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## **Vision, Mission, Quality Policy, Safety Policy and Environmental Policy**

### **Company's Vision:**

To be the Leader in Advanced Solar Technology with the Lowest Cost in the Region.

### **Company's Mission:**

SOLARTRON ran 25 years of business with the balance between **“Worth”** and **“Value”** for Shareholders, Employees, Stakeholders, Community and the Environment, Resulting in numerous corporate social responsibility awards and social acceptance.

### **Quality Policy : Corporate Social Responsibility (CSR)**

**“We are committed to creating innovative power of Thai consumers and engaging sustainable development”**

Solartron determine in improving the social corporate responsibility to continue commitment by business and contribute the economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.

### **Labor and Social Accountability Policy**

Solartron aim on Labor and Accountability improvement and ensure for the better quality of living standard of Labor Social over the period of year.

Solartron is committed to its policy of conducting activities without making undue impacts on its own personnel and properties, those of its contractors, the public, and the ecology alike.

### **To aid continuous improvement, the Company promotes**

1. Commitment to research and develop Solar Technology.
2. Commitment to increase the capabilities of employees.
3. Commitment to satisfy customers.

These commitments encourage open and honest communication, the exchange of ideas, teamwork and collaboration, an involved and supportive leadership in all business dealings.

### **Safety and Environmental Policy**

Solartron recognizes occupational health, Safety and Environment Management System. Safety and Environment are the heart of our products and services. We are committed to deliver the best of Safety and Environmental products and services to our customers and stakeholders.

**List of quality standards that SOLARTRON is having:**

**1. Factory management (UKAS, NAC, The Ministry of Labor of Thailand surveillance audit is required)**

- ISO 9001:2008 – Operation (receiving inspection, QC inspection, process inspection, final inspection) SGS, obtained.
- ISO 14001:2004 – SGS, obtained.
- TIS 18001:1999 – SGS, obtained.
- OHSAS18001:2007 – SGS, obtained.
- TLS 8001:2008 – (Thai Labor Standard) The Department of Labor Protection and Welfare, The Ministry of labor, obtained.

**2. Product (TUV: annual surveillance audit is required)**

- TUV Rheinland (Germany), IEC 61215 Edition 2, IEC61730, obtained.
- TISI (Thai Standard), TIS 1843:2542, IEC61215 Edition 1, obtained.
- CE Mark (EU): product certification for export to EU, obtained Directive 89/336/EEC : Electromagnetic computability.
- RoHS (EU): product certification for EU, obtained.

**3. Corporate Social Responsibility: Standard for Corporate Social Responsibility (CSR-DIW)**



## Financial Highlights

(Unit: Million Baht, except earning per Share)

<b>Operation Results</b>	2010	2009	2008
Total Revenues	222.66	124.08	430.15
Revenues from sales and services	220.72	120.18	422.99
Gross Margin	2.80	5.09	69.21
Net profit(loss)	(40.57)	(116.51)	2.20
<b>EBIT</b>	(37.14)	(113.24)	5.09
<b>EBITDA</b>	(26.20)	(96.15)	26.73
<b>Financial Status</b>			
Total assets	1,222.83	888.86	974.05
Total liabilities	465.19	87.95	96.43
Total shareholders' equity	757.63	800.82	877.62
<b>Financial Ratio</b>			
Liquidity ratio	1.10	2.13	3.25
Total debt to equity ratio	0.61	0.11	0.11
Gross margin ratio	1.27	4.24	16.36
Profit from operation ratio	(16.83)	(94.23)	1.20
Net profit ratio	(18.22)	(93.89)	0.50
Return on Assets	(3.84)	(12.51)	0.23
Return on Equity	(5.21)	(13.88)	0.25
Earning per share*	(0.14)	(0.39)	0.01
	Average	Average	Average
	300,000,000 shares	300,000,000 shares	300,000,000 shares

**Remark** \* Baht per Share

## Message from Chairman of the Board of Directors

Year 2010 is the year of extreme change. Solartron won the Bangchak Petroleum's 44 MW Solar power plant project from key German and Japanese famous global Solar players. This biggest solar power plant in South East Asia will be first step in tapping the large scale power plant sector with high economic value in this region.

In addition, Solartron is the first Solar Company in Thailand that obtained the Standard for Corporate Social Responsibility (CSR) from Ministry of Industry and also obtain the international CSR- ISO 2600, as evidenced by the state of the art product and services which shows signs of customer's trust.

Moreover office of the Securities and Exchange Commission, Thai Investors Association and Thai Listed Companies Association evaluate "Excellent" for the quality of the Annual General Shareholder Meeting (AGM) and broadcasted this excellent rating on their websites which lead to the importance of shareholder's right and equitable treatment of shareholders.

However, during year 2010, Thailand and elsewhere was extremely volatile. Investors concerned about the stability of global financial markets following the sovereign debt crisis in Europe and heightened fear of a double-dip recession in the United State. Meanwhile, the unstable political situation in Thailand also had impact on every economic sectors. Thank to Solartron's adaptation to the volatility with the focus on teaming up with key global solar players that helped to boost the company performance in the last quarter of 2010. Our Sale volume increased 83.65 % from 2009.

On behalf of Solartron's Chairman of the Board of Directors, I would like to take this opportunity to express thankfulness to all shareholders, customers, directors, employees as well as all supporters, who have place your trust in and given your support to the Company's business operation. Apart from its determination to develop and expand its business, Solartron places strong emphasis on adherence to the principles of good Corporate Government and Corporate Social Responsibility. Not less importantly, Solartron also focuses efforts on developing its human resouces and streamlining the internal organizational management.



**Mr. Cherdpong Siriwit**

**Chairman of the Board of Directors  
Solartron Public Company Limited**

## Message from the Audit Committee

To: The Shareholders  
Solartron Public Company Limited

The Audit Committee of Solartron Public Company Limited are qualified with the standards set by the Securities and Exchange Commission. The Audit Committee has performed the duty independently in accordance with Charter of the Audit Committee. At each meeting, the Audit committee has reported its performance and opinion independently to the Board of Directors. In 2010, the Audit Committee held 4 meetings in which 4 meetings external auditor were invited. The important issues of discussion are as follows:

1. Reviewed the Company's quarterly and annual financial statements for the year 2010 prior to submitting to the Board of Directors to ensure that the financial report is conducted in accordance with generally accepted accounting standard, along with correct and complete information disclosure through cooperative meeting among the external auditor, management, and accounting department.
2. Reviewed the Company's internal control to ensure that the Company has appropriate and adequate internal control systems by discussing with the Company's Internal Department and management to consider a topic of audit review.
3. Supervised the Company to comply with the laws prescribed by new Securities and Exchange Acts, and notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand.
4. Considered state of independence of external auditor and determined the appropriate compensation to be presented to the Board of Directors for the request of final approval from Shareholders' meeting. For 2011, it was considered to propose ASV & ASSOCIATES LIMITED to be the Company's external auditor for another one-year term.
5. Reviewed the compliance with good governance practice and monitored compliance to the regulations regarding criteria, procedures and disclosure of connected transactions or transactions with conflict of interests which shall be conducted for the best interest of the Company and all shareholders.

In view of the Audit Committee, the preparation and exposure of Company's financial information were sufficient and in accordance with generally accepted accounting standard. The connected transactions were conducted based on Arm's length principle and disclosed adequately. In addition, the Company had a proper internal control and conducted the business in compliance with the relevant laws and regulations



**Mrs.Ravitha Pongnuchit**

**Chairman of Audit Committee  
Solartron Public Company Limited**

## The Board of Directors



Mr. Cherdpong Siriwit

**Chairman of the Board of Directors**

### Academic Background

Master Degree

M.A. Economics Georgetown University, U.S.A.

Bachelor Degree

B.A. Economics, (Honor), Thammasat University

### Work Experience

Present

>> Chairman of the Board of Directors, Solartron PCL

Present

>> Independent Director ,Chairman of the Audit Committee, IRPC PCL

2009 - Present

>> Director/Audit Committee, Advance Finance Public Company Limited

2006 - 2009

>> Independent Director/Audit Committee/Nomination Committee PTT  
Chemical Public Company Limited

2005

>> Permanent Secretary of Energy

2002

>> Deputy Permanent Secretary of Industry

2001 – 2002

>> Secretary General of Thai Industrial Standard Institute

2000 – 2001

>> Director General of Department of Mineral Resource, Ministry of Industry

### Training Program

>> Audit Committee Program (ACP) Class 27/2009

>> Director Certification Program (DCP), Class 104/2008

>> Finance for Non-Finance Directors (FND), Class 13/2004

>> Role of the Chairman Program (RCP), Class 10/2004

>> Director Accreditation Program (DAP), Class 8/2004

Thai Institute of Directors (IOD)

>> Capital Market Academy Leadership Program, Capital market Academy  
(CMA) Class 5

>> Politics and Governance in Democratic System for Executives Class of 5,  
King Prajadhipok's Institute

### Number of Shares held

>> -0-



**Mrs. Patama Wongtoythong**  
**Deputy Chairman of the Board And the company secretary**  
**Chief Executive Officer**  
**Risk Management Committee**  
**Nomination and Remuneration Committee**

### **Academic background**

Master Degree

Master of Business Administration (Finance, Policy and Planning)

University of Missouri, USA

Bachelor Degree

Bachelor of Business Administration (Accounting),

Thammasat University

### **Work Experience**

2008 – Present

>> Deputy Chairman of the Board And The Company Secretary

Chief Executive Officer, Solartron PCL

>> Deputy Chief Executive Officer, Solartron PCL

2005 – 2006

>> Chief Financial Officer, Solartron PCL

2000 – 2008

>> Director, B.M.S. Co., Ltd.

### **Training Program**

>> DAP54/2005 Thai Institute of Directors Association (IOD)

>> Financial Restructuring & Corporate Recovery, Organized by world Bank and the Office of Corporate Debt Restructuring Advisory Committee

>> Senior EXECUTIVE Development Program

>> Full Scale Internal Auditing and Control Program

>> Future and Derivatives for Investor

### **Number of Shares held**

>> -0-





Mr. Akaradej Rojmeta

Director

Risk Management Committee

Nomination and Remuneration Committee

### Academic background

Master Degree

Master of Business Administration,  
Tarleton University, Texas, USA

Bachelor Degree

Bachelor of Business Administration,  
Thammasat University

### Work Experience

2004 – Present

>> Director, Solartron PCL

2007 –2008

>> Chief Executive Officer, Solartron PCL

2006 – Present

>> Executive Director, Netbay co., Ltd.

2004– Feb 2007

>> Director, Sunwood Industry PCL

2002 – 2003

>> Chief Executive Officer, Digital Onpa International PCL

1994 – 2002

>> Executive Director, GMM Grammy PCL

### Training Program

2004

>> DAP27/2004 Thai Institute of Directors

### Number of Shares held

>> 4,580,000 shares



**Mrs. Ravitha Pongnuchit**  
**Independent Director**  
**Chairman of the Audit Committee**  
**Chairman of the Nomination and Remuneration Committee**

### **Academic background**

Master Degree	Master of Political Science, Thammasat University
Bachelor Degree	Bachelor of Laws, Ramkhamhaeng University

### **Work Experience**

Present	>> Independent Director, Chairman of Audit Committee, Solartron PCL >> Inspector General Ministry of Finance
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### **Past Position**

>> Director of Bureau of Tax Appeal, Revenue Department  
>> Legal official 9, Specialized in Combating the Erosion of Tax Systems, Bureau of Central Audit Operations, Revenue Department  
>> Director office of the Secretary, Revenue Department

### **Training Program**

>> The Joint State-private Sector Regular Course, National Defense College, Class 15  
>> Director Certification Program (DCP 59), Thai Institute of Director Association  
>> Public Law and Management Course, Institute of King Prajadhipok, Class 3

### **Number of Shares held**

>> -0-



General Chartree Tatti

**Independent Director  
Audit Committee  
Nomination and Remuneration Committee**

### **Academic background**

Bachelor Degree

Bachelor of Science,

Chulachomkiao

Command and General Staff College, Class 65.

### **Work Experience**

2004 – Present

>> Independent Director ,Audit Committee, Solartron PCL

2009 – Present

>> Director-General of Finance, Office of Bureau of Defense Budget, Office the Permanent Secretary of Defense.

2008 – 2009

>> Chief of Staff, Office of the Permanent Secretary of Defense.

2005 – 2008

>> Director-General of Finance, Office of the Permanent Secretary of Defense.

2003 – 2005

>> Deputy Director-General of Finance, Office of Bureau of Defense Budget, Office the Permanent Secretary of Defense.

2002

>> Deputy Chief of Staff Officers, Office of the Permanent Secretary of Defense.

### **Training Program**

>> Politics and Governance in Democratic systems for executive, Class 4, King Prajadhipok's Institute.

>> The Join State-Private Course, Class 15.

