

Solar Overseas Netherlands Cooperatie U.A.

Amsterdam, The Netherlands

Annual Report for the year ended 31 March 2018

Address : De Cuserstraat 93, 1081CN Amsterdam

Chamber of Commerce : Amsterdam

File Number : 343 597 08

Contents

	Page
1 Management Report	3-4
2 Balance sheet as at 31 March 2018	5
3 Profit and loss account for the period ended 31 March 2018	6
4 General notes	7-8
5 Notes to the balance sheet as at 31 March 2018	9-11
6 Notes to the profit and loss account for the period ended 31 March 2018	12-13
7 Supplementary Information	14

MANAGEMENT REPORT

The management of Solar Overseas Netherlands Cooperatie U.A. (the Cooperative) herewith submits its annual accounts for the period ended on 31 March 2018.

General

The Cooperative is a company with exclusion of liability, incorporated under the Laws of The Netherlands on 2 October 2009, and have its corporate seat in Amsterdam, with office at De Cuserstraat 93, 1081CN Amsterdam (The Netherlands).

The principal business activity of the Cooperative is to act as an international holding and finance entity.

Results and dividend

The net asset value of the cooperative as at 31 March 2018 amounts to USD 10,577,863 (2017: USD 10,413,734). The result for the year ended 31 March 2018 amounts to a profit of USD 164,129 (2017: a loss of USD 179,970).

The directors do not recommend the payment of any dividend for the period under review.

Financial instruments

The Company does not make use of financial instruments nor of related risk management activities. The group companies shall provide the required funds to the Company in the event that the Company requires additional funds in order to cover its liabilities.

Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

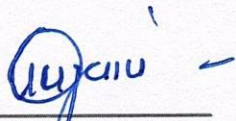
Future outlook

No material changes in activities are contemplated during the next financial year.

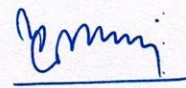
MANAGEMENT REPORT (CONTINUED)

Board of Managing Directors


Amsterdam, 4 July 2018



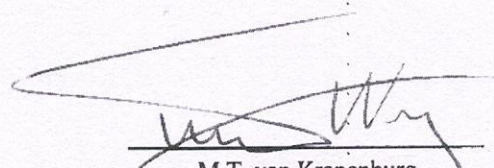
S.N. Nuwal
Director



M. Nuwal
Director



S.W. Veldhuis
Director



M.T. van Kranenburg
Director

BALANCE SHEET AS AT 31ST MARCH 2018
(before proposed appropriation of result)

ASSETS	<i>Notes</i>	31-Mar-18	31-Mar-17
		USD	USD
Fixed Assets			
Financial fixed assets			
Participating interest in subsidiaries	4.1	21,571,400	19,547,321
Loan to group companies	4.2	2,474,845	947,334
		<u>24,046,245</u>	<u>20,494,655</u>
Current Assets			
Receivables	4.3	1,309	326,309
Cash and cash equivalents	4.4	8,032	-
		<u>9,341</u>	<u>326,309</u>
Current Liabilities			
Amount due to group company		2	2
Accruals	4.5	4,004	-
		<u>4,006</u>	<u>2</u>
Balance of current assets less short-term liabilities		5,335	326,307
Balance of assets less short-term liabilities		<u><u>24,051,579</u></u>	<u><u>20,820,962</u></u>
Long-term liabilities			
	4.6	13,473,716	10,407,228
Member accounts and reserves			
	4.7		
Member's accounts		11,547,772	11,547,772
Member accounts reserves		(1,134,038)	(954,068)
Result for the year		164,129	(179,970)
		<u>10,577,863</u>	<u>10,413,734</u>
		<u><u>24,051,579</u></u>	<u><u>20,820,962</u></u>

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2018
(Expressed in USD)

	Notes	<u>2017-18</u> USD	<u>2016-17</u> USD
Operating expense			
General and administrative expenses	4.8	(39,796)	(21,032)
Total operating expense		<u>(39,796)</u>	<u>(21,032)</u>
Financial income/(expense)	4.9	203,925	(158,938)
Total financial income/(expense)		<u>203,925</u>	<u>(158,938)</u>
Result before taxation		<u>164,129</u>	<u>(179,970)</u>
Corporate income tax		-	-
Result after taxation		<u><u>164,129</u></u>	<u><u>(179,970)</u></u>

GENERAL NOTES

1. General

The Co-operative is a company with exclusion of liability, incorporated under the laws of The Netherlands on 2 October 2009, and have its corporate seat in Amsterdam, with office at De Cuserstraat 93, 1081 CN Amsterdam (The Netherlands).

