our products. This technology is to connection of electrical circuits and other semiconductor devices onto the surface of printed circuit boards (PCB). The SMT is useful for both design and manufacturing since it can save space in the assembly of electronic components onto printed circuit boards. Our SMT lines are also covers the technology of BGA (Ball Grid Array) , flip chip as well as any other higher technologies of SMD (surface mount devices) with fully integrated with AOI machine (automatic Optical Inspection).
2. IMT Technology (Insertion Mounted Technology) is a technology for assembling electronic Components by inserting into the cavity of the printed circuit board (PCB), which this technology. In the production of any limitation of space, typically components of IMT technology products to assemble the parts with lower price compared to a piece of technology products SMT.
3. COB Technology (Chip on Board) this technology is connected to the integrated circuit devises without the chassis (Bare IC) directly to the printed circuit board. This type of technology will be popular for the product which is limited in the area of electronic product assembly. The COB technology enables lower production costs compared to the cost of producing integrated circuit devices have successfully chassis (Package IC) which is part of the larger and higher prices. Moreover, the company also provides the gold wire bonding as an additional technology of aluminum wire bond.
4. Box build and system build. Our company has provided full services of back end operation to support a completed box build and/or system build. The dedicated lines with full equipped with custom tools, functional testers as well as the fully in of trained operators to match with products requirement and output.

The Company currently had a total capacity as follows:

Capacity Unit : dots per year)	2010	2011	2012	2013
Cheangwatana Plant				
- Capacity	525,171,715	-	623,700,000	207,900,000
- Use of capacity	411,317,259	-	382,234,180	87,378,984
Bangkadi Plant				
- Capacity	4,123,359,479	7,046,415,379	5,454,812,160	6,076,506,240
- Use of capacity	3,442,036,209	4,754,888,512	3,864,812,261	4,010,494,118
Factory in Tianjin, China				
- Capacity	560,720,323	555,718,935	555,718,935	555,718,935
- Use of capacity	154,869,296	355,315,966	486,583,255	483,479,890
Total				
- Capacity	5,209,251,517	7,602,134,314	6,634,231,095	6,840,125,175
- The capacity utilization	4,008,222,764	5,110,204,478	4,733,629,696	4,581,352,992
The rate of capacity utilization	77%	67%	71%	67%

Capacity has been calculated from the working schedule of operators which are 6 days per week, 7 hours per shift and 3 shifts per day. Generally the production also needs operators to assembly products. Therefore, measuring the rate of capacity utilization above is only a measure of the capacity of the machines.

Material Sourcing

Most of our major materials are imported from Denmark, Singapore, Hong Kong, Japan and USA. SVI gives the highest attention to costs and delivery time when sourcing for raw materials. Since the Company has efficient materials management, we maintain a smooth production process and continually serve customers' orders. SVI also has a strong strategy for the materials sourcing which applies to our international purchasing offices located at Denmark, China, Taiwan and Thailand.

However, the materials purchasing functions are centralized at Thailand office, in which the lists of required materials are distributed to those selected suppliers and the final decision is made by the Headquarters with consideration to the cost, performance, and other conditions. We also have an e-bidding system in place. The company continually improves the material sourcing and procurement system both from overseas and local sources that are able to deliver at reasonable costs and quality of products.

Proportion of imported raw materials from abroad and purchases from domestic are as follows.

Materials	2010		2011		2012		2013	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Oversea Sources	5,938.3	90	6,383.4	90	5,321.7	91	5,266.3	92
Local Sources	656.3	10	698.6	10	526.9	9	475.5	8
Total	6,594.6	100	7,082.0	100	5,848.6	100.0	5,741.8	100

Product Testing

Prior to starting mass production, SVI performs test runs in order to ensure the quality of the products produced meet customers' requirements and approvals. Product testing helps minimize risks from technology transfers or test requirements.

Environmental Care

SVI controls materials waste from production processes by assigning companies, licensed by The Department of Industrial Works, Ministry of Industry, to be responsible for all solid waste. Moreover, SVI constructed vapor ducts at soldering stations to separate gas and contamination particles by using Wet Scrubbers to ensure only clean air is released back to the atmosphere. All in all, SVI has not seen any substantial expense or conflicts on any environmental issues. Instead of using cleaning liquid with CFC chemicals as a mixing component, the ingredients were changed to a water-based solution.

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

Risks Factors and Risk Management

Risk Assessment

There are some potential risks that could affect SVI's business. The actions as listed below are to minimize exposure of those risks.

1. Operational Risks

1.1 Risk on Materials supplied

SVI realizes that Supply Chain Management is critical to a successful business. The Company is aware of and focuses on material issues to ensure competitive pricing, quality, delivery and service from our supply base. Although there may be some instances that affect the electronics industry in or outside of Thailand, the Company regularly reviews our prevention plan and strategy to avoid any negative affects to the material requirements of the Company. SVI implements a number of methods to minimize these risks. We closely monitor the market of materials supply and related issues to see where a potential problem may occur. Also, SVI works proactively with key suppliers to implement new techniques and advanced systems in managing materials supply productively such as VMI (Vendor Managed Inventory) program and providing forecasts to ensure suppliers are preparing products ahead of required dates. In addition, VPA (Volume Price Agreement) technique has been applied for better prices which can help the Company in cost reductions. In addition, we establish effective communication systems with suppliers to obtain all materials related information accurate and on time. This helps us determine the potential risk and prepare contingency plans. Furthermore, the Company and its overseas sourcing offices in Denmark and China connect directly with approved manufacturers to develop key components or parts together. This advantage provides better service to continuously support our production lines.

1.2 Risk from dependency on a major product segment or customer

The Industrial Control product category contains the highest proportion of our revenue, accounting for 32% of total revenue in 2013 which was relatively similar 2012. Revenue generated from customers in Scandinavia accounted for 62% and 65% of our revenue in the past 2 years. However in the past years, there were no customers that accounted for proportions of revenue higher than 36%.

Due to the high proportion of revenue generated from the Industrial Control product category and Scandinavian market, there are risks associated with declining demand or changing features of Industrial Control Products, change of trade policies, or an economic recession in Scandinavian market. However, the demand in this category has less fluctuation. The Company also closely monitors the market situation and regulatory requirements and constantly adjusts its production to comply with the laws issued by EU Committee i.e. the ROHS (Restriction of Hazardous Substances) standard, an EU-Directive in hazardous materials used in electrical and electronic products. Moreover, SVI expanded its production capacity by investing in its plants in Bangkadi and SVI-Tianjin, China to support the customers' orders from Scandinavian market as well as to diversify our source of revenue. In 2012 and 2013, the Company successfully gained more market share in the medical, automotive, and high technological communication system markets. Moreover, the Company plans to expand our customer base to other regions, such as, Japan, USA, and Central Europe. This will result in minimizing the risk from dependency on a major product or market segment.

2. Technology Risk Management

In order to sustain our customer base in the high-tech market sector, SVI must demonstrate its ability to produce products to the customers' required level of technology. SVI prides itself in its technological expertise and remains a leader by:

2.1 Participating in the world class organization for standards: IPC, The Association Connecting Electronics Industries.

2.2 Regularly reviewing and participating in conferences and technical trainings from world class manufacturers/suppliers for technology of automation machineries, materials, and processes.

2.3 Participating with the customers' R&D at the early phase of design with NPI organization.

2.4 Participating and utilizing the R&D service from NSTDA (National Science and Technology Development Agency) and Academic Institute for improvement on efficiency and R&D as required.

3. Financial Risks

3.1 Risk from currency exchange volatility

The Company's major revenues and costs are in foreign currencies. The US Dollar is the main currency for both revenues and expenditures. The fluctuation of exchange rate can affect our revenues and the cost of sales as well as assets and liability accounts. With regards to the major currency of purchasing transactions, sales and long term loans are in USD, which contributes to the gains or losses from the exchange rates based on accounting transactions. In 2013, the USD and Euro revenues were 90% and 9% of total revenue respectively; whereas, the material costs purchased in the USD were approximately at 80% of total cost of sales. Thus, SVI's exchange rate risk was minimized by a natural hedge. Additionally, SVI reduced exchange rate risk of excess exposure with the purchase Forward Exchange Contracts at the sufficient amount for "Thai Baht" requirements, which is an effective tool in minimizing risks of exchange rate fluctuation.

3.2 Risk from dilution effect of exercised warrants

As of December 31, 2013, SVI had remaining 5,203,300 units of the right warrants (ESOP 5) which enables the right to buy SVI ordinary shares at exercise price of Baht 2 per 1 share. If the ESOP 5 were all exercised, the voting rights of the existing shareholders would decrease by 0.23%.

4. Risk of Natural Disaster

A Natural Disaster is a factor that may interrupt the Company's business operations. It could be from flood, storm, earthquake, tsunami, land slide, space object, etc. In 2011, there was a severe flooding in Thailand in which direct impacted to our Company. In order to reduce the risk of flooding at Bangkadi Industrial Park (BIP) where SVI's headquarters is located, BIP has established its flooding protection project by building 5-meters-tall dikes around the BIP premises.

Additionally, the Department of Highway has been raising the road in front of BIP at additional 60 cm for better protection. Also, the Provincial Electricity Authority (PEA) has changed its system to Gas Insulated Switchgear (GIS) which is installed inside the building and result in better electricity distribution.

As for the Company itself, we have constructed the second floor in Productions area as a potential storage place for machines, tools and equipment. Meanwhile, the plant at Chaengwattana has been renovated to be a backup plant.

Assets for operation

1 The main assets of the company and subsidiaries

As of December 31, 2013, the Company and its subsidiaries had the following assets to run the business.

Type of property	Details	Ownership	Net Book Value (Million Baht)	Liability
1. Land				
1.1 Cheangwatana Plant	22,472 sq.m., production and office space 7,800 sq.m.	own	171.70	NO
1.2 Bangkok Plant	17,215 sq.m., production and office space 12,000 sq.m.	own	39.55	NO
1.3 Bangkok Plant	70,400 sq.m., production and office space 35,380 sq.m.	own	218.62	NO
1.4 Tianjin Plant	7,787 sq.m., production and office space 5,829 sq.m.	Rent	-	NO
1.5 Bangkok Plant	65,340 sq.m., production and office space 26,000 sq.m.	own	118.12	NO
Total			547.99	
2. Buildings and building improvements and land			289.78	NO
3. Machinery and equipment			318.80	NO
4. Furniture, fixtures and office equipment			28.16	NO
5. Vehicles			7.45	NO
6. Construction and machinery under installation			99.74	NO
Total assets primarily			1,291.92	

The summary of Land Rental agreement. Buildings, machinery and equipment.

2. The rental of land of SVI Public Company Limited (Thailand).

2.1 Tenant : SVI Public Company Limited (Thailand).

Landlord : Lt. Gen. Narong Chanpaetruk.

Object : Renewing the contract to rent the land, title deed No. 118489, land No. 3240, Tam Bol Bangtalad, Amphur Pakkred, Nonthaburi. The total land area is 575 sq. wah from the total area of land declared on title deed 2 rai 1 ngan 27 sq. wah, which is the space left from the rental of the land by Muang Thong garage that rent the same piece of land under the same title deed. This is to develop and improve it for parking the company's employees and visitors.

Rental Term : 2 years from June 1, 2013 to May 31, 2016

Rental Rates : Monthly Rental is Baht 31,578.95.

To renew the rental contract every two years by 30 days written notice by the tenant before expiry of the contract.

Termination : If a tenant request termination of the rental contract prior to the expiration . The Tenant must give the landlord 30 days written notice before termination date or expiration date.

In which, tenant will move out all tenant's assets and deliver the land back to the landlord without requesting for moving fee or any compensation costs from the landlord.

2.2 The property rental agreement of SVI Electronics (Tianjin) Company Limited, a subsidiary of the Company.

Tenant :	SVI Electronics (Tianjin) Company Limited, a subsidiary of the Company.
Landlord :	Micro-Electronic Industrial Park General Company, TEDA.
Objectives :	Rent for land and buildings at the industrial park in China. For production line, office and Warehouse total space (Gross Factory Site Area) 7,787 square meters, with building construction (Leased Premises Construction Area) 5,829.34 square meters.
Period of rent :	3 years from September 1, 2013 to August 31, 2016
Rental rates :	The rental fee will be charged from the area where the building construction (Leased Premises Construction Area) as follows: Year 1: the rent per square meter per month, equal to 15 Yuan Year 2: the rent per square meter per month, equal to 17 yuan Year 3: the rent per square meter per month, equal to 18 yuan Rental does not include costs for utilities, water, electricity, gas, heater, etc.
Lease renewal :	Lease renewal can proceed 60 days before expiry date, if the lesser continues to rent with the same terms and conditions, tenants have the right to lease the outsiders (Right of first refusal). A written notice to confirm renewal of the contract has to be sent to lesser within 60 days. The renewal lease agreement must be settled for terms and conditions within 30 days before maturity termination.
Rental payment :	By 5 th for each month

3. Plant, Machinery and equipment

Buildings, machinery and equipment without obligation.

4. Intangible Assets

As of December 31, 2556, the Company had intangible assets, such as, software license, in the amount of Baht 23.36 million, in which the depreciation is 5 years on a straight line method.


The details of Intangible Assets are presented in Note 14 of the Financial Statement

5. Investment in subsidiaries and associates.

The Company Financial Statement as of 31 December 2013 reported a provision of losses from investments in subsidiaries, in the amount of Baht 123.23 million.

Company	Country	Paid up Capital	Paid up capital (Percent)	Valued at cost (Million baht)
Globe Vision Corporation*	British Virgin Island	USD 700,000	100	22.83
SVI A/S	Denmark	DKK 500,000	100	3.27
SVI China Limited (Hong Kong)	Hong Kong	HKD 25,350,000	100	97.13

* Total Interest of Shi Wei Electronics (Hong Kong), SVI Electronics (Tianjin) Company Limited and Northtec Company Limited.



The provision for losses in investments in subsidiary, was mainly caused by losses from the plant in Tianjin China, due to less revenue. The company set up the factory in Tianjin, China, in early 2006, the main reason for setting up a factory in Tianjin was to support those customers who have the main factory in China. Eventually, the company has planned to closed the factory in Tianjin by FY 2014 due to higher costs.

The Company and its subsidiaries' have investment policy in investment or M&A in the business that relate to the company business. This is to support the current business and to expand the business of the company and its subsidiaries. Regarding the management of subsidiaries, the company has monitored and followed up for the performance regularly and providing the direction for operation, including the appointment of company's representatives to be directors or management team of all subsidiaries.



Legal Dispute

The Company and its subsidiaries have no legal dispute that could have negative impacts on the company's assets more than 5% of the shareholders' equity as of December 31, 2013 and no legal disputes affecting to the business of the Company and its subsidiaries significantly.

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	:	2,265,754,448.00 Baht
Paid - Up Capital	:	2,260,548,581.00 Baht
Common Stock	:	2,260,548,581.00 shares
Par Value	:	1 Baht
Email	:	office@svi.co.th
Website	:	http://www.svi.co.th
Investor Relations	:	http://investorrelations.svi.co.th Tel: (66) 2963-9101 ext. 1813 Fax: (66) 2963-9070 Email: ir@svi.co.th
Address	:	Thailand SVI-Headquarters 141-142 Moo 5, Tiwanon Rd., Bangkadi, Muang, Pathumthani 12000 Thailand Telephone: (66) 2 963-9101-4 Fax (66) 2 963-9070-1 SVI-at Chaengwattana Road 33/10 Moo 4 Soi Chaengwattana-Pakkred 40, Chaengwattana Road, Bangtalad, Pakkred, Nonthaburi 11120 Thailand Telephone: (66) 2 574-5671 Fax (66) 2 574-5672-3 Oversea SVI- Tianjin, China 6-C/D, Zhongxiaoyuan, Micro-Electronic Industrial Park, Jin Gang Highway, Xiquing District, Tianjin, P.R. China Telephone: (86) 22 2388-5699 Fax: (86) 22 2388-5686

Subsidiaries and Overseas Offices:

1. GLOBE VISION COMPANY LIMITED

Sea Meadow House, Blackburne Highway, P.O. Box 116, Road Town, Tortola,
British Virgin Islands

2. SVI CHINA LIMITED (Hong Kong)

Room 337 3/F, South China C.S. Building, Wah Sing Street, Kwai Chung, Hong Kong
Tel: 852 2374-1213
Fax: 852 2374-1212

3. SVI CHINA LIMITED (Shenzhen)

Materials Sourcing Office
Flat 21J, International Trade & Commercial Building, NanHu Road, LuoHu, Shenzhen, P.R. China
Tel: 86 0755-8214-7003
Fax: 86 0755-8214-7136

4. SVI ELECTRONICS (TIANJIN) CO., LTD.

6-C/D, Zhongxiaoyuan, Micro-Electronic Industrial Park, Jin Gang Highway, Xiquing District, Tianjin, P.R. China
Tel: (86) 22 2388-5699
Fax: (86) 22 2388-5686

5. SHI WEI Electronics (Hong Kong)

ROOM 337, 3/F, South China C.S. Building, Wah Sing Street, Kwai Chung, Hong Kong
Tel: 852 2374-1213
Fax: 852 2374-1212

6. SVI A/S (Denmark)

Stamholmen 173, 2650 Hvidovre, Denmark
Tel: 4536344600

7. NORTHTEC CO., LTD. (TAIWAN)

2F, No.20, Lane 478, Ruiguang Road, Neihu District, Taipei 114, Taiwan, R.O.C.
Tel: (886) 02 8752-4066-7

References:

A. Shares Registrar

Thailand Securities Depository Co., Ltd.

62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand

Telephone: (66) 229 2800

Fax: (66) 359 1259

B. Auditors

1. Ernst & Young Co., Ltd.

(for SVI Plc. and Globe Vision Co., Ltd.)

33rd Fl., Lake Rachada Building 193/136-7 New Rachadapisek Road, Klongtoey, Bangkok 10110

Telephone: (66) 2264-0777

Fax: (66) 2264-0789

Auditor: Mr. Sophon Permsirivallop

Auditor's Registration Number: 3182

2. Yau Wai Ching Certified Public Accountant.

(for SVI CHINA LIMITED and SHI WEI Electronics (Hong Kong)

Room 337, 37/F, South China C.S. Bldg., 13-17 Wah Sing St., Kwai Chung, Hong Kong

Telephone: (852) 2374-1212

Fax: (852) 8374-1213

Auditor: Yau Wai Ching

Auditor's Registration Number: P05128

3. Moores Rowland

(for SVI ELECTRONICS (TIANJIN) Co., Ltd.)

Room 1608, Office Tower E1, Oriental Plaza, #1 East Chang An Avenue, Dong Cheng District, Beijing 100738
P.R. China

Telephone: (86) 10 8518-9778

FAX: (86) 10 8518-9771

Auditors: Calvin Yang and Steven Jing

Auditor's Registration Number: 410000150001 (Calvin Yang), 410000010048 (Steven Jing)

4. Nejstgaard & Vetlov

(for SVI A/S)

Statsautoriseret Revisionsaktiese Gydevang 39-41, 3450 Allerod Auditors: John Bagger - Petersen

Telephone: 0045 4817-5777

FAX: 0045 4817-2208

5. Braintec CPA Firm

(for Northtec)

12F, No. 955, Zhongzheng Rd., Zhonghe District, New Taipei City 235, Taiwan, R.O.C.

Auditors : Ms. Fang Lan-Lo

Telephone: +886 2 8228-6611

C. Legal Advisor

The Law Advocate Co., Ltd.