>> DAP21/2004 Thai Institute of Directors Association (IOD)

### **Number of Shares held**

>> -0-



**Mr. Suchat Trisirivattwat**  
**Independent Director**  
**Audit Committee**  
**Risk Management Committee**  
**Remuneration Committee**

### Academic background

Master Degree

Master of Science (Accounting),

Thammasat University

Bachelor Degree

Bachelor of Business Administration (Accounting),

Thammasat University

### Work Experience

2004 – Present

>> Independent Director ,Audit Committee, Solartron PCL

>> Audit Committee, Klangdong Lime and Expert Environment Co., Ltd.

2006 – Present

>> Managing Director, Indara Insurance PCL

2001 – 2009

>> Managing Director, Environmental Conservative Service Co.,Ltd.

2002-2005

>> Managing Director, Thai Charoen Assurance

### Training Program

2009

>> Advance Audit Committee Programs (1/2009)

2008

>> Role of the Compensation Committee Program (5/2008)

2008

>> Chartered Director Class (3/2008)

2006

>> DCP72/2006 Thai Institute of Directors Association (IOD)

2006

>> RCP13/2006 Thai Institute of Directors Association (IOD)

2006

>> QFA4/2006 Thai Institute of Directors Association (IOD)

2004

>> DAP21/2004 Thai Institute of Directors Association (IOD)

2004

>> ACP1/2004 Thai Institute of Directors Association (IOD)

### Number of Shares held

>> -0-



Dr.Pavan Siamchai  
Director  
Risk Management Committee  
Chief Operating Officer

### Academic background

Ph.D.	Ph.D in Electrical and Electronics Engineering, Tokyo Institute of Technology, Japan
Master Degree	Master of Engineering (Electrical), Chulalongkorn University
Bachelor Degree	Bachelor of Engineering (Electrical) 2 <sup>nd</sup> Honor, Chulalongkorn University

### Work Experience

2009 – Present	>> Director Risk Management Committee Chief Operating Officer Solartron PCL
2007 - 2009	>> Project Coordinator Centrotherm photovoltaics AG
2005 – 2007	>> Chief Operating Officer Solartron PCL

### Number of Shares held

>> -0-



Mr.Songkran Taechanarong  
Director

### Academic background

Bachelor Degree

Financial and Supply Chain,  
Waikato University, New Zealand

### Work Experience

2009 – Present

>> Director  
Solartron PCL

2005 – Present

>> Managing Director,  
Bonanza Golf and Country Club Co.,Ltd.  
>> Director ,  
Bonanza Resort Hotel Co.,Ltd.  
>> Director ,  
Bonanza Property Development Co.,Ltd.

2002 – Present

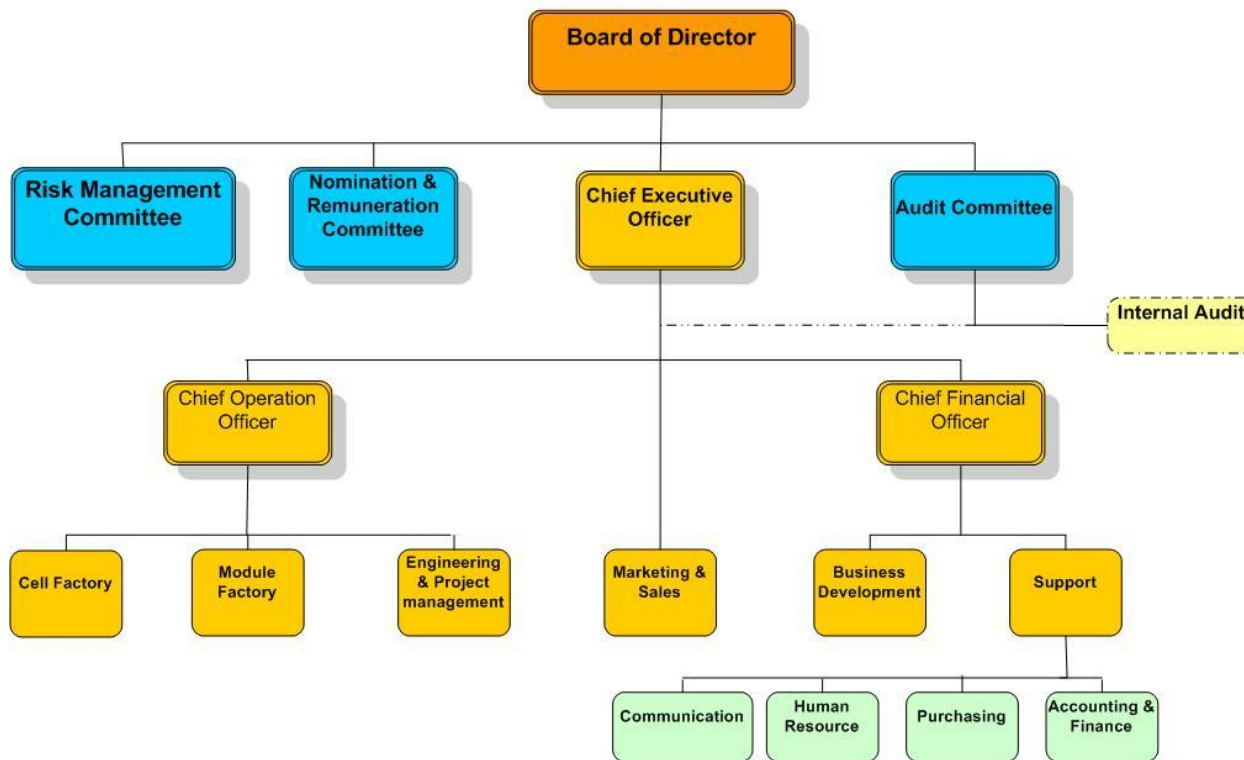
>> Managing Director,  
Schuster Enterprise Co.,Ltd.

### Number of Shares held

>> 2,460,000 shares

# Organization Chart

## Solartron Public Company Limited



## General Information

**Company Name** **Solartron Public Company Limited**

**Head Office**

1000/65,66,67 PB. Tower 16<sup>th</sup> Floor  
Sukhumvit 71 Road, North Klongtan,  
Wattana, Bangkok 10110  
Tel. +66-2-392-0224-6  
Fax. +66-2-381-2971, +66-2-381-0936

**Solartron Technology Center**

88/8 km 6, Thanarach Road, Tumbol  
Nongnumdang, Parkchong District,  
Nakornratchasima 30130  
Tel. +66-44-36-5651-3  
Fax. +66-44-36-5354

**Website**

www.solartron.co.th  
support@solartron.co.th

**E-mail**

<b>Registered Capital</b>	300,000,000 Baht
<b>Registered Ordinary Shares</b>	300,000,000 Shares
<b>Par Value</b>	1 Baht
<b>Registered Ordinary Share which paid</b>	300,000,000 Shares
<b>Registered Capital which paid</b>	300,000,000 Baht

**Established Date** November 12, 1986

**Type of Business** Manufacturing, Surveying  
Design and Installation of solar powered systems and  
renewable powered systems

**Company Code** 0107547000877

**References**

**Register :**

Thailand Securities Depository Co., Ltd  
Capital Market Academy Building, 2<sup>nd</sup> Fl.  
2/7 Moo 4, (North Park Project)  
Vibhavadi-Rangsit Road, Tung Song Hong,  
Laksi, Bangkok 10210  
Tel: +66-2-596-9000  
Fax: +66-2-596-4994-6

**Auditor :**

Mrs. Somjai Kiatgungwalgri  
The Certified Public Accountants

**License**

No. 5875  
ASV & Associates Limited  
47 Soi 53, Rama 3 Road,  
Bangpongpan,  
Yannawa, Bangkok 10120, Thailand  
Tel. : +66-2-294-8504  
Fax. : +66-2-294-2345

**Lawyer :**

Mr. Somkiat Ruengsurakiat  
Bangkok Law Office & Associates Co., Ltd.  
17 Fl., Ocean Tower II Bldg., 75/20  
Sukhumvit 21 Road, Klongtoey Nua,  
Wattana, Bangkok 10110, Thailand

Tel. : +66-2-661-6896-9  
Fax. : +66-2-661-6895



# Nature of Business

## History and Development

Solartron Public Company Limited (The Company) was established in 1986. The Company has been providing Thailand with solar cell systems-source of clean energy – for more than 23 years. The Company offers turnkey service including survey, design, sizing, installation, commissioning, monitoring, maintenance and after sale services. So far, the Company provided more than 250,000 solar application systems all over Thailand and neighboring countries. The Company has 80% market share of solar power project for government and local administration sectors. At present, the company is contracting an upstream solar cell factory, with the capacity of 30 Megawatt per year, in order to support a rapid growth of demand for solar power in Thailand and global market. As a result, the Company has been granted BOI privilege for corporate income tax exemption for eight years. Therefore the solar cell factory will make the company to achieve the cost – efficiency aim, and to modify mechanism of products to satisfy the customer’s requirements.

## Products and Services of Solartron



Solar Modules

- Services
- Survey
  - Design & Sizing
  - Installation & Commissioning
  - Service & Maintenance
  - Call Center
  - Energy Service
  - Training



### Balance of System (BOS)



Controllers



Inverters



Batteries



Lamps

Solartron provides good quality of solar modules according to the customer's needs. Every type of solar modules are accredited by TUV Rheinland, Germany, which is the best solar laboratories in the world.

### Solartron Solar Modules

The popular Solartron Solar Modules are:

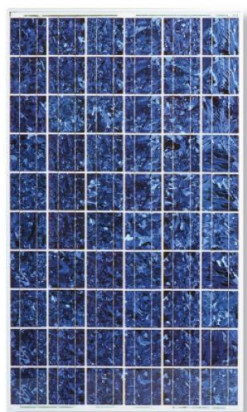


Solartron Solar Module  
**Series 150 Watt – 210 Watt**

**Recommended Applications :**

- Solar Power Plant
- On-grid Commercial Systems

- ▶▶ High module conversion efficiency through superior manufacturing technology
- ▶▶ 25 year power output transferable warranty
- ▶▶ Rigorous quality control meeting the highest international standards.
- ▶▶ Withstands high wind-pressure and snow load, and extreme temperature variations.

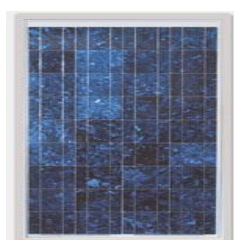


Solartron Solar Module  
**Series 120 Watt – 130 Watt**

**Recommended Applications :**

- On-grid Residential Roof Top systems
- On-grid Commercial Systems

- ▶▶ High module efficiency and stable power output based on leading process technology
- ▶▶ 25 year power output transferable warranty
- ▶▶ Outstanding electrical performance under high-temperature conditions or low-irradiance conditions



Solartron Solar Module  
**Series 5 Watt – 80 Watt**

**Recommended Applications**

- Off-grid applications
- Remote area stand-alone applications such as Solar Home System or Street Lighting System

- ▶▶ Attractive appearance
- ▶▶ Easy to install.

### Applications/Projects:

- Solar Home System
- Solar Power Water Pumping System
- Solar Hybrid System
- Solar Battery Charging System
- Solar Power Telecommunication System
- Solar Power Street Lighting System
- Solar Power Traffic Lighting System
- Solar Power Marine Signal Buoy
- Solar Power Plant

### Solar Home System



### Solar Power Water Pumping System



Water Pump



Solar Modules



Water Storage Tower



### Solar Power Telecommunication System



### Solar Power Lighting System



### Solar Power Traffic Lighting System



### Solar Power Plant



## Revenue Structure

The company revenue structure for the periods 2008 and 2009 and 2010 by the type of products and services are as follows:

**Table 1** Revenue structure for the periods 2008 and 2009 and 2010

	2008		2009		2010	
	Value ('000 Baht)	%	Value ('000 Baht)	%	Value ('000 Baht)	%
1. Revenue from selling Solar System and Construction of Solar Power Plant*	97,523	22.67	58,121	46.85	226,181	101.58
2. Revenue from selling Solar Modules / BOS	325,466	75.67	62,056	50.00	(5,465)	(2.45)
3. Other Revenue**	7,158	1.66	3,910	3.15	1,938	0.87
<b>Total Revenue</b>	<b>430,147</b>	<b>100.00</b>	<b>124,088</b>	<b>100.00</b>	<b>222,654</b>	<b>100.00</b>

**Remark:**

\* Including solar cell installation services along with solar modules and balance of system.

