

**Managing Director's Report**  
**Operating Results for the 3rd. Quarter 2007**

November 2, 2007

SVI posted record consolidated quarterly revenue for the third Quarter of 2007 at USD 45.5 Millions, representing an increase of 19% from Q3 of 2006 or an increase of 14% from the previous quarter. In Baht term, the revenue was Baht 1,545 millions. The revenue growth in "Baht" was 7% and 12% as compared with Q3'06 and Q2'07 respectively. The revenue growth was driven by strong seasonal demand and continual growth in European market. The company also had added capacity to meet this growth.

The Gross Profit Margin for third quarter was 11.6%, an increase from same Quarter last year of 1.7% and an improvement of 1.8% from last quarter. Improvement in supply chain and weaker Baht has resulted in this higher Gross Margin. The Baht had weakened by 2% from second quarter to third quarter of this year (average Q2'07 of 34.58 Baht/USD VS average Q3'07 of 33.95 Baht/USD). Gross Profit for the Company was Baht 177 millions and the consolidated gross profit was reported at Baht 179 millions, including some contribution from Tianjin plant.

Selling and Administrative expenses of the company and consolidated expenses for this quarter were Baht 89 millions and Baht 91 millions or 6% of revenue. As compared to the previous quarter, both the company and consolidated expenses were higher by Baht 33 millions and Baht 29 millions respectively. The company had taken additional reserve both inventory and account receivable related to specific products from one of our European customer that are in transition from their European factory to their China factory. All other expenses are in line with the previous quarter.

SVI posted third quarter Net Profit, before subsidiaries consolidation, of Baht 122 millions, an increase of Baht 31 millions or 34% as compare to the 3<sup>rd</sup>.Quarter 2006. The Net Profit Margin of the Company has increased from 6% to 8% of revenue as comparing to same period last year. This was mainly due to the inter company sales of equipment and better cost management with higher sales. The company's consolidated net profit was Baht 106 millions, higher than the same quarter last year by Baht 21 millions, an improvement of 25%. The consolidated net profit this quarter was Baht 23 millions higher than the previous quarter.

In compliance with the notification No. 26/2006 issued by the Federation of Accounting Professions regarding Accounting Standard No. 44, the company has changed the accounting policy in fiscal year 2550, for recording the investment in subsidiary from the equity method to the cost method. Thus the company restated its Financial Statement to assume the carrying amount as the cost of an investment in a subsidiary, by retroactive adjustment the losses from subsidiaries of prior years, from Q3'05 to Q4'06, amounted to Baht 33 millions, resulted in the net increase of the company's retained earning of Baht 31 millions. The company has reserved for impairment cost of Baht 7 millions related to the losses generated by subsidiaries.

However, the change of accounting policy affects only the company Financial Statement, there is no change or effect to the consolidated Financial Statement or business fundamentals. Thus, there is no change to the company's dividend policy that is normally paid approximately at 30% of Net Profit and based on the company's financial condition, investment plan, the company's and Subsidiaries' operating results.

The consolidated EBIT and EBITDA of the third quarter 2007 were Baht 87 millions and Baht 170 millions and improvement of 21% for EBIT and 33% for EBITDA as compared to the previous quarter and an improvement of 14% for EBIT and 47% for EBITDA from same quarter last year. For the nine month 2007, EBIT and EBITDA were Baht 224 millions and 414 millions.

**Profit & Loss Comparison Table – Q3’07 vs Q3’06**

<b><u>Unit</u></b> : “Mil” Baht	<b><u>Consolidated</u></b>		<b><u>The company</u></b>		<b><u>% Variance</u></b> = (a)-(b) (b)
	<b><u>Q3-2007 (a)</u></b>	<b><u>Q3-2006 (b)</u></b>	<b><u>Q3-2007 (c)</u></b>	<b><u>Q3-2006 (d)</u></b>	
<b>Net Sales</b>	<b>1,545</b>	<b>1,444</b>	<b>1,523</b>	<b>1,448</b>	<b>7%</b>
Total Costs of Sales	<u>1,366</u>	<u>1,301</u>	<u>1,346</u>	<u>1,307</u>	<u>5%</u>
<b>Gross Profit</b>	<b>179</b>	<b>143</b>	<b>177</b>	<b>141</b>	<b>2%</b>
Total Selling & Admin Expenses	<u>(91)</u>	<u>(67)</u>	<u>(89)</u>	<u>(60)</u>	<u>36%</u>
<b>Operating Profit</b>	<b>88</b>	<b>76</b>	<b>88</b>	<b>81</b>	<b>16%</b>
Interest Income					
(Expense)	1	(2)	1	(0)	
Exchange Gain					
(Losses)	10	3	10	3	233%
Other Non-Operation Income					
(Expense)	<u>11</u>	<u>8</u>	<u>27</u>	<u>10</u>	<u>38%</u>
<b>Net Income Before Tax</b>	<b><u>110</u></b>	<b><u>85</u></b>	<b><u>126</u></b>	<b><u>94</u></b>	<b><u>29%</u></b>
Corporation Tax	(4)	<u>(0)</u>	(4)	<u>(3)</u>	
<b>Net Income after Tax</b>	<b><u>106</u></b>	<b><u>85</u></b>	<b><u>122</u></b>	<b><u>91</u></b>	<b><u>25%</u></b>