32nd Fl. Payathai Plaza Bldg. 128/354 Phyathai Road, Thung-Phyathai, Rajthavee, Bangkok 10400

Telephone: (66) 2216-5177-8

Fax: (66) 2216-5179

D. Financial Advisor

None

Financial Structure

1. Capital as of December 31, 2013

- Registered: 2,265,574,448 Baht
- Paid – Up: 2,260,548,581 Baht
- Common Stock: (1 Baht per share) 2,260,548,581 shares
- Warrant (ESOP5) unexercised : 5,203,300 units

2. Shareholding

List of top 10 major shareholders including the number of share and the percentage of total share on the closing of registration book as of December 31, 2013 are as follows:

	Name	No. of Share	Percentage of Total Share
1	MR. PONGSAK LOTHONGKAM	983,594,523	43.51%
2	EAGLE MOUNT ASIA EQUITIES LIMITED	228,571,428	10.11%
3	HSBC (SINGAPORE) NOMINEES PTE LTD	73,001,943	3.23%
4	THAI NVDR	68,980,625	3.05%
5	STATE STREET BANK EUROPE LIMITED	27,407,728	1.21%
6	MR. HARKISHIN TANWANI	25,000,000	1.11%
7	MR. ANUCHA KIJTHANAMONGKOLCHAI	24,200,000	1.07%
8	DR. SUVARN VALAISATHEIN	23,783,714	1.05%
9	CITIBANK NOMINEES SINGAPORE PTE LTD-BK JULIUS BAER & CO LTD-CLIENT'S A/C	23,630,968	1.05%
10	MR. ANAN SIRIHORACHAI	17,557,206	0.78%

3. Issued others Securities

- None-

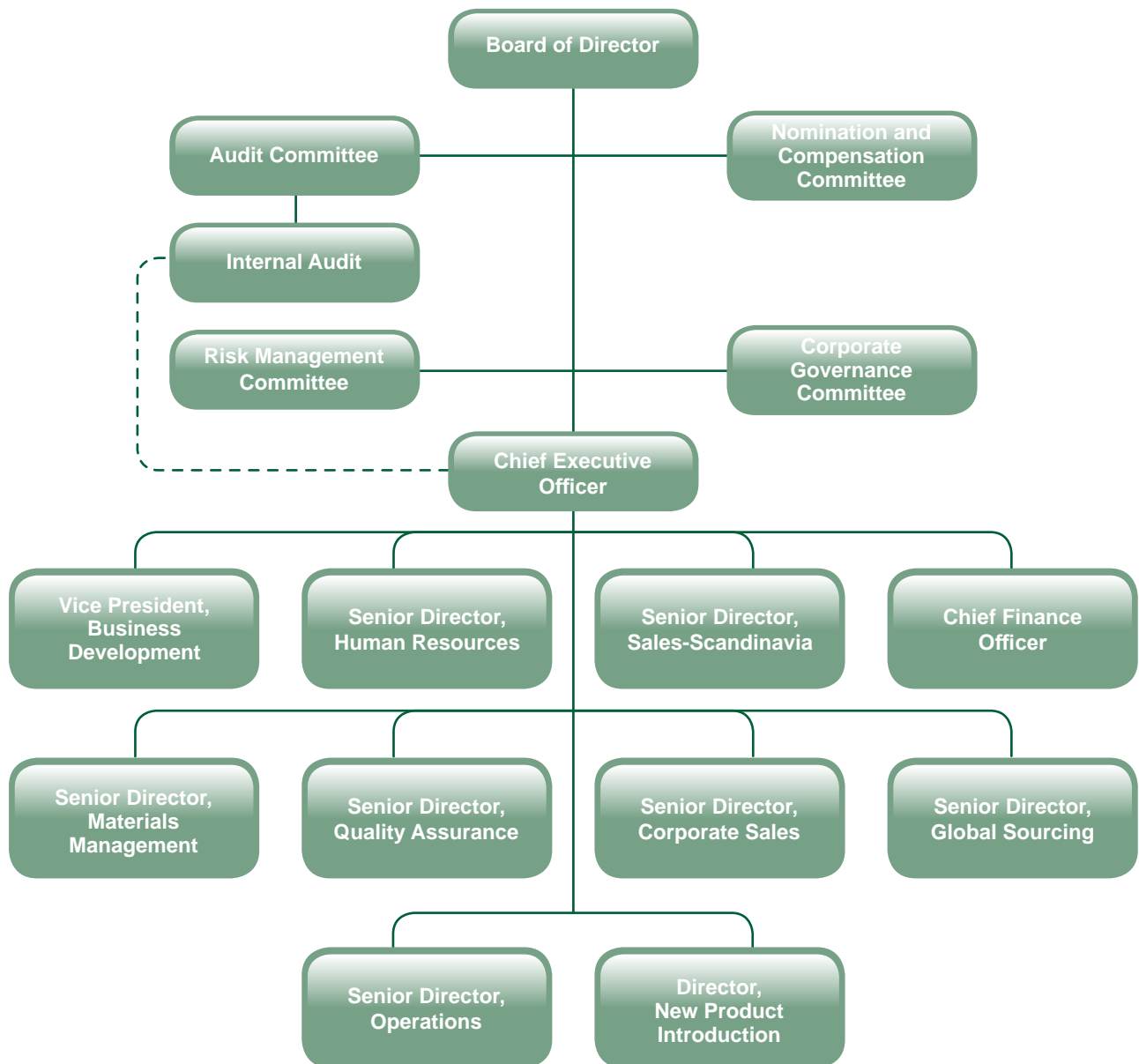
4. Dividend Policy

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

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

Year Earned	Dividend Payment (Baht per Share)
2011	No dividend
2012	0.14
2013	0.15

Organizational and Management Structure



Organizational and Management Structure

The Company management structure comprises of the Board of Directors and four Sub-Committees, which they are Audit Committee, Nomination and Compensation Committee, Risk Management Committee, Corporate Governance Committee, and Executive Management, details as follows:

1. Board of Directors

The Board of Directors consists of at least five directors, at least one-third of total directors must be Independent Directors, and the number of Independent Directors shall not be less than three. The remaining directors shall be allocated on a proportional basis 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 must not be over 70 years of age, must be knowledgeable, capable and have diversified experience in business management. Furthermore, all directors are devoted and work with full responsibility.

The Company has established procedures and criteria for the selection of a director that are clear and transparent, as described in the Organization Management section – “Nomination of Directors and Management”. The company has a clear policy regarding the type of director and the number of companies that a director can represent, in accordance with the Security and Exchange Act, and discloses information relating to representation on other companies’ Boards of each director in the Company’s Annual Report.

The Chairman of the Board of Directors is a different person than the Chief Executive Officer. The Chairman has to be independent, not be a major shareholder representative or hold any position in the Company, either as an executive or a permanent employee, and there must be no conflict of interest, either direct or indirect, especially in financial and management functions.

As of December 31, 2013, the Company’s Board of Directors consisted of six directors, as follows:

- One director who is also Management.
- Five directors who are not Management.

As of December 31, 2013, SVI’s Board of Directors consisted of 6 members as follows:

Name	Position
1. Dr. Suvarn Valaisathien	Chairman of Board Director and Independent director
2. Dr. Pruchya Piumsomboon	Independent Director
3. Mr. Threekwan Bunnag	Independent Director
4. Mr. Chatchaval Jiaravanon	Independent Director
5. Mr. Virapan Pulges	Director
6. Mr. Pongsak Lothongkam	Director

Mrs. Pissamai Saibua is the Board of Director’s secretary and Company’s secretary

The Annual Shareholders General Meeting 1/2013 reappointed Dr. Pruchya Piumsomboon and Mr. Pongsak Lothongkam being the company’s Directors for another term, and appointed an additional new director, Mr. Chatchaval Jiaravanon be an Independent director.

The Authorized Director

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

Authority and Responsibilities of the Board of Directors

1. To undertake duties in accordance with the law, objectives, company rules, and shareholders resolutions in an honest, careful approach for the sake of the company with accountability to the shareholders' interests.
2. To set policies and the direction of the company as well as monitor and supervise management for operating in accordance to the policies in an efficient and productive manner in order to maximize economic value and shareholders' wealth and comply with the law and good corporate governance principles.
3. To constantly follow up with the operations of the company and alert legal actions in line with the conditions set out in related contracts of the company as well as instruct management to inform important matters that enable effective management of the company's business.
4. To ensure the company implements good corporate governance, effective internal control systems, internal auditing processes, risk management, and approve Audit Committee's report.
5. To independently to express their own discretion on management strategies, resource utilization, directors' appointment, business standards, and to object the actions of other directors or management in case of matters conflict to the equitable treatment of shareholders.
6. To arrange regular Board of Directors Meetings, at least once a quarter, to consider the business of the company with the presence of as many directors as possible.
7. To vote on important matters in addition to appointing independent directors who are not involved in the daily management of the company. The independent directors are free to make decisions and are not influenced by any major shareholders in exercising their decision in order to boost the confidence of shareholders, minority shareholders and other related parties in the Company.
8. To disclose conflicts of interest of their own and/or related persons in relation to the Company or subsidiaries' interests according to the regulations, conditions and frameworks set by the SEC.
9. To consider and approve the company's budget for annual spending and capital expenditures as well as ensure the company controls the spending under the approved budget. The additional approval is required if the company has any expenses that not are included in the approved budget, more than 10 Million Baht. Any additional investment in subsidiaries or purchases of land and buildings require board's approval.

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

The Board of Directors' Secretary

The Board of Directors has appointed its secretary to be a legal adviser and providing an advice on procedure, rule and regulation to be complied by the directors. The secretary is also responsible for the Board of Directors' meeting, Shareholders' meeting, preparing minutes of meeting, annual report, information distribution and other reports as to ensure that the Company comply to relevant laws and regulations on the information disclosure.

1.1 Audit Committee

The Board of Directors appointed the Audit Committee with fully qualified by the Stock Exchange Control and the Stock Exchange of Thailand. The Audit Committee's responsibilities are to review business operations, financial reports, and internal control systems, including selection of independent auditors, and to review conflicts of interest transactions. The members of the Audit Committee have to be knowledgeable and experiences in order to review the reliability of the financial statements.

As of December 31, 2013, the Audit Committee consists of three independent directors as follows:

Name	Position
1. Dr. Pruchya Piumsomboon *	Chairman of Audit Committee
2. Dr. Suvarn Valaisathien	Audit Committee
3. Mr. Threekwan Bunnag* (experience in accounting and financial management)	Audit Committee

**Mr. Threekwan Bunnag acted as Chairman of Audit Committee during January to October 2013 and Dr. Prachya Piumsomboon acted as Chairman of Audit Committee from October to Present. Mr. Thanaphat Pimpahu acted as the Audit Committee's Secretary*

Authority and Responsibilities of the Audit Committee

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

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

10. Ensure independence of the Internal Audit unit, as well as to approve the appointment, transfer and dismissal of the chief of internal audit unit.
11. Prepare the Audit Committee report signed by the Chairman of the Audit Committee and disclose in the Company's annual report according to principles required by SET.
12. Perform other tasks as assigned by the Board of Directors and concurred by the Audit Committee.
13. Report directly to the Company's Board of Directors.

1.2 Nomination and Compensation Committee

As of December 31st, 2013 the Nomination and Compensation Committee consists of four directors as follows:

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

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

Authority and Responsibilities of the Nomination and Compensation Committee

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

1.3 Risk Management Committee

As of December 31st, 2013, Risk Management committee consisted of 5 members:

Name	Position
1. Mr. Ruangpoj Phakdurong	Chairman Committee Member
2. Mr. Manoon Noonate*	Committee Member
3. Dr. Raymond Ramiah	Committee Member
4. Mr. Virat Phugthai	Committee Member
5. Mr. Wayne Ellis	Committee Member

Dr. Pruchya Piumsomboon, (Independent Director) is the committee's advisor

**Mr. Manoon Noonate is the Risk Committee's secretary*

Authority and Responsibilities of Risk Management Committee

1. Define risks factors that will impact the company's business.
2. Define the risk management policies as to manage the risk at an acceptable level.
3. Define the risk management process according to the risk management policies and follow up the effectiveness of the practice against the predefined process.
4. Review and ensure that the practices of risk management are adequate, appropriate and practiced continuously so the risks can be managed at an acceptable level.

- Present the overall risks of the Company including management process, and the result of performance to the Company's Board of Directors on a quarterly basis. The term of a member of the Risk Committee is two years; however, the retiring members are eligible to re-election for another term by getting approval from the company's board of directors.

1.4 Corporate Governance Committee

As of December 31, 2013, Corporate Governance Committee consisted of 5 members:

Name	Position
1. Mr. Phichet Kanoksirima	Chairman of the Corporate Governance Committee
2. Mrs. Pissamai Saibua	Committee Member
3. Mr. Verne Mundell	Committee Member
4. Mr. Naris Chandang*	Committee Member
5. Mr. Chalerm Chartrakul	Committee Member

Mr. Threekwan Bunnag (Independent Director) is the committee's advisor

**MR. Naris Chandang is the Corporate Governance Committee's secretary*

Authority and Responsibilities of Corporate Governance Committee

- Propose the appropriate and practical guidance to the Company's Board of Directors.
- Manage and control the company operations in accordance with the company's good corporate governance, policies, and related laws.
- Define and review importance policies and procedures and revise them to ensure appropriateness on a regular basis.
- Report to the Company's Board of Directors regarding the result of good corporate governance including comments for further improvement.
- The CG Committee shall conduct the meeting at least two times annually, depending on necessity and appropriateness. The result of the meeting shall be reported to the Company's Board of Directors. The term of a Corporate Governance Committee member is two years; however, the retiring members are eligible to re-election for another term by getting approval from the company's board of directors.

2. Management

As of December 31, 2013, SVI's Management consisted of 11 members

Name	Position
1. Mr. Pongsak Lothongkam	Chief Executive Officer
2. Mr. Ruangpoj Phakdurong	Vice President, Business Development
3. Mrs.Pissamai Saibua	Chief Financial Officer
4. Mr. Carsten Bremerskov Kaysen	Senior Director, Sales - Scandinavia
5. Mr. Phichet Kanoksirima	Senior Director, Materials Management
6. Mr. Virat Phugthai	Senior Director, Corporate Sales
7. Dr. Raymond Ramiah	Senior Director, Quality Assurance
8. Mr. Manoon Noonate	Senior Director, Human Resources
9. Mr. Wayne Ellis	Senior Director, Global Sourcing
10.Mr. Verne Mundell	Director, New Product Introduction
11.Mr. Steven Christopher Polaski	Senior Director, Operations

Authority and Responsibilities of the Chief Executive Officer

1. To take actions on behalf of the Board of Directors in managing the business of the Company and ensure that such actions are taken under rules, regulations, policies and resolutions set by the Board and the shareholders meeting.
2. To be responsible for operating the Company, managing the business in line with the objectives, business plan, policies, budget rules and regulations approved by the Board.
3. To manage and control the company's day to day routine business.
4. To set objectives, policies and strategies of the Company as well as direct and monitor overall operations for maximizing benefits of the Company and to report the company's performance to the Board.
5. To regularly follow up and evaluate performance of the Company in order to avoid any risk both internally and externally. To report and update the information on financial results, operational management to the management team, the audit committee and the Board.
6. To be responsible for the organizational changes of the Company under the supervision of the Board as well as to make decisions on the appointment, transfer and deposition of employees. To set the salary rate, remuneration, bonus and other fringe benefits for employees.
7. To authorize, instruct, announce, and record, as to ensure that the company can comply with the policies and internal discipline.
8. To approve all actions under the rules and resolutions from the Board of Directors Meeting.
9. To delegate authority to other persons to operate any specific functions on their behalf. This delegation has been made under the limitation stated in the Power of Attorney and/or to comply with the rules, regulations and instruction of the Board.
10. To perform any other actions as assigned by the Board occasionally.

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

3 Company's Secretary

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

1. Preparation and proper stowage of the following documents
 - 1.1 Directors' registration
 - 1.2 Invitation Letter to the Meeting and Minutes of Directors' Meeting and the Company's Annual Report
 - 1.3 Invitation Letter to shareholders and Minutes of the Shareholders Meeting
2. Maintaining the reports of the company's connected transactions disclosure, reported by Directors or management
3. Perform other duties as assigned by the Board of Directors
4. Organize the Shareholders Meetings and Board of Directors Meetings in accordance with the laws, Company's Articles of Association and other relevant requirements
5. Draft management policies
6. Record the Minutes of Shareholders Meeting and the Minutes of the Board of Directors Meeting and follow up on the compliance of the resolutions
7. Ensure that disclosure of data and information is under the responsibility of the authorized parties in the Company under the regulations and requirements of such authorities

8. Ensure the Company's and the Board of Directors' compliance with the laws and requirements of SEC/ SET
9. Promote and standardize good corporate governance in the company
10. Communicate with the shareholders to ensure that shareholders obtain their entitlements and the information of the Company
11. Manage the activities of the Board of Directors

Nomination of Directors and Management

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

Appointment of the Board of Directors

The Board of Directors shall consist of at least five persons and 50% of them must be residents of the Kingdom of Thailand. Their qualifications must comply with the law and each of them can not be a director of more than five listed companies. In accordance with the company's Articles and Association, the directors shall be elected at the Shareholders' Meeting based on the following criteria and procedures:

1. Each shareholder shall have one vote per one share.
2. Each shareholder may exercise all the votes as stated in item 1 for voting one or several persons to be a director or directors; however, the shareholder cannot split or share the votes to select each director separately.
3. Persons who receive the highest votes sequencing from higher to lower votes are elected to be the directors of the Company per the numbers required that year.

In the case, if the votes are even for the last required director, making the number of directors more than that required, the chairman of the meeting will have a casting vote. At every annual ordinary shareholders' meeting, one-third (1/3) of the directors, or if the number of directors cannot be divided exactly into three parts, the number of directors nearest to one-third (1/3), shall vacate office. The directors to vacate office in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A retiring director may be eligible for re-election with no limitation of time.

Nomination of Independent Directors

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

Nomination of the Audit Committee

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

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

Nomination and Compensation Committee

The company selects members of the Nomination and Compensation Committee from directors who are capable, knowledgeable, experienced, and have a good connection with many capable, knowledgeable and qualified candidates in various organizations.

Nomination of Risk Management Committee

The company selects members on the Risk Management Committee from the company's executives who are capable and knowledgeable in this subject and propose to the company's board of directors for approval. There is a director nominated by the board of directors to be an adviser of the Committee.

Nomination of Corporate Governance Committee

The company selects members on the Corporate Governance Committee from the company's executives who are capable and knowledgeable in this subject and propose to the company's board of directors for approval. There is a director nominated by the board of directors to be an adviser of the Committee.

Nomination of Management

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

4. Director and Managements Remuneration

4.1 Director Remuneration

In 2013, a total of 5,366,667 Baht was paid to the Company's Board of Directors and sub committees as following details.

Director	Director Bonus	Director fee	Meeting Allowance				Total
			Board of Director	Audit Committee	Nomination & Compensation Committee	Annual General Meeting	
1. Dr.Suvarn Valaisathien	300,000	600,000	180,000	80,000	30,000	30,000	1,220,000
2. Dr.Pruchya Plumsomboon	250,000	600,000	120,000	100,000	20,000	20,000	1,110,000
3. Mr.Threekwan Bunnag	250,000	600,000	120,000	100,000	20,000	20,000	1,110,000
4. Mr.Virapan Pulges	250,000	400,000	120,000	-	-	20,000	790,000
5. Mr.Pongsak LoThongkam	250,000	400,000	120,000	-	20,000	20,000	810,000
6. Mr.Chatchaval jivaranon	-	266,667	60,000	-	-	-	326,667
Total	1,300,000	2,866,667	720,000	280,000	90,000	110,000	5,366,667

4.2 Management Remuneration

In 2013, a total of 54,461,028.90 Baht was paid to the Company's management executives per the following details.