\*\* The significant other revenues consist of the revenue from interest, the profit from the foreign exchange

## Risk Factors

### Solartron Risk Management Policy

The Company has realized the significance of risk management and good corporate governance. The significance Risk Factors are explained as follows:

#### 1. The Risk from the Entrance of New Competitors

Nowadays, the government has fully supported the usage of solar energy. The marketing opportunity attracts both local and foreign companies to invest in the business. These newcomers may seize the company's market share and will affect the company growth in the future. The expected newcomers can be divided into 2 categories as follow:

- i. Competitors who assemble the solar modules: These competitors, both local and foreign, are expected to be entering into the business due to the rapid expansion of the market. Especially, the companies that already have the solar module related business in foreign countries. These companies will have knowledge in technology and in acquiring raw materials. However, the company has relatively high competitive advantage due to the expertise in installing the system in remote area. The company is one of four companies that had the solar module factory in Thailand. Also, it is in a good relationship with suppliers and customers. Moreover, the promotion for solar module assembly line from the BOI has already been annulled. Therefore the newcomers in this business will not anymore have tax privileges.
- ii. The competitors who are to produce solar cells: The barrier of entry for this business is higher due to long-term, investment in raw material and selection of the state of the art of technology. Going upstream with low cost raw material in the market clearly is an important advantage over other competitors.

#### 2. The Risk of the Volatility of the Exchange Rate

The company imports most of its raw materials including solar cells. Its payment is mainly in US dollar and Euro, while most of the products are sold in Thai Baht. If the rate of US dollar or Euro rises comparing to Thai currency, the company cost will increase accordingly.

The company opens letter of credit (L/C) monthly with fully coverage forward contract to protect its exchange rate risk when it expects the vulnerable of the currency.

#### 3. The Risk of the Reliability on Government Sectors

During the part 25 years, approximately 70% of the company's revenue came from the installation project of the solar systems for the central and local government sectors. Therefore, if the government policy change, the projects related to the promotion of Government Policy will be impacted it may cause a significant drop in future revenue.

However, the government classified the renewable energy as the Energy Security in the National Energy Strategy to promote the usage of renewable energy. Initially, the government will be the key organization to stimulate the solar energy market. This strategy has succeeded in the developed countries such as Germany and Japan.

The Company occupied more than of 70% of the total government projects, which implies that it has a capability in bidding and delivers the good quality of project. The company has confidence in doing solar business in Thailand that conform the National Energy Strategy. Therefore, Private sector and International Solar Investor trust and wants to do Solar business with the company.

## Shareholder Structure and Dividend Policy

As at December 30, 2010, the list and percentage of the first 10 major shareholders is as follows:

No	Shareholders	As at December 30, 2010	
		Number of Shares	Percentage
1.	TAECHANARON GROUP <sup>1</sup>	47,741,500	15.91
2.	ROJMETA GROUP <sup>2</sup>	19,580,000	6.52
3.	THAI NVDR	33,845,877	11.28
4.	MR.SUNATE BURAKASIKORN	11,932,800	3.98
5.	CLEARSTREAM NOMINEES LTD.	9,657,310	3.22
6.	MS.NARAWADEE JINDANGERN	5,009,700	1.67
7.	MS.NONTAYA APITANOTHAI	4,445,500	1.48
8.	MS.WALAPA ANANTAWARA	3,800,000	1.27
9.	MS.PORCHIT PORNPUKDEEWATTANA	3,336,000	1.11
10.	MR.SURAPHAN PHUMKEAW	3,200,000	1.07
	<b>TOTAL</b>	<b>142,548,687</b>	<b>47.52</b>

### Remark:

<sup>1</sup> Taechanarong Group Shareholders follows:

	name	Number of Shares	Percentage
1.	Mr Phaivong Taechanarong	34,936,900	11.65
2.	Ms Phasara Taechanarong	8,587,400	2.86
3.	Mr Songkarn Taechanarong	2,460,000	0.82
4.	Mr Phatamon Taechanarong	1,181,000	0.39
5.	Ms Phipanee Taechanarong	436,200	0.15
6.	Mr R-rak Taechanarong	140,000	0.05

<sup>2</sup> Rojmeta Group Shareholders follows:

	name	Number of Shares	Percentage
1.	Ms Pornsiri Rojmeta	15,000,000	5.00
2.	Mr Akaradej Rojmeta	4,580,000	1.52

### Dividend Policy

The maximum company dividend policy is approximately 40 % of its Net Profit after deduction of legal reserves.

## Management Structure

Management structure of company consists of 2 Committees; The Board of Director and Audit Committee. Each Committee has duties and responsibilities as follows:

### (1) Board of Directors

As of December 31, 2010, the Board comprised of 5 members and February 1, 2010 the company had the Board of Directors of 6 members as follows:

Name	BD	AC	Position
Mr. Sherdpong Sirivit	✓		Director
Ms.Patama Wongtoythong*	✓		Director
Mr.Akaradej Rojmeta	✓		Director
Ms. Ravitha Pongnuchit	✓	✓	Independent Director / Audit Committee
General Chartree Tatti	✓	✓	Independent Director / Audit Committee
Mr. Suchat Trisirivattwat	✓	✓	Independent Director / Audit Committee
Dr. Pavan Siamchai	✓		Director
Mr.Songkran Taecharong	✓		Director

\*Remark · Ms.Patama Wongtoythong, Chief executive officer, is the Company Secretary.

### Scope of duties and responsibilities of the Board of Directors

1. To undertake the duties in accordance with laws, objectives and requirements of the company and resolutions of the shareholders with due care and integrity and to look after the interest of the company.
2. To set the business policies and direct the operations of the company and supervise the management to ensure effectiveness and compliance with the prescribed policies and to maximize the economic value of the business and to provide maximum business stability to shareholders.
3. To arrange a reliable accounting system, financial reports and auditing and to set up internal control procedures and suitable internal audit system with consistent follow-up.
4. To approve the quarterly and financial reports and auditing and the annual investment budget and to monitor the operating results of the company, including the major progress in various aspects.
5. To provide advice/suggestions and make a decision with due care on the agenda proposed in the meeting of the board of directors.
6. To appoint/remove the subcommittee on specific matters as deemed suitable.
7. An independent director is ready to provide his independent judgment on the issues and to oppose any act of other directors or the management if there is any conflict significant to the company and the shareholders.
8. To arrange a policy on business supervision, business ethics and employee ethics as a guideline on business conducts and to arrange and supervise the administrative work in accordance with the good governance principles consistently.



9. To approve the key transactions of the company such as acquisition or disposal of assets, expansion of the investment projects, determination of the authority to be assigned and any action required by laws and to look after the conflict of interest among stakeholders of the company.

10. To approve and/or grant consent on the inter-company transactions between the company and its subsidiaries in accordance with related notifications, requirements and guidelines of the Stock Exchange of Thailand.

11. To suspend sale or purchase of shares of the company one month before public disclosure of the financial reports.

12. To report any shareholding by himself/herself and his/her spouse and children in the meeting of the board of directors every quarter and to immediately inform the company if there is any purchase or sale of sharer (securities) of the company.

13. To arrange a self assessment of the director annually.

## **(2) Audit Committee**

Audit Committee comprises of 3 members for 2-year term service as follows:

1. Ms. Ravitha	Pongnuchit	Audit Committee
2. General Chartree	Tatti	Audit Committee
3. Mr. Suchat	Trisrivattwat	Audit Committee

### **Scope of duties and responsibilities of the audit committee**

The scope of duties of the Audit Committee has been made in accordance with the notifications issued by the Stock Exchange of Thailand:

1. To verify in assuring that the Company's financial report is correct and actuated and sufficiently disclosed.

2. To verify in assuring that the Company shall have the appropriated effective internal control and internal audit systems on cooperation with the internal auditor and internal controller and to consider the independence of the internal audit agency as well as to provide the approval for the appointment, transfer, termination of the chief of the internal audit agency or any other agencies responsible for the internal audit.

3. To verify in assuring that the Company has acted in compliance with the law on Securities and Exchange, requirements of the Stock Exchange and the laws relating to the Company's business.

4. To consider, select, propose to appoint the independent person or persons to perform the duty as the Company's auditor and to propose the remuneration for such person/persons, considering the reliability, resources adequacy, workloads and personnel's experiences as well as participating in the meeting with the auditor without the involvement of the Management for at least once year.

5. To consider the related items or the items that would have the conflict to interest to meet the requirement of law or the provision of the Stock exchange to assure that such items are reasonable and resulted in the maximum benefit to the Company.

6. To prepare the report of the Audit Committee's activities, consisting of the opinions about the preparation process and the disclosure of the Company's accurate, complete and reliable financial report, including the options relating to the adequacy of the Company's internal control system by disclosing it in Company's annual report.

Such report must be signed by the Chairman of the Audit Committee and must consist of at least the following information:

- 6.1 The opinions about the accuracy, completion and reliability of the Company's financial report
  - 6.2 The opinions about the adequacy of the Company's internal control system.
  - 6.3 The opinions about the act in compliance with law on Securities and Stock Exchange, provisions of Stock Exchange or the laws relating to the Company's business.
  - 6.4 The opinions about the appropriateness of the auditor.
  - 6.5 The opinions about the items that may post the conflict of interest.
  - 6.6 The number or the meeting of the Audit Committee and each member's meeting participation.
  - 6.7 The overall opinions or the observations obtained by the Audit Committee from the operation as required in the charter.
  - 6.8 Other items as deemed to be known by shareholders and general investors under the scope and responsibility assigned to them by the Company's Board of Directors.
7. Any other operations as assigned by the Company's Board of Directors with the approval of the Audit Committee who directly responsible for the Company's Board of Directors who shall remain to be responsible for the Company's operation against the third party.
8. To verify and amend the Audit Committee charter to be up to date and to suit with the Company's conditions and circumstances.

#### **Independent Director Selection Criteria**

1. Not holding shares exceeding 1% of the total shares with voting rights of the Company, its parent Company, its associated company, or any potential conflicting person, which shall be inclusive of the shares held by those related persons;
2. Not being nor having been a director participating in the management, employee, officer, consultant who receiving regular salary, or controlling person over the Company, or potential conflicting person, excepting that he/she has no such characteristic for at least two years before the date of filling of the application with the Officer;
3. No being a person related by blood or by registration under laws as father, mother, spouse, sibling and child, including spouse of child of executive, major shareholder, controlling person of the Company or its subsidiary company;
4. Not having nor having had any business relationship with the Company, its parent company, its associated company, or potential conflicting person as might interfere with his/her use of independent discretion, including not being nor having been a major shareholder, a dependent direction, including not being nor having been a major shareholder, a dependent director, or an executive of a person who has a business relationship with the Company, its parent company, its subsidiary company, its associated company or potential conflicting person except that he/she has no such characteristic for at least two years before the date of filling of the application with the office;  
The business relationship mentioned in the above paragraph includes any trading transaction in the ordinary course of business, granting and taking a lease of real property, any transaction relating to assets or services, the grant or acceptance of financial assistance by way of loan, guarantee or deposit of assets as security for the performance of obligations and other similar transactions to the effect that an applicant or a party must pay a debt to the party in an amount equal to 3% or more of its net tangible assets or Bath 20 million or more, whichever is lower. The calculation of connected transaction value as prescribed by Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions apply mutafis mutandis to the method used to calculate the amount of such indebtedness. In this connection, any indebtedness incurred during one year before the date on which the business relationship with the same person arose must be included;
5. Not being nor having been an auditor of the Company, its parent company, its subsidiary company, its associated company, or potential conflicting person, and not being a major shareholder, a dependent director, an executive, or partner of the auditing firm employing an auditor of the Company, its parent company, its subsidiary company, its

associated company, or potential conflicting person except that he/she has no characteristic for at least two years before the date of filling of the application with the Office;

6. Not being nor having been any professional services provides including a legal advisor and a financial advisor, obtaining service fees of more than Baht 2 million per annum from the Company, its parent company, its subsidiary company, its associated company, or potential conflicting person. If a professional adviser is a legal entity, this will include a major shareholder, a dependent director, an executive, or a partner of such professional services provider except he/she has no such characteristic for at least two years before the date of filling of the application with the Office;

7. Not being a director appointed to represent any director of the Company, a major shareholder, or a shareholder who is a related person of the Company's major shareholder;

8. Not having any other characteristics which make it incapable of expressing an independent opinion with regard to the Company's operation.

### Remuneration for the Board of Directors

In the company annual general shareholder meeting year of 2010 of April 29, 2010, the compensation for the committee members was set as follows:

	Monthly payment / person	Meeting allowance /time/person
The Board of Directors	10,000	15,000
Audit Committee	3,000	10,000
Nomination and Remuneration Committee	-	8,000
Risk Management Committee	-	8,000

Remark: The Chairman of every committee will get the compensation 20% more than the committee members.

### Monetary Remuneration

The total remuneration was paid as follows:

	2009	2010
Total remuneration (Baht)	1,456,800	1,436,200
Number of Committee Member (Persons)	5	8
Type of remuneration	Meeting allowance and monthly payment	Meeting allowance and monthly payment

### Others Remuneration

The Company has the provident fund for the employees that began August 20, 2004 wherein employees pay 2% of their salary and the company will match an additional 2% each month into the provident fund.

