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Vision, Mission

Company's Vision:

The Leader of Solar Technology

Company's Mission:

SOLARTRON ran 26 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 sustainable energy for customer”

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.

Corporate Social Responsibility: Standard for Corporate Social Responsibility (CSR-DIW)



Financial Highlights

(Unit: Million Baht, except earnings per Share)

Operation Results	2011	2010	2009
Total Revenues	1,823.00	222.66	124.08
Revenues from sales and services	1,266.70	220.72	120.18
Gross Margin	94.33	2.80	5.09
Net profit(loss)	29.29	(40.57)	(116.51)
EBIT	36.73	(37.14)	(113.24)
EBITDA	47.86	(26.20)	(96.15)
Financial Status			
Total assets	1,857.55	1,222.83	888.86
Total liabilities	879.13	465.19	87.95
Total shareholders' equity	978.42	757.63	800.82
Financial Ratio			
Current ratio	1.65	1.10	2.13
Total debt to equity ratio	0.90	0.61	0.11
Gross margin ratio	7.45	1.27	4.24
Profit from operation ratio	2.90	(16.83)	(94.23)
Net profit ratio	2.31	(18.22)	(93.89)
Return on Assets	1.90	(3.84)	(12.51)
Return on Equity	3.37	(5.21)	(13.88)
Earnings per share*	0.09	(0.14)	(0.39)
	Average	Average	Average
	328,282,391 shares	300,000,000 shares	300,000,000 shares

Remark * Baht per Share

Message from Chairman of the Board of Directors



Greeting to our shareholders,

On behalf of Solartron Public Company Limited, I would like to take this opportunity to pass on our deepest sorrow and care to our nation and all victims of the biggest flood during the end of 2011.

From the largest natural catastrophe, Solartron Public Company Limited have realized the difficulties and pains that were forced into the lives of many people as well as the effects it has on government and various industries, especially our Ayudhaya plant temporary closed down. Even with these difficulties, our management team has set a great concern on risk management, the Company can recover the Plant and remain to the normal position within midyear of 2012.

Finally, I would like to show our biggest support for everyone to go through these difficult times and wish 2012 to be a wonderful year for all. I would also like to pass on our deepest appreciation to all our shareholders and partners for the confidence they have for Solartron Public Company Limited, I also like to give my personal thanks to our board members, the management team, and our staff for their commitments and amazing services in 2011.

Thank you very much.



Mr. Cherdpong Siriwit
Chairman of the Board of Directors
Solartron Public Company Limited

Message from Chief Executive Officer



Dear Our Shareholders,

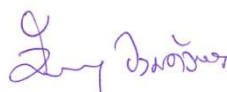
On behalf of the management of Solartron Public Company Limited, I would like to extend our deepest sorrow to all those affected by the biggest flood catastrophe. The consequences from this event will last a long time since the flood was expanded so vast that it affected people, government and private sector in many industries. I would also like to take this opportunity to wish everyone to stay strong throughout the recovery period.

During 2011 crisis moment, we foresee several risks that may affect our business which include local political standoff, the slowdown of the world economy, the financial situations in Europe and the U.S.A. We have effectively countered with proper strategic preparations that helped us to build a strong business adaptation that helped to boost the Company performance. Solartron can accomplish the highest sale volume in five years and that is a proof of our effective business planning with good results.

Our highlights in 2011 are solar power plant project for Bangchak and Universal service obligation project for TOT, AIS and JTS. Additionally, I am very proud to inform you that Solartron was awarded by Ministry of Industry for Standard of Corporate Social Responsibility (CSR-DIW). It was that Solartron is committed to deliver the best of safety and environmental products and services to our customers and stakeholders.

Finally, I would like to give my sincere gratitude to our shareholders for trusting in us. I also like to thank our board members, our management team and our staff who always contribute to the successes of the Company. In addition, I would like to thank our business partners that always believe in us. I am wishing that 2012 will be the wonderful year for everyone.

Thank you very much



Mrs. Patama Wongtoythong
Chief Executive Officer
Solartron Public Company Limited

Message from the Audit Committee

To: The Shareholders
Solartron Public Company Limited

The Audit Committee of Solartron Public Company Limited is 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 2011, the Audit Committee held 4 meetings in which external auditor were invited. The important issues of discussion are as follows:

1. Reviewed the Company's quarterly and annual the Statements of Financial Position and Statements of Comprehensive income for the years ended 31st December 2011 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 and Finance 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 2012, 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. Rawitha 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
Bachelor Degree

Master of Economics Georgetown University, U.S.A.
B.A. Economics, (Honor), Thammasat University

Work Experience

Present
Present

>> Chairman of the Board of Directors, Solartron PCL.
>> Independent Director, Chairman of the Audit Committee, IRPC PCL.

2009 - Present
2006 - 2009

>> Director/Audit Committee, Advance Finance PCL.
>> Independent Director/Audit Committee/Nomination Committee PTT Chemical PCL.

2005
2002
2001 – 2002
2000 – 2001

>> Permanent Secretary of Energy, Ministry of Energy
>> Deputy Permanent Secretary of Industry, Ministry of Industry.
>> Secretary General of Thai Industrial Standard Institute.
>> 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-

The Board of Directors



Mrs. Patama Wongtoythong

Chief Executive Officer

Deputy Chairman of the Board of director, Company secretary

Academic Background

Master Degree

Master of Business Administration (Finance, Policy and Planning)
University of Missouri, U.S.A.

Bachelor Degree

Bachelor of Business Administration (Accounting),
Thammasat University

Work Experience

2008 – Present

>> Deputy Chairman of the Boar of directors, Company Secretary
Chief Executive Officer, Solartron PCL

2005 – 2006

>> Deputy Chief Executive Officer, Solartron PCL

2000 – 2008

>> Chief Financial Officer, Solartron PCL

>> Managing 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-

The Board of Directors



Mr. Akaradej Rojmeta
Director

Academic Background

Master Degree
Bachelor Degree

Master of Business Administration, Tarleton University, Texas, U.S.A.
Bachelor of Business Administration, Thammasat University

Work Experience

2004 – Present
2006 – Present
2007
2004 – 2007
2002 – 2003
1994 – 2002

>> Director, Solartron PCL
>> Executive Director, Netbay co., Ltd.
>> Chief Executive Officer, Solartron PCL
>> Director, Sunwood Industry PCL
>> Chief Executive Officer, Digital Onpa International PCL
>> Executive Director, GMM Grammy PCL

Training Program

2004

>> DAP27/2004 Thai Institute of Directors Association (IOD)

Number of Shares held

>> 4,580,000 shares

The Board of Directors



Mrs. Rawittha Pongnuchit
Independent Director
Chairman of Audit Committee

Academic Background

Master Degree
 Bachelor Degree

Master of Political Science, Thammasat University
 Bachelor of Law, Ramkhamhaeng University

Work Experience

2010 - Present

>> Independent Director, Chairman of Audit Committee,
 Solartron PCL

2011-Present

>> Director IRPC PCL

2010-Present

>> Director SYNEX (Thailand) PCL

2007 - Present

>> Director KTBLAW Co.,Ltd.

2011 - Present

>> Advisor to Minister of Finance Ministry of Finance Legal Specialist
 Thai Asset Management Corporation

2008 - 2010

>> Inspector General, Ministry of Finance

2005 – 2008

>> Deputy Director General, the Revenue Department

Training Program

>> The Joint State-private Sector Regular Course,
 National Defense College, Class 15.

>> Director Certification Program (DCP59), Thai Institute of Directors
 Association.(IOD)

>> Graduate Diploma in Public Law and Management (PLM3), King
 Prajadhipok's Institute.

>> Advance Management of Executives Program (Class 3), Office of
 the Civil Service Commission (OCSC).

>> Woman Leadership Development Program (Class 2), Office of the
 Civil Service Commission (OCSC).

Number of Shares held

>>-0-

The Board of Directors



Mr. Suchat Trisirivattwat
Independent Director

Academic Background

Master Degree
Bachelor Degree

Master of Science (Accounting), Thammasat University
Bachelor of Business Administration (Accounting),
Thammasat University

Work Experience

2004 – Present

>> Independent Director, Audit Committee, Solartron PCL
>> Managing Director, 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-

The Board of Directors



Dr.Pavan Siamchai
Director
Chief Operating Officer

Academic Background

Doctor Degree	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 nd Honor, Chulalongkorn University

Work Experience

2009 - Present	>> Director, Chief Operating Officer, Solartron PCL
2007 - 2009	>>Project Coordinator, Centrotherm photovoltaics AG
2005 - 2007	>>Chief Operating Officer, Solartron PCL
1996 - 2005	>> Researcher / Project Manager NECTEC >> Researcher / Project Manager NSTDA >> Guest Lecturer Mahanakorn University of Tecnology >> Guest Lecturer Asian Institute of Technology
1996 - Present	

Awards

- >>"Ratchadapisek Sompoch Research Award": Science Area, Chulalongkorn University, Thailand
- >>"Best Poster Award" Amorphous Silicon Area, 1st World Conference on Photovoltatics, Hawaii.