Remuneration	Year 2013	
	Number of Management	Remuneration (Baht)
Management's Salary & Bonus	15	53,058,305.00
Provident fund	15	1,402,723.00

**(Three directors resigned from the company in 2013)*

4.3 Others Remuneration

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 (%)

Service Year	Employer’s Contribution Rate (%)
Less than 5 years	3
Completed 5 years but less than 10 years	4
10 years and above	5

Common Shares and Warrants Held by the Board of Directors and Management

The following details of common shares and warrants held by the Board of Directors and Management include the shares or warrants held by their spouses and children under 20 years old. The percentage of shares held in 2012 and 2013 was based on the total of 1,961,099,986 and 2,260,548,581 common shares respectively.

Name	Common Shares (Share)			
	31-Dec-13	Percentage Of total share	31-Dec-12	Percentage Of total share
Directors				
1. Dr. Suvam Valaisathien	23,783,714	1.052	20,417,000	1.041
2. Dr. Pruchya Piumsomboon	3,082,142	0.136	1,812,500	0.092
3. Mr. Threekwan Bunnag Mrs. Atiwan Bunnag (Spouse)	4,255,000	0.188	3,075,000	0.157
4. Mr. Virapan Pulges Mrs. Thippawan Pulges	803,571	0.036	375,000	0.019
5. Mr. Pongsak Lothongkam	983,594,523	43.511	125,925,000	6.421
6. Mr. Chatchaval Jiaravanon Management	-	-	-	-
Management				
1. Mr. Ruangpoj Phakdurong Mrs. Rattiya Phakdurong (Spouse)	2,267,900	0.100	1,555,000	0.079
2. Mrs. Pissamai Saibua	1,525,000	0.068	685,000	0.035
3. Mr. Carsten Bremerskov Kaysen	-	-	-	-
4. Mr. Manoon Noonate Mrs. Sopha Noonate (Spouse)	2,853,485	0.126	1,000,000	0.051
5. Mr. Phichet Kanoksirima	1,569,642	0.070	537,500	0.027
6. Mr. Virat Phugthai	230,000	0.010	120,000	0.006
7. Mr. Raymond Ramiah	-	-	-	-
8. Mr. Wayne Ellis	-	-	-	-
9. Mr. Verne Mundell	-	-	-	-
10. Mr. Steven Christopher Polask	-	-	-	-
Total	1,023,964,977	45.297	155,502,000	7.928

5 Employees

As of December 31, 2013, the Company's total number of employees was 2,709 reported by department as follows:

Department	Number of Employees	Employee
1. CEO Office		2
2. Program Management		99
3. Material Management		262
4. Business Development		22
5. Manufacturing		1,621
6. Engineering		266
7. Quality Assurance		148
8. Human Resources		45
9. Finance & Accounting		41
10. MIS		17
11. Warehouse DC		145
12. Facility		41
Total		2,709

Number of Employees during the Past Three Years

Year	Employee	Increase/(Decrease)	%
2011	2,308	(196)	(7.83)
2012	2,664	356	15.42
2013	2,709	45	1.69

2013's Remuneration for Employees

Remuneration	Monthly Employee	Daily Employee	Total
Salary (Baht)	110,804,720.65	147,653,636.65	258,458,357.30
Bonus and others (Baht)	21,232,779.00	10,153,329.75	31,386,108.75
Company's Contribution to Provident Fund (Baht)	5,550,080.00	1,367,843.00	6,917,923.00

Employee Development Policy

The Company realizes the importance of personal development as to make all employees at all levels to be knowledgeable, good potential, good attitude and good relationship, resulting in sustaining of good employees which is benefits to the business in long term. The Company support continuous training and the development of employees' skills, including training for the Management. Thus the Training and Development Section has arranged the training plan annually. This is to continually improve employees' knowledge and necessary skills of each responsibility, including the orientation to new employees as to make them understand the company's vision, mission, value, key performance index and basic training needs in order to be ready to perform their duties. The employees' performance is appraised and evaluated regularly. Internal training and external training programs have been conducted as to serve the objective of enhancing the capability, knowledge and working skills of all employees in order to provide good quality, good service and prompt responses as to satisfy our customers' needs, and being brace for any changes in the future.

The Company initiated the various training courses. They were designed upon the result of Training Needs Survey by interviewing Directors of every Department in order to get the real needs and the reasons of having those recommended training courses. They are also designed base on the necessary competencies for each position in order to allow them contribute the superior work result towards the company. Our training programs consist of

1. Orientation

The objective is to make employee understanding the basic information of the company, such as “Vision”, “Mission”, rule, regulation and benefits provided by the company. This is to help new employees being familiarize with the company’s environment and culture in order to adjust themselves under working condition quickly.

2. Basic training

It helps employees to meet the basic entry-level requirements for their jobs, resulting in working more effective and productive. The company also monitor, follow up and valuate their performance continuously so that their result can meet the company’s standard and expectation. The retraining is also provided to employees who cannot deliver result as required by the company’s standard.

3. Qualification training

This training helps employees to become more productive, meeting the basic performance and expectations of their work.

4. Cross training

The Cross-training is to help employees to have more knowledge beyond their direct knowledge for the job. This is to make them more flexible and supporting the rotation program or to replace some of absent employees in which it is benefits to the company for operating continuously.

5. Retraining

This is to provide training to employees who aren’t performing in line with current work standards or upgrading their current skills on new technology or other knowledge.

6. Training to Management

This is to provide training to supervisory level and management staff, mainly related to management technic in order to improve their management skill and making their department or section achieving the company’s goals and objectives.

Corporate Governance

The Company's Board of Directors fully recognizes the importance of good Corporate Governance and is determined that good governance is widely spread over the entire organization, from the Directors and Management to the Company's employees as it is a key factor in adding value and the highest return to the Company shareholders in the long-term. In 2012, the Board of Directors appointed a Corporate Governance Committee, holding duties and responsibilities for the establishment of good governance practice and follow-up measures to enforce the implementation of the policy and to update the policy to conform with both local and overseas good governance practices, and, going forward, to international standards.

The Company has implemented its Corporate Governance practice in compliance with the principles prescribed by the Stock Exchange of Thailand (SET). The Company also received a very good Corporate Governance score from the IOD in 2012 (4 stars) and received an excellent Corporate Governance score in 2013 (5 stars), supported by the SET/SEC, including an excellent performance score in organizing the Annual General Shareholders Meetings for four consecutive years from 2010 to 2013. Besides adopting the SET guidelines on Corporate Governance principles, the Company has consistently implemented the six Company Core Values of:

- Mutual Support: Support each other, focus on the organization's goals
- Respect: Respect, listen to the others and understand the differences
- Accountability: Responsible for actions related to personal and organizational goals
- Commitment: Self-determination and work at full capabilities
- Trust: Trust in each other
- Transparency: Manage work with transparency that can be audited.

The Company has communicated the Core Values to employees at all levels in the organization through various internal channels to ensure that everyone acknowledges, understands and practices them at all times which leads to efficiency in work, good management and success.

1. Corporate Governance Policy

The Company follows the Corporate Governance principles which cover five categories: the Rights of Shareholders, the Equitable Treatment of Shareholders, the Roles of Stakeholders, Disclosure and Transparency, and Responsibilities of the Board of Directors. Details are as follows:

Section 1 : Rights of Shareholders

SVI values the rights of shareholders and reinforces the exercise of these rights, including the right to attend the Annual General Meeting of Shareholders (AGM) and to vote. SVI refrains from any action that impedes these opportunities for shareholders. Shareholders have the right to protect their interests by exercising their rights to raise concerned questions, express their opinions, offer recommendations and vote at the AGM. Shareholders have the right to participate in decision-making on any significant corporate changes, such as the election or removal of directors, nomination of independent directors, appointment of a certified public accountant, declaration of dividends, increase or reduction of capital, prescription or amendment of Company Regulations and Articles of Association, and approval of extraordinary transactions, etc. The Company issues the invitation to the AGM on the Company's website in advance, providing sufficient time for shareholders to propose questions, agendas and names of nominees for the election of directors. Shareholders always receive adequate, accurate, complete, transparent, timely and verifiable information on which to form decisions. The Company prepares a notice of the shareholders meeting, specifying the meeting venue, date, time, agenda and matters to be proposed at the meeting, together with appropriate details. It clearly specifies whether the matter is proposed for acknowledgement or consideration and

Approval, together with the opinion of the Board of Directors on such matters. An announcement is made on the Company's website prior to the meeting to give shareholders an opportunity to add items to the agenda. Shareholders are notified of any additional agendas, if they should be added. Notice of the AGM is delivered to all shareholders and the registrar not less than 7 and 14 days respectively prior to the meeting, as required by law. To ensure the completeness of information dissemination regarding items to be decided at the meeting, the Notice of the

AGM and supporting documents are posted on the Company's website prior to being delivered to shareholders. In 2013, the Company proceeded as follows:

1. The Company provided an opportunity to shareholders to raise issues for inclusion in the shareholders' agenda, to nominate a person to be elected a Company director in advance, and between September and December 2013, the Company announced to shareholders through the SET information system and disclosed the criteria and procedure on the Company website (www.svi.co.th)
2. The Company posted the meeting notice and supporting documents for the meeting agenda on the Company website (www.svi.co.th) on 5 April 2013 (19 days before the meeting date). Shareholders who had any questions could send their queries to the director prior to the meeting date via the Company website.
3. The Company held the General Meeting of Shareholders on 24 April 2013. All Board members attended the meeting, which conformed to good Corporate Governance and strictly adhered to the law and regulations. During the meeting, the Chairman offered all shareholders an equal opportunity to ask questions, to give suggestions or comment on the business operation.
4. The Company posted the Meeting Minutes, together with a list of all questions and suggestions raised, on the Company website, within 14 days after the meeting date.

Section II : Equitable Treatment of Shareholders

The Company treats all shareholders in an equitable manner to promote investor confidence. Shareholders have the right to assign proxies to attend the AGM and vote on their behalf. Conditions to assigning proxies are provided in the AGM invitation notice. Adequate time is allocated for the meeting and equal opportunity is provided for shareholders to express their opinions, ask questions and exercise their right to elect individual directors. Shareholders are entitled to vote on every item using the polling card distributed during registration for the meeting. Directors and officers involved in matters on the agenda attend the meeting to answer questions raised by shareholders. The main questions, answers and opinions are recorded in the minutes of the meeting for future review by shareholders. The Company has measures in place to protect the use of inside information, set out in Article 4 on Disclosure and Transparency. Thus, the company received SET's "Outstanding IR Awards" for three consecutive years, from 2010-2013.

Section III : Role of Stakeholders

The Company recognizes the rights and roles of different groups of stakeholders by establishing its responsibilities towards stakeholders as part of a code of conduct and disseminating this through various channels, i.e., the Company website and Internal communications, so that the concerned personnel acknowledge and strictly comply with the code. In 2013, the Company established the Role of Stakeholders Policy and noted the importance of social activities. The policy is summarized as follows:

Roles and responsibilities towards different groups of stakeholders

Shareholders

Recognizing the importance of the rights and roles of shareholders, including minority shareholders, the Company is determined to achieve good operating performance, sustainable growth and competitiveness, with due consideration given to future risk factors, in order to maximize shareholder value over the long term. The Company discloses all information in a fair and transparent manner and makes every effort to protect the Company's assets and its reputation. In addition, the Company realizes the importance of shareholder involvement by organizing Company visits for interested shareholders, so that the shareholders have an opportunity to obtain business information directly from the plant Management.

Customers

Customer satisfaction is a key focus of the Company. We will achieve this by delivering high quality products and excellent service to customers at a competitive price using quality people and up-to-date innovation and technology. The contract between the Company and the customer will be written in understandable language. The agreement

shall have enough conditions to cover the business relationship and no condition will violate copyrights or break an agreement. The Company has to strictly follow the agreement. In the event of any potential deviation from the agreement, the Company will notify the customer immediately in order to find a proper solution together. The Company is supportive of activities to develop good relationships between the Company and the customer in order to build a long-term partnership.

Creditors and Business partners

The Company realizes the importance of the equal rights of business partners and creditors and it will strictly comply with contracts and agreements it has entered into. The Company will do its utmost for mutual support in order to achieve benefits for both. In addition, useful information will be provided as well as potential business risks. In the Company's Code of Conduct and Ethics, the Company CEO states the guidelines that employees shall follow in dealing with business partners with the acknowledgement and understanding of employees.

The criteria for selecting a business partner are as follows:

- 1) Financial position
- 2) Capability in business operation
- 3) Potential organizational growth
- 4) Innovation and technology development

Competitors

The Company has a strategy to operate within the framework of fair competition. The Company will not search for and acquire the business intelligence of its rivals by means of bribery and will not defame rivals by means of accusation or giving incorrect information.

Employees

The Company actively focuses on and pays attention to human resource management. Employees are the most valuable asset of the Company, and the key factor driving the Company to achieve our business goals and objectives. We do our best to make our employees proud of being a part of the Company, where there is a supportive working environment with fair and friendly treatment. The Company treats all employees with respect and dignity, and in accordance with the law and the Company's working rules and regulations. The Company assigns jobs to employees fairly, focusing on two-way communication between the employee and the Company. The Company establishes clear compensation and employee benefits policy and practices, emphasizing on people development program. The Company organizes various recreational activities for employees as a part of a program for a better quality of working life and encouraging a good relationship between employees and the Company.

Community

To ensure long-term business achievements depends on the organizational administration ability and business ethic consistency according to good governance policy. Social responsibility is one of the SVI areas of concern. The Company has a serious intention to work cordially with relevant people regarding the effect on participants, such as shareholders, employees, customers, vendors, society, government agencies and nationwide, together with the development and promotion of social responsibility, participation in activities beneficial to society and neighbouring communities, including caring for the environment.

Regarding the social responsibility activities, the details are described in the section of "Corporate Social Responsibility"

Occupational Health, Safety and the Environment

The Company is intensely committed to continual improvement in the area of Occupational Health & Safety and Environmental control, in order to support the Company employee, operation of effective safety to prevent injury & ill health and fulfil our corporate obligation and to contribute to a better life for the community, country and the world

as a whole. We will therefore adhere to the following:

1. Comply with all relevant local & national Occupational Health & Safety and Environmental laws, regulations and applicable legal requirements.
2. Utilize the natural resources, substitute materials by the most efficiency, and provide appropriate resources to fulfil these objectives.
3. Set and achieve Occupational Health & Safety and Environmental objectives and targets. We shall also create greater awareness for all employees on Occupational Health & Safety and Environmental responsibility and the protection of our current and future environment.

Human Rights

The Company recognizes the human rights of people, irrespective of differences. Therefore, we have a clear policy as a general guideline in supporting the rights of people.

- o The Company respects all the rights of the employees in any form, not only as stated by law or constitution but also general principles, and will not create any obstruction or prevent the employees achieving their rights.
- o The Company will not support its employees to violate the human rights or other general rights of other people.
- o The Company will keep the personal information of employees confidential and will not disclose it to others without the permission of the employees.
- o All SVI employees will treat others equally and fairly, and will not violate or threaten the rights of other people.

Policy on Intellectual Property

The Company acknowledges the importance of intellectual property created from an individual's knowledge and ability. The Company, therefore, has a policy to buy only legal software. The audit for software used in the company made continuously as to ensure that no illegal software or non-required software being used by the employees.

Section IV : Disclosure and Transparency

SVI discloses information that is material to the Company's business, such as financial reports and other information, in a manner that is clear, concise, easy to understand, complete, adequate and reliable, and it is always submitted on time to the SET. Governance policies and structure are also reported in the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) and on the Company's website for the benefit of shareholders and all investors to ensure shareholders have equitable access.

The Board of Directors places an emphasis on, and is responsible for, the financial reporting of the Company and its subsidiaries, including financial information in the Annual Report. The Company's financial statement is prepared according to generally accepted accounting principles, adopting appropriate accounting policy and using a conservative approach, accuracy and completeness, and reflects true operating performance. Furthermore, important information is adequately disclosed in the notes to the financial statement, which is audited by an external, independent auditor who is qualified by the SET to increase the reliability of financial reporting.

In addition, the Board of Directors appoints an Audit Committee to be responsible for overseeing and reviewing the accuracy and reliability of financial reporting, including the adequacy of the internal control system. The Company requires all employees to perform their duties in the best interest of the Company. Any actions and decisions must be free from the influence of personal benefit of family, relatives or other associated people. Employees must employ the same standard in complying with the rules and procedures of the Company. The measurements have been adopted to deter employees from illegally using inside information for personal, family or associated person benefit and to protect against the disclosure of information, documents or business plans, etc. to outside personnel.

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

directors and executives have to report the buying and selling of the Company's stock in a standard form submitted to the Company; this report has to be submitted by the working day following the day of selling or buying the shares.

In case they submit the report to the SET by themselves, they need to report that transaction to the Company as well. The Company will clarify the facts to shareholders and investors via the SET news system once there is any rumour or information leak to the public.

In addition, the Company has formed an Investor Relations Unit as a focal point in conducting proactive investor relation activities according to the best practices of leading international organizations. A number of channels are available to communicate effectively, transparently, fairly, equally and regularly with minority investors, institutional investors, general investors, analysts, the media, local and overseas fund managers and other related groups. An Opportunity Day and Analyst Meeting are organized to provide information related to the Company's quarterly and yearly operating results for investors, analysts, media, local and offshore fund managers, and others. Our Investor Relations Unit also provides valuable information via various channels, such as analyst meetings, media interviews, press releases, visits to our operations, information access on the Company's Investor Relations website (<http://investorrelations.svi.co.th>), by direct phone line and email (ir@svi.co.th), enabling investors to receive quick access and responses to clarify and answer their questions.

In 2013, the Company organized many Investor Relations activities for analysts and investors, as follows:

Type of meeting	Number of Events
Press conference	3
Analyst meeting	20
Investor meeting	20
Road show	3

Procedure against Corruption

The Company insists that corruption is illegal and also destroys trust from outside parties. Therefore, we are against all kinds of corruption and, as a result, avoid the negative reputation that accompanies it.

1. Management and Employees must not request or accept bribes that may mislead or avoid doing something that may result in negative consequences for the Company.
2. Management and Employees must not offer or give any benefits to external parties in order to motivate those people to perform or avoid performing certain actions as it could create negative results to the Company.
3. If there is any corruption discovered within the Company, SVI will respond immediately with serious disciplinary action and consider any incidents as high priority.

Procedure Concerning Complaint Reporting and the Protection Mechanism

The Company believes that Good Corporate Governance is vital for the achievement of sustainable long-term growth.

Therefore, the Company provides a channel for employees, stakeholders and concerned third parties to send their comments or useful suggestions, or to report or submit information concerning wrongdoing, violation of the law, regulation, or Good Corporate Governance principles via email to audit.svi@gmail.com. Furthermore, to ensure that people making such a report receive proper protection, the Company has a policy to receive complaints directly through the Audit Committee. All details are kept confidential, and there is a mechanism in place when investigating the party accused to ensure that there is fair treatment before disciplinary or legal action is taken.