**The number of Board of Director Meeting and Audit Committee Meeting and the Attendance by Individual Member of Fiscal Year 2010**

Name	Board of Directors Meeting		Audit Committee Meeting		Annual General Meeting	
	2009	2010	2009	2010	2009	2010
Mr. Sherdpong Sirivit	-	2/7	-	-	-	-
Ms.Patama Wongtoythong	8/8	7/7	-	-	1/1	1/1
Mr. Akaradej Rojmeta	8/8	7/7	-	-	1/1	1/1
Mrs.Rawhiita Pondnuchit	2/8	7/7	3/3	4/4	-	1/1
General Chartree Tatti	8/8	2/7	-	3/4	1/1	-
Mr. Suchat Trisirivattwat	1/8	7/7	3/3	4/4	1/1	1/1
Dr. Pavan Siamchai	-	7/7	-	-	-	1/1
Mr. Songkran Taecharong	2/8	1/7	-	-	1/1	1/1

**Inside Information Control**

Details are provides in Corporate Governance Section in a subject of "Equitable Treatment of Shareholders".

## Solartron and Corporate Social Responsibilities

The Company is confident that the development of sustainable organization not only involves the return on investment and suitable growth for shareholders, but corporate social responsibilities are also the identified as important to achieving the success.

The Company is mindful of replaying the benefit to the community and continuously conducts activities that bring prosperity to the society, such as clean energy park projects that service not only government sector but also community and students to have clean energy awareness.



## Corporate Governance

The Board of Directors has always realized the importance of conducting business in compliance with good corporate governance principles. The Board resolved corporate governance policy in written to comply with the principles of corporate governance stated by the Stock Exchange of Thailand (SET) as well as rules and regulations of the Securities Commission (SEC) which cover the following categories:

- Right of shareholders
- Equitable treatment of shareholders
- Role of stakeholders
- Disclosure and Transparency
- Responsibilities of the Board

### 1. Rights of Shareholders

Solartron realizes the basic rights of shareholder which include: 1) the right to buy, sell or transfer shares; 2) the right to gain share in Solartron's profit; 3) the right to receive relevant and adequate information of Solartron in a timely manner 4) the right to participate and vote in the shareholder meetings to elect or remove member of the Board, appoint the external auditor, and make decision on any transactions that may have any impacts on Solartron (i.e. amendments to Solartron's article of association of association or affidavit, capital increases or decreases). In addition, shareholders should be fully informed of the criteria and procedures in each agenda in an appropriate time prior to the meeting. Solartron shall avoid any actions that violate those rights of shareholders.

In the year 2010, Solartron held the 2010 Annual General Meeting (AGM) of shareholders on April 29, 2010. All 5 directors, 3 nominated director and managements in significant positions attended the meeting, Thailand Securities Depository Co., Ltd (TSD) as SOLAR's share registrar submitted and invitation letter, annual report and other related information to the shareholders seven days prior to the meeting, although no there were no special agendas required to be reviewed prior to the meeting. In the invitation letter, Solartron completely informed shareholders of the criteria, procedures and documents needed for registration and Solartron,s article of association related to the meeting agenda was attach to the letter. The invitation letter, the annual report and other related documents were also posted in Solartron,s website in advance. Shareholders failing to attend the meeting were allowed to appoint one of those there independent directors as their proxies. Before the meeting, the Chairman informed shareholders about voting procedure and during the meeting the Chairman facilitated shareholders' questions and asked the responsible persons to answer all questions. The meeting took approximately two hours which was enough for clarifying issues, discussing, as well as answering questions and finding resolution. Solartron submitted the minutes of the shareholders' meeting with voting record and every question raised by the shareholders to the SET within fourteen days from the meeting date and posted such minute in Solartron's website for the shareholders' review without waiting for next meeting date.

### 2. Equitable Treatment of Shareholders

Solartron realizes that all shareholders should be treated in an equal way and fair treatment. This includes 1) supervising the uses of shareholders' money in proper ways; 2) ensuring that all processes and procedures of shareholders meeting allow equitable treatment of all shareholders, 3) allowing any shareholders who are unable to attend the meeting to appoint their proxies; 4) setting up procedures to prevent the use of inside information for abusive self-dealing, and 5) defining guidelines for directors and management interest reporting and



connected transaction to be in compliance with the rules and regulations of the SET and the SEC.

In 2010 AGM of shareholders on April 29, 2010, Solartron proposed three independent directors so that the shareholders could choose as their proxies in case they were unable to attend the meeting. The shareholders could select one form which matched with their needs. Among these proxy forms, there was the form in which shareholders were able to specify their votes. The Chairman conducted the meeting by following the sequence of agenda defined in an invitation letter and did not add any new agenda. During the meeting, the Chairman facilitated shareholders' questions and asked the responsible persons to answer all questions regardless of the amount of shares they were holding. Solartron used voting cards for transparency and future reference and the Chairman announced voting result and scores entitled to ask for re-checking the scores immediately. Moreover Solartron had policies and procedures to protect of insider information or abusive self-dealing. Those policies and procedures were conveyed to all staff both in verbal and written forms.

### **3. Role of stakeholders**

Solartron realizes all stakeholders should be treated fairly in accordance with their legal right as specified in relevant laws. Solartron shall not take any action to violate the rights of such stakeholders. It was clearly stated in the corporate governance policy that the Board shall govern Solartron's operation to be in compliance with the SET's and SEC's guideline of treatment to stakeholders in business ethics regarding corporate social responsibility, standard practices to customer ,fair treatment to suppliers, human right and equitable working opportunity etc. In addition, SOLARTRON had a procedure to report significant information in which the stakeholders should be informed of in the annual report and Solartron's website. Such information includes quarterly financial statement, year end financial statement, other published information, internal control and etc. Moreover, SOLARTRON also provided channel to receive suggestions, comments or complaints to the Compliance and Internal Audit Departments which report directly to the Board and the Audit Committee. If the stakeholders would like to make some inquires, they could contact investor relations as per details provided in Solartron's website.

### **4. Disclosure and Transparency**

Solartron realizes that all Company's important information including financial data and non-financial data must be accurately disclosed on a timely basis. The information should be transparently disclosed through easy-to-access channels that are fairly accessible.

In the past fiscal year, SOLARTRON disclosed the quarterly financial statements, the year-end financial statement, the annual report, 56-1 the report, the minutes of shareholders' meeting, the resolution of the Board's meeting in significant agenda and other information. All this information was accurately disclosed on a timely basis in both Thai and English in Solartron's website ([www.Solartron.co.th](http://www.Solartron.co.th)). SOLARTRON also has investor relation function to update disclosed all information required by SET and the SEC completely in annual report and 56-1 report which included roles an responsibilities of the Board and committee, number of board meeting and committee meetings, number of attendance by each member in the past year, directors' remuneration, statement of board responsibilities concerning Solartron's financial report presented along with the auditor report.

### **5. Responsibilities of the Board**

The Board realized that the Board members play an important role in corporate government for the best interest of CNS and they are accountable to shareholder and independent of management.

## 5.1 Board Structure

The Board of Directors comprises 8 members as follows:-

➤	Executive Director	3	Persons
➤	Non-Executive Director	5	Persons
➤	Independent Directors	3	Persons

Solartron has three independent directors. Solartron's definitions of independent directors was also considered to be in compliance with the SET's and SEC's rules and regulation stated in the section of "Independent Director" Although the Chairman of the Board of Director is not an independent director, the Chairman strictly adheres to Solartron's good corporate governance policy and perform in a transparent and prudent manner for the best interest of Solartron, Solartron's shareholders and all stakeholders.

Regarding the term of service of directors, Solartron's Articles of Association requires one-third of the directors to retire by rotation in every Annual General Meeting of Shareholders. If the number of directors can not be a multiple of three, the nearest number to one-third must retire from Solartron's and the directors who have the longest term of service must retire by rotation.

For efficiency, The Board of Directors would carefully review the effectiveness of the directors with the multiple board membership or the number of board positions that a director can hold. Solartron disclosed the information about board membership position of individual directors to shareholder in form 56-1 report and Solartron's annual report.

Solartron provide a person in charge of the company secretary function to serve the Board of Directors in areas of providing legal advice taking care of the Board's and monitoring compliance to the Board's resolutions.

The details about the list, role, duties and responsibilities of the Board of Director and company secretary are all clearly stated in the section on "Management Structure".

## 5.2 Committees

Solartron's has clearly separated the duties and responsibilities of key management to create transparency. The role, duties and responsibilities of the Board of Director, the Audit Committee, the Risk management Committee and the Nomination and Remuneration Committee are all clearly defined in section "Management Structure"

## 5.3 Role and Responsibilities of the Board

The Board of Directors review and approves key business matter such as the vision and mission of Solartron's strategies, financial targets, risk, major business and budget plans. The Board of the Directors also monitors management's performance to the efficiency. The Board of Director conveys Solartron's vision, mission, strategy and target to the director, executive and staff throughout the organization via various communication channels including annual staff meeting intranet system and e-mail system.

The Board realizes the important of conducting its business in compliance with good corporate governance principles. The Board understands that good corporate governance is critical factor in achieving success. Therefore, the Board has institute good corporate governance principles through procedure to transact business in a transparent manner. In the year 2005, the Board also resolved to announce the corporate governance policy in written. This policy was a guideline that shall ultimately maximize shareholders' interest while taking to consideration the interest of all stakeholders.

The Board of Directors has formulated a Code of Business Conduct for directors, management and employees to ensure that they are aware of Solartron's expectations regarding the



standard practices towards shareholders, customers, suppliers, competitors, colleagues and society. The Code of Business Conduct was Prepared and distributed to all of staff in order to disseminate clear information about Solartron's standard practices on such matter. Solartron also promoted its Code of Business Conduct to all staff and set up a monitoring system to make sure they seriously follow the rules.

The Board has policies and guideline to prevent related persons from exploiting their positions for personal interest. Any connected transactions must be necessary for Solartron's benefit and comply with the SET's and SEC's rules and regulations.

The Board realizes the importance of good internal in areas of operating control and operating procedures, including financial reporting. All policies about internal control are designed to comply with the rules and regulations of authorities. As such, it's stated in Solartron's policy that all departments must operate with good internal control and as comply fully with the rules and regulation of the authorities. The compliance and internal Audit Department are responsible for reviewing and monitoring Solartron's operation in this respect. The function of the Compliance and Internal Audit Departments is to evaluate the risk of internal control within Solartron's in order to contribute to the proper. Efficient and effective use of resources. Those in Compliance and Internal Audit Departments should perform their jobs independently and report to the Audit Committee and the Board of Directors on a regular basis.

#### **5.4 Board Meetings**

Solartron's Board of Directors holds regular meetings on monthly basis, or at least, or at least on a quarterly basis, and may hold extra meetings when necessary. The Chairman of the Board of Director and the executive directors jointly set the agenda for the Board of Directors' meeting, considering the degree of importance and necessity of agenda. However, each director can propose an issue for a meeting agenda. The company secretary will send invitation letter attached by the meeting agenda and provide adequate document to the Board of Directors that the directors have enough time to review the information prior to the meeting. The Board of Director sets the schedule, time, venue of the Board of Director' meeting in advance so that all directors can attend the meetings.

In the Board of Directors' meeting, the Chairman of the Board of Directors appropriately allocates the meeting time to propose the meeting agenda and complete director discussions. The Chairman of the Board of Director also encourages creative and careful consideration in the meeting. To ultimately maximize shareholders' interest, each director pay attention to each issue presented in the meeting, including issue concerning governance of Solartron's For the meeting agenda that may relate to each function within Solartron's the Board of Directors can invite any involved executives or managements to attend the Board meeting so that they can present details on the issues that they are directly responsible for. The Board of Director will have a chance to know more about the executives and be able to prepare a succession plans.

In the fiscal year 2010, the Board of Director held 7 meetings. The number of Board of meetings attended by each director is clearly disclosed in the section of "The number of Board of Director Meeting and Audit Committee Meeting and the Attendance by Individual Member of Fiscal Year 2010".

#### **5.5 Nomination and Remuneration**

Nomination and Remuneration Committee considers, selects and recommends to the company board and proposes the approval from the shareholders to appoint company director. Company executives will be selected by top level executive group and report to the Nomination and Remuneration Committee. The details of remuneration is stated in the section of "Remuneration Paid to the Management".

## **5.6 Board and management Training**

The Board of Directors encourages and facilitates training and development for directors, managements, company secretary. Solartron's mostly joins the program and seminar held by the SET, the SEC and Thai Institute of Director Association.

For the past fiscal year, Solartron supported and sent directors, managements, company secretary, all staff to attend various training courses regarding the new rules and a principle of good corporate governance, in order to the continuously improve their skills and performance.

## **Transactions with Related Parties**

### **Connected Transaction with Parties with Possible Conflict of Interest**

During the year 2010, the Company entered into the connected transactions with the parties or persons who might have conflict of interest to the Company. Most of the transactions were related to sales and purchased of spare parts and services. The said transactions were engaged in accordance with the conditions mutually agreed between the Company and the related parties, which relied on the normal business conditions. The Company already disclosed information on such connected transactions, such as description of transactions, transactions value, and pricing policy in note 27 in the financial statements.