Achievements

- >>Publications (Solar cells topics)
 - International Journals 3 papers
 - Regional Conference 3 papers
 - International Conference 3 papaers

Number of Shares held

- >> -0-

The Board of Directors



Ms. Romchalee Chanprasit
Independent Director

Academic Background

Master Degree Master of Science in Management, Boston University, London Campus

Bachelor Degree Bachelor in Business Administration, Institute of Business Studies, London
Certificate of Commerce Assumption Commercial College, Bangkok

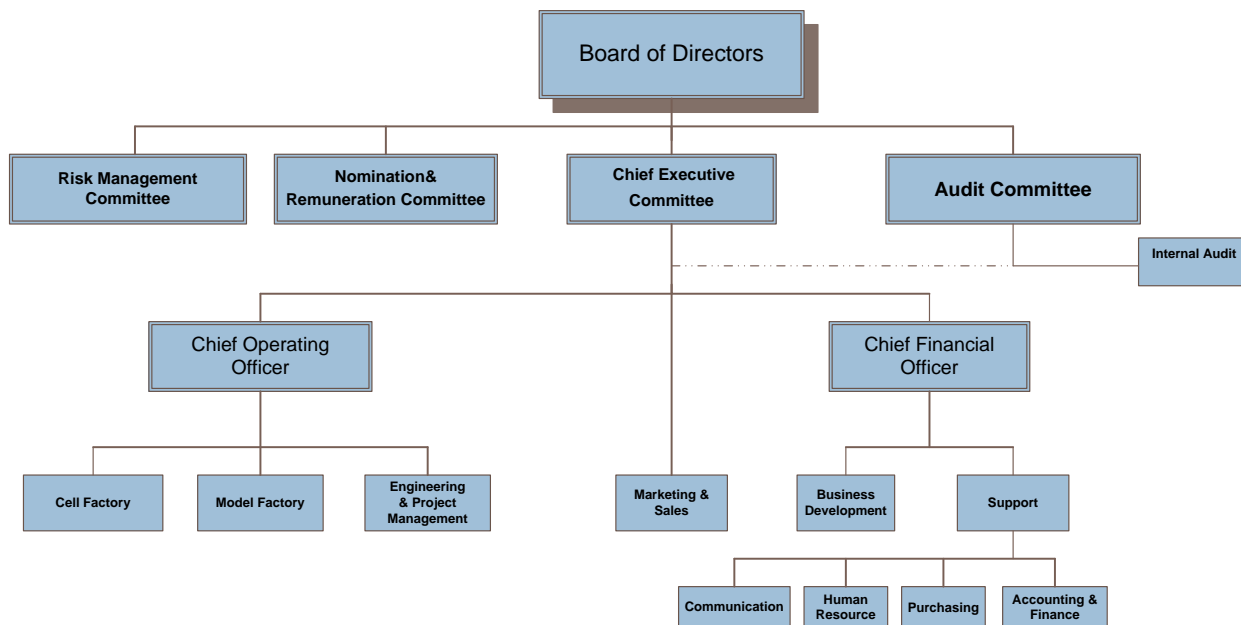
Work Experience

2011 – Present >> Independent Director, Audit Committee, Solartron PCL
2011-Present >> Chairman of Attitude Technology Solutions Co., Ltd. (ATS)
2010-Present >> President of Beyond Boundary Noble International Ltd. (BBNI)
2007-Present >> Advisor to Chairman, Dynamic Graphics, Inc. California (DGI)
2007-Present >> Director of Asia Phoenix Angels – Hong Kong (APA)

Number of Shares held >> -0-

Organization Chart

Solartron Public Company Limited



General Information

Company Name	Solartron Public Company Limited	Registration :
Head Office	1000/65,66,67 PB. Tower 16 th Floor Sukhumvit 71 Road, North Klongtan, Wattana, Bangkok 10110 Tel. +66-2-392-0224-6 Fax. +66-2-381-2971, +66-2-381-0936	Thailand Securities Depository Co., Ltd 62 The Stock Exchange of Thailand Building Rachadapisek Road, Klongtoey Bangkok 10110 Tel: +66-2-229 2800 Call Center: +66-2-229 2888
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	Auditor : Mr. Anusorn Kiatgungwalgri The Certified Public Accountants License No. 2109 Ms. Kwanjai Kiatgungwalgri The Certified Public Accountants License No. 5875 ASV & Associates Limited 47 Soi 53, Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120 Tel. : +66-2-294-8504 Fax. : +66-2-294-2345
Website	www.solartron.co.th	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 Tel. : +66-2-661-6896-9 Fax. : +66-2-661-6895
E-mail	support@solartron.co.th	
Registered Capital	450,000,000 Baht	
Registered Ordinary Shares	450,000,000 Shares	
Par Value	1 Baht	
Registered Ordinary Share with paid	398,233,000 Shares	
Registered Capital with paic	398,233,000 Baht	
Established Date	November 12, 1986	
Type of Business	Manufacturing, Survey, Design and Installation of solar power systems and Turnkey Solar Power Plant Project Management	
Company Code	0107547000877	

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 26 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 constructing an upstream solar cell factory, with the capacity of 65 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.



Solar Modules

- Services**
- Survey
 - Design
 - Installation & Commissioning
 - Service & Maintenance
 - Energy Service
 - Training



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

Solartron Solar Modules
Series 200 Watt – 300 Watt

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

Recommended Applications:

- Solar Power Plant
- On-grid Commercial Systems



Solartron Solar Module
Series 130 Watt – 135 Watt

- » 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

Recommended Applications:

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



Solartron Solar Module
Series 5 Watt – 80 Watt

- » Attractive appearance
- » Easily install.

Recommended Applications:

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



Solar Powered System

ON GRID

- Solar Power Plant
- Solar Roof-Top Grid-Connected System

OFF GRID

- Solar Home
- Solar Water Pumping System
- Solar Hybrid System
- Solar Battery Charging System
- Solar Telecommunication System
- Solar Street Light

Solar Power Plant



Solar Roof-Top Grid-Connected System



Solar Home System



Solar Water Pumping System



Solar Telecommunication System



Solar Street Light



Revenue Structure

The company revenue structure for the periods 2009 and 2010 and 2011 by the type of products and services are as follows:

Table 1 Revenue structure for the periods 2009 and 2010 and 2011

	2009		2010		2011	
	Value ('000 Baht)	%	Value ('000 Baht)	%	Value ('000 Baht)	%
1. Revenue from selling Solar System and Construction of Solar Power Plant*	58,121	46.85	226,181	101.58	1,242,623	68.16
2. Revenue from selling Solar Modules / BOS	62,056	50.00	(5,465)	(2.45)	24,077	1.32
3. Other Revenue**	3,910	3.15	1,938	0.87	556,298	30.52
Total Revenue	124,088	100.00	222,654	100.00	1,822,998	100.00

Remark:

- * Including System 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 and claim revenue from insurance company.

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, 2011, the list and percentage of the first 10 major shareholders is as follows:

No	Shareholders	As at December 30, 2011	
		Number of Shares	Percentage
1.	TAECHANARON GROUP ¹	36,578,300	9.18
2.	THAI NVDR Co., Ltd.	28,896,539	7.26
3.	Mr. GILBERT N WONG	20,000,000	5.02
4.	ROJMETA GROUP ²	19,580,000	4.92
5.	MR.SUNATE BURAKASIKORN	9,189,700	2.31
6.	VALUE CAPITAL ASSET MANAGEMENT PRIVATE LIMITED	9,066,578	2.28
7.	CLEARSTREAM NOMINEES LTD.	8,856,160	2.22
8.	TSD	5,944,600	1.49
9.	NATTHAPONG PUNRATANAPONG	5,000,000	1.26
10.	Mrs. YASUKO OISHI	5,000,000	1.26
	TOTAL	148,111,877	37.20

Remark:

¹ Taechanarong Group Shareholders follows:

	name	Number of Shares	Percentage
1.	Ms.Phatamon Taechanarong	25,141,900	6.31%
2.	Ms.Phipanee Taechanarong	8,758,400	2.20%
3.	Mr.Songkarn Taechanarong	2,460,000	0.62%
4.	Mr.R-rak Taechanarong	218,000	0.05%

² Rojmeta Group Shareholders follows:

	name	Number of Shares	Percentage
1.	Ms.Pornsiri Rojmeta	15,000,000	3.76%
2.	Mr.Akaradej Rojmeta	4,580,000	1.15%

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, 2011, the Board comprised of 7 members as follows:

Name	BD	AC	Position
Mr. Cherdpong Siriwit	✓		Chairman of the Board of Director
Ms. Patama Wongtoythong	✓		Deputy Chairman of the Board of Director/ Company Secretary
Mr. Akaradej Rojmeta	✓		Director
Ms. Rawittha Pongnuchit	✓	✓	Independent Director / Audit Committee
Mr. Suchat Trisirivattwat	✓	✓	Independent Director / Audit Committee
Ms. Romchalee Chanprasit*	✓	✓	Independent Director / Audit Committee
Dr. Pavan Siamchai	✓		Director

*Remark - Ms. Romchalee Chanprasit, as an Independent Director and Audit Committee effective September 23, 2011.