Section V : Responsibilities of the Board of Directors

The Board of Directors is responsible for setting policies, corporate vision, strategies, goals, mission, business plans and budgets as well as ensuring the Company's Management operates in accordance with the policies, laws, objectives, regulations and shareholder resolutions. Directors discharge their responsibilities accountably, honestly and discretely according to the principles of best practice. In addition, the Board is responsible for monitoring and auditing

the Management's administration in regards to transparency and compliance within the Code of Conduct, and overseeing communication and disclosure of appropriate information. The Board of Directors is led by a capable Chairman who is able to control and manage the Company's executives to ensure the effective performance of their duties, adding greater economic value to the business and providing the highest security for shareholders.

2. Subcommittees

As at December 31, 2013, there were four sub-committees: Audit Committee, Nomination and Compensation Committee, Corporate Governance Committee and Risk Management Committee.

- Audit Committee consists of three members who are all independent directors and qualified as specified in the announcement of the SET, including the scope of work set out by the Audit Committee. The committee has been assigned to perform the audit to ensure that the systems in place provide a checks and balance system that will promote reliability, integrity and serve the best interests of all stakeholders. The names of members and the role and responsibilities of the Audit Committee are given in the Organizational Management section.
- Nomination and Compensation committee consists of four members, three of whom are independent directors. The names of the members and the role and responsibilities of the Nomination and Compensation committee are given in the Organizational Management section.
- Corporate Governance Committee consists of five members of Executive Management and has an independent director as an advisor. The names of members and the role and responsibilities of the Corporate Governance Committee are given in the Organizational Management section.
- Risk Management Committee consists of five members of Executive Management and has an independent director as an advisor. The names of members and the role and responsibilities of the Risk Management Committee are given in the Organizational Management section.

3. Nomination of Directors and Management

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

Appointment of the Board of Directors

The Board of Directors shall consist of at least five persons and 50% of them must be residents of the Kingdom of Thailand. Their qualifications must comply with the law and each of them can not be a director of more than five listed companies. In accordance with the company's Articles and Association, the directors shall be elected at the Shareholders' Meeting based on the following criteria and procedures:

1. Each shareholder shall have one vote per one share.
2. Each shareholder may exercise all the votes as stated in item 1 for voting one or several persons to be a director or directors; however, the shareholder cannot split or share the votes to select each director separately.
3. Persons who receive the highest votes sequencing from higher to lower votes are elected to be the directors of the Company per the numbers required that year.

In the case, if the votes are even for the last required director, making the number of directors more than that required, the chairman of the meeting will have a casting vote. At every annual ordinary shareholders' meeting, one-third (1/3) of the directors, or if the number of directors cannot be divided exactly into three parts, the number of directors nearest to one-third (1/3), shall vacate office. The directors to vacate office in the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office. A retiring director may be eligible for re-election with no limitation of time.

Nomination of Independent Directors

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

Nomination of the Audit Committee

The Company's Audit Committee consists of three members. All members are independent, cannot be a member of management team. They should have a law, accounting and/or finance qualification. 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 a for two-year term.

Nomination and Compensation Committee

The company selects members of the Nomination and Compensation Committee from directors who are capable, knowledgeable, experienced, and have a good connection with many capable, knowledgeable and qualified candidates in various organizations.

Nomination of Risk Management Committee

The company selects members on the Risk Management Committee from the company's executives who are capable and knowledgeable in this subject and propose to the company's board of directors for approval. There is a director nominated by the board of directors to be an adviser of the Committee.

Nomination of Corporate Governance Committee

The company selects members on the Corporate Governance Committee from the company's executives who are capable and knowledgeable in this subject and propose to the company's board of directors for approval. There is a director nominated by the board of directors to be an adviser of the Committee.

Nomination of Management

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

Roles and Responsibilities of the Board of Directors and Chief Executive Officer

The Company has a clear separation of roles and responsibilities between Company Directors and the Chief Executive Officer, in which the Director's role is to monitor Management's performance in achieving targets and ensuring that there are systems in place to enhance the legal and ethical integrity of business operations. All Directors understand the responsibility of the Board of Directors and the business operation of the Company. They perform their duties with honesty and in good faith, using due care and diligence with regards to the highest benefits of the Company and the fair treatment of all shareholders. They have to express their opinion independently and are completely dedicated to their duties. The role and responsibilities of the Board of Directors are stated in the Organizational Management section.

Leadership and Vision

The Board of Directors provides leadership, vision and independent decision-making. It is responsible for the Corporate Governance to optimize the benefits of the Company and shareholders. The Board approves the Company's vision, mission, business plan and annual operating budget, and monitors to ensure the business plan is followed in accordance with the approved budget, to maximize the economic value added to the business and considering the benefits of all stakeholders.

The Board of Directors Performance in 2013

The Board is determined to lead the business successfully and create the greatest benefit for shareholders according to the Company's vision and mission, while considering business ethics, future risks and good governance, using independent judgment and disclosing important information to shareholders and investors correctly, completely, fairly and timely.

In 2013, the Board undertook the following important activities:

Establish Policy and Business Direction the Board joined with Management in establishing the Company's vision, mission, goals and business direction, and monitored Management performance accordingly.

Vision

A globally recognized organization that strives for growth, profitability, integrity and social responsibility.

Mission

SVI is committed to be a leading global provider of full turnkey box-build contract manufacturing services to the industrial and professional electronic sectors. This will be achieved by focusing on the target sectors and building strong long-term partnerships with chosen strategic customers and suppliers. We are driven to exceed our strategic customer expectations in terms of quality and service.

Goal

We are determined to be a leading global provider delivering a full turnkey product in the electronics industry. In addition to achieving the Company's goal, we create long-term relationships with customers, using appropriate strategies. Our organization will continue to grow, based on customers' expectation of quality and service.

Corporate Governance policy

The Board fully intends to encourage the Company to be an organization that is most efficient in doing business and providing good governance and management, and aiming to create benefits for shareholders and all stakeholders by being honest, transparent and complying with the business Code of Conduct. The purpose of establishing the Good Corporate Governance Policy is so that the Board of Directors, executives and all employees are able to hold it as a guideline for practice.

The Company has complied with the SET Good Corporate Governance principles. The Company has confidence that a Good Corporate Governance system, which consists of qualified and accountable Directors and Management, transparent operations, respect for the rights of others and the equitable treatment of all stakeholders, is the key factor in increasing sustainable growth.

Risk Management Policy

The Company has a cautious risk policy to manage all risks that have an effect on operations. The risk can be an internal or external, and may be changed by the economic situation as well as social and political matters. The risk management policy covers the preventive measure as well as management of the risk. The Risk Management Committee is responsible for overseeing and monitoring the operation as planned. The Company has established a strategy to respond to risk at each level: avoidance, reduction, transfer or acceptance of the risk. To ensure that the Company has considered and selected the most worthwhile and efficient approach to managing the risk, the risk factor that has the highest effect to the shareholders' value is chosen as the first priority.

Business Ethics

The Board has reviewed and updated the Business Ethics Policy appropriate to the changing environment, including establishing clear guidelines and practice, ensuring compliance and assessing observations, which is determined in accordance to the Code of Conduct. This serves as a guideline of good practice for Directors, Management and all levels of employees, who all need to comply strictly with the code and practice honesty and good ethics.

Subcommittee

The Board of Directors have Corporate Governance committee, to be responsible for developing and reviewing the principles and best practices of effective Corporate Governance, including business ethics. In addition, the committee is responsible for disseminating and communicating the business ethics of the Company and the Corporate Governance Policy via internal channels within the organization including disclosure of the Corporate Governance Policy on the Company website. The Company encourages compliance with the Corporate Governance Policy, which conforms to the SET guidelines and the five OECD principles. Furthermore, the Company is determined to continue the development of Corporate Governance and social responsibility work, which is in line with sustainable development guidelines.

Management with an independent director as an advisor. The committee is responsible for assessment of the risk evaluations from all departments and the formulation of risk management policies.

The Board of Directors Meetings

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

Board meetings are held regularly at least once a quarter. The secretary of the Board of Directors will set tentative schedules and agendas of the regular meetings for one year in advance. This is to provide sufficient time for the Directors to attend all the meetings. For each meeting, Management prepares information and supporting documents for the Board's consideration.

The Chairman of the meeting also gives sufficient time for all Directors to consider each item on the agenda thoroughly and provides comments thereon. The minutes of the meeting are taken in written form and a certified copy is kept for auditing by the concerned parties.

The Audit Committee has a regular meeting at least once a quarter with the Internal Audit Manager to monitor and plan the internal audit items. This is to consider the appropriate Corporate Governance and internal audit plan. The Audit Committee conducts a meeting at least once a quarter for consideration, selection and nomination of an external auditor and their remuneration, including the opinions for the interim and annual financial statements duly reviewed or audited by the auditor, review of compliance with the accounting standards, disclosure of the notes, and connected and related party transactions as stated in the financial statement before submitting for the Board's consideration and approval.

The table below shows the meeting attendance of the Board of Directors in 2013:

Board Of Director	AGM Meeting	Board Meeting	Sub-Committee Meeting	
			Audit Committee	Nomination and Compensation Committee
1. Dr. Suvarn Valaisathien	1/1	6/6	4/4	1/1
2. Dr. Pruchya Piumsomboon	1/1	6/6	4/4	1/1
3. Mr. Threekwan Bunnag	1/1	6/6	4/4	1/1
4. Mr. Virapan Pulges	1/1	6/6	-	-
5. Mr. Pongsak Lothongkam	1/1	6/6	-	1/1
6. Mr. Chatchaval Jiaravanon*	-	3/4	-	-

Mr. Chatchaval Jiaravanon, has been appointed to be the company's director on April 24, 2013.

Board self-assessment

The Board has established a self-assessment for the overall performance of the Board of Directors. It serves as a tool to reflect the operational efficiency of the Board in accordance with Good Corporate Governance principles and to facilitate a regular review of the performance of the Board. The process aims to set a standard of practice for the Board of Directors performance assessment, which is conducted on an annual basis and led by the Chairman of the Board. The Board of Directors performance and accomplishments are reported in the Annual Report. In 2013, a self-assessment was conducted for the overall performance of the Board, based on a preliminary format set by the SET, covering the following topics:

- Structure and characteristics of the Board
- Roles and responsibilities of the Board
- Board meetings
- Discharge of duties of the Board
- Relationship with the Company's Management
- Self-development of Directors and executive development

The overall 2013's performance evaluated by the team of the director was higher than 90% or very good score.

Evaluation of the performance of the Chief Executive Officer

Evaluation of the performance of the Chief Executive Officer are covered the following topics:

1. The progress of planning
2. Performance Evaluation
 - Leadership
 - Strategic Planning
 - Strategy Execution
 - Financial Planning/Performance
 - Relationship with the Board of directors
 - External Relations
 - Human Resources Management/Relations
 - Succession planning
 - Product/Services Knowledge
 - Personality

3. Development needs

The evaluation of the performance of the Chief Executive Officer of the year 2013, which was separately evaluated by the director and brought to the meeting for discussion. The final score was higher than 90% in which the performance was an excellence.

Remuneration

The Company has a policy to compensate Directors, the Chief Executive Officer and Management at appropriate levels when compared to other companies in the same business. This is to motivate and retain capable personnel. Remuneration is related to the Company's performance. The Nomination and Compensation Committee sets the remuneration policy and payment procedure and proposes the remuneration package to the Board of Directors for consideration which proposes to the shareholders meeting for approval. The details of remuneration payments to Directors and executives in 2013 are reported in the Organizational Management section.

Professional Development for Directors and Management

The Board of Directors has supported and facilitated attendance on various training programs and seminars as necessary to ensure the continuing education of those associated with the Corporate Governance system, such as Directors, Audit Committee members, Executives and the Company Secretary. This enables the Directors to operate and govern the Company operations more effectively. In addition, in the case of a new Director, the Company organizes an orientation program and provides training, information and documents beneficial to performing the new duties. The program for a new Director includes sessions to introduce the nature of the business, the business structure, operating policy, the Company's rules and regulations, and Corporate Governance guidelines and practice, as well as a plant tour.

In 2013, the Company's directors attended seminars as follow:

1. Dr. Pruchya Piumsomboon
 - The role of chairman program (RCP)
 - The updated COSO's 2013 Integrated Internal Control : What the Board and Managements Should do (CG Forum 4/2013)
2. Mr. Threekwan Bunnag
 - The updated COSO's 2013 Integrated Internal Control : What the Board and Managements Should do (CG Forum 4/2013)

Company Secretary

The Company has a policy to appoint a Secretary to the Board and a Company Secretary, in compliance with the Security and Exchange Act and good Corporate Governance. The roles and responsibilities of the Company Secretary are described in the Organizational Management section.

Succession plan

The Company has developed a succession plan for key positions within each group.

The plan covers the Chief Executive officer, Executive Director and the Director or senior Management so that the Company has Management that is knowledgeable in the business operations and capable to carry out the tasks smoothly and efficiently. Furthermore, the Company identifies high potential employee and sets training needs in order to develop these young talents to become middle management in the future. This ensures that there will be no personnel shortage and maintains the confidence of shareholder and stakeholders, including employees.

The Board of Directors has authorized the Nomination and Compensation Committee to establish a succession policy and set up a development plan for nominees replacing Chief Executive Officer and report the progress of this plan once a year. Whereby, the company has a succession planning for all management staff.

Prevention of Conflicts of Interest

In order to eliminate conflicts of interest, the Company has a policy to prevent Directors, Management or employees from using internal information for personal benefit. The Board is kept informed of transactions that may pose a conflict of interest and reviews the suitability of each instance with caution. The Company further complies with the guidelines of the SET and discloses the related transactions in the Company's Annual Report. The Board also oversees the use of internal information, by having Directors and Management report their shareholding information to the SEC, and is determined that business ethics protect the Directors and Management against the use of insider information for personal gain.

4. Control for subsidiaries business operations

The details are presented in Note 6 of the Financial Statement.

5 Internal Control

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

The Company's directors and executives have to report the buying and selling of the Company's stock in a standard form submitted to the Company; this report has to be submitted by the working day following the day of selling or buying the shares.

In case they submit the report to the SET by themselves, they need to report that transaction to the Company as well. The Company will clarify the facts to shareholders and investors via the SET news system once there is any rumour or information leak to the public.

6. Auditor's Remuneration

The Company and its subsidiaries paid the audit fee in the fiscal year ended December 31, 2013 as follow:

Audit's fee for Year 2556	SVI Public Co., Ltd.	Globe Vision Co., Ltd	SVI China Ltd.	SVI Electronics (Tianjin) Co. Ltd	Shi Wei Electronics (Hong Kong)	SVI A/S	Northecc Co., Ltd
Audit Fee	1,170,000	50,000	103,007	751,095	130,739	517,422	428,213
Audit Fee for BOI Promoted Project	250,000	None	None	None	None	None	None
Other Fees	None	None	None	None	None	None	None
Other Fees on the Future	None	None	None	None	None	None	None

7. Compliance with Stock Exchange of Thailand's code of conduct for Listed Company's directors.

The Board of directors is responsible for establishing policies, vision, mission, goals, business strategy, business plan and budget of the company. The management and supervision administered according to the defined policy effectively and efficiently under the framework of laws, regulations, objectives of the company, and resolutions of the shareholders' meeting with responsibility honesty. The director of listed company has to comply with Stock Exchange of Thailand's code of conduct. Addition to control and monitor the managements to be transparent, maintain communication and disclosure of the company information as appropriated. The Board of Directors, under the leadership of Chairman of the Board of director has to control and manage the company's management to deliver the operating result effectively, adding high economic value to the business, and maximizing security to its shareholders.

The Chairman of the Board of Directors and Chief Executive officer are not the same person. The Chairman of the Board of Directors is independent of major shareholders and management. No benefit or interest, whether directly or indirectly in the finance and administration of the Company. The Chairman of the Board of Directors was elected from Independent directors.

The Board is adherence to the Securities and Exchange Act, and respective rules, regulations of The Securities and Exchange Commission, ccompliance with Stock Exchange of Thailand's code of conduct for the directors of listed companies, The Capital Market Supervisory Board and other relevant laws.

Investor relations

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

Insider Trading Policy

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

Shareholders, Analyst and Press Meetings

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

2013 Annual report and Annual Registration Statement (Form 56-1)

Information for 2013 Annual report and Annual Registration Statement (Form 56-1) can be reached at <http://investorrelations.svi.co.th>

SVI Investor Relations Contact

Address : 141-142 Moo 5, Tiwanon Road, Bangkadi Industrial Park, T. Bangkadi, A. Muang, Pathumtani, 12000

Phone : 02-963-9101-4 Ext. 1818 or 1813

Fax : 02-963-9109

Email : ir@svi.co.th

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

Corporate Social Responsibilities

The company believes that the business can be success and achieve the business target permanently are depended on the capability in organization management and business ethic consistency in accordance to good corporate governance policy. Social responsibility is one of an important policy of the company. The Company has a serious intention to work cordially with relevant people regarding the effect on participants, such as shareholders, employees, customers, vendors, society, government agencies and nationwide, together with the development and promotion of social responsibility, participation in activities beneficial to society and neighbouring communities, including caring for the environment, continuing care and sustainability based approach to the Stock Exchange of Thailand under the 8 principles as follows:

1. Operating with fairness

Employees are not allowed to take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice. This policy is clearly stated in the Company's Code of Conduct

2. Anti-Corruption

The Company is strongly determined on doing business with integrity. We specify "Integrity" as one of our Shared Value and reinforce our employees to comply.

3. Respect for human rights

The company adheres to Human Rights principle as a mutual operating principle. All employees will not undertake any action or will by no means support any action to violate any Human Rights. All employees will be treated equally and there will not be any discrimination against nationality, race, language, religion, gender, age and education. The employees will value and respect each other and will behave oneself appropriated with his/her duty pursuant to the regulations of the company and the tradition and will not damage the Company's image. The company allows the employees to express their potentials fully and will fix appropriated remuneration pursuant to the Company's regulation and also provide opportunity to the employees.

4. Treating workers fairly

As we believe that employee is one the keys of Company's success. Therefore, it is our policy to comply with applicable employment laws, including those governing working conditions, wages, hours, benefits, and minimum age for employment. Our employees can also ensure that our policy mentioned above will not be applied based on sexual orientation, race, color, religion, age, marital status, pregnancy, political affiliation, or disability.

5. Responsibilities to consumers

To ensure that our products will be functioned according to products' specifications, the Company is highly determined to abide by the international quality standard for example ISO 9001, ISO/TS 16949, ISO 13485, IPC and RoHs.

6. Environmental care

SVI's policy is to comply with all applicable laws and regulations for the protection of the environment. Each employee must abide by these laws and established environmental policies and procedures. The company production processes are lead free processes. There is a strictly control of waste water as to make it clean before flushing to public drainage system.

7. Development of community and society

With intension of being one of the social to lead Thailand being a sustainable developed society, the Company continually conducted the “Prescription Eyeglasses Project” which has been started since 2010, providing eye examinations and eyeglasses free of charge to those underprivileged children in Prachinburi, Ratchaburi, Petchaboon and Chaiyaphum in 2013, total providing eyeglasses to 1,354 students and 3,648 students received eyeglasses from the company since the first year to 2013. We are also planning to expand to cover all nationwide.

The Company has been organizing the “Blood Donation” project every 3 months. In 2013, we had conducted this project for 3 times, 487 employees joined this project and the total quantity of blood received were 170,450 C.C.

Apart of these, we also donated stationary, sport equipment, toys and food to the students of Wat Banna Nai primary school in Pathumthani province on the National Children Day



8. Innovation and introduce those innovation from the operation to society, environmental and stakeholders

The Computer donated Computers and implemented a software/program which will be supporting data collection in relation to education for both primary school and secondary school in Pathumthani province in order to enhance the educational standard of those institutes.