### **Necessity and Reasonableness**

Most of the connected transactions are the transactions undertaken to support previous project of business of the Company. To enter into each previous, the Company always makes a decision based on the utmost good faith for the Company's benefits without any conflict of interests.

### **Procedures for Connected Transaction**

The Company has clearly stated the procedures for connected transaction in an authorized manual of the Company which aligns with the regulations of the Stock Exchange of Thailand.

### **Policy and Possibility in conducting the Connected Transaction in Future**

The Company has to enter into the connected transactions, but such transactions shall be conducted based on the normal business conditions by not transferring any benefits to the parties who might have the conflict of interest with the Company. The Company shall assign the Audit Committee or the external auditor or independent specialists to consider an appropriate value, and disclose type of transaction, value, and rational in conducting the transactions to the shareholders as required by the notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand.

## Transactions with Related Parties

1. Connected transactions between Solartron PCL. and Mr. Akaradej Rojmeta

Relationship	Description	Size of activities (Baht)		The necessary and reasonable of activities and policy to set the price
		2009	2010	
Director	Short-term loan	3,000,000	4,500,000	Short-term loan

2. Connected transactions between Solartron PCL. and Fac rent Co.,Ltd.

Relationship	Description	Size of activities (Baht)		The necessary and reasonable of activities and policy to set the price
		2009	2010	
Spouse of Mrs.Patama Wongtoythong	Warehouse rental	278,460	556,920	The location of warehouse is near the Bangkok office and the rental rate is lower than market rate.

The above connected transactions are reasonable, equitable and in line with an ordinary and usual course of the Company's business and / or supporting an ordinary and usual course of the Company's business and / or supporting an ordinary and usual course of the Company's business.

## Management Discussion and Analysis of Financial Position and Results of Operations

Company reported the 2010 performance as follows:

<b>Operation Results</b>	<b>2010</b>	<b>Unit : million baht</b>
Revenue from sales and service	220.72	million baht
Gross Profit (Loss)	(40.57)	million baht
<b>Financial Status</b>		
Current Asset	506.12	million baht
Non-Current Assets	716.70	million baht
Total Asset	1,222.83	million baht
Current Liabilities	461.52	million baht
Non-Current Liabilities	3.67	million baht
Total Liabilities	465.19	million baht
Registered Share Capital	407.25	million baht
Premium on share capital	300.00	million baht
Surplus on revaluation of fixed assets	37.09	million baht
Retained Earnings		
- Appropriated legal reserve	39.65	million baht
- un-appropriated	(26.36)	million baht
Total Shareholder Equity	1,222.83	million baht

<b>Financial Ratio</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Current Ratio	1.10	2.13	<b>3.25</b>
Quick Ratio	0.36	0.92	<b>1.92</b>
Profit from operation ratio	(16.83)	(94.23)	<b>1.20</b>
Net profit ratio	(18.22)	(93.89)	<b>0.50</b>
Return on Assets	(3.84)	(12.51)	<b>0.23</b>
Debt per Equity ratio	0.61	0.11	<b>0.11</b>

The global economic downturn in 2010 sent a direct impact to Solartron negative performance. However, thanks to Solartron's adaptation to the volatility with the focus on teaming up with key global solar player by penetrating into large-scale solar power plant. This will make true turnaround to Solartron.



## **Solartron Public Company Limited**

Annual financial statements  
And  
Audit Report of Certified Public Accountant

**For the years ended  
31 December 2010 and 2009**

## Report of the Independent Certified Public Accountants

### THE SHAREHOLDERS AND BOARD OF DIRECTORS SOLARTRON PUBLIC COMPANY LIMITED

I have audited the balance sheet as at 31 December 2010, the related statement of income, changes in shareholders' equity and cash flows for the year then ended of Solartron Public Company Limited. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Solartron Public Company Limited for the year ended 31 December 2009 as presented herein for comparative purpose, were audited by another auditor in the same firm whose report dated 2 March 2010, expressed an unqualified opinion on those financial statements.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Solartron Public Company Limited as of 31 December 2010, and the result of its operation and cash flows for the year then ended in conformity with generally accepted accounting principles.



Ms. Kwunjai Kiatgungwalgri  
Certified Public Accountant No. 5875  
ASV & ASSOCIATES LIMITED

Bangkok

28 February 2011

## Financial Statements

**Solartron Public Company Limited**  
**Balance Sheets**  
**As at December 31, 2010 and 2009**

(Unit : Baht)

	NOTES	2010	2009
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6.1	9,933,428	802,185
Accounts receivable - trade (net)	7	138,507,119	79,485,495
Unbilled receivables	8	14,291,713	-
Retention receivable		5,038,305	-
Inventories - net	9	304,730,828	96,136,739
Other current assets	10	33,622,093	9,478,227
<b>TOTAL CURRENT ASSETS</b>		<b>506,123,486</b>	<b>185,902,646</b>
NON CURRENT ASSETS			
Restricted fixed deposits at financial institutions	11	66,910,079	46,000,000
Advance payment for machinery and equipment	12	263,100,000	263,100,000
Property, plant and equipment - net	12	263,609,122	270,509,915
Intangible assets - net	13	2,032,099	2,216,782
Other assets	14	121,051,821	121,134,905
<b>TOTAL NON CURRENT ASSETS</b>		<b>716,703,121</b>	<b>702,961,602</b>
		<b>1,222,826,607</b>	<b>888,864,248</b>

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



**Solartron Public Company Limited**  
**Balance Sheets (Continued)**  
**As at December 31, 2010 and 2009**

(Unit : Baht)

	NOTES	2010	2009
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	15	69,122,088	63,139,333
Accounts payable - trade		223,347,749	6,581,471
Construction revenue received in advance	8	82,116,892	-
Short-term loan from related party	27.1	4,500,000	3,000,000
Current portion of finance leases	17	1,368,919	767,349
Other current liabilities	16	81,065,868	13,920,350
<b>TOTAL CURRENT LIABILITIES</b>		<b>461,521,516</b>	<b>87,408,503</b>
NON CURRENT LIABILITIES			
Long-term finance leases - net	17	3,670,614	538,002
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>3,670,614</b>	<b>538,002</b>
<b>TOTAL LIABILITIES</b>		<b>465,192,130</b>	<b>87,946,505</b>

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





**Solartron Public Company Limited**  
**Balance Sheets (Continued)**  
**As at December 31, 2010 and 2009**

(Unit : Baht)

	NOTES	2010	2009
SHAREHOLDERS' EQUITY			
Share capital	18		
Registered share capital			
300,000,000 ordinary shares of Baht 1 each		300,000,000	593,999,988
(31 December 2009 : 300,000,000 ordinary shares of Baht 1 each)			
Issued and paid-up share capital			
300,000,000 ordinary shares of Baht 1 each		300,000,000	300,000,000
Premium on share capital	19	407,250,000	407,250,000
Surplus on revaluation of fixed assets	6.2, 12	37,094,599	39,806,882
Retained earnings			
Appropriated - legal reserve	20	39,650,000	39,650,000
Unappropriated		(26,360,122)	14,210,861
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>757,634,477</b>	<b>800,917,743</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,222,826,607</b>	<b>888,864,248</b>

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



**Solartron Public Company Limited**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

(Unit : Baht)

	NOTES	2010	2009
<b>Revenues</b>			
Sales - goods		17,464,508	62,056,050
Less goods returned	21	(22,929,670)	-
Sales - net		(5,465,162)	62,056,050
Sales - goods with installation services and construction of solar power plant		226,180,680	58,121,734
<b>Total revenues</b>		<b>220,715,518</b>	<b>120,177,784</b>
<b>Cost of sales</b>			
Cost of sales - goods		22,146,680	57,599,060
Less goods returned	21	(22,847,576)	-
Cost of sales - net		(700,896)	57,599,060
Cost of sales - goods with installation services and construction of power plant		218,609,886	57,484,099
<b>Total cost of sales</b>		<b>217,908,990</b>	<b>115,083,159</b>
<b>Gross profit</b>		<b>2,806,528</b>	<b>5,094,625</b>
<b>Other income</b>			
Interest income		264,583	547,223
Gain on exchange		525,432	2,860,603
Other income		1,148,419	502,738
<b>PROFIT BEFORE EXPENSES</b>		<b>4,744,962</b>	<b>9,005,189</b>
Selling expense		(13,511,552)	(18,913,144)
Administrative expense		(52,448,256)	(53,377,827)
Below normal production capacity expenses		(2,859,255)	(6,704,149)
Reversal of allowance for doubtful debts		28,372,087	(30,214,039)
Directors' remunerations		(1,436,200)	(1,456,800)
Loss on impairment of fixed assets	12	-	(11,584,745)
<b>LOSS BEFORE FINANCE COST</b>		<b>(37,138,214)</b>	<b>(113,245,515)</b>
Finance Cost		(3,432,769)	(3,264,146)
<b>NET LOSS FOR THE YEAR</b>		<b>(40,570,983)</b>	<b>(116,509,661)</b>
<b>FUNDAMENTAL EARNINGS PER SHARE</b>			
Net loss per share		(0.14)	(0.39)
Weighted average number of ordinary shares		300,000,000	300,000,000
The accompanying notes are an integral part of the financial statements.			



**Solartron Public Company Limited**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

(Unit : Baht)

		Retained earnings					
	NOTES	Issued and paid-up share capital	Premium on share capital	Surplus on revaluation of fixed assets	Appropriate d Legal reserve	Unappropriated	Total
<b>Balance at 31 December 2008</b>		300,000,000	407,250,000	-	39,650,000	130,720,522	877,620,522
Surplus on revaluation of fixed assets	12	-	-	39,806,882	-	-	39,806,882
Net loss for the year		-	-	-	-	(116,509,661)	(116,509,661)
<b>Balance at 31 December 2009</b>		<b>300,000,000</b>	<b>407,250,000</b>	<b>39,806,882</b>	<b>39,650,000</b>	<b>14,210,861</b>	<b>800,917,743</b>
Depreciation of revaluation of fixed assets	6.2	-	-	(2,712,283)	-	-	(2,712,283)
Net loss for the year		-	-	-	-	(40,570,983)	(40,570,983)
<b>Balance as at 31 December 2010</b>		<b>300,000,000</b>	<b>407,250,000</b>	<b>37,094,599</b>	<b>39,650,000</b>	<b>(26,360,122)</b>	<b>757,634,477</b>

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



**Solartron Public Company Limited**  
**Statement of Cash Flows**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

(Unit : Baht)

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year	(40,570,983)	(116,509,661)
Adjustments for :		
Depreciation and amortisation expenses	10,937,946	17,093,301
Allowance for doubtful debts (reversal)	(24,236,583)	30,214,039
Unrealised (gain)/loss on foreign exchange rate - net	(314,480)	128,859
Allowance for obsolete inventories (reversal)	36,856	(12,561)
Allowance for diminution in value of inventories	2,747,882	1,139,035
Gain on disposal of fixed assets	(912,234)	(172,896)
Loss on fixed assets written off	-	30,067
Loss on impairment of fixed assets	-	11,584,745
Interest expenses	3,432,769	3,264,146
<b>Profit(loss) before changes in operating assets and liabilities</b>	<b>(48,878,827)</b>	<b>(53,240,926)</b>
Changes in operating assets (increase) decrease		
Trade accounts receivable	(35,117,400)	34,381,289
Retention receivable	(5,038,305)	844,808
Unbilled receivables	(14,291,713)	-
Inventories	(211,712,013)	(1,483,156)
Other current assets	(22,287,371)	4,423,993
Other non current assets	83,084	(123,529)
Changes in operating liabilities increase (decrease)		
Trade accounts payable	217,108,369	(4,187,089)
Construction revenue received in advance	82,116,892	-
Other current liabilities	67,145,518	(890,578)
<b>Cash generated from operating activities</b>	<b>29,128,234</b>	<b>(20,275,188)</b>
Cash paid for interest expenses	(3,432,769)	(3,264,143)
Withholding income tax deducted at source	(1,856,496)	(1,296,257)
<b>Net cash provided by (used in) operating activities</b>	<b>23,838,969</b>	<b>(24,835,588)</b>

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



**Solartron Public Company Limited**  
**Statement of Cash Flows (Continued)**  
**FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009**

(Unit : Baht)

	2010	2009
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in current investment	-	34,805,100
Increase in restricted fixed deposits at financial institutions	(20,910,079)	-
Addition of fixed assets	(6,714,922)	(8,927,698)
Proceeds from disposal of fixed assets	1,395,590	183,177
<b>Net cash provided by (used in) investing activities</b>	<b>(26,229,411)</b>	<b>26,060,579</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in bank overdrafts and short-term loans	6,287,503	(4,725,979)
from financial institutions	16,100,000	3,000,000
from related party	(14,600,000)	-
Short-term loan from related party	4,659,371	-
Repayments of short-term loan from related party	(925,189)	(1,672,428)
Increase in long-term finance leases	<b>11,521,685</b>	<b>(3,398,407)</b>
Payments for liabilities under finance leases	<b>9,131,243</b>	<b>(2,173,416)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>802,185</b>	<b>2,975,601</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,933,428</b>	<b>802,185</b>

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



**SOLARTRON PUBLIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2009 AND 2008**

(Unit : Baht)

**1. GENERAL INFORMATION: -**

- 1.1 Registration Solartron Public Company Limited was incorporated as a limited company in Thailand on 12 November 1986. Subsequently, the Company registered to be a public company limited with the Department of Business Development on 24 September 2004 and was subsequently listed in The Stock Exchange of Thailand on 17 March 2005.
- 1.2 Office location The registered office is located at 1000/65,66,67, P.B.Tower 16<sup>th</sup> Floor, Soi Sukhumvit 71, Sukhumvit Road, North Klongton, Wattana, Bangkok 10110, Thailand.
- 1.3 Main activities The Company is engaging in assembly, selling and installation of solar-cell systems and related equipment.