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. Mrs.Rawittha	Pongnuchit	Chairman of Audit Committee
2. Mr.Suchat	Trisrivattwat	Audit Committee
3. Ms.Romchalee	Chanprasit	Audit Committee (Effective on September 23, 2011)

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. Holding not more than 0.5 percent of the company's shares with voting rights, or those of any subsidiary company, associated company or juristic person with conflict of interest, which shall be inclusive of the shares held by related persons.
2. Not being a director who is involved in the company management, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the company, subsidiary company, subsidiary company with the same level, associated company, or juristic person with conflict of interest.
3. Not holding a business relationship with the company, subsidiary company, associated company or juristic person, which may have conflict of interest in such a way that prevents the use of independent discretion? Nor is one a major shareholder, a non-independent director, or an executive of a business holding a relationship with the company, subsidiary companies, associated companies, or juristic persons with conflict of interest.
4. Not being a person related by blood or registration under law, (as father, mother, spouse, sibling, or child, including the spouse of a child), to executives, major shareholders, controlling persons or those who will be nominated as an executive or a controlling person of the Bank or subsidiary company.
5. Not being a representative director appointed by the Company's directors, major shareholders, or shareholders related to major shareholders.
6. Not being an auditor of the Company, subsidiary companies, associated companies, or juristic persons with conflict of interest, and not being a major shareholder, non-independent director, executive or managing partner of the audit firm, in which there are auditors of the Company, subsidiary companies, associated companies, or juristic persons with conflict of interest.
7. Not being a professional service provider such as a legal or financial adviser receiving service fees in excess of Baht 2 Million a year, from the Company, subsidiary companies, associated companies, or juristic persons with conflict of interest. In cases where the adviser is a juristic person, it shall include the major shareholder, non-independent director, executive or managing partner of the above service provider.
8. Not holding other characteristics that prohibit the expression of independent opinion towards the Company's business undertakings.

Remuneration for the Board of Directors

In the company annual general shareholder meeting year of 2011 of April 29, 2011, the compensation for the committee members was set as follows:

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

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:

	2010	2011
Total remuneration (Baht)	1,436,200	1,781,800
Number of Committee Member (Persons)	8	7
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 and 2011

Name	Board of Directors Meeting		Audit Committee Meeting		Annual General Meeting	
	2010	2011	2010	2011	2010	2011
Mr.Cherdpong Siriwit	2/7	5/9	-	-	-	1/1
Ms.Patama Wongtoythong	7/7	9/9	-	-	1/1	1/1
Mr.Akaradej Rojmeta	7/7	9/9	-	-	1/1	1/1
Mrs.Rawittha Pongnuchit	7/7	6/9	4/4	4/4	1/1	1/1
Mr.Suchat Trisirivattwat	7/7	7/9	4/4	4/4	1/1	1/1
Ms.Romchalee Chanprasit	-	1/9	-	-	-	-
Dr. Pavan Siamchai	7/7	8/9	-	-	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 2011, Solartron held the 2011 Annual General Meeting (AGM) of shareholders on April 29, 2011. All 7 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 2011 AGM of shareholders on April 29, 2011, 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, yearend 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). 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 7 members as follows:-

➤ Executive Directors	3	Persons
➤ Non-Executive Director	1	Person
➤ 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 2011, the Board of Director held 9 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 2011".

5.5 Nomination and Remuneration Committee

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 31 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

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
		2010	2011	
Director	Short-term loan	4,500,000	-	Short-term loan

1. 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
		2010	2011	
Spouse of Mrs.Patama Wongtoythong	Warehouse rental	556,920	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 2011 performance as follows:

Unit : million baht	
Operation Results	2011
Revenue from sales and service	1,266.70
Gross Profit (Loss)	94.33
Financial Status	
Current Asset	1,416.77
Non-Current Assets	440.78
Total Asset	1,857.55
Current Liabilities	858.59
Non-Current Liabilities	20.54
Total Liabilities	879.13
Registered Share Capital	450.00
Premium on share capital	398.23
Surplus on revaluation of fixed assets	34.38
Retained Earnings	
- Appropriated legal reserve	39.68
- un-appropriated	0.52
Total Shareholder Equity	978.43

Financial Ratio	2011	2010	2009
Current Ratio	1.65	1.10	2.13
Quick Ratio	1.18	0.36	0.92
Profit from operation ratio	2.90	(16.83)	(94.23)
Net profit ratio	2.31	(18.22)	(93.89)
Return on Assets	1.90	(3.84)	(12.51)
Total Debt per Equity ratio	0.90	0.61	0.11

Even with the difficulties of the biggest flood, Solatron can perform very good performance and can get rid of negative performance. This will make true turnaround to Solatron.



Solartron Public Company Limited

Annual financial statements
And
Audit Report of Certified Public Accountant

**For the years ended
31 December 2011 and 2010**

Report of the Independent Certified Public Accountants

THE SHAREHOLDERS AND BOARD OF DIRECTORS
SOLARTRON PUBLIC COMPANY LIMITED

We have audited the accompanying statements of financial positions as at 31 December 2011 and 2010, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended for the same periods 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. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we 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. We believe that our audits provide a reasonable basis for my opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Solartron Public Company Limited as of 31 December 2011 and 2010, and the results of its operations and cash flows for the years then ended for the same periods in conformity with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, as described in Note 3.2 to the financial statements, during the year ended 31 December 2011, the Company adopted new accounting standards issued by the Federation of Accounting Professions for the financial year beginning as from 1 January 2011 onwards. The financial statements for the year ended 31 December 2010, as presented herein for comparative purpose, were rearranged in the format in line with the financial statements for the year ended 31 December 2011.



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

Bangkok
28 February 2012

Financial Statements

Solartron Public Company Limited
Statement of Financial Position
As at December 31, 2011 and 2010

(Unit : Baht)

	NOTES	2011	2010
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	128,485,931	9,933,428
Accounts receivable - trade (net)	8	271,063,311	138,507,119
Unbilled receivables	9	3,867,160	14,291,713
Retention receivable	9	53,398,654	5,038,305
Claim receivables from insurance company	4	554,758,673	-
Inventories - net	10	110,387,408	304,730,828
Advance payment for machine and equipment	13	263,100,000	263,100,000
Other current assets	11	31,713,411	29,914,646
TOTAL CURRENT ASSETS		1,416,774,458	765,516,039
NON CURRENT ASSETS			
Restricted fixed deposits at financial institutions	12	59,739,965	66,910,079
Property, plant and equipment - net	13	251,784,439	263,609,122
Intangible assets - net	14	4,739,074	2,701,099
Other assets	15	124,516,507	124,090,268
TOTAL NON CURRENT ASSETS		440,779,985	457,310,568
		1,857,554,443	1,222,826,607

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



Solartron Public Company Limited
Statement of Financial Position (Continued)
As at December 31, 2011 and 2010

(Unit : Baht)

	NOTES	2011	2010
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank overdrafts and short-term loans from financial institutions	16	91,757,401	69,122,088
Accounts payable - trade		149,079,410	277,927,238
Construction revenue received in advance	9	44,429,204	82,116,892
Short-term loan from related party	31.1	-	4,500,000
Current portion of finance leases	18	1,159,401	1,368,919
Provision for flood damages	4	536,391,209	-
Other current liabilities	17	35,770,595	26,486,379
TOTAL CURRENT LIABILITIES		858,587,220	461,521,516
NON CURRENT LIABILITIES			
Liabilities under finance lease - net	18	2,511,213	3,670,614
Convertible debentures	19	13,570,650	-
Retirement benefit obligations	20	4,458,800	-
TOTAL NON CURRENT LIABILITIES		20,540,663	3,670,614
TOTAL LIABILITIES		879,127,883	465,192,130