The company also arranged the competition in the company, as to motivate employees in initiative and creative for new projects related to environmental protection, such as, the project to reduce paper usage, the project to reduce cars driving to work (Car Pool), and etc. The project that won the award from the company was the project for energy saving which employees invented a tool to control moisture when the temperature in production line was adjusted higher than 22 degree. This is to save energy and to improve product quality.

Internal Control and Risk Management

Internal Control

Board of Directors consider the importance of internal controls, therefore, the implementation of internal controls system are necessary as to cover financial, administration and operational to be more efficiency and effectiveness. This is to comply with laws, rules and regulations including the focus on the continuous development as required by COSO (The Committee of Sponsoring Organization of Tread way Commission) and Enterprise Risk Management in order to allow the Company's performances pursuing all aspect effectively and efficiency.

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

Besides, the Board Committee evaluated an internal system control annually according to Securities and Exchange Commission (SEC).

In the year 2013 the Company did not find any significant concern in the Company's internal control system:

Organization and Environmental Condition

The Company set up a good internal control environment by creating a clear and appropriate organization's structure and chain of command. The Company also set the business goal and key performance indicators to evaluate the efficiency of the operation. There was to be written manuals concerning the operation of every system so that they become a guideline in performing in line with the Company's objectives. The Company also emphasized the concept of good corporate governance among the executive members and employees by setting up policies concerning good corporate governance, business ethics, and the codes of conducts for directors and employees. The Company set up the training activities annually to educate employees about transparent and just business operation for the benefits of all stakeholders.

The Company has implemented its Corporate Governance practice in compliance with the principles prescribed by the Stock Exchange of Thailand (SET). The Company also received an excellent Corporate Governance score in 2013, supported by the SET/SEC, including an excellent performance score in organizing the Annual General Shareholders Meetings in four consecutive years from 2011 to 2013.

Risk Management

The Company set up a risk management policy by having the Risk Management Committee supervise the operation of the Company's risk management and maintain the Company brilliant performance, cover all the risks in every work process by connecting the organization's objectives and strategies together. The risks could be categorized into the strategic risk, operational risk, financial risk, rules and safety risk. There are planning and stipulation of measures on Risk Management; assessment of risk factors which may affect the Company's business operations and goal, generally believed that any event to be a risk factor to occur and follow-ups on Risk Management of various Units within the Organization have been monitored by placing the emphasis on the compatibility with the Company Strategic Plan and report to the Risk Management Committee and an annual reevaluation of the risk factors that could affect the organization.

Control of the Management's Performance

The Company divided the responsibility of authorization limit in each position clearly and reviewed the working methods as a suitable tool for the current structure and operation of the organization and cross checked accuracy to prevent the transaction from start to end by alone .There was also an evaluation of the performance to ensure that it was done according to the rules and regulations in the authority manual and working manuals. This was to guarantee that the operation was efficient and under an appropriate internal control system.

Moreover, the Audit and Corporate Governance Committee has considered, reviewed and approved the Annual Audit Plan in order to ensure that the duty performance process involving high risk as well as the expectations of the Company-related persons are thoroughly covered which will make the Company assured that various organizational Units have sufficient controls, duty performances on the aspects of finance, operations, compliance with the law, various regulations, rules and basis which, in this connection, the Audit and Corporate Governance Committee has considered the important issue and problem found consequently as a result of the audits and proposed such matter to the Management to take corrective actions and report back the result of such corrective actions as well as the implementation of the preventive measures to stop the previous problem to repeatedly occur and use of strong measures to govern transactions with Major Shareholders, Directors, Executives, or other closely related individuals.

Information and Data Communications System

In submitting matters to a Committee for consideration, the Company has provided variously and sufficiently important data in order to enable the Committee to use them in supporting their consideration by making comparative analysis report on the principle and rationale together with providing documents supporting the facts and forwarding such data to the Committee in advance of 7 days with the Company Secretary being the party to carry out the duty in giving advices on the aspect of various regulations and rules, taking care of the activities of the Company Board of Directors as well as coordinating work to ensure the compliance with the resolution of the Company Board of Directors as well as becoming the Central Organization in making and keeping important documents; such as, Directors Registration, Company Board of Directors Meeting Summon Letters, Minutes of Company Board of Directors Meeting, Shareholders Meeting Summon Letters and Minutes of Shareholders Meeting in systematic order in order to enable the shareholders to check the suitability on the performances of the Board members.

The Audit and Corporate Governance Committee has jointly worked in conjunction with the auditor, Internal Audit Department and persons relating to the preparations of the Company Financial Statements every quarter to be assured that the Company has adopted the accounting policy in accordance the generally accepted accounting principles and suitable to the nature of the Company's business including the appropriate data disclosures. The Company continuously develops its information systems through implementation of the SAP Post Assessment project. The Company also has an effective information security system and performs data backup of all information systems; this makes the systems stable, enables them to continue operating properly and increases the reliability of the Company's information systems.

Follow-up System:

The Company has monitored the follow-ups on the result of duty performances to determine if the set goal has been fulfilled as planned by holding a total of 6 Company Board of Directors meetings in 2013, and duty performance follow up system in the sequence of ranks beginning from the Company Board of Directors and the Management Group in order to follow up the goal and monitor the operational controls in accordance with the Strategic Plan, Work Plan and Projects in the Annual Business Plan approved by the Company Board of Directors on a monthly basis as well as solving the contingent problems and adjusting the Operational Plan to conform with the changing situation and when result of the operation is found to be variedly different from the set goal, the responsible person is directed to submit a report accordingly in order that the operation can be reviewed and the pertinent cause analyzed as well as taking part in the consideration to give an approval on the Problem Solving Plan and submitting the reports on the duty performances continuously. The internal auditors have focused on preventive auditing to bring concrete benefits to all departments. Internal audit Dept. is able to independently audit and report with recommendations to the Audit Committee and Management Board. In the case of finding a significant weakness of internal control, the summary of audit observations and recommendations to prevent and reduce risks will be reported and suggested to the relevant business units for being improved by a specified time, and additionally to provide management with reasonable assurance that the Company has adequate and appropriate internal control.

Related Transactions

The Company had related transactions with subsidiaries in which the Company was holding 100% of the shares of each. Those transactions were conducted under normal business. The company has disclosed all related transactions as of year ended 31 December 2013 in Note 6 of the Financial Statements. The Board of Directors and the Audit Committee had reviewed such related transactions and found that they were reasonable and justified.

Policy or Procedures for the Approval of Inter-Company Transactions

In case the company has to make any related transactions with any person who has a conflict of interest with the Company, that transaction has to be approved by the Board of Directors and consented by the Audit Committee. These transactions must comply with the Stock Exchange of Thailand's rule and regulations related to connected transactions and the acquisition or disposal of assets. Any member of the Board of Directors who has an interest in any related transaction shall declare to the Audit Committee and the Board, and refrain from rendering any opinion or vote. In this regard, to approve the connected transactions, the Company must comply with the procedure and process, considering the Company's optimal benefits, and treat that connected transactions on the same basis as an outsider's transaction.

Policies or Directions for Future Connected Transactions

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

Operating Result, Financial Analyst and Financial Status

Operating Result and Financial Analyst

SVI ended the year 2013 with solid results and with the confidence that we can continue to perform also in 2014, despite increasing challenges and a persistent uncertainty in the global markets. We look at the future with optimism, motivated to deliver results that are sustainable in the long term.

Consolidated revenues for the full year 2013 were 8,006 Million Baht (or USD 261 Million), marking an increase of 4% from the previous year of that at Baht 7,704 Million (USD 249 Million). The growth was driven by a better outlook of our output markets and by new customer acquisitions. The segments that contributed the most to such growth are IP Camera, Professional Audio and Medical Products.

As compared to 2011's revenue of Baht 8,445 Million (USD 279 Million), the revenue in year 2013 was reduced by Baht 439 Million due to the starting of recovery period after flood.

Annual consolidated gross profit was 774 Million Baht, a 10% margin broadly in line with management guidelines. As compared to 2012's gross profit of Baht 751 Million, it was increased by 3% growth. By comparing to year 2011's gross profit of Baht 1,083 Million, reduced by Baht 309 Million resulted by one major customer being terminated the contract after flood whereby those new customers started to generate revenue in 2013 couple with higher depreciation costs derived from new purchased machine.

The Company's and Consolidated Selling and Administrative expenses in 2013 was reported at Baht 271 Million and Baht 347 Million or 3.5 % and 4.3% of revenue respectively. As compared to year 2012 and 2011, the consolidated Selling and Administrative expenses was increased by Baht 25 Million and 43 Million respectively. It was mainly resulted by higher depreciation costs and consultant fee for supporting the claim submitted for flood damages compensation.

Consolidated and the Company net profit for 2013 was 1,623 Million and Baht 1,617 Million respectively. The consolidated net profit generated from operation (not including the receipt of compensation from insurance companies on flood damages in the amount of Baht 1,063 Million and the provision for impairment costs of investment in China accounted to Baht 97 Million) was Baht 657 Million or 8% of revenue. As compared to year 2012's consolidated net profit of Baht 1,250 Million. It was increased by Baht 373 Million or 30%, mainly related to higher income generated by the receipt of flood damages compensation paid by insurance companies. As compared to the consolidated net profit of year 2011's which reported net losses of Baht 1,275 Million caused by flood damages of Baht 1,974 Million recorded in this year. In which the 2011's operating net profit was reported at Baht 699 Million or 8% of revenue, which was the same profit rate with 2013.

Financial Status

Assets

SVI consolidated assets at 2013 year-end amount to Baht 6,492 Million, an increase of 31% from previous year mainly driven by cash position and trade receivables. The cash position sets an historical record of 1,949 Million Baht, up 151% from 2012, while trade receivables for Baht 1,960 Million mark an increase of 30%. Inventory levels for Baht 1,191 Million were broadly in line with 2012 figures. At company level, total assets amount to Baht 6,433 Million in 2013 versus 4,840 Million Baht in 2012.

The company and consolidated total assets as at the end of 2013 as compared to 2011 was increased by Baht 2,465 Million and Baht 2,538 Million respectively. The major increase of 62% was generated by Cash and Cash Equivalent of Baht 782 Million and trade receivable of Baht 1,373 Million, because most of customers made before due payment in 2011 as to support the company suffered by flood.

Financial Liquidity

At the end of 2013, the company and consolidated financial statement have reported the net cash generated from operation in the amount of Baht 1,594 Million and Baht 1,624 Million respectively. It was mainly resulted by the amount of Baht 1,063 Million received from insurance companies for compensation of flood damages, couple with 17 days improvement on payment term of trade payable generated Baht 371 Million more in 2013.

As compared to Cash generated from operation of the Company and Consolidated Financial report in 2011, in the amount of Baht 997 Million and Baht 1,036 Million respectively. It was increased Baht 597 Million and Baht 588 Million in 2013 as compared to 2011. The improvement was mainly resulted by the efficient management on inventory and trade payable.

Liability

Total consolidated liabilities in 2013 were Baht 2,243 Million, reduced by Baht 172 Million or 7% as compared to 2012 year-end. To notice, however, the complete repayment of short-term and long-term bank loans in the amount of Baht 646 Million, partially offset with the increase of trade payable of Baht 249 Million and provision for dividend payment paid in January 2014 accounted to baht 158 Million. This sets SVI balance sheet at year-end with virtually no financial indebtedness.

As compared with that year 2011, in which the Company and Consolidated liabilities were reported in the amount of Baht 2,630 Million and Baht 2,704 Million, year 2013 shown a reduction of Baht 408 Million and Baht 461 Million respectively. It was mainly caused by the payment of financial loans as mentioned above.

Shareholders' Equity

Shareholders' equity was strong, with Baht 4,249 Million at year-end, as compared to the consolidated shareholders' equity of Baht 2,525 Million at the end of 2012, shown an increase of 68%, mainly generated by the net profit of Baht 1,623 Million and the exercise of ESOP-5 of Baht 38 Million.

The Company and Consolidated shareholders' equity year 2011 were reported at Baht 1,337 Million and Baht 1,250 Million, year 2013 shown an increase of Baht 2,874 Million and Baht 2,999 Million respectively, mainly generated by the net profit in 2012 and 2013 of Baht 1,250 Million and Baht 1,623 Million respectively.

Audit Committee's Report

The Audit Committee of SVI Public Company Limited consists of three independent directors: Dr. Pruchya Piumsomboon as Chairman of the Audit Committee, Dr.Suvarn Valaisathien and Mr. Threekwan Bunnag. All members possess adequate qualifications for their posts as specified by the Audit Committee Charter and in accordance with the Stock Exchange of Thailand regulations (SET) and Best Practice guidelines. The Committee performed its duties and responsibilities independently, as assigned by the Board of Directors, supervising and overseeing the Company's state of affairs, ensuring that the Company's business operations are carried out without any conflict of interest and with adequacy of internal control systems and that Management execute their duties with honesty, responsibility, and in accordance with Company policies.

During 2013, the Audit Committee had taken responsibilities as entrusted by the Board of Directors held eight meetings. Dr. Pruchya Piumsomboon, Dr. Suvarn Valaisathien and Mr. Threekwan Bunnag attended four meetings with top management, internal auditor and external auditor as appropriate and followed up audit job attended four meeting with Dr. Pruchya Piumsomboon and Mr. Threekwan Bunnag. Important activities during the year were as follows:

1. The Audit Committee reviewed the Company's quarterly and annual financial statements of 2013, which had already been reviewed and audited by the external auditor, and submitted them to the Board of Directors for approval. The Committee invited top management and the external auditor to the meetings to review the accuracy and completeness of the financial statements, adjustments made to accounting entries that significantly affect them, and the adequacy of financial disclosure. The Audit Committee also reviewed the readiness of the Company for preparing financial statements in accordance with the International Financial Reporting Standards: IFRS. The Committee concluded that the internal control systems of the financial reporting process were adequate to ensure that the financial statements accurately depicted the Company's financial status and operating results in all material respects. Furthermore, the Committee determined that the financial statements were in accordance with all legally defined accounting principles and were adequately and promptly disclosed for the benefit of shareholders, investors, and users of such statements for the purposes of making informed investment decisions. In addition, the Company is ready to comply with the IFRS.
2. The Audit Committee reviewed connected transactions, or transactions that may lead to conflicts of interest with the wholly including information disclosure of such transactions to comply with regulations of the SET and the Office of the Securities and Exchange Commission (SEC). The external auditors had the opinion that significant transactions with connected persons were disclosed and shown in the Financial Statements and Notes to Financial Statements. The Audit Committee had the same opinion as that of the external auditors and approved that such transactions were reasonable and beneficial to the business of the Company.
3. The Audit Committee, in conjunction with the Company's Internal Legal Counsel and Compliance Department, reviewed the adherence to the Securities and Exchange Act, and to the respective regulations of The SEC, The SET, The Capital Market Supervisory Board and other relevant laws. The Audit Committee did not find any significant non-compliance with the law and regulations.
4. The Audit Committee reviewed the operation information and internal control system, evaluated the sufficiency, appropriateness and effectiveness of the internal control system covering important workflows of the Company. The Committees found no significant weakness or deficiency in asset safeguarding method with accurate, complete and reliable information disclosure. The external auditors and Audit Committee had the opinion that the Company had sufficient internal control system and the means to monitor the operations was adequate, appropriate and efficient, in compliance with the Company's requirements.

5. The Audit Committee was responsible for overseeing the Internal Audit Department, considered and set the 2012 goals to evaluate the performance of Company's internal auditor as well as approved the internal auditing plan which is set to be reviewed at least every six months. In 2012 the internal auditor had performed both operational and financial audits including production, Cycle count inventory, Procurement, Computer internal control auditing review, Marketing management system contro, Production process and raw material usage controls. The Audit Committee had the opinion that the Company's internal audit was adequate, appropriate and effective. And in this year help company save cost of raw material usage from 41.8 MB in 2012 to 23.8 MB in2013.
6. The Audit Committee took into consideration the nomination and appointment of the external auditor and the annual audit fee for year 2013 to be proposed to the Board of Directors for approval by the Annual Shareholder's Meeting for 2013. The Audit Committee considered the performance, independence and remuneration and recommended to appoint

Mr. Sophon Permsirivallop, Certified Public Accountant Registration number 3182,

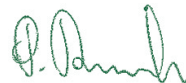
or Ms. Rungnapa Lertsuwankul, Certified Public Accountant Registration number 3516,

or Ms. Pimjai Manitkajohnkit, Certified Public Accountant Registration number 4521 of the Ernst & Young Office Limited to serve as the Company's External Auditors for 2012. Anyone of the abovementioned auditors could audit the Financial Statements of the Company and render opinion thereon. In case these auditors could not perform their tasks, the Ernst & Young Office Limited shall provide the Company with other qualified certified public accountants. The Audit Committee found that the external auditors professionally performed their duties with knowledge, professional competency, and gave recommendation regarding internal control system and various risks, and maintained independence in performing their duties.

The Audit Committee performed it duties and responsibilities with knowledge, ability, carefulness and has sufficient independence. The Committee had full access to all pertinent information from Management, employees, and associated parties. Furthermore, the Committee gave comments and recommendations which are beneficial to all of the Company's stakeholders equally.

In summary, the Audit Committee determined that the Board of Directors, Management, and Executive Directors all performed ethically with the intent to conduct their job functions professionally in pursuit of the Company's performance goals. Furthermore, it concluded that the Company is fully committed to and sees effective Corporate Good Governance as vital to its business and has established concise and appropriate risk management and internal control systems.

On behalf of the Audit Committee



(Dr. Pruchya Piumsomboon)
Chairman of the Audit Committee

The Board of Directors' Responsibility Report to Financial Statements

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

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

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

In the view of The Board of Directors, the 2013 consolidated financial statements of SVI and its subsidiaries as reviewed by the Audit Committee, in collaboration with the Management and external auditor are presented in a complete, accurate and fair manner. Since the Company's overall internal control system has been found to be satisfactory, thus the Board of Directors feel confident that the Company and its subsidiaries' financial systems are well managed and controlled.

The Board of Directors

Independent Auditor's Report

To the Shareholders of SVI Public Company Limited

I have audited the accompanying consolidated financial statements of SVI Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of SVI Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the 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 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 "Income Taxes". The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the same accounting policy for income taxes. My opinion is not qualified in respect of this matter.