**1.4 Factors and affects of the Company's businesses in the future**

Many parts of the world are beginning to encounter effects of the "Global Warming Effects", the issue of which has been realised and included in their national agendas to find corrective actions. This leads to the continuous increase of the world energy prices, resulting in the detraction of the global economy. World economic powerhouse like China, USA, European countries and Japan have given utmost priority to alternative energies, especially solar energy which is abundant, unlimited and environmentally, thereby transforming significantly energy market structures. Many investors around the world have started investing in solar power plants, especially in the rich solar power resource countries such as Thailand which locates around the equator. In the past, solar energy was most appropriate and targeted for rural and remote areas with limited access to electricity. However, at present and future trend, the solar power plant would be increasingly focused by private sector as evidenced by an agreements to sell the electricity amounting to 2,000 Megawatts to the Provincial Electricity Authority of Thailand and the Electricity Generating Authority of Thailand from solar power plant which is considered an accelerated growth for the solar cell market. Hence, the Company's future business operation ultimately depends on its potential in technology and financial resources to respond to such changes.

The Company needs to complete the solar cell factory and procure the raw materials in order to enhance its capability and competitiveness for the fast growing solar market environment which requires substantial working capitals. The management believes that the financing to support the solar cell factory construction and long term wafer supply procurement will be well accepted by the financial institutions and interested investors. The Company's proven record in respect of state-of-the-art project in designing and construction of the biggest ever solar power plant built in Southeast Asia of 44 Megawatts would manifest the Company's potential competitiveness among the world leaders such as the European and Japanese companies.

The management believes that the estimation and assumption of the preparation of the financial statements is appropriate under the current economic conditions. The management is confident that the Company would not face any problems in obtaining additional fund which may come from an issuance of new shares from a potential investor to support the Company's financial position and plant expansion. However, these financial statements may be affected from consequences of the negative economic factors or subsequent events.

## **2. BASIS OF FINANCIAL STATEMENTS PRESENTATION**

- 2.1** The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543, and the Notification of the SEC.
- 2.2** The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
- 2.3** The preparation of financial statements in conformity with TAS and TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
- 2.4** For the convenience of the users, an English translation of the financial statements has been prepared from the financial statements issued in Thai language.

## 2.5 New accounting standards announcements

During 2010 the Federation of Accounting Professions issued Notification regarding new accounting standards (TAS) and financial reporting standards (TFRS), which are effective as stated below, except the Framework for the Preparation and Presentation of Financial Statements, which becomes immediately effective.

		Effective date
1.	Framework for the Preparation and Presentation of Financial Statements (Revised 2009)	Immediately
2.	TAS 1 (Revised 2009) Presentation of Financial Statements	1 January 2011
3.	TAS 2 (Revised 2009) Inventories	1 January 2011
4.	TAS 7 (Revised 2009) Statement of Cash Flows	1 January 2011
5.	TAS 8 (Revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2011
6.	TAS 10 (Revised 2009) Events after the Reporting Period	1 January 2011
7.	TAS 11 (Revised 2009) Construction Contracts	1 January 2011
8.	TAS 12 Income Taxes	1 January 2013
9.	TAS 16 (Revised 2009) Property, Plant and Equipment	1 January 2011
10.	TAS 17 (Revised 2009) Leases	1 January 2011
11.	TAS 18 (Revised 2009) Revenue	1 January 2011
12.	TAS 19 Employee Benefits	1 January 2011
13.	TAS 20 (Revised 2009) Accounting for Government Grants and Disclosure of Government Assistance	1 January 2013
14.	TAS 21 (Revised 2009) The Effects of Changes in Foreign Exchange Rates	1 January 2013
15.	TAS 23 (Revised 2009) Borrowing Costs	1 January 2011
16.	TAS 24 (Revised 2009) Related Party Disclosures	1 January 2011
17.	TAS 26 (Revised 2009) Accounting and Reporting by Retirement Benefit Plans	1 January 2011
18.	TAS 27 (Revised 2009) Consolidated and Separate Financial Statements	1 January 2011
19.	TAS 28 (Revised 2009) Investments in Associates	1 January 2011
20.	TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2011
21.	TAS 31 (Revised 2009) Interests in Joint Ventures	1 January 2011



		Effective date
22. TAS 33 (Revised 2009)	Earnings per Share	1 January 2011
23. TAS 34 (Revised 2009)	Interim Financial Reporting	1 January 2011
24. TAS 36 (Revised 2009)	Impairment of Assets	1 January 2011
25. TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2011
26. TAS 38 (Revised 2009)	Intangible Assets	1 January 2011
27. TAS 40 (Revised 2009)	Investment Property	1 January 2011
28. TFRS 2	Share-Based Payment	1 January 2011
29. TFRS 3 (Revised 2009)	Business Combinations	1 January 2011
30. TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2011
31. TFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2011
32. TFRIC 15	Agreements for the Construction of Real Estate	1 January 2011

The Company's management has assessed the effect of the accounting standards and financial reporting standards and believes that these standards will not have any significant impact on the financial statements for the year in which they are effective.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Recognition of revenues

Revenue is an invoice value excludes value added taxes and is calculated after deduction of discount and allowance.

##### Sale of goods

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

##### Sales together with installation service and construction of solar power plant

Revenue from the sales together with installation service and construction of solar power plant are recognised in the statement of income when the installation is completed, the customer has accepted the installation and the sales invoice has been issued to the customer. In case of

sales together with installation service and construction of solar power plant which are long term, the revenue is recognised in the statement of income using the percentage of completion method. The percentage of completion is measured based on comparison of actual construction costs incurred up to the end of the year and total anticipated total construction costs to be incurred to complete the project. The revenue recognised but not yet due per contract is presented under the caption of “Unbilled receivables” in the balance sheet.

Other income and expenses

Other income and expenses are recognised in the statement of income on an accrual basis.

### 3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments with an original maturity of three months or less and not subject to restrictions.

### 3.3 Accounts receivable - trade

Accounts receivable – trade is stated at the net realisable value. The allowance for doubtful accounts is assessed primarily on the analysis of payment histories and future expectations of customer payments.

### 3.4 Unbilled receivables and construction revenue received in advance

Unbilled receivables comprises the costs of materials and labour, subcontractor charges, services and overheads plus the attributable net gains or losses less the amounts already billed to customers.

The excess of the value of a construction contract in progress over the amount billed to the customer is presented under “Unbilled receivables” in current assets. The excess of the amount billed to a customer over the value of the construction in progress is presented under “Construction revenue received in advance” in current liabilities.

### 3.5 Inventories

Inventories are stated at the lower of cost or net realisable value.

Cost is calculated using the moving average cost method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate allocations of overheads based on normal operating capacity.

Net realisable value is estimated based on selling price in the ordinary course of business less the estimated costs necessary to incur sale.

### 3.6 Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor is accounted for as operating lease. Rentals applicable to such operating leases are charged to the statement of income over the lease term.

### 3.7 Finance lease

Lease in which substantially all the risks and rewards of ownership are transferred to the Company is accounted for as finance lease. At inception, the fair value of the lease assets is recorded together with the obligation. The lease asset is depreciated using the straight-line method over their estimated useful lives. Interest or finance charges and depreciation are recognised as expenses in the statements of income.

### 3.8 Property, plant and equipment and depreciation

At the date of initial recognition, land was recorded at cost while plant and equipment were recorded at cost net of accumulated depreciation and allowance for impairment. However, the Company chooses to present value of land and land improvement, building and building improvement and machinery and factory equipment at their revalue amounts. The revalue amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses (if any).

Revaluation is performed by independent authorised appraiser to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value on revaluation, is credited to shareholders' equity under the account "Surplus on revaluation of fixed assets" unless it offsets a previous decrease in value recognised in the statement of income in respect of the same asset. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in the equity in respect of the same asset.

Surplus on revaluation of fixed assets is amortised on a straight line basis according to their useful lives and recorded directly to the account "Surplus on the revaluation of fixed assets" in the statement of changes in shareholders' equity.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful life of each asset. The estimated useful lives of assets which are as follows:

Land improvements	5, 10 and 20	years
Buildings and building improvement	5 - 25	years
Machinery and factory equipment	20	years
Furniture, fixtures and office equipment	5	years
Motor vehicle	5	years

No depreciation is provided on land and assets under construction or installation until the assets are ready to use.

### 3.9 Intangible asset

Intangible asset is stated at cost less accumulated amortisation and impairment loss. Amortisation is charged to the statement of income on a straight-line basis over the estimated useful lives of assets which areas follows:

Computer software	5	years
Industrial standard certificate	25	years

### 3.10 Impairment of assets

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the Company's asset will be estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is then recognised in the statement of income.

#### Calculation of recoverable amount

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

#### Reversals of impairment

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or

amortisation, if no impairment loss had been recognised. Impairment losses are recognised in the statement of income.

### 3.11 Foreign currency transaction

Transaction during the year denominated in foreign currencies is converted into Baht at the rate of exchange prevailing on the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Baht at the reference exchange rates as determined by the Bank of Thailand at that date. Gains or losses on exchange arising on settlements and translation are recognised as income or expense in the statement of income.

### 3.12 Deferred charges

Deferred charge of advance for raw material will be amortised to cost of inventories upon delivery in the future years.

### 3.13 Provision

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### 3.14 Income tax

The Company does not provide income tax expenses for the year because the Company incurred net loss from operation.

### 3.15 Fundamental earnings per share

Net loss per share is calculated by dividing net loss for the year by weighted average number of ordinary shares during the year. In case of a capital increase, the number of ordinary shares is weighted according to time of subscription received.

#### 4. CHANGE OF ACCOUNTING ESTIMATES

##### Depreciation

The useful lives of the Company's building, building improvement and machinery have been reassessed by an independent authorised appraiser in order to correspond to their economic benefits. In this connection, the Company has changed the estimated useful lives of those assets beginning from 1 January 2010, as follows:-

	<u>New rates</u>	<u>Previous rates</u>
- Building and building improvement	5 – 25 years	5, 10 and 20 years
- Machinery and tools	20 years	5 years

The Company has immediately realised the effect of changes in the estimated useful lives of such assets to the current period statements of income. As a result, the depreciation charges and net loss for the year ended 31 December 2010 were decreased by Baht 1.04 million, while net loss per share decreased by Baht 0.0035 respectively.

#### 5. JUDGEMENTS AND IMPORTANT ACCOUNTING ESTIMATES

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

##### **Allowance for doubtful debts**

Allowance for doubtful debts is intended to adjust the value of accounts receivable for possible credit risk. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful debts is determined through a combination of analysis of debt aging, collection experience, and taking into account changes in the prevailing economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

##### **Estimated construction project costs**

The Company estimate costs of construction project based on details of the blue prints, taking into account the volume and value of construction material to be used in the project, labour cost and other miscellaneous cost to be incurred to complete to project. The company takes into account the tendency of fluctuation in construction material, direct labour, and

other costs. Estimates are reviewed consistently or whenever actual costs differ significantly from the figures used in the original estimates.

#### Plant and equipment, and depreciation

In calculating depreciation of plant and equipment, the management estimates useful lives of plant and equipment and reviews the depreciation when useful lives are differ materially from previous year or when the Company writes off non-operating plant and equipment by sales or disposal of plant and equipment.