The principal business activity of the Co-operative is to act as an international holding and finance entity. The sole shareholder is Solar Overseas Mauritius Limited, Mauritius.

The Financial Year

The financial year of the company starts on 1st April and ends on 31st March. The period of the current financial statement is from 1st April 2017 to 31st March 2018.

Functional Currency

The functional currency of the Company is the United States Dollars (USD) as the majority of transactions take place in USD.

Consolidation Exemption

No consolidation is performed as the Company decided to apply the exemption for consolidation as is permitted under article 407, title 9 of Book 2 of the Netherlands Civil Code.

Comparison with Previous year

The principles of valuation and determination of the result remained unchanged in comparison with previous year.

Notes to the Cash Flow Statement

In conformity with the exemption provisions of the guidelines for annual reporting in The Netherlands, a Cash Flow Statement is not presented.

Changes in Estimate

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

GENERAL NOTES - (continued)

Accounting Policies

The financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

The Co-operative qualifies as a small sized entity. Therefore, based on article 396 Book 2 of the Netherlands Civil Code, the Co-operative applied certain exemptions in the presentations and disclosures in the financial statements.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise, the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

2. Principles of Valuation of assets and liabilities

Financial Fixed Assets

The Investments in participations have been valued at historical cost plus direct participation attributable costs, such as bank fees, lawyer fees and costs of legal advice. If the equity value of the investment is lower than the cost price, this valuation is adjusted accordingly, provided that the Management considers this to be a permanent diminution in value. Dividend will be recognised in the results as an income when received.

Assets and liabilities

All assets and liabilities for which no other valuation is mentioned are stated at the amounts at which they were acquired or incurred.

Translation of foreign currencies

All monetary assets and liabilities denominated in foreign currencies have been translated into US Dollars at the rate of exchange ruling at the balance sheet date, where as non-monetary assets denominated in foreign currencies are translated at historical rate when transaction took place. All transactions denominated in foreign currencies made during the year under review are translated into US Dollars at rates of exchange ruling on or around the date of the transactions. Foreign exchange gains and losses arising as a result of the application of the above accounting policies are disclosed separately in the profit and loss account.

1 USD at balance sheet date was equal to:

EUR 0.8116 (31 March 2018), EUR 0.9354 (31 March 2017)

3. Principles for the determination of the result

Taxation

The Co-operative is liable for taxation within The Netherlands at prevailing rates, taking into account tax losses carry-forward and tax exempt profit elements and after inclusion of non-deductible costs.

The company is head of the fiscal unity with its Netherlands participation for corporate income tax purposes. In accordance with standard conditions, the company, the company, along with the company that is part of the fiscal entity, are wholly and severally liable for taxation payable by the fiscal unity.

Revenue recognition

Other income and expenses, including taxation, are recognised and reported on an accrual basis.

NOTES TO THE BALANCE SHEET AS AT 31st MARCH 2018

4. Financial Fixed Assets

	<u>31-Mar-18</u> USD	<u>31-Mar-17</u> USD
<u>4.1 Participations</u>		
Solar Explochem Zambia Ltd., Zambia	1,105,000	1,105,000
Nigachem Nigeria LRD, Nigeria	3,689,949	3,689,949
Solar Overseas Netherlands B.V., The Netherlands	12,939,372	12,939,372
Solar Mining Services (South Africa)	3,837,079	1,813,000
	<u>21,571,400</u>	<u>19,547,321</u>

Movements in financial fixed assets can be summarised as follows:

	<u>31-Mar-18</u> USD	<u>31-Mar-17</u> USD
Balance as at April 1	19,547,321	19,496,732
Advances, incorporations and acquisitions	2,024,079	50,589
Balance as at March 31	<u>21,571,400</u>	<u>19,547,321</u>

Solar Explochem Zambia Limited, Zambia

The Co-operative holds 65% of the issued and paid up share capital amounting to Zambian Kwacha (ZMK) 25,626,000 (2012/2013: ZMK 25,626,000) of total issued capital of ZMK 39,413,000 of Solar Explochem Zambia Limited, Zambia. Management is of the opinion that following the regulations of the Netherlands Civil Code an impairment of the cost of the investment in Solar Explochem Zambia Limited and of any amount receivable is not required to be considered.

