



Bringing renewable technology
down to earth!



NOTES TO 2008 FINANCIAL INFORMATION

In 2008, Solar Direct experienced record sales. Joe Sinkovic, acting CFO, began with the company in January 2008. The goals of the CFO were twofold:

- 1) Become familiar with the business and provide recommendations for improvements in any and all areas
- 2) Secure an outside investor/buyer for the company

The business faced severe cash flow challenges in late 2007 due to excess labor costs in 2007 (reflected in cost of sales). Labor cuts in late December 2007 (when CFO started), together with healthy sales in 2008 and ongoing cost and systems improvements enabled the company to begin its recovery from the 2007 loss. The company was profitable since January 2008, until the change in economic environment came about in September.

The company still has much room for improvement in managing costs, managing sales leads, and overall resource allocation.

The business requires the benefit of sound management decisions. Once those are in place, the business has very high potential due to the fact that several of its assets are underutilized.

GOING FORWARD

Based on the preceding, and factoring in the future of the industry, a great opportunity lies in Solar Direct.

Under new management, the company can definitely be highly profitable. With further investment into growth, the company can become a strong leader in the industry. With an average of over 3,000 hits per day, the company already has the momentum of a highly popular website attracting buyers.

Taking advantage of this momentum by further increasing web traffic en advantage of and traffic increased (essentially with an investment in marketing), sales will increase. Meanwhile, the system for dealing with leads can improved and made systematic and efficient, which would also increase sales. These two factors together with the certain future of the solar industry means that exponential sales are possible. Any investor in the same industry would add still more synergies.

Please refer to the document outlining the key assets of the company and feel free to contact the undersigned to find out more information.

Regards,

Joe Sinkovic, CPA
Chief Financial Officer