## 6. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash and cash equivalents as at 31 December 2010 and 2009 are as follows:

	2010	2009
Cash on hand	299,660	349,000
Cash in transit	504,075	-
Cash at banks – Checking accounts	263,727	90,201
Cash at banks – Saving accounts	8,865,966	362,984
<b>Total</b>	<b>9,933,428</b>	<b>802,185</b>

Non cash transaction for year ended 31 December 2010 and 2009 are as follows:

- For the year ended 31 December 2010 and 2009, the Company transferred solar modules and other materials to assets under construction and furniture and equipment of Baht 0.17 million and Baht 17.70 million respectively.
- For the year ended 31 December 2010, the Company amortised surplus on revaluation amounting to Baht 2.71 million in the statement of changes in shareholders' equity (31 December 2009: Nil)

## 7. ACCOUNTS RECEIVABLE - TRADE (net)

Trade accounts receivable - net as at 31 December 2010 and 2009, consist of the following:-

	2010	2009
Trade accounts receivable	155,773,366	120,988,325
<u>Less</u> Allowance for doubtful debts	(17,266,247)	(41,502,830)
<b>Total</b>	<b>138,507,119</b>	<b>79,485,495</b>

As at 31 December 2010 and 2009, the outstanding balances of trade accounts receivable classified by ages are as follows:

	2010	2009
Current	127,236,246	22,501,762
Overdue		
- Not over 3 months	4,422,884	1,162,817
- Over 3 months to 6 months	189,148	3,240,236
- Over 6 months to 12 months	1,546,370	34,133,601
- Over 12 months	22,378,718	59,949,909
<b>Total</b>	<b>155,773,366</b>	<b>120,988,325</b>

During August and December 2010, the Company and one overseas company under the consortium have started the projects to construct the 34.5 Megawatts (Contract value Baht 2,843 million), and 9.43 Megawatts (Contract value: Baht 767 million) respectively of Solar Power Plant for one local company. The first contract of 34.5 Megawatts is to be delivered within 15 months as from August 2010, and the second contract of 9.43 Megawatts is expected to deliver within 11 months as from December 2010. Of the total value of the two contracts of Baht 3,610 million, the Company has a share of approximately 36 per cent. For the year ended 31 December 2010, the revenues of the two contracts were recognised amounting Baht 131.19 million in the statement of income under the percentage of completion method (Note 8).

During the year 2010, the Company has transferred the right to receive cash payments from its receivable from the first project of Baht 773.31 million to one local bank to secure credit facilities granted by the bank. (Note 15)

The normal credit terms given by the Company are 30 - 90 days.

The Company does not set aside allowance for doubtful debts for the outstanding receivable which is overdue over 12 months from the Department of Alternative Energy Development and Efficiency amounting Baht 5.99 million. The management of the Company is confident that the amount will be recoverable in full. However, the Department of Alternative Energy Development and Efficiency have been approved by the Cabinet on 8 June 2010 to relocate the installation of the goods which formerly agreed to be installed in Myanmar. As of 31 December 2010, the Company was under negotiation process in respect of bringing the goods to be reinstalled at the new location.



## 8. UNBILLED RECEIVABLES AND CONSTRUCTION REVENUE RECEIVED IN ADVANCE

	2010	2009
<b>Unbilled receivables</b>		
Project value as per contract	30,443,212	-
Revenue recognised on percentage of completion basis	20,306,566	-
<u>Less:</u> Value of total billed	(6,014,853)	-
Unbilled receivables	14,291,713	-
Retention as per contract	-	-
 <b>Construction revenue received in advance</b>		
Project value as per consortium contract	1,300,891,204	-
Value of total billed	213,309,988	-
<u>Less:</u> Revenue recognised on percentage of completion basis (Note 7)	(131,193,096)	-
Construction revenue received in advance	82,116,892	-
Retentions as per contract	4,563,181	-

## 9. INVENTORIES - NET

Inventories - net as at 31 December 2010 and 2009, consist of the following:-

	2010	2009
Finished goods	33,689,482	31,601,124
Raw materials	55,177,368	61,320,995
Work in process	1,363,916	597,489
Spare parts and supplies	1,255,950	1,207,261
Goods in transit	217,256,135	2,637,153
	308,742,851	97,364,022
<u>Less</u> Allowance for diminution in value and obsolete of inventories	(4,012,023)	(1,227,283)
<b>Total</b>	<b>304,730,828</b>	<b>96,136,739</b>

## 10. OTHER CURRENT ASSETS

Other current assets as at 31 December 2010 and 2009 consist of the following:-

	2010	2009
Advance payments	23,814,190	1,801,701
Value added tax receivable	297,192	1,993,238
Withholding income tax deducted at source	4,402,403	2,545,908
Others	5,108,308	3,137,380
<b>Total</b>	<b>33,622,093</b>	<b>9,478,227</b>

## 11. RESTRICTED FIXED DEPOSITS AT FINANCIAL INSTITUTIONS

This account represents fixed deposits with commercial banks which have been pledged as collateral for bank guarantees to certain governmental and private organisations, for overdraft lines and other credit facilities granted by the depository banks (Note 15, 28.1 and 28.2).

## 12. PROPERTY, PLANT AND EQUIPMENT - NET

	Lands and land improvement	Building and improvement	Machinery and factory equipment	Furniture, fixture and office equipment	Motor Vehicles	Assets under construction and installation	Total
<b>Cost / Revaluation</b>							
31 December 2009	48,741,254	42,684,369	52,257,890	33,410,663	21,942,114	149,277,656	348,313,946
Acquisition/transferred in	-	895,461	100,796	1,254,868	4,638,080	-	6,889,205
Disposal/transferred out	-	-	(11,628)	(13,643)	(3,372,332)	(21,861)	(3,419,464)
31 December 2010	48,741,254	43,579,830	52,347,058	34,651,888	23,207,862	149,255,795	351,783,687
<b>Accumulated depreciation:</b>							
31 December 2009	8,473,301	11,565,090	51,414,678	16,317,542	18,255,557	-	106,026,168
Depreciation for the year	1,922,644	2,064,731	198,133	4,631,204	1,936,550	-	10,753,262
Depreciation of revaluation	-	-	(11,627)	(689)	(3,082,695)	-	(3,095,011)
31 December 2010	10,395,945	13,629,821	51,601,184	20,948,057	17,109,412	-	113,684,419
<b>Surplus on revaluation:</b>							
31 December 2009	-	8,005,440	31,801,442	-	-	-	39,806,882
Increase during the year	-	-	-	-	-	-	-
31 December 2010	-	8,005,440	31,801,442	-	-	-	39,806,882

Accumulated depreciation - Surplus on revaluation:

31 December 2009	-	-	-	-	-	-	-
Increase during the year	-	482,164	2,230,119	-	-	-	2,712,283
31 December 2010	-	482,164	2,230,119	-	-	-	2,712,283
<b>Allowance for impairment loss:</b>							
31 December 2009	10,524,186	1,060,559	-	-	-	-	11,584,745
Increase during the year	-	-	-	-	-	-	-
31 December 2010	10,524,186	1,060,559	-	-	-	-	11,584,745
<b>Net book value:</b>							
31 December 2010	27,821,123	36,412,726	30,317,197	13,703,831	6,098,450	149,255,795	263,609,122
31 December 2009	29,743,767	38,064,160	32,644,654	17,093,121	3,686,557	149,277,656	270,509,915

Depreciation charges for the years are included in :-

	2010	2009
Production cost and cost of goods sold	361,108	1,869,866
Administrative expenses	9,718,534	10,551,931
Not – full normal production capacity expenses	673,620	4,412,998
<b>Total</b>	<b>10,753,262</b>	<b>16,834,795</b>

On 25 December 2009, the Company had revalued lands, building and machinery by independent appraiser using “Cost Approach” method. According to the report of the appraiser, the Company recorded the increase in revaluation of Baht 39.80 million as “Surplus on revaluation of fixed assets” under the shareholders’ equity and the decreased in revaluation of Baht 11.58 million as “Loss on impairment of fixed assets” in the statement of income. Also, the Company has reviewed the useful lives of building, building improvement, and machinery and equipment to conform to their future economic benefits. The changes of useful lives have been effective since 1 January 2010 (Note 4).

As at 31 December 2010 and 2009, there are certain machinery and equipment and motor vehicles which were fully depreciated and still in use totalling of Baht 80.48 million and Baht 75.56 million respectively.

The Company’s lands and land improvement as of 31 December 2010 and 2009, amounting to Baht 27.71 million and Baht 28.81 million, respectively have been mortgaged as collateral under a credit facility agreement with one local bank (Note 15 and 28.3).

As of 31 December 2010 and 2009, the Company has a machinery and equipment purchase agreement with a foreign company (Note 28.5) and paid a partial advance amounting to Baht 263.10 million or Euro 5.6 million which is recorded as advance payment for machinery and equipment account.

As of 31 December 2010 and 2009, the Company has a construction and system implementation agreement with a local consortium (Note 28.6), and paid the partial advance amounting to Baht 129.94 million.

### 13. INTANGIBLE ASSETS - NET

Intangible assets as at 31 December 2010 and 2009 consist of the following:-

	Computer software	Industrial Standard certificate	Total
Balance as at 1 January 2010	94,548	2,122,234	2,216,782
Purchase	-	-	-
Amortisation for the year	(94,460)	(90,224)	(184,683)
<b>Balance as at 31 December 2010</b>	<b>88</b>	<b>2,032,011</b>	<b>2,032,099</b>

Amortisation charges for the year is included in administrative expense.

### 14. OTHER ASSETS

Other assets as at 31 December 2010 and 2009 consist of the following:-

	2010	2009
Advance payments for raw materials (Note 28.4)	103,452,000	103,452,000
Deferred charges (Note 28.4)	16,983,000	16,983,000
Others	616,821	699,905
<b>Total</b>	<b>121,051,821</b>	<b>121,134,905</b>

### 15. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term loans from financial institutions as at 31 December 2010 and 2009 consist of the following:-

	Interest rate per annum	2010	Interest rate per annum	2009
Bank overdrafts	5.88 – 6.40	58,427,977	5.75 – 6.15	43,852,178
Trust receipts and promissory notes	2.47 – 7.00	10,694,111	4.35 – 5.60	19,287,155
<b>Total</b>		<b>69,122,088</b>		<b>63,139,333</b>

As at 31 December 2010 and 2009, the Company has overdraft and other credit facilities with several local banks totalling of Baht 3,035 million and Baht 3,050 million, respectively which are collateralised by the right to receive collections from solar power plant (Note 7), restricted fixed deposits (Note 11), the mortgage of land, plant and machinery (Note 12), and director's personal securities.

#### 16. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December 2010 and 2009 consist of the following:-

	2010	2009
Accrued expenses	59,635,101	4,866,981
Accounts payable - construction	5,937,004	5,937,004
Advances received from customers	4,073,729	144,003
Output value added tax	9,064,850	2,097,827
Others	2,355,184	874,535
<b>Total</b>	<b>81,065,868</b>	<b>13,920,350</b>

#### 17. LONG TERM FINANCIAL LEASES - NET

As at 31 December 2010 and 2009, the Company has motor vehicle and equipment hire-purchase agreements with some local leasing companies for the periods of 24 and 60 months. The Company is committed to pay the minimum future lease payments as follows:-

	2010	2009
Within 1 year	1,656,368	822,716
1 - 4 years	4,087,183	559,335
Total minimum lease payments	5,743,551	1,382,051
<u>Less</u> Deferred interest	(704,018)	(76,700)
Present value of minimum lease payments	5,039,533	1,305,351
<u>Less</u> Portion due within 1 year – net	(1,368,919)	(767,349)
<b>Net</b>	<b>3,670,614</b>	<b>538,002</b>

## 18. ORDINARY SHARES

On 29 April 2010, the 2010 Annual General Meeting (AGM) of Shareholders has approved the cancellation of the resolution resolved in the 2009 AGM to issue and offer newly issued ordinary shares together with warrants to purchase the Company's ordinary shares, specifically to Direct Capital Corporation Limited, a new potential investor, by way of private placement by issuing 293,999,988 new ordinary shares, with a par value of Baht 1 each. Furthermore, the meeting also approved the reduction of the registered capital of the Company to reflect the cancellation of the issuance of the ordinary shares, from Baht 593,999,988 (comprise of 593,999,988 ordinary shares, with a par value of Baht 1 each) to Baht 300,000,000 (comprise of 300,000,000 ordinary shares, with a par value of Baht 1 each). The Company had registered the decrease of share capital with the Ministry of Commerce on 11 May 2010.

## 19. PREMIUM ON SHARE CAPITAL

The premium on share capital account was recorded under Section 51 of the Public Companies Act B.E. 2535, which requires a company to book proceeds from share subscription received in excess of the par value of the issued shares to the "premium on share capital account". The account is not available for dividend distribution.

## 20. LEGAL RESERVE

The legal reserve is set aside under Section 116 of the Public Companies Act B.E. 2535 which requires a company to set aside as a legal reserve at least 5 percent of its net income after accumulated deficit brought forward (if any) until the reserve is not less than 10 per cent of the authorized capital. This reserve is not available for dividend distribution.

## 21. GOODS RETURNED DURING THE YEAR

Certain goods sold in 2009 of Baht 22.85 million were returned during 2010, the amount of which provision for doubtful debt had been provided in full as a result of the debtor's inability to pay when it falls due. The provision account was reversed in 2010 for the value of goods return. During 2010 up until the report date, the Company has sold and installed the returned goods which are still in normal quality to new customers amounting to Baht 15.88 million.

## 22. PROVIDENT FUND

The Company has established a contributory provident fund for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees and the Company at a rate 2% of employee's basic salaries. The provident fund is registered with the Ministry of Finance and is managed by a licensed Fund Manager.