Sophon Permsirivalop

Certified Public Accountant (Thailand) No. 3182

Statement of financial position

SVI Public Company Limited and its subsidiaries

As at 31 December 2013

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements			
	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	
Assets							
Current assets							
Cash and cash equivalents	8	858,528,940	567,279,924	374,390,488	805,894,426	528,610,109	315,074,112
Current investments	9	1,090,365,344	210,000,000	795,107,531	1,090,365,344	210,000,000	795,107,531
Trade accounts receivable	7, 10	1,960,036,283	1,511,245,307	587,456,981	1,904,574,995	1,442,172,545	574,236,900
Inventories	11	1,190,651,846	1,216,278,776	1,117,271,423	1,142,691,156	1,132,487,702	1,051,464,328
Advance payment for purchasing of materials and equipment		10,826,560	2,055,257	13,165,305	10,826,560	2,055,257	13,165,305
Other current assets		31,029,639	28,259,580	27,768,438	24,528,540	21,009,810	17,645,010
Total current assets		5,141,438,612	3,535,118,844	2,915,160,166	4,978,881,021	3,336,335,423	2,766,693,186
Non-current assets							
Other account receivable - subsidiaries	7	-	-	-	29,661,556	57,196,225	96,516,920
Long-term loan to subsidiary and interest receivable		-	-	-	-	-	36,508,366
Investments in subsidiaries	12	-	-	-	3,269,055	3,269,050	3,269,050
Property, plant and equipment	13	1,291,923,906	1,386,552,596	1,022,554,283	1,362,861,620	1,426,332,882	1,049,977,769
Intangible assets	14	23,360,205	7,948,088	10,372,517	23,360,205	7,948,088	10,372,517
Deferred tax assets	24	25,771,110	9,249,401	5,455,204	25,762,578	8,007,781	4,229,813
Other non-current assets		9,555,503	666,699	4,726,282	9,555,504	445,169	4,506,371
Total non-current assets		1,350,610,724	1,404,416,784	1,043,108,286	1,454,470,518	1,503,199,195	1,205,380,806
Total assets		6,492,049,336	4,939,535,628	3,958,268,452	6,433,351,539	4,839,534,618	3,972,073,992

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

Statement of financial position (continued)

SVI Public Company Limited and its subsidiaries

As at 31 December 2013

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
Liabilities and shareholders' equity						
Current liabilities						
Short-term loan from bank	15	-	95,005,755	7,549,200	-	-
Trade and other payables	7, 16	1,866,736,186	1,617,843,726	1,881,010,377	1,850,104,148	1,577,275,584
Current portion of long-term loans from banks	17	-	449,043,694	273,754,340	-	449,043,694
Current portion of liabilities under financial lease	18	979,841	953,504	2,417,246	979,841	953,504
Income tax payable		2,261,457	1,809,349	2,772,756	2,261,457	1,809,349
Advance receipt for purchasing materials and equipment for production		71,862,399	64,257,756	65,050,995	71,862,399	64,257,756
Dividends payable	30	158,238,401	-	-	158,238,401	-
Other current liabilities		85,569,899	26,558,026	92,045,604	80,806,977	22,240,886
Total current liabilities		2,185,648,183	2,255,471,810	2,324,600,518	2,164,253,223	2,115,580,773
Non-current liabilities						
Long-term loans from banks - net of current portion	17	-	102,489,106	343,784,520	-	102,489,106
Liabilities under financial lease - net of current portion	18	1,516,658	2,496,499	1,727,863	1,516,658	2,496,499
Provision for long-term employee benefits	19	56,099,661	54,205,753	33,499,958	56,099,661	54,205,753
Total non-current liabilities		57,616,319	159,191,358	379,012,341	57,616,319	159,191,358
Total liabilities		2,243,264,502	2,414,663,168	2,703,612,859	2,221,869,542	2,274,772,131
Shareholders' equity						
Share capital						
Registered						
2,265,754,448 ordinary shares of Baht 1 each (31 December 2012 and 1 January 2012):						
1,985,178,736 ordinary shares of Baht 1 each)		2,265,754,448	1,985,178,736	1,985,178,736	2,265,754,448	1,985,178,736
Issued and paid-up share capital						
2,260,548,581 ordinary shares of Baht 1 each (31 December 2012 : 1,961,099,986 ordinary shares of Baht 1 each) (1 January 2012 : 1,950,469,236 ordinary shares of Baht 1 each)		2,260,548,581	1,961,099,986	1,950,469,236	2,260,548,581	1,961,099,986
Premium on ordinary shares		81,563,059	26,400,527	15,769,777	81,563,059	26,400,527
Treasury stocks	22	-	(113,520,282)	(113,520,282)	-	(113,520,282)
Retained earnings						
Appropriated						
Statutory reserve	23	226,575,445	223,123,344	203,514,770	226,575,445	223,123,344
Reserve for treasury stocks	22	-	113,520,282	113,520,282	-	113,520,282
Unappropriated		1,629,677,192	335,333,768	(895,306,927)	1,642,430,774	354,138,630
Other components of shareholders' equity		50,420,557	(21,085,165)	(19,791,263)	364,138	-
Total shareholders' equity		4,248,784,834	2,524,872,460	1,254,655,593	4,211,481,997	1,341,534,868
Total liabilities and shareholders' equity		6,492,049,336	4,939,535,628	3,958,268,452	6,433,351,539	3,972,073,992

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

Income Statement

SVI Public Company Limited and its subsidiaries
For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenues					
Sales	7	8,006,481,328	7,704,376,287	7,738,839,599	7,392,489,792
Gains on exchange		28,258,003	134,590,367	22,611,393	130,654,149
Claim refund from the severe flooding	13	1,063,015,909	744,069,747	1,063,015,909	744,069,747
Other income	7	67,357,966	36,361,566	66,014,746	34,235,460
Total revenues		9,165,113,206	8,619,397,967	8,890,481,647	8,301,449,148
Expenses					
Cost of sales	7	7,232,580,993	6,973,959,279	7,036,489,204	6,725,541,941
Selling expenses		101,368,059	118,006,231	98,131,687	115,371,783
Administrative expenses		245,607,783	189,737,103	172,890,451	135,001,204
Loss from impairment of investments		97,133,400	13,990,050	97,133,400	13,990,050
Allowance for doubtful accounts (reversal)		(139,891,507)	3,864,768	(129,813,110)	44,627,041
Loss from flooding		-	33,835,693	-	33,835,693
Total expenses		7,536,798,728	7,333,393,124	7,274,831,632	7,068,367,712
Profit before finance cost and income tax expenses		1,628,314,478	1,286,004,843	1,615,650,015	1,233,081,436
Finance cost		(18,735,881)	(37,740,423)	(13,373,883)	(32,976,406)
Profit before income tax expenses		1,609,578,597	1,248,264,420	1,602,276,132	1,200,105,030
Income tax expenses	24	13,510,759	1,984,849	14,761,944	1,968,619
Profit for the year		1,623,089,356	1,250,249,269	1,617,038,076	1,202,073,649
Earnings per share					
27					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.72	0.65	0.72	0.62
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.72	0.64	0.72	0.62

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

Statement of comprehensive income

SVI Public Company Limited and its subsidiaries
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Profit for the year	1,623,089,356	1,250,249,269	1,617,038,076	1,202,073,649
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	71,141,584	(21,085,165)	-	-
Gain (loss) on change in value of available-for-sale investments	365,344	(107,530)	365,344	(107,530)
Income tax effect	(1,206)	-	(1,206)	-
Other comprehensive income for the year	71,505,722	(21,192,695)	364,138	(107,530)
Total comprehensive income for the year	1,694,595,078	1,229,056,574	1,617,402,214	1,201,966,119

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

Statement of changes in shareholders' equity

SVI Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit:Baht)

	Consolidated financial statements										
							Other components of equity				Total shareholders' equity
							Other comprehensive income			Total other components of shareholders' equity	
	Retained earnings		Exchange differences on translation of financial statements in foreign currency	Surplus on changes in value of available-for-sale investments							
Issued and fully paid-up share capital	Premium on ordinary shares	Treasury stocks			Statutory reserve	Reserve for treasury stocks	Unappropriated				
Balance as at 31 December 2011											
- as previously reported	1,950,469,236	15,769,777	(113,520,282)	203,514,770	113,520,282	(899,536,740)	(19,898,793)	107,530	(19,791,263)	1,250,425,780	
Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	-	4,229,813	-	-	-	4,229,813	
Balance as at 1 January 2012											
- as restated	1,950,469,236	15,769,777	(113,520,282)	203,514,770	113,520,282	(895,306,927)	(19,898,793)	107,530	(19,791,263)	1,254,655,593	
Premium on ordinary shares	-	10,630,750	-	-	-	-	-	-	-	10,630,750	
Converted right to purchase ordinary shares to share capital (Note 21)	10,630,750	-	-	-	-	-	-	-	-	10,630,750	
Total comprehensive income for the year	-	-	-	-	-	1,250,249,269	(1,186,372)	(107,530)	(1,293,902)	1,248,955,367	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	19,608,574	-	(19,608,574)	-	-	-	-	
Balance as at 31 December 2012	1,961,099,986	26,400,527	(113,520,282)	223,123,344	113,520,282	335,333,768	(21,085,165)	-	(21,085,165)	2,524,872,460	
Balance as at 31 December 2012											
- as previously reported	1,961,099,986	26,400,527	(113,520,282)	223,123,344	113,520,282	327,325,987	(21,085,165)	-	(21,085,165)	2,516,864,679	
Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	-	8,007,781	-	-	-	8,007,781	
Balance as at 1 January 2013											
- as restated	1,961,099,986	26,400,527	(113,520,282)	223,123,344	113,520,282	335,333,768	(21,085,165)	-	(21,085,165)	2,524,872,460	
Premium on ordinary shares	-	55,162,532	-	-	-	-	-	-	-	55,162,532	
Converted right to purchase ordinary shares to share capital (Note 21)	18,875,450	-	-	-	-	-	-	-	-	18,875,450	
Sold treasury stocks during the year (Note 22)	-	-	113,520,282	-	(113,520,282)	113,520,282	-	-	-	113,520,282	
Increase share capital to pay stock dividend (Note 30)	280,573,145	-	-	-	-	(280,573,145)	-	-	-	-	
Dividend paid (Note 30)	-	-	-	-	-	(158,240,968)	-	-	-	(158,240,968)	
Total comprehensive income for the year	-	-	-	-	-	1,623,089,356	71,141,584	364,138	71,505,722	1,694,595,078	
Unappropriated retained earnings transfer to statutory reserve	-	-	-	3,452,101	-	(3,452,101)	-	-	-	-	
Balance as at 31 December 2013	2,260,548,581	81,563,059	-	226,575,445	-	1,629,677,192	50,056,419	364,138	50,420,557	4,248,784,834	

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

Statement of changes in shareholders' equity (continued)

SVI Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit:Baht)

	Separate financial statements						Other components of equity		
	Issued and fully paid-up share capital	Premium on ordinary shares	Treasury stocks	Retained earnings		Unappropriated	Other comprehensive income	Total other components of shareholders' equity	Total shareholders' equity
				Statutory reserve	Reserve for treasury stocks		Surplus on changes in value of available-for-sale investments		
Balance as at 31 December 2011									
- as previously reported	1,950,469,236	15,769,777	(113,520,282)	203,514,770	113,520,282	(832,556,258)	107,530	107,530	1,337,305,055
Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	-	4,229,813	-	-	4,229,813
Balance as at 1 January 2012									
- as restated	1,950,469,236	15,769,777	(113,520,282)	203,514,770	113,520,282	(828,326,445)	107,530	107,530	1,341,534,868
Premium on ordinary shares	-	10,630,750	-	-	-	-	-	-	10,630,750
Converted right to purchase ordinary shares to share capital (Note 21)	10,630,750	-	-	-	-	-	-	-	10,630,750
Total comprehensive income for the year	-	-	-	-	-	1,202,073,649	(107,530)	(107,530)	1,201,966,119
Unappropriated retained earnings transferred to statutory reserve	-	-	-	19,608,574	-	(19,608,574)	-	-	-
Balance as at 31 December 2012	1,961,099,986	26,400,527	(113,520,282)	223,123,344	113,520,282	354,138,630	-	-	2,564,762,487
Balance as at 31 December 2012									
- as previously reported	1,961,099,986	26,400,527	(113,520,282)	223,123,344	113,520,282	346,130,849	-	-	2,556,754,706
Cumulative effect of change in accounting policy for deferred tax	-	-	-	-	-	8,007,781	-	-	8,007,781
Balance as at 1 January 2013									
- as restated	1,961,099,986	26,400,527	(113,520,282)	223,123,344	113,520,282	354,138,630	-	-	2,564,762,487
Premium on ordinary shares	-	55,162,532	-	-	-	-	-	-	55,162,532
Converted right to purchase ordinary shares to share capital (Note 21)	18,875,450	-	-	-	-	-	-	-	18,875,450
Sold treasury stocks during the year (Note 22)	-	-	113,520,282	-	(113,520,282)	113,520,282	-	-	113,520,282
Increase share capital to pay stock dividend (Note 30)	280,573,145	-	-	-	-	(280,573,145)	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(158,240,968)	-	-	(158,240,968)
Total comprehensive income for the year	-	-	-	-	-	1,617,038,076	364,138	364,138	1,617,402,214
Unappropriated retained earning transferred to statutory reserve	-	-	-	3,452,101	-	(3,452,101)	-	-	-
Balance as at 31 December 2013	2,260,548,581	81,563,059	-	226,575,445	-	1,642,430,774	364,138	364,138	4,211,481,997

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

Cash flow Statement

SVI Public Company Limited and its subsidiaries
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Cash flows from operating activities				
Profit before tax	1,609,578,597	1,248,264,420	1,602,276,132	1,200,105,030
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	296,416,750	163,800,456	184,311,150	153,105,945
Allowance for doubtful accounts (reversal)	(134,791,022)	(4,002,272)	(130,861,647)	36,760,000
Increase in reduction of cost to net realisable value	24,268,326	26,912,912	14,593,778	20,299,155
Reserve for warranty	(1,358,422)	956,350	(1,358,422)	956,350
Provision for long-term employee benefits	8,054,158	24,758,727	8,054,158	24,758,727
Loss on impairment of investment	-	-	97,133,400	13,990,050
Loss (gain) from selling/written-off of equipment	(573,197)	341,846,137	(573,197)	341,846,137
Reversal of loss on impairment of equipment	(121,975,828)	(353,974,947)	(130,929,370)	(353,974,947)
Unrealised loss (gain) on exchange	31,156,070	(14,356,736)	22,268,907	(8,249,620)
Actuarial gain	(2,816,752)	-	(2,816,752)	-
Interest income	(14,938,313)	(9,719,476)	(14,611,506)	(8,946,260)
Interest expenses	13,257,320	34,022,197	8,635,866	30,243,874
Income from operating activities before change in operating assets and liabilities	1,706,277,687	1,458,507,768	1,656,122,497	1,450,894,441
Operating assets (increase) decrease				
Trade accounts receivable	(280,796,170)	(926,367,120)	(283,502,550)	(914,066,023)
Inventories	(2,940,895)	(114,721,450)	(29,096,731)	(90,123,714)
Other current assets	(33,003,032)	19,663,526	(32,749,113)	16,789,868
Other non-current assets	(8,886,482)	4,095,986	18,117,285	4,207,124
Operating liabilities increase (decrease)				
Trade and other payables	201,198,297	(169,729,957)	218,499,535	(168,643,351)
Other current liabilities	60,369,686	(66,426,446)	59,924,029	(48,606,204)
Cash paid for employee benefits	(3,343,498)	(4,052,932)	(3,343,498)	(4,052,932)
Cash flows from operating activities	1,638,875,593	200,969,375	1,603,971,454	246,399,209
Cash paid for interest expenses	(13,815,487)	(35,075,812)	(9,194,033)	(31,297,489)
Cash paid for corporate income tax	(1,197,509)	(2,772,756)	(1,197,509)	(2,772,756)
Net cash flows from operating activities	1,623,862,597	163,120,807	1,593,579,912	212,328,964

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

Cash flow Statement (continued)

SVI Public Company Limited and its subsidiaries
For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
Cash flows from investing activities					
Decrease in current investments		(430,000,000)	85,000,001	(430,000,000)	85,000,001
Cash paid for increasing in share capital of subsidiary		-	-	(97,133,405)	(13,990,050)
Decrease in long-term loan to subsidiary and interest receivable		-	-	-	32,985,797
Interest income		14,974,824	10,030,375	14,615,761	11,059,976
Cash paid for purchasing of property, plant and equipment		(63,281,635)	(598,519,989)	9,812,011	(592,297,804)
Proceed from selling of equipment		654,206	13,744,805	654,206	53,090,336
Cash paid for purchasing of computer software		(11,873,848)	(1,656,482)	(11,873,848)	(1,656,482)
Net cash flows used in investing activities		(489,526,453)	(491,401,290)	(513,925,275)	(425,808,226)
Cash flows from financing activities					
Decrease in short-term loans from bank		(95,005,755)	87,456,555	-	-
Cash receipt from long-term loans from banks		-	915,550,000	-	915,550,000
Repayment of long-term loans from banks		(550,721,912)	(1,005,368,796)	(550,721,912)	(1,005,368,796)
Decrease in liabilities under financial lease		(1,082,124)	(695,461)	(1,082,124)	(695,461)
Dividend paid		(2,567)	-	(2,567)	-
Cash received from converted right to purchase ordinary shares		37,750,900	21,261,500	37,750,900	21,261,500
Cash received from selling of treasury stocks		149,807,365	-	149,807,365	-
Net cash flows from (used in) financing activities		(459,254,093)	18,203,798	(364,248,338)	(69,252,757)
Increase (decrease) in translation adjustment		54,288,949	6,698,102	-	-
Effects of changes in exchange rate on cash and cash equivalents		11,878,018	(3,731,984)	11,878,018	(3,731,984)
Net increase (decrease) in cash and cash equivalents		741,249,018	(307,110,567)	727,284,317	(286,464,003)
Cash and cash equivalents at beginning of year		617,279,924	924,390,491	578,610,109	865,074,112
Cash and cash equivalents at end of year (Note 8)		1,358,528,942	617,279,924	1,305,894,426	578,610,109
Supplemental cash flows information:					
Non-cash items consist of :					
Unrealised gain (loss) on the change in value of investments		365,344	(107,530)	365,344	(107,530)
Purchase of machinery and equipment for which no cash has been paid		18,069,606	24,408,588	18,069,606	24,408,588
Sale of machinery to subsidiary that has not yet been received		-	61,122,320	-	61,122,320
Consigned stock and equipment for production payable		169,719,523	281,275,636	169,719,523	281,275,636
Stock dividends		280,573,145	-	280,573,145	-
Dividends payable		158,238,400	-	158,238,400	-

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 year ended 31 December 2013

1. Corporate information

SVI Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company was listed on the Stock Exchange of Thailand on 25 May 1994. The Company is principally engaged in the manufacture and distribution of electronic manufacturing services (EMS). The registered office of the Company is at 141-142 Moo 5, Bangkadi Industrial Park, Tiwanon Road, Bangkadi, Muang, Pathumthani. The Company’s factory is located at 33/10 Moo 4, Chaeng Wattana Road, Bangtalad, Pakkred, Nontaburi.

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 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

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	
			2013 Percent	2012 Percent
<u>Held by the Company</u>				
Globe Vision Corp.	Holding of investment	British Virgin Island	100	100
SVI A/S	Raw materials sourcing service	Denmark	100	100
SVI China Limited	Holding of investment and raw materials sourcing service	Hong Kong	100	-
Company’s name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2013 Percent	2012 Percent
<u>Held by Globe Vision Corp.</u>				
Shi Wei Electronics (HK) Company Limited	Raw materials sourcing service	Hong Kong	100	100
Northtec Co., Ltd.	Raw materials sourcing service	Taiwan	100	100
SVI China Limited	Holding of investment and raw materials sourcing service	Hong Kong	-	100
<u>Held by SVI China Limited</u>				
SVI Electronics (Tianjin) Co., Ltd.	Manufacturing electronics equipment	China	100	100

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statement of changes 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 under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current year and restated the prior year’s financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
SIC 32	Intangible Assets - Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

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

4. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard

During the current year, the Company made the change described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of TAS 12 Income Taxes. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at	As at	As at	As at	As at	As at
	31 December	31 December	1 January	31 December	31 December	1 January
	2013	2012	2012	2013	2012	2012
Statements of financial position						
Increase in deferred tax assets	25,763	8,008	4,230	25,763	8,008	4,230
Increase in unappropriated retained earnings	25,763	8,008	4,230	25,763	8,008	4,230

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the year ended 31 December		For the year ended 31 December		
	2013	2012	2013	2012	
Statements of comprehensive income					
Profit or loss:					
Decrease in income tax		(18,076)	(5,562)	(19,327)	(5,546)
Increase in profit attributable to equity holders of the Company		18,076	5,562	19,327	5,546
Increase in basic earnings per share (Baht)		0.008	0.003	0.008	0.003
Increase in diluted earnings per share (Baht)		0.008	0.003	0.008	0.003
Other comprehensive income:					
Gain on changes in value of available-for-sale investments		(1)	-	(1)	-

5. Significant accounting policies

5.1 Revenue Recognition

Sales of goods

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

Interest income

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

Dividends

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

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

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

5.4 Inventories

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

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

5.5 Investments

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

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

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

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

5.6 Property, plant and equipment / depreciation

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

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

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

Depreciation is included in determining income.