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



Solartron Public Company Limited
Statement of Financial Position (Continued)
As at December 31, 2011 and 2010

(Unit : Baht)

	NOTES	2011	2010
SHAREHOLDERS' EQUITY			
Share capital			
Registered share capital			
450,000,000 ordinary shares of Baht 1 each	21	450,000,000	300,000,000
(31 December 2010 : 300,000,000 ordinary shares of Baht 1 each)			
Issued and paid-up share capital			
398,233,078 ordinary shares of Baht 1 each	21	398,233,078	300,000,000
(31 December 2010 : 300,000,000 ordinary shares of Baht 1 each)			
Premium on share capital	22	505,617,325	407,250,000
Retained earnings (deficits)			
Appropriated - legal reserve	23	39,677,192	39,650,000
Unappropriated		516,649	(26,360,122)
Other component of equity		34,382,316	37,094,599
TOTAL SHAREHOLDERS' EQUITY		978,426,560	757,634,477
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,857,554,443	1,222,826,607

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



Solartron Public Company Limited
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Unit: Baht)

	NOTES	2011	2010
Revenues			
Revenue from sales of goods with installation and construction of solar power plant		1,242,622,856	226,180,680
Revenue from sales - goods		24,076,787	17,464,508
<u>Less</u> goods returned	25	-	(22,929,670)
Total revenues		1,266,699,643	220,715,518
Cost of sales			
Cost of sales - sales of goods with installation and construction of solar power plant		1,148,479,250	218,609,886
Cost of sales - goods	25	23,886,840	22,146,680
<u>Less</u> goods returned		-	(22,847,576)
Total cost of sales		1,172,366,090	217,908,990
Gross profit		94,333,553	2,806,528
Other income	4	554,758,673	-
Claim revenue from insurance company		1,209,938	264,583
Interest income		(1,757,218)	525,432
Gain (loss) on exchange		2,086,645	1,148,419
Other income		650,631,591	4,744,962
Profit before expenses	4	(554,758,673)	-
Loss from flood damages		(10,522,550)	(13,511,552)
Selling expense		(47,468,774)	(52,448,256)
Administrative expense		(1,989,398)	(2,859,255)
Under normal production capacity expenses		2,616,194	28,372,087
Reversal of allowance for doubtful debts		(1,781,800)	(1,436,200)
Directors' remunerations		36,726,590	(37,138,214)
Gain (loss) before finance cost		(7,439,932)	(3,432,769)
Finance Cost		29,286,658	(40,570,983)
Net loss for the year		(2,712,283)	(2,712,283)
Other comprehensive income		(2,712,283)	(2,712,283)
Depreciation for revaluation of fixed assets		(2,712,283)	(2,712,283)
Other comprehensive income for the year		26,574,375	(43,283,266)
Earnings per Share	24		
Basic earnings (loss) per share	24.1	0.09	(0.14)
Diluted earnings (loss) per share	24.2	0.09	(0.14)

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 2011 AND 2010

(Unit : Baht)

	NOTES	Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity Surplus on revaluation of fixed assets	Total
				Appropriated Legal reserve	Unappropriated		
Balance at 1 January 2010		300,000,000	407,250,000	39,650,000	14,210,861	39,806,882	800,917,743
Total comprehensive income for the year		-	-	-	(40,570,983)	(2,712,283)	(43,283,266)
Balance at 31 December 2010		300,000,000	407,250,000	39,650,000	(26,360,122)	37,094,599	757,634,477
Capital increase during the year	21,22	98,233,078	98,233,078	-	-	-	196,600,403
Legal reserve	23	-	-	27,192	(27,192)	-	-
Cumulative effect of change in accounting policy for employee benefits	3.2.4	-	-	-	(2,382,695)	-	(2,382,695)
Total comprehensive income for the year		-	-	-	29,286,658	(2,712,283)	26,574,375
Balance at 31 December 2011		398,233,078	505,617,325	39,677,192	516,649	34,382,316	978,426,560

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 2011 AND 2010

(Unit: Baht)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss) for the year	29,286,658	(40,570,983)
Adjustments for :		
Depreciation and amortization expenses	11,130,681	10,937,946
Allowance for doubtful debts (reversal)	167,624	(24,236,583)
Unrealized (gain)/loss on foreign exchange rate - net	1,139,259	(314,480)
Allowance for obsolete inventories (reversal)	(85,477)	36,856
Allowance for diminution in value of inventories (reversal)	(2,630,421)	2,747,882
Gain on disposal of fixed assets	-	(912,234)
Interest expenses	7,439,932	3,432,769
Profit(loss) before changes in operating assets and liabilities	46,448,256	(48,878,827)
Changes in operating assets (increase) decrease		
Trade accounts receivable	(132,778,307)	(35,117,400)
Retention receivable	(48,360,259)	(5,038,305)
Unbilled receivables	(10,424,553)	(14,291,713)
Claim receivable from insurance company	(554,758,673)	-
Inventories	197,059,318	(211,712,013)
Other current assets	4,355,356	(22,287,371)
Other non current assets	(426,239)	83,084
Changes in operating liabilities increase (decrease)		
Trade accounts payable	(123,598,142)	217,108,369
Construction revenue received in advance	(37,687,688)	82,116,892
Provision for flood damages	536,391,209	-
Retirement benefit obligation	2,076,105	-
Other current liabilities	9,284,216	67,145,518
Cash generated from operating activities	(97,570,295)	29,128,234
Cash paid for interest expenses	(7,439,932)	(3,432,769)
Withholding income tax deducted at source	(6,154,121)	(1,856,496)
Net cash provided by (used in) operating activities	(111,164,348)	23,838,969

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 2011 AND 2010

(Unit : Baht)

	2011	2010
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in restricted fixed deposits at financial institutions	7,170,114	(20,910,079)
Acquisition of property, plant and equipment	(1,910,856)	(6,714,922)
Acquisition of intangible assets	(2,145,400)	-
Proceeds from disposal of fixed assets	-	1,395,590
Net cash provided by (used in) investing activities	3,113,858	(26,229,411)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	22,300,859	6,287,503
Short-term loan from related party	8,820,000	16,100,000
Repayments of short-term loan from related party	(13,320,000)	(14,600,000)
Increase in long-term finance leases	-	4,659,371
Payments for liabilities under finance leases	(1,368,919)	(925,189)
Cash received from convertible debenture issuance	228,370,650	-
Cash paid for convertible debenture issuance expenses	(18,199,597)	-
Net cash provided by (used in) financing activities	226,602,993	11,521,685
Net increase (decrease) in cash and cash equivalents	118,552,503	9,131,243
Cash and cash equivalents as at 1 January	9,993,428	802,185
Cash and cash equivalents as at 31 December	128,485,931	9,933,428
Additional disclosure items to Cash Flows Statements		
Significant non-cash items consist of:-		
Set aside legal reserve from net profit	27,192	-
Transferring of inventories to property plant and equipment	-	165,247
Amortization of surplus on revaluation of fixed assets	2,712,283	2,712,283
Increase of inventories as result of goods returned	-	22,847,576
Adjustment of retirement benefit obligation of offset beginning retained earnings	2,382,695	-
Increase of ordinary share a result of conversion of convertible debentures	98,233,078	-
Increase of premium on share capital as a result of conversion of convertible debenture	116,566,922	-

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



**SOLARTRON PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2011 AND 2010**

(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 16th 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.

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 the presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011 under the Accounting Act B.E. 2543, and the financial reporting requirements of the Securities and Exchange Commission (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.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

3.1 The new and revised financial reporting standards as announced by the Federation of Accounting Professions, which are mandatory for the financial year beginning on or after 1 January 2011, are as follows:-

Accounting standards

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

Financial reporting standards

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

Financial Reporting Standard Interpretations

TFRIC 15 Agreements for the Construction of Real Estate

Accounting Standard Interpretations

SIC 31 Revenue - Barter Transactions Involving Advertising Services

FAP Announcements

No. 16/2554 Disclosure Guidance on Related Party Transactions with
Government

No. 17/2554 Transitional Procedures for Other Long-term Employee Benefits

No. 18/2554 Accounting Guidance on Revaluation of Assets

No. 19/2554 Accounting Guidance for Condominiums

3.2 EFFECT OF ADOPTION THE NEW AND REVISED TAS AND TFRS

During year ended 31 December 2011, the Company has applied the new and revised above TAS and TFRS (Note 3.1) for preparation and presentation of the financial statements and of which had affected the changes the Company's accounting policies but do not have significant impact to the financial statements being presented, except the following accounting standards:-

3.2.1 TAS 1 (Revised 2009) Presentation of financial statements

The Company has applied TAS 1 (revised 2009) Presentation of Financial Statements. Under the revised TAS, a set of financial statements comprises of

- Statement of financial position
- Statement of comprehensive income
- Statements of changes in shareholders' equity
- Statement of cash flows and
- Notes to the financial statements

As a result, the Company separately presents other comprehensive income previously shown in statement of changes in shareholders' equity and presents those transactions in statement of comprehensive income.