The Company contributed Baht 0.48 million and Baht 0.44 million to the fund and charged directly to the statement of income for the years ended 31 December 2010 and 2009, respectively.

## 23. SEGMENT FINANCIAL INFORMATION

The Company's operations involve a single industry segment in manufacture and distribution of solar-cells and equipment which are used with solar-cells and are carried on in the single geographic area in Thailand. Accordingly, revenues, income and assets as reflected in these financial statements pertain to the industry segment and geographic area as mentioned above.

## 24. THE INVESTMENT PROMOTION RIGHTS AND PRIVILEGES

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted privileges by the Board of Investment (BOI) relating to the assembly of solar-cell modules as per Certificate Number 1610(2)/2546 dated 6 November 2003 and the production of solar-cells as per Certificate Number 2181(9)/2548 dated 23 December 2005.

The privileges granted are as follows:-

Rights and Privileges	Certificate No.	
	1610(2)/2546	2181(9)/2548
1. Issued date	6 November 2003	23 December 2005
2. Exemption of import duty for machinery	Exemption from import duty for machinery as approved by the BOI	Exemption from import duty for machinery as approved by the BOI
3. Exemption of import duty tax for raw materials and supplies for manufacture of export sales	5 years from first import date	5 years from first import date

Rights and Privileges	Certificate No.	
	1610(2)/2546	2181(9)/2548
4. Exemption from corporate income tax	Exemption from corporate income tax not over 100% of investment (excluding land and working capital) for 8 years from the date of the export revenue first earned (27 January 2004), which will expire on 26 January 2012.	Exemption from corporate income tax for 8 years from the date of the export revenue first earned (The Company has not yet received revenue under this certification.)

On 26 July 2005, the BOI approved an increase in the Company's production capacity of solar cells from 40,000 modules per year to 195,000 modules per year, under the Certificate No. 1610(2)/2546 which had been retrospectively effective to 2 September 2004 onward. In this regard, the Company must comply with certain conditions specified in the approval letter.

Subsequently, in February 2006, the Company was granted by the BOI an increase in the Company's production capacity of solar cells to be 269,568 modules per year and was granted the exemption of corporate income tax amount from not exceeding Baht 61,000,000 to not exceeding Baht 116,456,512. These rights and privileges had been retrospectively effective to 9 December 2005 onward.

The Company's shareholders will be exempted from income tax on dividend receivable during the period in which the Company is granted exemption from corporate income tax.

As a promoted company, the Company must comply with certain conditions and restrictions provided in the promotional certificates.

Revenue, cost and expenses are allocated to promoted business and non-promoted business as follows:

- a. Sales, direct costs and overhead expenses are presented under each business as incurred.
- b. Indirect costs and expenses are allocated to each business based on the proportion of revenues of each business.

## 25. REVENUE REPORTING OF A PROMOTED INDUSTRY

Based on the Announcement of the Board of Investment No. Por. 14/2541 dated 30 December 1998 regarding reporting on revenues of a promoted industry, the Company is required to report separately revenues from domestic sales and export sales and promoted and non-promoted businesses.



For the years ended 31 December 2010 and 2009, the required information are as follows:

	For the year ended 31 December 2010		
	Promoted Business (Baht)	Non-promoted Business (Baht)	Total Amount (Baht)
Revenues			
Revenues from local sales	18,716,485	197,175,044	215,891,529
Revenues from export sales	4,184,434	639,555	4,823,989
<b>Total</b>	<b>22,900,919</b>	<b>197,814,599</b>	<b>220,715,518</b>

	For the year ended 31 December 2009		
	Promoted Business Baht	Non-promoted Business Baht	Total Amount Baht
Revenues			
Revenues from local sales	8,903,056	110,040,788	118,943,844
Revenues from export sales	696,045	537,895	1,233,940
<b>Total</b>	<b>9,599,101</b>	<b>110,578,683</b>	<b>120,177,784</b>

## 26. CLASSIFICATION OF EXPENSES BY NATURE OF EXPENSES

Expense transactions classified by nature of expenses are as follows:-

	2010	2009
Management remunerations	13,457,948	10,951,130
Salary, wages, and other personnel benefits	19,722,225	19,727,264
Depreciation and amortisation expenses	10,946,646	17,093,301
Raw materials and supplies used	31,869,681	6,916,195
Changes in finished goods and work in process	2,854,784	62,931,416

## 27. TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with related parties. These parties are investee companies having mutual directors or companies which directors are major shareholders and/or have common directors. The financial statements reflect the effects of these transactions which are in the ordinary course of business with details as follows:-

Related parties	Types of business	Relationship as at 31 December 2010	Relationship as at 31 December 2009
Fac Rent Co., Ltd.	Warehouse rental	Co-director' spouse	-
Mr.Akradej Rojmeta	-	Shareholder and director	Shareholder and director

The Company has pricing policies for its related parties' transactions as follows:

#### Service fee and rental fee

Contract prices and agreed prices determined on the terms and conditions in normal course of business comparable to those of non-related parties.

#### 27.1 Balances with the related parties as at 31 December 2010 and 2009, are mainly as follows:

Transactions / Company names	2010	2009
Short-term loan from related person		
Mr. Akradej Rojmeta	4,500,000	3,000,000

Short-term loan from related person as at 31 December 2010 is a promissory notes which are repayable at call and interest free. The movement for the year is as follow:-

	2010	2009
Balance as at 1 January		-
	3,000,000	
Increase during the year	16,100,000	13,000,000
Decrease during the year	(14,600,000)	(10,000,000)
Balance as at 31 December	4,500,000	3,000,000

#### 27.2 Transactions with related company for the year ended 31 December 2010 and 2009 are mainly as follows:

Transactions / Company name	2010	2009
Warehouse rent		
Fac rent Company Limited	556,920	278,460
Total warehouse rent	556,920	278,460

## 28. COMMITMENTS, LETTERS OF GUARANTEE AND CONTINGENCIES

28.1 As at 31 December 2010 and 2009, the Company has letters of guarantee issued by several local banks to guarantee the Company's performance to governmental and private organisations of amounting to Baht 247.19 million and Baht 276.66 million, respectively.

28.2 As at 31 December 2010 and 2009, the Company has unused letters of credit with certain local banks as follows:

Currency	(Unit : Unit)	
	2010	2009
- US Dollar	-	28,100
- Euro	1,297,418	-
- Thai Baht	19,902,000	-

As at 31 December 2010 and 2009, the abovementioned letters of guarantee and letters of credit are secured by the pledging of the Company's fixed deposits (Note 11).

28.3 As at 31 December 2010 and 2009, the Company has a long-term loan agreement of Baht 500 million with a local bank to finance the purchase of machinery and equipment for the construction of solar-cell factory. This loan is collateralised by the mortgage of the Company's certain land, future factory, machinery, and equipment to be acquired in the future. Presently, the Company has already mortgaged certain land to the bank (Note12). In addition, the Company must comply with the conditions specified in the agreement such as maintaining the fixed deposit amount and certain financial ratios.

As at 31 December 2010 and 2009, such loan has not been utilised.

28.4 As at 31 December 2010 and 2009, the Company has two Long Term Wafer Supply Agreements with a foreign company. Under the agreements, the Company agrees to pay a non-refundable and irrevocable advance payment of Euro 12.0 million. Payments are to be made by instalments within or by October from 2006 to 2009.

Details of the advance payments and the payments are as follows :-

Agreement No.	Dated	Quantities of wafer	Term of delivery	Required advance payments as per		Outstanding balances
				contracts	Paid	
1.	28/8/06	19,920,000	1/1/09 – 31/12/18	7.5	1.5	6.00
2.	9/5/07	23,868,000	1/1/10 – 31/12/17	4.5	0.66 <sup>(1)</sup>	3.84
				<u>12</u>	<u>2.16</u>	<u>9.84</u>

<sup>(1)</sup>In 2006, the Company has only paid Euro 1.5 million to the supplier and were unable to pay any subsequent instalments. On 13 August 2008, the supplier and the Company had negotiated and the Company agreed to pay Euro 1.0 million. The first portion of Euro 0.66 million (Baht 32.967 million) was for the advance payment of the second agreement. The second portion of Euro 0.34 million (Baht 16.983 million) represented charges on late advance payments and to maintain the two Long-term Wafer Supply Agreements. In addition, the Company was granted additional 346,500 wafers at the price lower than the market price. The Company recorded the late payment charges of Euro 0.34 million (Baht 16.983 million) as deferred charges shown in the balance sheet (Note 14) with its confidence that the Company would receive future economic benefits.

On 1 April 2009, the Company and the supplier had agreed to revise the instalments of Euro 9.84 million as follow:-

Due dates	Million Euro
22 May 2009	1.93
31 October 2009	1.35
19 May 2011	3.28
18 May 2012	3.28
Total	9.84

However, the Company have not paid since 2009. Presently, the supplier and the Company are in the process of negotiation to extend the terms of the advance payments. Therefore, as at 31 December 2010 and 2009, the Company still has commitment in respect of the two contracts totalling Euro 9.84 million (Baht 396.02 million) respectively.

**28.5** As at 31 December 2010 and 2009, the Company has a purchase agreement with a foreign company to supply machinery and equipment of Euro 17.9 million. Subsequently on 2 June 2009, both parties have amended the value of this agreement to Euro 10.9 million. The Company had paid partial advances of Euro 5.6 million (Baht 263 million) and thus, the Company has commitment under the agreement of Euro 5.3 million (Baht 213.31 million), respectively.

**28.6** As at 31 December 2010 and 2009, the Company has a construction agreement with a consortium to construct solar-cell factory amounting to Baht 144.72 million in which the Company had paid partial payment amounting to Baht 129.94 million (Note 12). Therefore, the Company has the outstanding commitment of Baht 14.78 million.

28.7 As at 31 December 2010, the Company had commitment in respect to accounting software implementation contract amounting to approximately Baht 3.0 million (31 December 2009: nil).

## 29. DISCLOSURE OF INFORMATION ON FINANCIAL INSTRUMENTS

### 29.1 Financial risk management policies

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

### 29.2 Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable. However, due to its conservative policy on granting credit to customers, and only dealing with creditworthy counterparties which should prove to be collectible, the Company does not anticipate material losses from its debt collection in excess of the allowance for doubtful accounts already set aside in the accounts. The carrying amount of the assets recorded in the balance sheet, net of allowance for doubtful accounts, represents the Company's maximum exposure to credit risk.

However, the Company has a risk for its few major trade receivables, therefore the result of the Company's operation depends on the collectability of those receivables.

### 29.3 Foreign exchange risk

As at 31 December 2010 and 2009, the Company has assets and liabilities dominated in foreign currencies not covered by any hedging against exchange risk as follows:

	(Unit : Unit)	
	2010	2009
<b>Assets</b>		
Trade accounts receivable		
- USD	48,762	25,430
- Euro	89,067	9,872

(Unit : Unit)

	2010	2009
<b>Liabilities</b>		
Trust receipts and promissory notes		
- USD	285,243	50,688
- Euro	41,946	-
- JPY	972,972	
Trade accounts payable		
- USD	8,480	28,100
- Euro	5,402,298	-

#### 29.4 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. The Company is primarily exposed to interest rate risk from floating interest rates of short-term loans from financial institutions.

#### 29.5 Liquidity risk

The Company's monitoring of its liquidity risk and maintaining a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

#### 29.6 Fair value of financial instruments

The following methods and assumptions are used by the Company in estimating fair value of financial instruments:

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The majority of the financial assets and liabilities are short – term and the interest rates of the loans are close to market rates. Therefore, the Company's management believes that the fair value of the Company financial assets and financial liabilities do not materially differ from their carrying values.

### 30. CAPITAL MANAGEMENT

The objective of the financial management of the Company is to maintain the continuity of operation capability and capital structure to be properly appropriated.

The Company's balance sheets as at 31 December 2010 and 2009 have debt to equity ratio at 0.62: 1 and 0.11: 1 respectively.

### 31. SUBSEQUENT EVENTS

The Company board of directors' meeting No. 2/2011 held on 28 February 2011, discussed about potential interested parties expressing interest to invest in the Company's share capital. Presently, share participation procedures are being negotiated. The Company will select the most appropriate party to be dominated in the Company's Shareholders Annual General Meeting which to be held around the end of the April 2011.

### 32. RECLASSIFICATION

Certain amounts in the financial statements for the year 2009 have been reclassified to conform to the year 2010 classification but with no effect to previously reported net income or shareholders' equity.

The significant reclassifications are as follows:

	Before reclassification	Reclassification	After reclassification
<b>Statement of income</b>			
Directors' remuneration	-	1,456,800	1,456,800
Selling expenses	17,818,784	1,094,360	18,913,144
Administrative expenses	43,521,057	9,856,770	53,377,827
Management benefit expenses	12,407,930	(12,407,930)	-

### 33. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Board of Directors of the Company on 28 February 2011.