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

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

5.7 Intangible assets

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

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

	<u>Useful lives</u>
Computer software	5 - 10 years

5.8 Related party transactions

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

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

5.9 Long-term lease

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

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

5.11 Impairment of assets

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

An impairment loss is recognised in the profit or loss.

5.12 Treasury stock

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

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

5.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

5.14 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.

5.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.16 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gain and losses from the translation are included in profit or loss. Premiums or discounts on forward exchange contracts are amortised 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 contracts

The notional amounts of cross currency option contracts 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 contracts are amortised on a straight line basis over the term of contracts.

6. Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

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

Fair value of financial instruments

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

Impairment of equity investments

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

Allowance for diminution in value of inventory

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

Property plant and equipment / Depreciation

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

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

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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

Litigation

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

7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements	financial statements	financial statements	financial statements	
	2013	2012	2013	2012	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods and raw materials	-	-	1	16	Cost plus margin of 0.5%
Purchases of raw materials	-	-	525	525	At cost
Raw materials sourcing fee	-	-	75	69	Actual charge
Interest income	-	-	-	1	2% per annum

The balances of the accounts as at 31 December 2013 and 2012 between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
<u>Trade account receivable - subsidiary (Note 10)</u>				
Subsidiary	-	-	113,380	103,892
Less: Allowance for doubtful debt	-	-	(113,380)	(103,606)
Total trade account receivable - subsidiary - net	-	-	-	286
<u>Other receivable - subsidiary</u>				
Subsidiary	-	-	34,200	61,430
Less: Allowance for doubtful debt	-	-	(4,538)	(4,234)
Total other receivable - subsidiary - net	-	-	29,662	57,196
<u>Trade accounts payable - subsidiaries (Note 16)</u>				
Subsidiaries	-	-	189,316	143,422
Total trade accounts payable - subsidiaries	-	-	189,316	143,422

Directors and management's benefits

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
Short-term employee benefits	54	39	54	39
Post employment benefits	2	6	2	6
Total	56	45	56	45

8. Cash flow statement

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

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
Cash	1,165	2,059	451	1,106
Deposit at banks	857,363	565,221	805,444	527,504
Cash and cash equivalents	858,528	567,280	805,895	528,610
Current investments - bill of exchange with an original maturity of 3 months or less	500,000	50,000	500,000	50,000
Cash and cash equivalents in cash flow statement	1,358,528	617,280	1,305,895	578,610

As at 31 December 2013, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.1 to 2.8 percent per annum (2012: between 0.1 and 2.1 percent per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
Fixed deposit	80,000	60,000	80,000	60,000
Available-for sale securities				
Unit trusts	510,000	100,000	510,000	100,000
Add: Unrealised gain on the change in value of investments	365	-	365	-
Unit trusts - net	510,365	100,000	510,365	100,000
Bills of exchange	500,000	50,000	500,000	50,000
Total current investments	1,090,365	210,000	1,090,365	210,000

10. Trade accounts receivable

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	737	113
Past due				
Up to 3 months	-	-	401	173
3 - 6 months	-	-	217	533
6 - 12 months	-	-	784	31,839
Over 12 months	-	-	111,241	71,234
Total	-	-	113,380	103,892
Less: Allowance for doubtful debts	-	-	(113,380)	(103,606)
Total trade accounts receivable				
- related parties, net	-	-	-	286
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,582,201	1,084,311	1,530,168	1,043,193
Past due				
Up to 3 months	359,221	387,998	356,966	368,965
3 - 6 months	13,291	11,910	12,931	8,424
6 - 12 months	8,094	8,309	3,187	1,181
Over 12 months	13,373	159,169	13,373	159,169
Total	1,976,180	1,651,697	1,916,625	1,580,932
Less: Allowance for doubtful debts	(16,144)	(140,452)	(12,050)	(139,046)
Total trade accounts receivable				
- unrelated parties, net	1,960,036	1,511,245	1,904,575	1,441,886
Total trade accounts receivable - net	1,960,036	1,511,245	1,904,575	1,442,172

In December 2011, the Company received a letter from a customer demanding compensation total USD 4 million for inventories and equipment kept at the Company's premises that were damaged by severe flooding. The Company set aside a Baht 122 million of provision for doubtful accounts for the dispute between the Company and the customer. During the year, the Company had entered into a memorandum with that customer. The Company received a partial of debts and written-off the remaining balances.

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Cost reduction to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
	Finished goods	145,623	175,455	(17)	(10)	145,606
Work in process	127,248	129,092	-	-	127,248	129,092
Raw materials	976,063	945,419	(114,295)	(90,034)	861,768	855,385
Supplies and spare parts	1,876	1,979	(60)	(60)	1,816	1,919
Raw materials in transit	54,214	54,437	-	-	54,214	54,437
Total	1,305,024	1,306,382	(114,372)	(90,104)	1,190,652	1,216,278

(Unit: Thousand Baht)

Separate financial statements

	Cost		Cost reduction to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
	Finished goods	142,318	169,040	(17)	(10)	142,301
Work in process	107,301	102,535	-	-	107,301	102,535
Raw materials	932,779	885,699	(95,720)	(81,133)	837,059	804,566
Supplies and spare parts	1,876	1,979	(60)	(60)	1,816	1,919
Raw materials in transit	54,214	54,437	-	-	54,214	54,437
Total	1,238,488	1,213,690	(95,797)	(81,203)	1,142,691	1,132,487

12. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Shareholding percentage		Cost method	
	2013	2012	2013	2012	2013	2012
			Percent	Percent		
Globe Vision Corp.	USD 0.7 million	USD 0.7 million	100	100	22,828	22,828
SVI A/S	DKK 0.5 million	DKK 0.5 million	100	100	3,269	3,269
SVI China	HKD 25.35 million	HKD 1.95 million	100	-	97,133	-
Total investments in subsidiaries					123,230	26,097
Less: Allowance for impairment of investment					(119,961)	(22,828)
Total investments in subsidiaries - net					3,269	3,269

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

(Unit: Million Baht)

	Total assets as at		Total revenues	
	31 December		for the year ended	
	2013	2012	2013	2012
Globe Vision Corp.	3	13	-	-
SVI Electronics (Tianjin) Co., Ltd.	79	140	275	330
SVI A/S	3	6	1	3
Northtec Co., Ltd.	4	9	-	1
SVI China Limited	2	2	-	-
Shi Wei Electronics (HK) Company Limited	-	-	-	-
Total	91	170	276	334

On 30 October 2013, meeting of Board of Directors No. 5/2013 approved the following resolution:

1. Buy 1,950,000 shares of SVI China Limited's with a par value of HKD 1 per share from Globe Vision Corp., a wholly owned subsidiary of the Company.
2. Increase the share capital of SVI China Limited by HKD 23,400,000, for the purpose of increasing the share capital of SVI Electronics (Tianjin) Company Limited. As a result the registered share capital of SVI China Limited increased from HKD 1,950,000 to HKD 25,350,000, divided into 25,350,000 shares of HKD 1 per share. During the current year, the above subsidiary already registered the share capital.
3. The Company plans to dissolve four subsidiaries, which are Globe Vision Corp, SVI Electronics (Tianjin) Company Limited, Shi Wei Electronics (Hong Kong) Limited and Northtec Company Limited. Currently, the Company is in the process of dissolving the above subsidiaries.

13. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Buildings and land and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work under construction and machinery under installation	Total
Cost							
1 January 2012	547,991	376,707	1,025,272	216,492	11,366	353,696	2,531,524
Addition	-	1,437	17,668	4,758	8,343	500,920	533,126
Disposal/written-off	-	(15,949)	(767,173)	(137,512)	(1,563)	(47,040)	(969,237)
Transfer in (out)	-	133,792	496,413	20,375	-	(651,486)	(906)
Translation adjustment	-	(453)	(10,323)	(204)	-	-	(10,980)
31 December 2012	547,991	495,534	761,857	103,909	18,146	156,090	2,083,527
Addition	-	15	8,104	1,226	-	107,343	116,688
Disposal/written-off	-	-	(2,307)	(3,778)	(2,842)	(51)	(8,978)
Transfer in (out)	-	22,838	35,431	4,321	-	(63,388)	(798)
Translation adjustment	-	956	(18,904)	2,643	-	-	(15,305)
Adjustment	-	(44,087)	(26,747)	-	-	(100,254)	(171,088)
31 December 2013	547,991	475,256	757,434	108,321	15,304	99,740	2,004,046
Accumulated depreciation							
1 January 2012	-	34,846	111,065	11,264	2,477	-	159,652
Depreciation for the year							
Depreciation on disposal/written-off	-	(15,433)	(500,075)	(97,979)	(1,064)	-	(614,551)
Translation adjustment	-	(451)	(2,460)	(210)	-	-	(3,121)
ณ วันที่ 31 ธันวาคม 2555	-	173,810	314,107	70,248	7,880	-	566,045
31 December 2012	-	45,301	124,271	10,179	2,812	-	182,563
Depreciation for the year written-off	-	(542)	(2,307)	(2,319)	(2,842)	-	(8,010)
Adjustment	-	(33,440)	(6,719)	-	-	-	(40,159)
Translation adjustment	-	350	2,213	177	-	-	2,740
ณ วันที่ 31 ธันวาคม 2556	-	185,479	431,565	78,285	7,850	-	703,179
Allowance for impairment loss							
1 January 2012	-	10,647	286,946	39,519	498	147,294	484,904
Increase during the year	-	-	(266,918)	(39,519)	(498)	(47,040)	(353,975)
31 December 2012	-	10,647	20,028	-	-	100,254	130,929
Decrease during the year	-	(10,647)	(12,957)	1,872	-	(100,254)	(121,986)
31 December 2013	-	-	7,071	1,872	-	-	8,943
Net book value							
31 December 2012	547,991	311,077	427,722	33,661	10,266	55,836	1,386,553
31 December 2013	547,991	289,777	318,798	28,164	7,454	99,740	1,291,924
Depreciation for the year							
2012 (Baht 147 million included in manufacturing cost, and the balance in selling and administrative expense)							159,652
2013 (Baht 166 million included in manufacturing cost, and the balance in selling and administrative expense)							182,563

Separate financial statements

	Land	Buildings and land and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Work under construction and machinery under installation	Total
Cost							
1 January 2012	547,991	355,846	948,641	204,378	11,366	353,696	2,421,918
Addition	-	1,451	14,258	2,024	8,343	500,920	526,996
Disposal/written off	-	(15,949)	(767,173)	(137,512)	(1,563)	(47,040)	(969,237)
Transfer in (out)	-	133,792	496,413	20,375	-	(651,486)	(906)
31 December 2012	547,991	475,140	692,139	89,265	18,146	156,090	1,978,771
Addition	-	-	8,104	940	-	107,343	116,387
Disposal/written-off	-	-	(2,307)	(2,130)	(2,842)	(51)	(7,329)
Transfer in (out)	-	22,838	35,431	4,321	-	(63,388)	(798)
Adjustment	-	(44,087)	(26,747)	-	-	(100,254)	(171,088)
31 December 2013	547,991	453,891	706,620	92,396	15,304	99,740	1,915,942
Accumulated depreciation							
1 January 2012	-	135,063	597,336	148,170	6,467	-	887,036
Depreciation for the year	-	34,456	102,471	9,620	2,477	-	149,024
Depreciation on disposal/written-off	-	(15,433)	(500,075)	(97,979)	(1,064)	-	(614,551)
31 December 2012	-	154,086	199,732	59,811	7,880	-	421,509
Depreciation for the year	-	45,065	122,303	8,827	2,812	-	179,007
Depreciation on disposal/written-off	-	-	(2,307)	(2,128)	(2,842)	-	(7,277)
Adjustment	-	(33,440)	(6,719)	-	-	-	(40,159)
31 December 2013	-	165,711	313,009	66,510	7,850	-	553,080
Allowance for impairment loss							
1 January 2012	-	10,647	286,946	39,519	498	147,294	484,904
Increase during the year	-	-	(266,918)	(39,519)	(498)	(47,040)	(353,975)
31 December 2012	-	10,647	20,028	-	-	100,254	130,929
Decrease during the year	-	(10,647)	(20,028)	-	-	(100,254)	(130,929)
31 December 2013	-	-	-	-	-	-	-
Net book value							
31 December 2012	547,991	310,406	472,379	29,454	10,267	55,836	1,426,333
31 December 2013	547,991	288,180	393,611	25,886	7,454	99,740	1,362,862
Depreciation for the year							
2012 (Baht 144 million included in manufacturing cost, and the balance in selling and administrative expense)							149,024
2013 (Baht 165 million included in manufacturing cost, and the balance in selling and administrative expense)							179,007

As at 31 December 2013, the Company had vehicles and equipment under finance lease agreements with net book values amounting to Baht 2.5 million (2012: Baht 3 million).

As at 31 December 2013, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 168 million (2012: Baht 124 million).

From 21 October 2011 to 5 December 2011, there was severe flooding in Pathumthani province, and the location of the Company's factory at the Bangkadi Industrial Park was inundated. Because actual flood levels exceeded the expected levels, the factory was flooded, resulting in damage to the Company's assets: inventories, building utility systems, and machinery. The Company estimated its asset losses and recognised losses due to flooding totaling Baht 1,974 million in 2011.

However, the Company has an Accidental Damage (Property) Insurance Policy coverage for the replacement value of property damage caused by flooding and for business interruption. The Company claimed compensation from its insurance company. The insurance company has assessed losses and is finalising the compensation payable to the Company. During the current year, the Company received by Baht 1,063 million (2012: Baht 744 million), as a part of claim refund from its insurer and recorded such amount in profit or loss for the current year.

14. Intangible assets

The net book value of intangible assets as at 31 December 2013 and 2012 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2013</u>	<u>2012</u>
Cost	72,404	82,508
Less: Accumulated amortisation	(49,044)	(74,560)
Net book value	<u>23,360</u>	<u>7,948</u>

A reconciliation of the net book value of intangible assets for the years 2013 and 2012 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2013</u>	<u>2012</u>
Net book value at beginning of year	7,948	10,373
Acquisition of computer software	20,745	1,656
Transfer in	-	1,813
Transfer out	(29)	(1,813)
Amortisation	(5,304)	(4,081)
Net book value at end of year	<u>23,360</u>	<u>7,948</u>

15. Short-term loan from bank

As at 31 December 2012, short-term loan from bank of the subsidiary is a loan from the branch in China of an overseas bank in foreign currency. The loan carries interest at rates 5.10% to 7.57% per annum and is due in March 2013. During the current year, the subsidiary already repaid the above loan.

16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Trade payables - related parties	-	-	189,316	143,422
Trade payable - unrelated parties	1,571,369	1,200,033	1,376,289	1,032,168
Liabilities for acquisition of machine and equipment	37,472	24,409	37,472	24,409
Accrued expenses	88,176	112,126	77,308	96,001
Consigned stock and equipment for production payable	169,719	281,276	169,719	281,276
Total trade and other payables	1,866,736	1,617,844	1,850,104	1,577,276

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

17. Long-term loans from banks

	(Unit: Thousand Baht)	
	Consolidated and	
	Separate financial statements	
	<u>2013</u>	<u>2012</u>
Long-term loans from banks	-	551,533
Less: Current portion	-	(449,044)
Long-term loans, net of current portion	-	102,489

17.1 On 12 May 2010, the Company entered into a loan agreement with a commercial bank for a facility of USD 12 million to fund capital expenditure. The loan carries interest at LIBOR plus a margin per annum. Interest is payable in quarterly installment. The full settlement of principal to be made within 3 years from the first utilisation date.

On 10 January 2012, the Company entered into an amendment of loan agreement that changed the terms of payments, from completion within 3 years (36 installments) from the first utilisation date, to payment in 42 installments from the first utilisation date and with the fourth principle installment of December 2011 and the fifth installment of March 2012 to be waived, such that the Company started repayment of principle with the fourth installment in June 2012 and complete settlement in 2013. The outstanding balance of the loan as at 31 December 2012 was USD 4.8 million or Baht 148 million. During the year 2013, the Company completed repayment of the loan.

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

- a) A Baht 20 million overdraft agreement for a loan carrying interest at MOR per annum.
- b) A USD 12 million loan agreement to provide funds for replenishment of the Company's core operating assets or for investment in machinery or factory improvements. The loan carries interest at LIBOR3M plus a fixed rate per annum, payable quarterly. Principal is payable in 10 quarterly installments of USD 1.2 million each, with the first installment due in the ninth month after the first drawdown date and settlement to be completed within 3 years from the first drawdown date. The Company was therefore to commence principal repayment in July 2011 and it was to be completed within 2014.

On 17 November 2011, the Company entered into an amendment loan agreement to change the terms of payment, granting waivers of principal and interest payments of December 2011 and March 2012 (two installments). The Company then agreed to pay principal and interest in accordance with the original terms of the loan agreement from June 2012 onward. In addition, the Company requested a 6-month extension of the term of the loan, such that settlement was to be completed by March 2014. The outstanding balance of loan as at 31 December 2012 was USD 6 million, or Baht 185 million. During the year 2013, the Company completed repayment of the loan.

17.3 On 29 December 2011, the Company entered into a loan agreement with a commercial bank for a facility of USD 10 million to purchase equipment, tools and machinery and restore the factories of the Company after flooding. The loan carries interest at LIBOR3M plus a fixed rate per annum, payable quarterly and due in the third month from the date of the first drawdown. Principal is payable in 12 quarterly installments, with the first installment due in the fifteenth month after the first drawdown date and settlement to be completed within 48 months from the first drawdown date. As at 31 December 2012, the outstanding balance of loan was USD 37 million and Baht 114 million. During the year 2013, the Company completed repayment of the above loan.

17.4 On 17 January 2012, the Company entered into a loan agreement with a commercial bank a facility of USD 10 million to purchase equipment and machinery, and restore the factories of the Company after flooding. The loan carries interest at LIBOR3M plus a fixed rate per annum, payable quarterly and principal is payable in 12 quarterly installments. Principal is payable in 12 quarterly installments, with the first installment due in the fifteenth month after the first drawdown date and settlement to be completed within 48 months from the first drawdown date. The outstanding balance of loan as at 31 December 2012 was USD 3.4 million or Baht 105 million. During the year 2013, the Company completed repayment of the loan.

The loan is secured by a negative pledge and therefore the Company has not pledged any collateral. The Company has covenanted not to sell, transfer, mortgage, pledge or create lien over any of the fixed assets. The loan agreement contains certain covenants and restrictions imposed by the lenders regarding merger, changes in the business, acquisitions, loans and guarantees, and dividend payment, as well as the maintenance of the shareholding of the Company's Chief Executive Officer, and certain financial ratios.