Comparative information has been rearranged so that it is in conformity with the revised standards.

3.2.2 TAS 16 (Revised 2009) Property, Plant and Equipment

The principal changes introduced by the revised TAS 16 which affects the Company are as follows:-

- The depreciation charge has to be determined separately for each significant part of an asset.
- In determining the depreciable amount, the residual value of a property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year end.
- Costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation.

Above changes are adopted prospectively from the year of introduction. However, the revised standard does not have significant impact to the property, plant and equipment of the Company.

3.2.3 TAS 19 Employee Benefits

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

The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different alternatives. The Company intends to adjust the effect of the adoption of this accounting standard with the beginning retained earnings as at 1 January 2011.

3.2.4 Effects of first time adoption of the new and revised financial reporting standards to the Company's financial statements are as follows:-

Adjustment of retained earnings as at 1 January 2011

Statement of financial position

Deficit – unappropriated as of 31 December 2010 previously reported	(26,360,122)
Increase in provision for employee benefit expense	(2,382,695)
Deficit as of 1 January 2011	(28,742,817)

Statement of comprehensive income

Increase in employee benefit expenses	2,076,105
Decrease in basic earnings per share	(0.01)
Decrease in diluted earnings per share	(0.01)

3.3 The new and revised financial reporting standards as announced by the FAP, which are mandatory for the financial year beginning on or after 1 January 2013, are as follows:-

Accounting standards

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

Accounting Standard Interpretations

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

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

However, for TAS 12 "Income Taxes" the Company's management has evaluated the effect of this accounting standard and has not been able to reach a conclusion as to their effect to the financial statements for the year in which it is effective.

4. IMPACT FROM THE FLOOD

Following severe flooding in Thailand in the 4th quarter of 2011, the Company's 34.5 solar power plant project under Consortium agreement in Ayudhaya Province (Percentage of Completion Method as of 31 December 2011: 94.95 percent) had been inundated.

The Company is in the process of claiming for damages under construction all-risk insurance policy. However, as at 31 December 2011, the Company was approved an interim claim payment, the amount of which has fully covered Company's estimated loss. Additional compensation will be received once the loss assessment is complete.

The Company recognized loss from flood incident and compensation from insurance company of Baht 554.76 million in the statement of comprehensive income for the year ended 31 December 2011. In addition, compensation from insurance companies and flood obligation of Baht 554.76 million and Baht 536.39 million, respectively, were shown in the statement of financial position as of 31 December 2011.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 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 comprehensive 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.

Revenue from sales of goods with installation service and construction of solar power plant

Revenue from the sales of goods with installation service and construction of solar power plant is recognised in the statement of the comprehensive 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 revenue from sales of goods with installation service and construction of solar power plants which are long term, the revenue is recognised in the statement of comprehensive 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 statement of financial position.

Other income and expenses

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

5.2 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.

5.3 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.

5.4 Unbilled receivables and construction revenue received in advance

Unbilled receivables comprises 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 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 the customer over the

value of the construction in progress is presented under “Construction revenue received in advance” under current liabilities.

5.5 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 case of manufactured inventories and work-in-progress, cost includes an appropriate allocation of direct labour and 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.

5.6 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 comprehensive income over the lease term.

5.7 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 the 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 statement of comprehensive income.

5.8 Property, plant and equipment and depreciation

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 revalued amounts. The revalued 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 “Surplus on revaluation of fixed assets” under other component of equity in the statement of changes in shareholders equity unless it offsets a previous decrease in value recognised in the statement of comprehensive income in respect of the same asset. A

decrease in value is recognised in the statement of comprehensive income to the extent it exceeds an increase previously recognised in the other component of 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 comprehensive income.

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

5.9 Intangible asset

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

Computer software	5	years
Industrial standard certificate	25	years

No amortisation charged to software under installation.

5.10 Deferred charges

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

5.11 Impairment of assets

The carrying amount of the Company’s assets is reviewed at each of the statement of financial position 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 comprehensive 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 loss is recognised in the statement of comprehensive income.

5.12 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 date of statement of financial position 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 comprehensive income.

5.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Company has obligations in respect of the severance payments, it must make to employees upon retirement under labour law and the pension payment which is post-employment benefits. The Company treats these severance payment and the pension payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from post-employment benefits are recognised immediately in the statements of comprehensive income.

For the first-time adoption of TAS 19 Employee Benefits, the Company intends to adjust the effect of the adoption of the accounting standard with retain earnings (Note 3.2.3)

5.14 Corporate income tax

The Company does not provide income tax expenses for the year because the Company has tax losses carried forward.

5.15 Provision

A provision is recognised in the statement of comprehensive income 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.

5.16 Earnings per share

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

Diluted earnings per share is calculated by dividing net profit for the year by the sum of the weighted average number of ordinary shares in issue during the year and the weighted average number of ordinary shares which might need to be issued for the conversion of the convertible debenture into ordinary shares.

6. 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 allowance 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 materials 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.

7. CASH AND CASH EQUIVALENTS

	2011	2010
Cash on hand	250,000	299,660
Cash in transit	-	504,075
Cash at banks – Checking accounts	953,343	263,727
Cash at banks – Saving accounts	127,282,588	8,865,966
Total	128,485,931	9,933,428

8. ACCOUNTS RECEIVABLE - TRADE (net)

	2011	2010
Trade accounts receivable	288,497,183	155,773,366
<u>Less</u> Allowance for doubtful debts	(17,433,872)	(17,266,247)
Total	271,063,311	138,507,119

	2011	2010
Current	10,075,277	127,236,246
Overdue		
- Not over 3 months	217,254,767	4,422,884
- Over 3 months to 6 months	33,225,870	189,148
- Over 6 months to 12 months	3,253,638	1,546,370
- Over 12 months	24,687,631	22,378,718
Total	288,497,183	155,773,366

During August and December 2010, the Company and one foreign company under the consortium have entered into construction of two Solar Power Plant contracts to one local company at Aydhaya province. The details of the contracts are summarised as follows:-

Contract No.	Plant size (MW)	Contract value	Contract starting periods	Delivery periods	The Company's share of income approximately 36 per cent	Outstanding accounts receivable as of		Retentions as of	
						31 December 2011	2010	2011	2010
1	34.5	2,843	August 2010	November 2011	1,017	184	122	42	4
2	9.43	767	December 2010	November 2011	273	34	1	12	-
		3,610			1,290	218	123	54	4

For the year ended 31 December 2011 and 2010, the revenues of the two contracts were recognised amounting to Baht 1,104 million and Baht 131 million, respectively, in the statements of comprehensive income under the percentage of completion method.

During 2011, the Company has entered into construction contracts for additional work of the abovementioned two main contracts amounting to Baht 21.35 million. For the year ended 31 December 2011, the Company recognised income from these contracts totalling Baht 20.27 million in the statement of comprehensive income under the percentage of completion method.

In August 2011, the Company and one foreign company under the consortium had completed and delivered the second contract power plant to the customer. For the first contract, the delivery period was previously expected to be in November 2011. However, it was affected by the flood incident during October to December 2011. However, according to the conditions of the contract, the consortium is able to extend the delivery date in case of unexpected natural disaster (Force Majeure).

As at 31 December 2011, the Company does not set aside allowance for doubtful debts to its outstanding account receivables and retention receivables from these two contracts totalling Baht 272 million because the flood damages are fully covered from the insurance company (Note 4). Furthermore, the consortium and the counterparty company are in the process of modifying the payment terms. (Note 35.3)

As of 31 December 2011 and 2010, the Company had transferred the right to receive cash collections from its receivable of Baht 1,028.22 million and Baht 773.31 million respectively to several local banks to secure credit facilities granted by the banks (Note 16).

As of 31 December 2011 and 2010, the Company had transferred its right to receive cash collection from its receivable from the first project of Baht 243.8 million to the foreign company, the counterparty

under consortium agreement, who has entered into the consortium agreement with the Company to secure the letter of credit in respect of the purchasing of equipment for solar power plant construction.

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 due to location problem in Myanmar. However, the Department of Alternative Energy Development and Efficiency has 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 2011, the Company was under negotiation process in respect of bringing the goods to be reinstalled at the new location.

