CONTENTS

COMPANY INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	: Zambia
COMPANY REGISTRATION	: L.C.O 79731
TAX PIN	: 1001953671
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	: Manufacturing of explosives and trading in accessories : ISO 9001:2008 Certified
BOARD OF DIRECTORS	: Sydney Chisenga : Suresh Menon : Shaileshkumar Sangrajka : Milind Bhalchandra Deshmukh : Caroline Misodzi
CHIEF OFFICERS	: Mr. C.A.Bensam : Mr.V.T. Reddy
REGISTERED OFFICE	: Plot No. L/38251M : Luano Area : Kitwe-Chingola Road : Copperbelt Province : ZAMBIA
PRINCIPAL PLACE OF BUSINESS	: Plot No. L/38251M : Luano Area : Kitwe-Chingola Road : Copperbelt Province : ZAMBIA : Telephone +260-212-251219
POSTAL ADDRESS	: P. O. Box 22831 Chambeshi Copperbelt ZAMBIA
INDEPENDENT AUDITOR	: PKF Zambia Chartered Accountants
COMPANY SECRETARY	: Messrs Corpus Globe Consultants Limited
PRINCIPAL BANKERS	: Indo Zambia Bank Plc : First National Bank Zambia Limited
SHAREHOLDERS	: Solar Overseas Netherlands Cooperatie UA, incorporated in Neitherlands : Ortin Investments Limited, incorporated in U.A.E.

REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31 March 2017, which disclose the state of affairs of the company.

INCORPORATION

The company was incorporated on 29 July 2009.

PRINCIPAL ACTIVITIES

The principal activity of the company is the manufacturing of explosives and trading in accessories.

RESULTS	2017 ZMW	2016 ZMW
Profit/(loss) before tax	8,545,600	35,507,819
Tax (charge)/credit	7,873,353	(1,127,975)
Profit/(loss) for the year	**16,418,953**	**34,379,844**

SHARE CAPITAL

There were no changes in authorised and issued share capital during the year.

DIVIDEND

The Directors have recommend the declaration of a dividend for the year 4,780,000 (2016: ZMW 5,663,000).

PROPERTY, PLANT AND EQUIPMENT

Details of major changes in property, plant and equipment are as follows:

The company purchased fixed assets amounting to ZMW 1,132,585 (2016: ZMW 1,808,094)

HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The company continues to provide and maintain optimum standards of safety and house keeping required for the upkeep of the health and safety of employees.

SUBSEQUENT EVENTS

There were no subsequent events that the Directors of the company are aware of.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS

The Directors who held office during the year and to the date of this report are shown on page 1.

INDEPENDENT AUDITOR

The company's auditor during the year was PKF Zambia Chartered Accountants. They have indicated willingness to continue in office in accordance with the Zambian Companies Act, 1994 (CAP. 388).

BY ORDER OF THE BOARD

DIRECTOR

22 May 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Zambia Companies Act, 1994 (CAP. 388) requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The Directors are safeguarding the assets of the company.

The Directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
ii) selecting and applying appropriate accounting policies; and
iii) making accounting estimates and judgements that are reasonable in the circumstances.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 March 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Zambian Companies Act, 1994 (CAP. 388).

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

Approved by the Board of Directors on 22 May 2017 and signed on its behalf by:

DIRECTOR

DIRECTOR

PKF Zambia
Chartered Accountants

Accountants &
business advisers

Report of the independent auditor to the members of Solar Explochem Zambia Limited

Opinion

We have audited the financial statements of Solar Explochem Zambia Limited, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and the Companies Act, 1994 (Cap 388).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the company information, report of the directors and the schedule of expenditure but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Directors report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS for SMEs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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PKF Zambia Chartered Accountants • 4th Floor, Compensation House • Broadway • P.O. Box 70998 • Ndola • Zambia

Partners: Anthony Ranjan, Stephen Chibwe, Rajarathnam Ravisankar, Simon Njelemba, Kiran Naik.