Comparison of Balance Sheet as at 30 September 2007 with year end 2006 as follow:

<b><u>Unit</u></b> : “Million” Baht	<b><u>Consolidated</u></b>		<b><u>The company</u></b>	
	<b><u>30 Sep’ 07</u></b>	<b><u>31 Dec’ 06</u></b>	<b><u>30 June’ 07</u></b>	<b><u>31 Dec’06</u></b>
<b>Current Assets</b>				
Cash and current investment	509	39	455	31
Accounts Receivable	1,120	1,079	1,110	1,071
AR – Subsidiaries	0	0	43	38
Inventories	1,337	1,295	1,318	1,259
Other Current Assets	<u>26</u>	<u>25</u>	<u>23</u>	<u>25</u>
<b>Total Current Assets</b>	<b><u>2,992</u></b>	<b><u>2,438</u></b>	<b><u>2,949</u></b>	<b><u>2,424</u></b>

<b>Current Liabilities</b>				
Short term loans	0	67	0	66
Accounts Payable	1,150	768	1,143	766
AP – Subsidiaries	0	0	6	3
Other Current Liabilities/Accruals	<u>194</u>	<u>114</u>	<u>181</u>	<u>109</u>
<b>Total Current Liabilities</b>	<b><u>1,344</u></b>	<b><u>949</u></b>	<b><u>1,330</u></b>	<b><u>944</u></b>
<b>Working Capital</b>	<b>1,648</b>	<b>1,489</b>	<b>1,619</b>	<b>1,480</b>
Property, Plant, Equipment and other non-current assets	<u>696</u>	<u>688</u>	<u>802</u>	<u>726</u>
<b>Total Net Assets</b>	<b><u>2,344</u></b>	<b><u>2,177</u></b>	<b><u>2,421</u></b>	<b><u>2,206</u></b>
<b>Financed by :</b>				
Long-term Debt	3	21	3	21
Net equity	<u>2,341</u>	<u>2,156</u>	<u>2,418</u>	<u>2,185</u>
<b>Total Long-term Financed</b>	<b><u>2,344</u></b>	<b><u>2,177</u></b>	<b><u>2,421</u></b>	<b><u>2,206</u></b>

The Company and consolidated financial status as of 30 September 2007 showed total current assets of Baht 2,949 millions and Baht 2,992 millions respectively. This represents an increase of Baht 525 millions and Baht 554 millions as compare to 31<sup>st</sup> December 2006. The increase of consolidated current assets was mainly due to Cash and ST investment.

Cash flow continued to be strong both operational cash flow and free cash flow. At the end of third quarter, the company and consolidated operational cash flow were Baht 657 millions and 734 millions respectively. Free cash flow was Baht 577 millions and 624 millions.

Total liabilities for the Company and Consolidated Financial Statement were recorded at Baht 1,333 millions and Baht 1,347 millions respectively. The consolidated total liabilities were increased by Baht 377 millions from 31<sup>st</sup> December 2006. This was mainly due to payment of short term and long term loan in the amount of Baht 20 millions and Baht 60 millions respectively, partially offset by the increase of Trade Payable of Baht 381 millions, related to the increase of revenue.

The consolidated Shareholder's equity at the end of third quarter 2007 was Baht 2,341 millions, an increase of Baht 185 millions from the end of last year, mainly due to an increase in retained earnings derived from year to date net profit of Baht 263 millions, and the exercise of ESOP1 of Baht 4 Million, partially offset with the dividend payment of Baht 87 millions in second quarter. The Company Shareholder's equity were Baht 2,418 millions, an increase of Baht 233 millions compare with that at the end of last year, as a result of net profit of Baht 315 millions generated by Thailand plant, offsetting with dividend payment this year.

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