9. UNBILLED RECEIVABLES AND CONSTRUCTION REVENUE RECEIVED IN ADVANCE

	2011	2010
Total long-term construction contract value which the Company is entitled to receive	1,328,002,404	1,331,334,416
Retentions as per contract	53,398,564	4,563,181
Unbilled receivables		
Revenue recognised on percentage of completion basis	5,766,400	20,306,566
<u>Less:</u> Value of contract billed	(1,899,240)	(6,014,853)
Unbilled receivables	3,867,160	14,291,713
Construction revenue received in advance		
Value of contract billed	1,299,914,613	213,309,988
<u>Less:</u> Revenue recognised on percentage of completion basis	(1,255,485,409)	(131,193,096)
Construction revenue received in advance	44,429,204	82,116,892

10. INVENTORIES - NET

	2011	2010
Finished goods	55,331,981	33,689,482
Raw materials	53,244,460	55,177,368
Work in process	2,093,943	1,363,916
Spare parts and supplies	919,515	1,255,950
Goods in transit	93,633	217,256,135
	111,683,532	308,742,851
<u>Less</u> Allowance for diminution in value and obsolete of inventories	(1,296,124)	(4,012,023)
Total	110,387,408	304,730,828

11. OTHER CURRENT ASSETS

	2011	2010
Advance payments	5,044,415	7,815,506
Value added tax receivable	699,222	297,192
Withholding income tax deducted at source	10,556,524	4,402,403
Others	15,413,250	17,399,545
Total	31,713,411	29,914,646

12. RESTRICTED FIXED DEPOSITS AT FINANCIAL INSTITUTIONS

This account represents three-month fixed and saving deposits with commercial banks which have been pledged as collateral for bank guarantees issued to certain governmental and private organisations, overdraft lines, and other credit facilities granted by the depository banks (Note 16, 31.1 and 31.2).

13. 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
Cost / Revaluation							
31 December 2010	48,741,254	43,579,830	52,347,058	34,651,888	23,207,862	149,255,795	351,783,687
Acquisition/transferred in	-	18,500	632,720	1,290,851	5,860	-	1,947,931
Disposal/transferred out	-	-	-	-	-	(37,074)	(37,074)
31 December 2011	48,741,254	43,598,330	52,979,778	35,942,739	23,213,722	149,218,721	353,694,544
Accumulated depreciation:							
31 December 2010	10,395,945	13,629,821	51,601,184	20,948,057	17,109,412	-	113,684,419
Depreciation for the year	1,922,288	2,253,642	267,980	4,628,384	1,950,963	-	11,023,257
Depreciation of revaluation	-	-	-	-	-	-	-
31 December 2011	12,318,233	15,883,463	51,869,164	25,576,441	19,060,375	-	124,707,676
Surplus on revaluation:							
31 December 2010	-	8,005,440	31,801,442	-	-	-	39,806,882
Increase during the year	-	-	-	-	-	-	-
31 December 2011	-	8,005,440	31,801,442	-	-	-	39,806,882
Accumulated depreciation - Surplus on revaluation:							
31 December 2010	-	482,164	2,230,119	-	-	-	2,712,283
Increase during the year	-	482,164	2,230,119	-	-	-	2,712,283
31 December 2011	-	964,328	4,460,238	-	-	-	5,424,566
Allowance for impairment loss:							
31 December 2010	10,524,186	1,060,559	-	-	-	-	11,584,745
Increase during the year	-	-	-	-	-	-	-

	Lands and land improvement	Building and Building improvement	Machinery and factory equipment	Furniture, fixture and office equipment	Motor Vehicles	Assets under construction and installation	Total
31 December 2011	10,524,186	1,060,559	-	-	-	-	11,584,745
Net book value:							
31 December 2011	25,898,835	33,695,420	28,451,818	10,366,298	4,153,347	149,218,721	251,784,439
31 December 2010	27,821,123	36,412,726	30,317,197	13,703,831	6,098,450	149,255,795	263,609,122

Depreciation charges for the years are included in:-

	2011	2010
Production cost and cost of goods sold	362,240	361,108
Administrative expenses	9,638,614	9,718,534
Under normal production capacity expenses	1,022,403	673,620
Total	11,023,257	10,753,262

As at 31 December 2011 and 2010, there are certain machinery and equipment and motor vehicles which were fully depreciated and still in use totalling of Baht 85.14 million and Baht 80.48 million respectively.

The Company's lands and land improvement as of 31 December 2011 and 2010, amounting to Baht 26.61 million and Baht 27.71 million, respectively have been mortgaged as collateral under a credit facility agreement with one local bank (Note 16 and 32.3).

As of 31 December 2011 and 2010, the Company has a machinery and equipment purchase agreement with a foreign company (Note 32.5) and paid a partial advance amounting to Baht 263.10 million or Euro 5.6 million which was recorded as advance payment for machinery and equipment account.

As of 31 December 2011 and 2010, the Company has a construction and system implementation agreement with a local consortium (Note 32.6), and paid the partial advance amounting to Baht 129.93 million.

14. INTANGIBLE ASSETS - NET

	Computer software	Industrial Standard certificate	Software under installation	Total
Balance as at 1 January 2011	88	2,032,011	669,000	2,701,099
Purchases	271,400	-	1,874,000	2,145,400
Amortisation for the year	(17,217)	(90,207)	-	(107,424)
Balance as at 31 December 2011	254,271	1,941,804	2,543,000	4,739,075

Amortisation charges for the year are included in administrative expense.

15. OTHER ASSETS

	2011	2010
Advance payments for raw materials (Euro 2.16 million) (Note 32.4)	103,016,826	103,452,000
Deferred charges (Euro 0.34 million) (Note 32.4)	16,909,697	16,983,000
Others	4,589,984	3,655,268
Total	124,516,507	124,090,268

16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Interest rate per annum	2011	Interest rate per annum	2010
Bank overdrafts	5.87 – 6.875	19,696,697	5.88 – 6.40	58,427,977
Trust receipts and promissory notes	1.50 – 7.00	72,060,704	2.47 – 7.00	10,694,111
Total		91,757,401		69,122,088

As at 31 December 2011 and 2010, the Company has overdrafts and other credit facilities with several local banks totalling of Baht 3,126 million and Baht 3,035 million, respectively which are collateralised by the right to receive collections from solar power plant (Note 8), restricted fixed deposits (Note 12), the mortgage of land, plant and machinery (Note 13), the director's personal government bonds, and the director's personal guarantee.

17. OTHER CURRENT LIABILITIES

Other current liabilities as at 31 December 2011 and 2010 consist of the following:-

	2011	2010
Accrued expenses	3,165,386	5,055,612
Accounts payable – construction	5,937,004	5,937,004
Advances received from customers	3,441,976	4,073,729
Output value added tax payable	17,222,236	9,064,850
Others	6,003,993	2,355,184
Total	35,770,595	26,486,379

18. LONG TERM FINANCIAL LEASES - NET

As at 31 December 2011 and 2010, the Company has motor vehicle and equipment hire-purchase agreements with some local leasing companies for the periods between 6 and 47 months. The Company is committed to pay the minimum future lease payments as follows:-

	2011	2010
Within 1 year	1,352,253	1,656,368
1 - 4 years	2,734,930	4,087,183
Total minimum lease payments	4,087,183	5,743,551
<u>Less</u> Deferred interest	(416,569)	(704,018)
Present value of minimum lease payments	3,670,614	5,039,533
<u>Less</u> Portion due within 1 year – net	(1,159,401)	(1,368,919)
Net	2,511,213	3,670,614

19. CONVERTIBLE DEBENTURES

On 29 April 2011, the shareholders in the Annual General Meeting resolved the Company to issue and sell convertible debentures to a specific foreign investor (Private Placement) in the amount not exceeding SGD 20 million.

Details of the convertible debentures are as follows:-

	Descriptions
Type of debentures	- Convertible debentures to be issued to specific or bearer debenture holders with the right to convert to company's ordinary shares.
Amount	- Not exceeding SGD 20 million (Baht 480 million at the exchange rate of Baht 24/SGD) or other equivalent foreign currencies.
Term	- 3 years.
Interest	- 2% per annum.
Exercise period	- Any time as from the issuance date.
Number of ordinary shares - reserved for the convertibility	- Not exceeding 150 million ordinary shares of Baht 1 each.