Nigachem Nigeria Limited, Nigeria

The Co-operative holds 55% of the issued and paid up share capital amounting to Nigerian Naira (NGN) 233,333,333 (2012/2013: NGN 233,333,333) total NGN 424,242,424 of Nigachem Nigeria Limited, Nigeria. Management is of the opinion that following the regulations of the Netherlands Civil Code an impairment of the cost of the investment in Nigachem Nigeria Limited and of any amount receivable is not required to be considered.

Solar Overseas Netherlands B. V., the Netherlands

The Co-operative holds 100% of the issued and paid up share capital amounting to €2,093,960 (2012/2013 : €2,093,960) of Solar Overseas Netherlands B. V., The Netherlands. Management is of the opinion that following the regulations of the Netherlands Civil Code an impairment of the cost of the investment in Solar Overseas Netherlands B.V. and of any amount receivable is not required to be considered.

Solar Mining Services Pty Limited, South Africa

The Co-operative holds 74% of the issued and paid up share capital amounting to South African Rand (ZAR) 65,998,046 (2016/2017 : ZAR 24,419,425) of Solar Mining Services, South Africa. Management is of the opinion that following the regulations of the Netherlands Civil Code an impairment of the cost of the investment in Solar Mining Services Pty Limited, South Africa and of any amount receivable is not required to be considered.

NOTES TO THE BALANCE SHEET AS AT 31st MARCH 2018 - Continued

4.2 Loans to group companies

	<u>31-Mar-18</u>	<u>31-Mar-17</u>
	USD	USD
Solar Overseas Netherlands B.V.	612,429	612,535
Corrections of previous year	2,571	-
Movements during the year	1,446,000	(106)
Total (i)	<u>2,061,000</u>	<u>612,429</u>
Interest receivable Solar Overseas Netherlands B.V.	334,905	273,225
Corrections of previous year	(2,571)	-
Movements during the year	81,510	61,680
Total (ii)	<u>413,845</u>	<u>334,905</u>
Total loan to group companies (i) & (ii)	<u>2,474,845</u>	<u>947,334</u>

According to the loan agreement with Solar Overseas Netherlands B.V. dated July 2, 2012, the loan bears interest at 10% per annum & the same has been amended up-to USD 5,000,000 on February 1, 2018, rate of interest and other provision remains unchanged. There are no fixed repayment terms. During the year under review, interest receivable is USD 413,845 (2016-17: USD 334,905) and is added to the principal.

4.3 Receivables

	<u>31-Mar-18</u>	<u>31-Mar-17</u>
	USD	USD
Other receivables		
VAT receivable	1,309	1,309
Dividend from Solar Explochem Zambia Ld.	-	325,000
Total receivables	<u>1,309</u>	<u>326,309</u>

4.4 Cash at bank

SBI (Mauritius) - USD	5,606	-
SBI (Mauritius)- EUR	2,426	-
	<u>8,032</u>	<u>-</u>

NOTES TO THE BALANCE SHEET AS AT 31st MARCH 2018 (continued)

<u>4.5 Current Liabilities</u>	<u>31-Mar-18</u> USD	<u>31-Mar-17</u> USD
Accruals		
Professional fees	4,004	-
	<u>4,004</u>	<u>-</u>
 <u>4.6 Long Term Liabilities</u>	 <u>31-Mar-18</u> USD	 <u>31-Mar-17</u> USD
Amounts due to shareholders and participating interests		
Loan Solar Overseas Mauritius Ltd.	7,934,500	7,934,500
Movements during the year	3,046,000	-
Total (i)	<u>10,980,500</u>	<u>7,934,500</u>
 Interest payable Solar Overseas Mauritius Ltd.	 2,472,728	 1,927,460
Movements during the year	20,488	545,268
Total (ii)	<u>2,493,216</u>	<u>2,472,728</u>
 Total long term liabilities (i & ii)	 <u>13,473,716</u>	 <u>10,407,228</u>

The loan from Solar Overseas Mauritius Ltd. bears interest at 10% per annum. There are no fixed repayment terms. On February 1, 2018 the loan agreement of dated September 13, 2013 has been amended to USD 20,000,000 and bears interest at 10% per annum. Interest payable USD 2,493,216 (2016-17: USD 2,472,728) is added to the principle.