Report of the independent auditor to the members of Solar Explochem Zambia Limited (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Companies Act, 1994 (Cap. 388), we report to you, based on our audit, that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
iii) The company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

PKF Zambia

PKF ZAMBIA
CHARTERED ACCOUNTANTS

R. Ravi Sankar
Partner

22nd May **2017**

The Engagement partner responsible for the audit resulting in this independent auditors report is R.Ravi Sanker- Practice AUD/F000337

REF: RRS/N097/S007N/2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHESIVE INCOME

	Notes	2017 ZMW	2016 ZMW
Revenue	3	122,915,119	138,625,983
Cost of sales		(68,459,852)	(78,908,793)
Gross profit/(loss)		54,455,267	59,717,190
Other income	4	10,293	6,670
Administrative expenses		(8,731,903)	(10,020,160)
Other operating expenses		(34,968,712)	(10,353,590)
Operating profit/(loss)	5	10,764,945	39,350,110
Finance (costs)/income	6	(2,219,345)	(3,842,291)
Profit/(loss) before tax		8,545,600	35,507,819
Tax (charge)/credit	7	7,873,353	(1,127,975)
Profit for the year		16,418,953	34,379,844
Total comprehensive income for the year		16,418,953	34,379,844

The notes on pages 11 to 22 form an integral part of these financial statements.

Report of the independent auditor - pages 5 and 6.

STATEMENT OF CHANGES IN EQUITY

	Notes	Ordinary Share Capital ZMW	Share premium ZMW	Retained income ZMW	Total equity ZMW
Year ended 31 March 2017					
At start of year		39,413	7,833,237	56,068,042	63,940,692
Total comprehensive income for the year:					
Profit for the year		-	-	16,418,953	16,418,953
Dividends paid		-	-	(4,780,000)	(4,780,000)
At end of year		39,413	7,833,237	67,706,995	75,579,645
Year ended 31 March 2016					
At start of year		39,413	7,833,237	27,351,198	35,223,848
Total comprehensive income for the year:					
Profit for the year		-	-	34,379,844	34,379,844
Dividend Paid		-	-	(5,663,000)	(5,663,000)
At end of year		39,413	7,833,237	56,068,042	63,940,692

The notes on pages 11 to 22 form an integral part of these financial statements.

Report of the independent auditor - pages 5 and 6.

STATEMENT OF FINANCIAL POSITION

	Notes	2017 ZMW	2016 ZMW
EQUITY			
Share capital	9	39,413	39,413
Share premium	9	7,833,237	7,833,237
Retained earnings		67,706,995	56,068,042
Equity attributable to owners of the company		75,579,645	63,940,692
Non-current liabilities			
Borrowings	10	3,107,000	15,643,758
Deferred tax	12	-	3,385,204
Provisions	17	112,145	166,934
		3,219,145	19,195,896
		78,798,790	83,136,588
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	11	17,521,808	21,772,432
Deferred tax	12	6,277,527	-
		23,799,335	21,772,432
Current assets			
Inventories	13	20,757,765	28,838,119
Trade and other receivables	14	83,603,378	44,135,941
Cash and cash equivalents	15	9,189,713	1,379,783
		113,550,856	74,353,843
Current liabilities			
Current tax payable		1,789,378	2,335
Trade and other payables	16	56,663,541	12,499,393
Provisions	17	98,482	387,779
Borrowings	10	-	100,180
		58,551,401	12,989,687
Net current assets/(liabilities)		54,999,455	61,364,156
		78,798,790	83,136,588

The financial statements on pages 7 to 22 were approved and authorised for issue by the Board of Directors on 22 May 2017 and were signed on its behalf by:

DIRECTOR DIRECTOR

The notes on pages 11 to 22 form an integral part of these financial statements.

Report of the independent auditor - pages 5 and 6.

STATEMENT OF CASH FLOWS

	Notes	2017 ZMW	2016 ZMW
Cash flows from operating activities			
Profit/(loss) before tax		8,545,600	35,507,819
Adjustments for:			
Depreciation on property, plant and equipment	11	5,383,205	5,091,406
Impairment of property, plant and equipment	11	-	-
Interest expense	6	2,219,345	3,842,291
Net foreign exchange (gain)/loss	17	(344,086)	-
Changes in working capital:			
- inventories		8,080,354	(7,759,425)
- trade and other receivables		(39,467,433)	(2,542,291)
- trade and other payables		44,164,148	(22,813,843)
Tax paid		(2,335)	-
Net cash from/(used in) operating activities		28,578,798	11,325,957
Cash flows from investing activities			
Cash paid for purchase of property, plant and equipment	11	(1,132,585)	(1,808,094)
Net cash from/(used in) investing activities		(1,132,585)	(1,808,094)
Cash flows from financing activities			
Proceeds from:			
- borrowings		(12,536,758)	(5,752,302)
Interest paid		(2,219,345)	(3,842,291)
Dividends paid:			
- ordinary shareholders		(4,780,000)	(5,663,000)
Net cash from/(used in) financing activities		(19,536,103)	(15,257,593)
Increase/(decrease) in cash and cash equivalents		7,910,110	(5,739,730)
Movement in cash and cash equivalents			
At start of year		1,279,603	7,019,333
Increase/(decrease)		7,910,110	(5,739,730)
At end of year	15	9,189,713	1,279,603