During the year 2011, details of the convertible debentures issuance and conversions to the ordinary shares are summarised as follows:-

No.	Dates of issuance of convertible debentures	Value	Cash received from issuance of convertible debenture (A)	Date of conversion	Value of convertible debentures exercised (B)	Conversion Price (Unit: Baht)	Number of shares converted (Par value of Baht 1 each)	Premium on share capital	Outstanding convertible debentures as of 31/12/11 (A) - (B)
1	18/5/11	SGD 500,000 or equivalent to Baht 12.0 million	12,055,900	19/5/11	10,800,000	2.4192 ⁽¹⁾	4,464,285	6,335,715	1,255,900
2	24/5/11	SGD 500,000 or equivalent to Baht 12.0 million	12,062,950	24/5/11	12,000,000	2.4288 ⁽¹⁾	4,940,711	7,059,289	62,950
3	24/5/11	SGD 2,000,000 or equivalent to Baht 48.0 million	48,251,800	24/5/11	48,000,000	2.9200 ⁽²⁾	16,438,356	31,561,644	251,800
4	12/7/11	SGD 500,000 or equivalent to Baht 12.0 million	12,000,000	13/7/11	12,000,000	2.7680 ⁽²⁾	4,335,260	7,664,740	-
5	21/7/11	SGD 500,000 or equivalent	12,000,000	22/7/11	12,000,000	2.7680 ⁽²⁾	4,335,260	7,664,740	-

No.	Dates of issuance of convertible debentures	Value	Cash received from issuance of convertible debenture (A)	Date of conversion	Value of convertible debentures exercised (B)	Conversion Price (Unit: Baht)	Number of shares converted (Par value of Baht 1 each)	Premium on share capital	Outstanding convertible debentures as of 31/12/11 (A) - (B)
6	2/8/11	to Baht 12.0 million SGD 1,000,000 or equivalent	24,000,000	3/8/11	12,000,000	2.7680 ⁽²⁾	4,335,260	7,664,740	-
		to Baht 24.0 million		23/8/11	12,000,000	2.6320 ⁽²⁾	4,559,270	7,440,730	
7	30/8/11	SGD 500,000 or equivalent	12,000,000	11/10/11	2,400,000	1.7320 ⁽²⁾	1,385,681	1,014,319	-
		to Baht 12.0 million		16/11/11	9,600,000	1.7320 ⁽²⁾	5,542,725	4,057,275	
8	14/9/11	SGD 500,000 or equivalent	12,000,000	15/11/11	7,200,000	1.7320 ⁽²⁾	4,157,043	3,042,957	-
		to Baht 12.0 million		21/11/11	4,800,000	1.7320 ⁽²⁾	2,771,362	2,028,638	
9	24/11/11	SGD 500,000 or equivalent	12,000,000	25/11/11	12,000,000	1.7320 ⁽²⁾	6,928,406	5,071,594	-
		to Baht 12.0 million							
10	29/11/11	SGD 500,000 or equivalent	12,000,000	30/11/11	12,000,000	1.7320 ⁽²⁾	6,928,406	5,071,594	-
		to Baht 12.0 million							
11	2/12/11	SGD 500,000 or equivalent	12,000,000	6/12/11	12,000,000	1.7320 ⁽²⁾	6,928,406	5,071,594	-
		to Baht 12.0 million							
12	8/12/11	SGD 500,000 or equivalent	12,000,000	8/12/11	12,000,000	1.7520 ⁽²⁾	6,849,315	5,150,685	-
		to Baht 12.0 million							
13	14/12/11	SGD 500,000 or equivalent	12,000,000	14/12/11	12,000,000	1.8000 ⁽²⁾	6,666,666	5,333,334	-
		to Baht 12.0 million							
14	19/12/11	SGD 500,000 or equivalent	12,000,000	28/12/11	12,000,000	1.8000 ⁽²⁾	6,666,666	5,333,334	-
		to Baht 12.0 million							
15	29/12/11	SGD 500,000 or equivalent	12,000,000		-		-	-	12,000,000
		to Baht 12.0 million							
	Total		228,370,650		214,800,000		98,233,078	116,566,922	13,570,650

(1) Floating conversion price at 80 per cent of the average closing price (“ACP”) per share on any five consecutive business days during 30 business days

(2) Floating conversion price at 100 per cent of the average closing price (“ACP”) per share on any five consecutive business days during 45 business days

20. PROVISIONS FOR EMPLOYEE BENEFITS

The Company adopted TAS 19 Employee Benefits as from 1 January 2011 and the effect on the financial statements is disclosed in Note 3.2.4.

The movement in the present value of the defined benefit obligations for the year ended 31 December 2011 is as follows: -

Retirement benefit obligation – 31 December 2010	-
Adjustment of retirement benefit obligation to beginning balance increase (Note 3.2.4)	2,382,695
Retirement benefit obligation – 1 January 2011	2,382,695
Current service cost	829,497
Interest cost	107,221
Actuarial losses	1,139,387
Retirement benefit obligation increase during the year	2,076,105
Retirement benefit obligation - as at 31 December 2011	4,458,800

21. SHARE CAPITAL

On 29 April 2011, the shareholders in the Annual General Meeting passed the resolution to increase the Company's registered capital by Baht 150 million (150 million shares at Baht 1 each) from the current capital of Baht 300 million (300 million shares at Baht 1 each) to Baht 450 million (450 million shares at Baht 1 each) by issuing 150 million ordinary shares at 1 Baht each. The issuance is reserved for the exercise of debenture holders as discussed in Note 19 and the Company had registered the capital increase with the Ministry of Commerce on 2 May 2011.

For the year ended 2011, details of cash received from issuance of convertible debentures and exercising of convertible debenture can be summarised as follows:-

	2011	2010
Cash received from issuance of convertible debentures	228,370,650	-
Exercise of convertible debenture to equity	214,800,000	-
Increase in ordinary shares	98,223,078	-
Increase in premium on share capital	116,566,922	-

(Note 22)

22. 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.

The movement of premium on share capital for the year ended 31 December 2011 is as follows:-

Premium on share capital as at 1 January 2011	407,250,000
<u>Add: Premium from share conversion (Notes 19, 21)</u>	116,566,922
<u>Less: Direct expenses in issuing securities</u>	(18,199,597)
Premium on share capital as at 31 December 2011	<u>505,617,325</u>

23. 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.

For the year ended 31 December 2011, the Company has set aside legal reserve from its net profit amounting Baht 27,192 (31 December 2010: Nil).

24. EARNINGS PER SHARE

24.1 Basic earnings per share

The calculations of basic earnings per share for the year ended 31 December 2011 and 2010 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows :-

	2011	2010
Profit attributable to ordinary shareholder of the Company (Basic)	<u>29,286,657</u>	<u>(40,570,983)</u>
Number of outstanding at the beginning of the period/year	300,000,000	300,000,000
Effect of ordinary share as a result of convertible debenture conversions	<u>27,700,255</u>	-
Weighted average number of ordinary share outstanding (Basic)	<u>327,700,255</u>	<u>300,000,000</u>
Basic earnings per share (Baht)	<u>0.09</u>	<u>(0.14)</u>

24.2 Diluted earnings per share

The calculations of diluted earnings per share for years ended 31 December 2011 and 2010 were based on the profit for the periods attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the periods after adjusting for the effect of dilutive potential ordinary shares as follows:

	2011	2010
Profit attributable to ordinary shareholder of the Company (Basic)	29,286,657	(40,570,983)
Number of outstanding at the beginning of the period/year (Basic)	327,700,255	300,000,000
Effect of ordinary share if outstanding convertible debentures were to be converted	582,136	-
Weighted average number of ordinary share outstanding (Diluted)	328,282,391	300,000,000
Diluted earnings per share (Baht)	0.09	(0.14)

25. GOODS RETURNED DURING THE YEAR

During 2010, the Company received goods returned from one customer at cost amount of Baht 22.85 million (Year 2011 : Nil) 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 22.19 million.

26. 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.

For the year ended 31 December 2011 and 2010, the Company contributed Baht 0.60 million and 0.48 million, respectively, to the provident fund and charged directly to the statement of comprehensive income.

27. 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.

28. 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
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.