18. Liabilities under finance lease

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2013	2012
Liabilities under finance lease agreements	2,701	3,809
Less: Deferred interest expenses	(204)	(359)
Total	2,497	3,450
Less: Portion due within one year	(980)	(954)
Liabilities under finance lease agreements - net of current portion	1,517	2,496

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 2013, future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	1.1	1.6	2.7
Deferred interest expenses	(0.1)	(0.1)	(0.2)
Present value of future minimum lease payments	1.0	1.5	2.5

19. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensation on employees' retirement, was as follows:-

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2013</u>	<u>2012</u>
Provision for long-term employee benefits at beginning of year	54,206	33,500
Current service cost	6,085	22,995
Interest cost	1,969	1,764
Benefits paid during the year	(3,343)	(4,053)
Actuarial gain recognised during the year	(2,817)	-
Provision for long-term employee benefit at end of year	<u>56,100</u>	<u>54,206</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2013</u>	<u>2012</u>
Current service cost	6,085	22,995
Interest cost	1,969	1,764
Actuarial gain recognised during the year	(2,817)	-
Total expenses recognised in profit or loss	<u>5,237</u>	<u>24,759</u>

Assumptions of estimation of actuarial principles on date of conclusion are as follows:

	Consolidated and Separate financial statements	
	2013	2012
	(% per annum)	(% per annum)
Discount rate	4.1	3.8
Future salary increase rate	4.0	4.0
Staff turnover rate (depending on age)	3.0 - 20.0	3.0 - 15.0

20. Share capital

Number of ordinary shares reconciliation

	(Unit: shares)	
	2013	2012
<u>Registered share capital</u>		
Number of ordinary shares as at beginning of year	1,985,178,736	1,985,178,736
Increase in share capital to pay stock dividends	280,575,712	-
Number of ordinary shares as at end of year	<u>2,265,754,448</u>	<u>1,985,178,736</u>
<u>Issued and paid-up share capital</u>		
Number of ordinary shares as at beginning of year	1,961,099,986	1,950,469,236
Converted right to purchase ordinary shares to share capital	18,875,450	10,630,750
Increase in share capital to pay stock dividends	280,573,145	-
Number of ordinary shares as at end of year	<u>2,260,548,581</u>	<u>1,961,099,986</u>

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 21 to the financial statements.

During the current year, the holders of the ordinary share warrants offered to the directors and employees (ESOP-5) exercised 18,875,450 warrants at an exercise price of Baht 2 each, or for a total of Baht 37,750,900 to purchase 18,875,450 ordinary shares with a par value of Baht 1 each, or a total of Baht 18,875,450. The Company has a Baht 18,875,450 premium on the ordinary shares as a result of such exercise.

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

On 24 April 2013, the Annual General Meeting of the Company's shareholders No.1/2013 passed the following resolutions:

- 1) Approval of the payment of stock dividend in 280,575,712 ordinary shares with a par value of Baht 1 each in respect of the operating results for the year ended 31 December 2012, or in the total amount not exceeding Baht 280.58 million in a ratio of 1 dividend share for every 7 existing shares. A cash dividend of Baht 0.1429 per share is to be paid in respect of any indivisible shares remaining after the allocation.
- 2) Approval of an increase in the registered share capital from Baht 1,985.18 million to Baht 2,265.75 million through the issue of 280.58 million shares with a par value of Baht 1 each to support the payment of the stock dividend.

On 17 May 2013, the Company reported to the Stock Exchange of Thailand (SET) that 280.57 million ordinary shares had actually been allocated to the stock dividend.

On 22 May 2013, the Company registered with the Ministry of Commerce the increase in its registered capital to Baht 2,265.75 million, and its paid-up share capital to Baht 2,244.60 million.

On 25 July 2013, the Company registered with the Ministry of Commerce to increase in its issued and paid-up share capital from Baht 2,244.60 million to Baht 2,260.55 million.

21. Right to purchase ordinary shares

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

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

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

The movements of right to purchase ordinary shares during the years 2013 and 2012 are summarised below.

	ESOP-5 (Units)	
	2013	2012
Brought forward/Number of unexercised as at 1 January	24,078,750	34,709,500
Exercised during the year	(18,875,450)	(10,630,750)
Number of unexercised right to purchase ordinary shares as at 31 December	5,203,300	24,078,750

22. Treasury stocks

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

- The maximum amount available for repurchasing the shares is Baht 275 million.
- A maximum of 55 million shares with par value of Baht 1 per share is available for repurchase, equivalent to 2.82 percent of the total paid-up capital as at 2 September 2011.
- These shares are to be repurchased through the Stock Exchange of Thailand. The repurchase price must not exceed 115 percent of the weighted average closing price over the five trading days before each repurchase is made.
- The repurchase period is from 19 September 2011 to 16 March 2012.
- Any shares bought back are to be resold on the Stock Exchange of Thailand, during the period from 17 September 2012 to 16 March 2015 (after 6 months but no later than 3 years after the completion date of the share repurchase scheme). Reselling of shares, cancellations of the repurchased shares and reductions of share capital are to conform to the 2001 ministerial regulations regarding principles and procedures for the repurchase and resale of shares. The resale price is to be set at not lower than 85 percent of the weighted average closing price over the five trading days before each resale is made.
- The treasury stocks carry no rights to receive dividend.

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	<u>2013</u>	<u>2012</u>
Number of shares (shares)	-	30,081,800
Average price per share (Baht)	-	3.77

As at 31 December 2012, the Company's treasury stocks, amounting to Baht 114 million, were presented as a deduction item in shareholders' equity. This amount is presented under the cost method. The market price of the treasury stocks, which is based on the closing price quoted on the Stock Exchange of Thailand on the last day of year, was approximately Baht 124 million. During the current year, the Company already sold all treasury stocks at Baht 4.98 per share and recorded the excess of the selling price of the treasury stocks over their cost, amounting to Baht 36.3 million, in "Premium on ordinary shares" in shareholders' equity.

23. 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.

24. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	(3,017)	(1,809)	(2,994)	(1,809)
Deferred tax:				
Relating to origination and reversal of temporary differences	16,528	3,794	17,755	3,778
Income tax reported in the income statement	<u>13,511</u>	<u>1,985</u>	<u>14,761</u>	<u>1,969</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
		(Restated)		(Restated)
Deferred tax relating to gain on change in value of available-for-sale investments	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012.

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Accounting profit before tax	1,609,579	1,248,264	1,602,276	1,200,105
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	321,916	287,101	320,455	276,024
Effects of:				
Promotional privileges (Note 26)	(108,904)	(130,695)	(108,904)	(130,695)
Non-deductible expenses (tax exemption income)	(17,428)	15,748	(17,428)	15,748
Additional expense deductions allowed	(613)	(530)	(613)	(350)
Others	(208,482)	(173,609)	(208,271)	(162,696)
Total	(335,427)	(289,086)	(335,216)	(277,993)
Income tax reported in the statement of comprehensive income	13,511	1,985	14,761	1,969

The components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 31 December 2013	As at 31 December 2012 (Restated)
Deferred tax assets				
Allowance for doubtful accounts	413	964	413	964
Allowance for diminution in value of inventories	316	307	316	307
Allowance for impairment of investments	23,992	4,566	23,992	4,566
Allowance for impairment of plant and equipment	-	495	-	495
Provision for long-term employee benefits	185	205	185	205
Provision for warranty	28	38	28	38
Toolings	560	1,062	560	1,062
Provision for flood expenses	194	285	194	285
Others	76	1,327	-	86
Total	25,772	9,249	25,763	8,008
Deferred tax liabilities				
Unrealised gain on re-measuring available-for-sale investments	1	-	1	-
Total	1	-	1	-

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

25. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Salary and wages and other employee benefits	723,980	660,443	659,317	589,100
Depreciation	182,563	159,652	179,007	149,024
Loss from flooding	-	33,836	-	33,836
Amortisation of intangible assets	5,304	4,081	5,304	4,081
Reversal of loss on impairment of equipment	(130,929)	(354,123)	(130,929)	(354,123)
Raw materials and consumables used	6,231,121	6,207,448	5,966,564	5,790,426
Changes in inventories of finished goods and work in progress	(31,683)	108,301	(21,963)	87,835

26. 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	1069(2)/2547	1065(2)/2550	1686(2)/2550	1296(2)/2554	2724(2)/2555	5152(2)/2556
1. Certificate No.	1069(2)/2547	1065(2)/2550	1686(2)/2550	1296(2)/2554	2724(2)/2555	5152(2)/2556
2. Promotional privileges for	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products and handmicrophone	Manufacturing of PCBA, electronic products	Manufacturing of PCBA, electronic products
3. The significant privileges are						
3.1 Exemption of corporate income tax for net profit from promotional privileges and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	3 years (Expired)	5 years	5 years	5 years	5 years	8 years
3.2 Allowance for 5% of the increment in export income over the preceding year for ten years, providing that the export income of that particular year should not be lower than the average export income over the three preceding years except for the first two years.	Non-granted	Non-granted	Non-granted	Non-granted	Non-granted	Non-granted
3.3 Exemption of import duty on machinery as approved by the Board.	Granted	Granted	Granted	Granted	Granted	Granted
3.4 Exemption of import duty on raw materials and significant supplies used in export production for a period of one year from the first import date.	Granted	Granted	Granted	Granted	Granted	Granted
4. Date of first earning promotional privileges under the promotion certificates						
- Raw materials	20 Jul 2004	24 Apr 2008	30 Aug 2007	1 May 2011		
- Machinery	24 Dec 2003	27 Dec 2006	6 Jun 2007	25 Jan 2011		
- Income tax	7 Oct 2004	14 May 2008	18 Oct 2007	13 May 2011	Unexercised right	17 Sep 2013

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

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2013	2012	2013	2012	2013	2012
Overseas sales	7,611,174	7,203,060	127,666	189,429	7,738,840	7,392,489
Other income	1,143,546	908,742	8,096	218	1,151,642	908,960
Total revenues	8,754,720	8,111,802	135,762	189,647	8,890,482	8,301,449

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year (net from treasury stocks held by the Company, as discussed in Note 22 to the financial statements), after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of the stock dividend of 280.58 million shares on 24 April 2013, as discussed in Note 20. The number of ordinary shares of the prior year used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares as a result of the distribution of the stock dividends as discussed in Note 20, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

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

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

Consolidated financial statements					
Profit for the year		Weighted average number of ordinary shares*		Earnings per share	
2013	2012	2013	2012	2013	2012
(Thousand Baht)	(Thousand Baht) (Restated)	(Thousand shares)	(Thousand shares) (Restated)	(Baht)	(Baht) (Restated)
Basic earnings per share					
Profit attributable to equity holders of the Company					
1,623,089	1,250,249	2,245,889	1,925,580	0.72	0.65
Effect of dilutive potential ordinary shares					
Warrants					
-	-	7,448	13,605		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares					
<u>1,623,089</u>	<u>1,250,249</u>	<u>2,253,337</u>	<u>1,939,185</u>	0.72	0.64

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

Separate financial statements

	Profit for the year		Weighted average number of ordinary shares*		Earnings per share	
	2013 (Thousand Baht)	2012 (Thousand Baht) (Restated)	2013 (Thousand shares)	2012 (Thousand shares) (Restated)	2013 (Baht)	2012 (Baht) (Restated)
Basic earnings per share						
Profit attributable to equity holders of the Company	1,617,038	1,202,074	2,245,889	1,925,580	0.72	0.62
Effect of dilutive potential ordinary shares						
Warrants	-	-	7,448	13,605		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	1,617,038	1,202,074	2,253,337	1,939,185	0.72	0.62

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

28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Chief Executive Officer.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have two reportable segments as follows:

- Industrial Control System
- Niche Products

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2013 and 2012, respectively.

(Unit: Million Baht)

	Industrial Control System		Niche Products		Others		Total reportable segments		Adjustments and eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Restated)											
Revenue from external customers	2,706	2,801	4,913	4,678	387	225	8,006	7,704	-	-	8,006	7,704
Inter-segment revenue	1	16	-	-	-	-	1	16	(1)	(16)	-	-
Interest revenue	2,707	2,817	4,913	4,678	387	225	8,007	7,720	(1)	(16)	8,006	7,704
Segment operating profit	296	317	401	372	77	63	774	752	-	-	774	752
Unallocated income and expenses:												
Gain on exchange											28	134
Claim refund from severe flooding											1,063	744
Other income											68	36
Selling expenses											(101)	(118)
Administrative expenses											(246)	(210)
Loss from impairment of investments											(97)	(14)
Reversal of allowances for doubtful accounts											140	(4)
Loss from flooding											-	(34)
Finance cost											(19)	(38)
Corporate income tax											13	2
Profit for the year											1,623	1,250

The operations of the Company and its subsidiaries are carried on in geographic area in Thailand, The People's Republic of China, Taiwan and Denmark. Below is the consolidated financial information for the years ended 31 December 2013 and 2012 of the Company and its subsidiaries presented by geographical segment.

(Unit: Million Baht)

	Thailand		China/Taiwan		Denmark		Elimination		Consolidated financial statements			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012		
	(Restated)											
Revenue from external customers	7,737	7,376	269	328	-	-	-	-	8,006	7,704		
Inter segment revenues	1	16	41	96	484	429	(526)	(541)	-	-		
Total revenues	7,738	7,392	310	424	484	429	(526)	(541)	8,006	7,704		
Property, plant and equipment	1,362	1,426	4	20	-	-	(75)	(60)	1,291	1,386		
Unallocated assets											5,201	3,554
Total assets											6,492	4,940

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2013	2012
Scandinavia	4,999,569	4,949,790
United states of America	709,088	574,047
Europe	354,074	521,102
Global (customers who have related parties in many countries)	1,565,453	1,279,338
Domestic sales and others	378,297	380,157
Total	8,006,481	7,704,434

For the year 2013, the Company and its subsidiaries have revenue from two major customers in amount of Baht 2,950 million and Baht 970 million, arising from sales by niche system and industrial control (2012: Baht 2,480 million and Baht 712 million derived from two major customers).

29. 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 rates of 3 to 5 percent and will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 8 million (2012: Baht 8 million) to the fund.

30. Dividends

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Cash dividends for 2012	Annual General Meeting of Shareholders on 24 April 2013	3	0.1429
Stock dividends for 2012	Annual General Meeting of Shareholders on 24 April 2013	280,573	0.1429
		280,576	
Interim dividends for 2013	Board of Directors' Meeting on 17 December 2013	158,238	0.070

On 17 December 2013, meeting of the Board of Directors approved to pay interim dividends from 2013 earnings. The Company will pay dividends on 15 January 2014.

31. Commitments and contingent liabilities

31.1 Capital commitments

- a) As at 31 December 2013, the Company had capital commitments of Baht 0.2 million (2012: Baht 19 million), relating to the installation of equipment.
- b) The Company and its subsidiaries are committed to pay the uncalled portions of their investments as follows:

The overseas subsidiaries		<u>Amount</u>
- Globe Vision Corp.	USD	9,300,000
- Shi Wei Electronics (HK) Co., Ltd	HKD	9,999

31.2 Operating lease commitments

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

As at 31 December 2013, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

Payable within:	<u>Million Baht</u>
Less than 1 year	33
1 to 3 years	3

- 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 will expire on 31 August 2016. Details are as follows:

Payable within:	<u>Million RMB</u>
Less than 1 year	1.2

- c) The subsidiary has entered into an agreement in the People's Republic of China, for a period of one year beginning on 10 June 2013, under which the rental fee is RMB 17,859 per month.

31.3 Guarantees

As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 26 million (2012: Baht 27 million) issued by the banks on the behalf of the Company in respect of certain performance bands as required in the normal course of business. These included letters of guarantee to government agency, a state enterprise and other companies.

31.4 Compensation claim for damage demanded by customer

In 2012, there were outstanding litigation under which a claim for compensation of approximately Baht 2 million had been made against the Company. The Company had recorded this liabilities. However, during the current year, the court ordered the Company to pay the compensation of Baht 1.9 million to the plaintiff. The Company has paid the claim in full and this case is deemed final.

31.5 Other commitment

As at 31 December 2013, there was a total of Baht 126 million (2012: Baht 94 million) consigned stock for products kept at the Company's factory that have yet to be consumed.

32. Financial instrument

32.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instrument: Disclosure and Presentation", principally comprise cash and cash equivalents, current investments, trade accounts receivable, and trade and other payables. 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. 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 as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, and current investments with interest bearing. 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 2013 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	Total	Average interest rates (Percent per annum)	
		Within 1 year	1 - 5 years			Floating rate	Fixed rate
<u>Financial assets</u>							
Cash and cash equivalents	679	180	-	-	859	0.125 - 0.65	1.85 - 3.35
Current investments	-	580	-	510	1,090	-	2.98 - 3.23
Trade accounts receivable	-	-	-	1,960	1,960	-	-
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	1,867	1,867	-	-
Liabilities under financial lease	-	1	2	-	3	-	2.4 - 6.3

(Unit: Million Baht)

Separate financial statements							
	Floating interest rate	Fixed interest rate		Non-interest bearing	Total	Average interest rates (Percent per annum)	
		Within 1 year	1 - 5 years			Floating rate	Fixed rate
<u>Financial assets</u>							
Cash and cash equivalents	626	180	-	-	806	0.125 - 0.65	1.85 - 3.35
Current investments	-	580	-	510	1,090	-	2.98 - 3.23
Trade accounts receivable	-	-	-	1,905	1,905	-	-
<u>Financial liabilities</u>							
Trade and other payables	-	-	-	1,850	1,850	-	-
Liabilities under financial lease	-	1	2	-	3	-	2.4 - 6.3

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 2013 are summarised below.

Foreign currency	Financial assets	Financial liabilities	Average exchange rate
	(Million)	(Million)	as at 31 December 2013 (Baht per 1 foreign currency unit)
<i>Due within 1 year</i>			
USD	65.4	61.3	32.81
EUR	5.5	6.5	45.02
JPY	0.4	69.8	31.30
DKK	-	2.5	6.04

Foreign exchange contracts outstanding as at 31 December 2013 are summarised below.

Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought amount	Sold amount
			(Baht per 1 foreign currency unit)	
USD	2	24	32.24	29.31 - 32.98
EUR	-	3	-	39.29 - 44.36

Currency option agreements outstanding as at 31 December 2013 are summarised below.

Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought amount	Sold amount
			(Baht per 1 foreign currency unit)	
USD	3	91	31.50 - 32.00	29.35 - 32.70
EUR	-	8	-	40.00 - 43.60

The maturity dates of these agreements are ranged between 6 January 2014 to 26 June 2014. The Company would have unrealised loss of approximately Baht 224 million, if it had recorded the above contracts at fair value.

32.2 Fair values of financial instruments

Since the majority of the Company's financial assets and liabilities are short-term in nature and short-term investments bear interest rates (which approximate the market rate), their fair value is not expected to be materially different from the amounts presented in statements of financial position.

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

33. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholders' value. As at 31 December 2013, the group's debt-to-equity ratio was 0.53:1 (2012: 0.96:1) and the Company's was 0.53:1 (2012: 0.89:1).

34. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2012 have been reclassified to conform to the current year's classification but with no effect to previously reported net profit or shareholders' equity. The reclassifications are as follow:

(Unit: Thousand Baht)

For the year ended 31 December 2012

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Cost of sales	6,973,959	6,984,501	6,725,542	6,736,084
Selling expenses	118,006	118,882	115,372	116,247
Administrative expenses	189,737	192,294	135,001	137,574

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2014.

SVI Public Company Limited



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- *Mutual Support*
- *Respect*
- *Accountability*
- *Commitment*
- *Trust*
- *Transparency*