The notes on pages 11 to 22 form an integral part of these financial statements.

Report of the independent auditor - pages 5 and 6.

NOTES: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 General Information

The company is a limited liability company incorporated and domiciled in Zambia. The address of its registered office is in Chambeshi and principal place of business is in Chambeshi. Their principal activities are manufacturing of explosives and trading in accessories.

2 a) Basis of preparation

The financial statements of Solar Explochem Zambia Limited have been prepared in accordance with the 'International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs). They have been prepared under the historical cost convention, as modified by the revaluation of biological assets at fair value.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2 (b).

These financial statements comply with the requirements of the Zambian Companies Act, 1994 (CAP.388). The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the Director's report and in the statement of profit or loss and the other comprehensive income. The financial position of the company is set out in the statement of financial position.

Based on the financial performance and position of the company and its risk management policies, the Directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is shown net of value added tax, returns rebates and discounts and after eliminating sales within the company.

The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities.

i) Sales of goods are recognised upon delivery of products and customer acceptance;
ii) Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable;
iii) Sale of financial assets: comprises the fair value of the consideration received or receivable for the sale of financial assets in the ordinary course of business.

NOTES:SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2) **Basis of preparation (continued)**

d) **Property, plant and equipment**

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Freehold and leasehold land, buildings and plant and machinery are subsequently shown at market value, based on periodic valuations less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the retained earnings to revaluation reserve.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land and capital work in progress are not depreciated.

Leasehold land is depreciated over the remaining period of the lease.

Depreciation is calculated on straght line method to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	Rate (%)
Buildings	5
Plant and machinery	20
Furniture and fittings	10
Motor vehicles	20
Computer equipment	20
Electrical installation	10

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.

e) **Impairment of non-financial assets other than inventories**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are companied at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) **Trade and other receivables**

Trade receivables are initially recognised at the transaction price. They are subsequently measured at amortised cost using the effective interest method.

At the end of each reporting period, the carrying amounts of trade receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

g) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and financial assets with maturities of less than 91 days, net of bank overdrafts, money market lines and restricted cash balances.

Restricted cash balances are those balances that the company cannot use for working capital purposes as they have been placed as a lien to secure borrowings.

In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

h) **Inventories**

Inventories comprise harvested products, materials and parts and are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) basis and comprises all costs attributable to bringing the assets to their current location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

j) **Borrowings**

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

j) **Trade payables**

Trade payables are recognised initially at the transaction price. They are obligations on the basis of normal credit terms and do not bear interest.

Trade payables denominated in a foreign currency are translated into the functional currency using the exchange rate at the reporting date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

k) **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Zambian Kwacha at rates ruling at the transaction dates. Assets and liabilities at the statement of financial position date which are expressed in foreign currencies are translated into Zambian Kwacha at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

NOTES: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Provisions

Provisions for restructuring costs and legal claims are recognised when: the company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

m) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income and equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on temporary differences (other than temporary differences associated with unremitted earnings from foreign subsidiaries and associates to the extent that the investment is essentially permanent in duration, or temporary differences associated with the initial recognition of goodwill) arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

n) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

o) Employee benefit obligations

The company and its employees contribute to the National Pension Scheme Authority (NAPSA), a statutory defined contribution scheme registered under the NPS Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

Accrued leave
The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

p) Impairment of assets

At each reporting date, property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

q) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

r) Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

s) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES (CONTINUED)

3. Revenue

	2017 ZMW	2016 ZMW
Revenue from domestic sale of goods	99,298,694	89,613,385
Revenue from export sale of goods	23,616,425	49,012,598
	122,915,119	138,625,983