29. REVENUE REPORTING OF A PROMOTED INDUSTRY

	For the year ended 31 December 2011		
	Promoted	Non-promoted	Total
	Business	Business	Amount
	(Baht)	(Baht)	(Baht)
Revenues			
Revenues from local sales	56,437,322	1,202,790,148	1,259,227,470
Revenues from export sales	4,165,241	3,306,932	7,472,173
Total	60,602,563	1,206,097,080	1,266,699,643

	For the year ended 31 December 2010		
	Promoted	Non-promoted	Total
	Business	Business	Amount
	(Baht)	(Baht)	(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
Total	22,900,919	197,814,599	220,715,518

30. CLASSIFICATION OF EXPENSES BY NATURE OF EXPENSES

	2011	2010
Management remunerations	19,364,842	13,457,948
Salary, wages, and other personnel benefits	28,645,372	19,722,225
Depreciation and amortisation expenses	11,130,681	10,937,946
Raw materials and supplies used	38,982,234	31,869,681
Changes in finished goods and work in process	22,372,526	2,854,784

31. 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 detail as follows:

Related parties, which have transactions with the Company, are as follows:-

Related parties	Types of business	Relationship	Relationship
		As at 31 December 2011	As at 31 December 2010
Fac Rent Co., Ltd.	Warehouse rental	Co-director' spouse	Co-director' spouse
Mr. Akrađej Rojmeta	-	Director	Director
Mrs. Patama Wongtoythong	-	Director	Director

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

Service fee and rental fee

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

31.1 Balances with the related party as at 31 December 2011 and 2010, is summarised as follows :-

Transactions / Company names	2011	2010
Short-term loan from related party		
Mr. Akrađej Rojmeta	-	4,500,000

Short-term loan from related party is a promissory note which is repayable at call and interest free. The movements for the years ended 31 December 2011 and 2010 are as follows :-

	2011	2010
Balance as at 1 January	4,500,000	3,000,000
Increase during the period	8,820,000	16,100,000
Decrease during the period	(13,320,000)	(14,600,000)
Balance as at 31 December	-	4,500,000

31.2 Transactions with related companies for years ended 31 December 2011 and 2010 are mainly as follows:-

Transactions / Company names	2011	2010
Warehouse rental fee		
Fac Rent Co., Ltd.	556,920	556,920
Total	556,920	556,920

32. COMMITMENTS, LETTERS OF GUARANTEE AND CONTINGENCIES

32.1 As at 31 December 2011 and 2010, 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 146.82 million and Baht 247.19 million, respectively.

32.2 As at 31 December 2011 and 2010, the Company has unused letters of credit with several local banks as follows:

Currency	(Unit : Unit)	
	2011	2010
- US Dollar	-	-
- Euro	-	1,297,418
- Thai Baht	-	19,902,000

As at 31 December 2011 and 2010, the abovementioned letters of guarantee and letters of credit are secured by the pledging of the Company's fixed deposits (Note 12).

32.3 As at 31 December 2011 and 2010, 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 (Note13). 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 2011 and 2010, such loan has not been utilised.

32.4 As at 31 December 2011 and 2010, 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:-

				Unit: Million Euro		
Agreement		Quantities of wafer	Term of delivery	Required advance	Outstanding	
No.	Dated			payments as per contracts	Paid	balances
1.	28/8/06	19,920,000	1/1/09 - 31/12/18	7.5	1.50 ⁽¹⁾	6.00
2.	9/5/07	23,868,000	1/1/10 - 31/12/17	4.5	0.66 ⁽¹⁾	3.84
				12.0	2.16	9.84

⁽¹⁾In 2006, the Company has paid Euro 1.5 million to the supplier and was 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 whereby 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 statements of financial position (Note 15) and to be amortised according to the number of wafer received.

On 1 April 2009, the Company and the supplier had agreed to revise the payment term of the outstanding balance of Euro 9.84 million as follows:-

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 has failed to make payment since 2009. Subsequently, on 6 May 2011 the Company and the supplier agreed to further revise the term of the outstanding advance payments. In addition, the supplier will not charge the interest in arrears to the Company and will keep the contract under the same terms and conditions. The revised advance payments schedule are summarised as follow :-

Due dates	Million Euro
30 June 2011	0.984
31 December 2011	0.984
30 June 2012	0.984
31 December 2012	0.984
30 June 2013	0.984
31 December 2013	0.984
30 June 2014	0.984
31 December 2014	0.984
30 June 2015	0.984
31 December 2015	0.984
Total	9.84

However, up until the date of this report the Company has not yet paid the amount due on 30 June 2011 and 31 December 2011. The meeting is scheduled in March 2012 to negotiate revised payment

schedule of wafer price and volume. The Company management is confident that both parties will resolve with favourable mutual benefits.

As a result, as at 31 December 2011 and 2010, the Company had paid advance payment amounting Euro 2.16 million (Baht 103.45 million) (Note 15) and has the remaining commitment totalling Euro 9.84 million (Baht 406.78 million).

32.5 As at 31 December 2011 and 2010, the Company has a purchase agreement with a foreign company to supply machinery and equipment amounting Euro 17.9 million. Subsequently on 2 June 2009 and 13 July 2011, both parties have amended the value of this agreement to Euro 10.9 million and Euro 11.39 million respectively. The Company had paid partial advances of Euro 5.6 million (Baht 263.10 million) (Note 13) and thus, as at 31 December 2011 and 2010, the Company has commitment under this agreement totalling Euro 5.79 million (Baht 239.36 million) and Euro 5.30 million (Baht 219.42 million), respectively.

32.6 As at 31 December 2011 and 2010, 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 13). Therefore, the Company has the outstanding commitment of Baht 14.78 million.

33. DISCLOSURE OF INFORMATION ON FINANCIAL INSTRUMENTS

33.1 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.

33.2 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 statement of financial position, 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.

33.3 Foreign exchange risk

As at 31 December 2011 and 2010, the Company has assets and liabilities dominated in foreign currencies not covered by any hedging against exchange risk as follows:

	(Unit : Unit)	
	2011	2010
Assets		
Trade accounts receivable		
- USD	30,045	48,762
- Euro	140,283	89,067
Liabilities		
Trust receipts and promissory notes		
- USD	268,744	285,243
- Euro	524,739	41,946
- JPY	-	972,972
Trade accounts payable		
- USD	1,029,689	8,480
- Euro	7,875	5,402,298
- JPY	603,300	-

33.4 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 bank overdrafts and short-term loans from financial institutions.

33.5 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.

33.6 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.

34. CAPITAL MANAGEMENT

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

The Company’s financial positions as at 31 December 2011 and 2010 have debt to equity ratio at 0.90 : 1 and 0.62 : 1 respectively.

35. SUBSEQUENT EVENTS

35.1 Subsequent to reporting date, the Company receives cash from issuance of convertible debentures totalling Baht 84.0 million (SGD 3.5 million equivalent) and the debenture holders have exercised the right to convert to equity totalling Baht 96.0 million (SGD 4.0 million equivalent) at the price of Baht 1.80-1.826 (calculated by using floating conversion price at 100 per cent of the average closing price (“ACP”) per share on any 5 consecutive business days during 45 business days) which ordinary shares have increased by Baht 51.43 million (51,426,645 shares at par value of Baht 1 each) and surplus on share capital has increased by Baht 44.57 million.

Until the reporting date, the Company has received total cash as a result of an issuance of convertible debentures in respect of the resolution of the shareholders in Annual General Meeting on 29 April 2011 totalling Baht 312.37 million. The debenture holders have exercised the right to convert to equity totalling Baht 310.80 million by which ordinary shares have increased by Bah 149.66 million (149,659,723 shares at par value of Baht 1 each), premium on share capital has increased by Baht 161.14 million, and the remaining convertible debenture as of the reporting date were Baht 1,570,650 (55,000 SGD equivalent).

35.2 Due to the flood event in October 2011, on 3 February 2012, the Company and one foreign company under the consortium has entered into Addendum 9.43 MW contract which is an additional project work to restore and complete this flood affected solar power plant.

According to the said Addendum, the project is to be delivered by 30 April 2012, and there are an arrangements for payments of both the Company’s outstanding receivables and retentions as of 31 December 2011 totalling Baht 46 million (Note 8) under the terms and conditions of this Addendum.

35.3 After the date of statement of financial position, the Company and one foreign company under consortium were in the process of entering into Addendum 34.5 MW contract which is an additional project work to restore and complete this flood affected under-construction project work in which the Company under the Consortium have been engaging in. The solar power plant is to be delivered approximately 7 months from the date of signing the contract and the counterparty company agrees to

pay the Company's accounts receivable and retentions as of 31 December 2011 totalling Baht 226 million (Note 8) under the terms and conditions of this draft addendum.

36. RECLASSIFICATION

Certain amounts in the financial statements for the year 2010 have been reclassified to conform to the year 2011 classification but with no effect to previously reported net loss or shareholders' equity.

The significant reclassifications are as follows:

	Before reclassification	Reclassification	After reclassification
Statement of financial position			
Other current assets	33,622,093	(3,707,447)	29,914,646
Intangible assets	2,032,099	669,000	2,701,099
Other assets	121,051,821	3,038,447	124,090,268
Trade accounts payable	223,347,749	54,579,489	277,927,238
Other current liabilities	81,065,868	(54,579,489)	26,486,379

37. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Board of Directors of the Company on 28 February 2012



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