4.7 Member's accounts & reserves

The Co-operative has members each of them has a member's accounts. As at March 31, 2018 the members contributed in total USD 11,547,772 (2016 17: USD 11,547,772). No interest is payable on the members accounts.

Member's Capital Account

Balance as at April 1	11,547,772	11,494,970
Capital contribution during the period	-	52,802
Balance as at March 31	<u>11,547,772</u>	<u>11,547,772</u>

Member's Reserve Account

Balance as at April 1	(954,068)	(658,552)
Result of previous year	(179,970)	(295,516)
Balance as at March 31	<u>(1,134,038)</u>	<u>(954,068)</u>
 Result for the year	 164,129	 (179,970)
 Total of member accounts and reserves as at March 31	 <u>10,577,863</u>	 <u>10,413,734</u>

The Cooperative has following two members:-

Name	Participation (%)
Solar Overseas Mauritius Limited	99.99%
Solar Industries India Limited	-

NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2018

	<u>2017-18</u> USD	<u>2016-17</u> USD
4.8 General and administrative expenses		
Accounting and legal fees	-	(8,584)
Chamber of Commerce	-	(17)
General expenses	-	(284)
Professional fees	(39,680)	(12,147)
Web hosting charges	(116)	-
	<u>(39,796)</u>	<u>(21,032)</u>
4.9 Financial income and (expenses)		
Dividend from participation	975,000	575,000
Interest income from loan	81,510	61,680
	<u>1,056,510</u>	<u>636,680</u>
Interest expense on loan	(850,488)	(793,450)
Interest and bank charges	(1,494)	(1,963)
Currency exchange results	(603)	(205)
	<u>(852,585)</u>	<u>(795,618)</u>
Total financial income and (expenses)	203,925	(158,938)
Result before taxation (4.7+4.8)	<u>164,129</u>	<u>(179,970)</u>
Corporate income tax	-	-
Result for the year	<u><u>164,129</u></u>	<u><u>(179,970)</u></u>

5. Directors

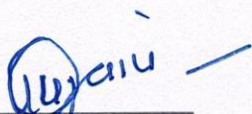
During the year under review, the Company had four directors of which the resident directors have received € Nil (2016/17: € Nil) in that capacity.

6. Employees

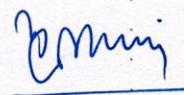
The Company has no employees and hence incurred no salaries, wages and/or related social security charges during the year under review.

NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH 2018
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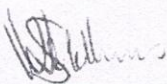
Amsterdam, 4 July 2018



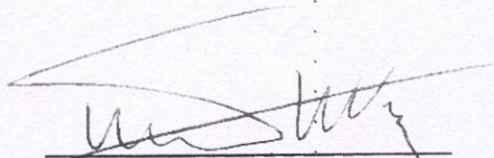
S.N. Nuwal
Director



M. Nuwal
Director



S.W. Veldhuis
Director



M.T. van Kranenburg
Director

7. SUPPLEMENTARY INFORMATION

Audit

The Cooperatie has utilized the exemption from an audit by virtue of Article 396, paragraph 7, Title 9, Book 2 of the Netherlands Civil Code.

Statutory rules concerning appropriation of result

In Article 22 of the co-operative's statutory regulations the following has been presented concerning the appropriation of result :

22.8 The General meeting of members is entitled to reserve or to distribute the profits, as appears from the annual accounts, in whole or in part. A positive balance of the profit and loss account shall be distributed to the members of the co-operative or allocated to the reserve accounts of the members pro rata to the amount of their member accounts at the end of the financial year concerned, provided that a distribution can only be made after a deficit, if any, on the reserve accounts of the members is settled.

22.9 Losses of the Cooperative shall be allocated first to the reserve accounts of the members in proportion to the amount of their member accounts, and finally to the member account in proportion to the amount of their member accounts.

Proposed appropriation of the result

During the year under review the Cooperative incurred a profit of USD 164,129 which has been included in the Member's reserve account in Member's equity.

Subsequent events

No events which may substantially effect the financial position of the company and which are relevant to be included in the annual accounts have occurred after the balance sheet date.

Auditor's opinion

As the Company is regarded as a small company, no audit is performed as permitted under Article 396, Title 9 of Book 2 of the Netherlands Civil Code.