4. Other income

	2017 ZMW	2016 ZMW
Other income	10,293	6,670
	10,293	6,670

5. Operating profit/(loss)

	2017 ZMW	2016 ZMW
The following items have been charged/(credited) in arriving at operating profit/(loss):		
Depreciation on property, plant and equipment	5,383,205	5,091,405
Auditors' remuneration		
- current year	124,381	166,245
Exchange differences	24,105,829	142,432
Staff costs	4,652,045	5,299,095

6. Finance costs/(income)

	2017 ZMW	2016 ZMW
Interest expense:		
- loans	1,396,517	1,613,050
- other interest charges - term loan	-	688,497
- other interest charges - Bank	822,828	1,540,744
	2,219,345	3,842,291

7. Tax

	2017 ZMW	2016 ZMW
Current tax	1,789,378	2,335
Deferred tax charge/(credit) (Note 13)	(9,662,731)	1,125,640
Tax charge/(credit)	(7,873,353)	1,127,975

8. Tax (continued)

	2017 ZMW	2016 ZMW
The tax on the company's profit/(loss) before tax differs from the theoretical amount that would arise using the basic rate as follows:		
Profit/(loss) before tax	8,545,600	35,507,819
Tax calculated at a tax rate of 35% (2016: 35%)	2,990,960	12,427,737
Tax effect of:		
- expenses not deductible for tax purposes	11,005,185	2,033,667
- expenses deductible for tax purposes	(978,280)	(2,963,444)
- Other timing differences	(9,662,731)	1,125,640
- Tax effect of tax holiday	(11,228,487)	(11,495,625)
Tax charge/(credit)	(7,873,353)	1,127,975

9. Share capital

	2017 ZMW	2016 ZMW
Authorised:		
39,413 (2016: 39,413) ordinary shares of ZMW 1 each	39,413	39,413
Issued and fully paid:		
39,413 (2016: 39,413) ordinary shares of ZMW 1 each	39,413	39,413
Share premium	7,833,237	7,833,237
	7,872,650	7,872,650

10. Borrowings

Non current		
Loan from related party- Ortin investments	-	5,253,995
Loan from related party - Solar Overseas Mauritius	-	10,389,763
	3,107,000	15,643,758
Current		
Bank Overdraft	-	100,180
Total borrowings	3,107,000	15,743,938

Security

The company has a USD2 million overdraft facility with First National Bank that is subject to review on 31 January 2018, and is secured by:

- First mortgage debenture (covers land plus maovables including debtors) over Lot 38251 Chambishi, Copperbelt, Zambia;
- Valuation dated 25 November 2013 conducted by Bitrust Real Estate detailed as: Land & Building valued at USD1,214,545.46; moveable assets valued at USD3,043,973 (control panel, pumps, air compressor, silos, laboratory equipment, folk lift, chilling unit, cooling tower, water condensation tank, jet mixer, KP machine, crimbing machine & motor vehicles);
- Mortgage debenture includes stock comprising raw materials and finished goods valued at USD1,096,288.12 as at 30 November;
- Cession of receivables, good debtors less than 90 days old valued at UAS1,712,184 as at 30 November 2016 (extended at 55% of invoice value totals);
- Letter of confort from parent company, Solar Industries India Ltd; and
- First legal mortgage over 20 Hectare property (adjacent to Lot 38251 and to be notarially tied).

NOTES (CONTINUED)

11. **Property, plant and equipment**

Year ended 31 March 2017

	Land ZMW	Buildings ZMW	Plant and machinery ZMW	Furniture, fixture and equipment ZMW	Motor Vehicles ZMW	Office equipment ZMW	Computers ZMW	Electrical installation ZMW	Capital work in progress ZMW	Total ZMW
Cost										
At start of year	173,473	9,637,967	16,280,744	153,396	6,754,475	48,351	145,056	1,885,526	1,463,314	36,542,302
Additions	10,000	38,594	499,552	10,185	532,530		1,724		40,000.00	1,132,585
At end of year	183,473	9,676,561	16,780,296	163,581	7,287,005	48,351	146,780	1,885,526	1,503,314	37,674,887
Comprising										
Cost	183,473	9,676,561	16,780,296	163,581	7,287,005	48,351	146,780	1,885,526	1,503,314	37,674,887
Valuation	-	-	-	-	-	-	-	-	-	-
	183,473	9,676,561	16,780,296	163,581	7,287,005	48,351	146,780	1,885,526	1,503,314	37,674,887
Depreciation										
At start of year	-	1,545,859	8,178,456	60,967	4,193,155	30,221	69,841	691,368	-	14,769,867
Charge for the year	-	482,062	3,268,238	15,941	1,389,557	9,671	29,183	188,553	-	5,383,205
At end of year	-	2,027,921	11,446,694	76,915	5,582,712	39,892	99,024	879,921	-	20,153,079
Net book value										
As at 31 March 2017	183,473	7,648,640	5,333,602	86,666	1,704,293	8,459	47,756	1,005,605	1,503,314	17,521,808
As at 31 March 2016	173,473	8,092,108	8,102,288	92,429	2,561,320	18,130	75,215	1,194,158	1,463,314	21,772,432

12. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 35% (2016: 35%). The movement on the deferred tax account is as follows:

	2017 ZMW	2016 ZMW
At start of year	3,385,204	2,259,564
Charge/(credit) to profit or loss (Note .7)	(9,662,731)	1,125,640
At end of year	(6,277,527)	3,385,204

Deferred tax (assets)/liabilities, deferred tax charge/(credit) to other comprehensive income deferred tax charge/(credit) to equity and deferred tax charge/(credit) in profit or loss are attributable to the following items:

	At start of year ZMW	Charge/ (credit) to profit or loss ZMW	At end of year ZMW
Deferred tax liabilities			
Property, plant and equipment			
- accelerated tax depreciation	3,400,388	(1,507,594)	1,892,794
	3,400,388	(1,507,594)	1,892,794
Deferred tax assets			
Other timing differences	15,184	8,155,137	8,170,321
	15,184	8,155,137	8,170,321
Net deferred tax liability/(asset)	3,385,204	(9,662,731)	(6,277,527)

NOTES (CONTINUED)

13. Inventories

	2017 ZMW	2016 ZMW
Raw materials, components	13,892,406	17,975,972
Work-in-progress	101,250	83,588
Finished goods	3,626,059	7,670,891
Consumables, maintenance spares and electrical apares	3,138,050	3,107,668
	20,757,765	28,838,119

14. Trade and other receivables

	2017 ZMW	2016 ZMW
Current		
Trade receivables	82,116,481	43,317,197
Less: impairment provisions	(1,510,460)	-
Net trade receivables	80,606,021	43,317,197
Advances from suppliers	2,895,432	-
VAT Recoverable	-	-
WHT receivable	1,543	-
Employee costs in advance	-	14,587
Other receivables	100,382	804,157
	83,603,378	44,135,941

15. Cash and cash equivalents

	2017 ZMW	2016 ZMW
Cash at bank and in hand	9,189,713	1,379,783

For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following:

	2017 ZMW	2016 ZMW
Cash in hand	93,204	33,483
Cash at bank	9,096,509	1,346,300
Bank overdraft	-	(100,180)
	9,189,713	1,279,603

NOTES (CONTINUED)

16. Trade and other payables

	2017 ZMW	2016 ZMW
Current		
Trade payables	7,763,545	11,507,276
Amounts received in advance	49,071,393	-
Statutory liabilities	142,477	254,146
VAT payable	(488,197)	558,444
Accrued bonus	-	52,520
Other payables	174,323	127,007
	56,663,541	12,499,393

17. Provisions

	Other provision ZMW	Gratuity and long service ZMW	Total ZMW
At start of year	387,779	166,934	554,713
Additional provisions during the year	226,129	125,275	351,404
Utilised during the year	(515,426)	(180,064)	(695,490)
At end of year	98,482	112,145	210,627

18. Related party transactions and balances

The payments to related party's are interest free, unsecured and have no specific repayment dates.

i) Purchases of goods and services from related party's.

	2017 ZMW	2016 ZMW
Triton investments Ltd	2,156,303	-
Solar Industries India Limited	1,468,874	-
	3,625,177	-

ii) **Outstanding balances arising from sale and purchase of goods/services**

	2017 ZMW	2016 ZMW
Receivables from related parties		
- Other related parties	5,325,912	-

The receivables from related parties are interest free, have no specific dates of repayment and are unsecured.

Payable to related parties		
- Other related parties	9,181,868	7,679,397

The payables to related parties are interest free, have no specific dates of repayment and are unsecured.

iii) **Key management personnel compensation**

Short term employee benefits		
	-	-

No provision has been required in 2017 and 2016 for the loans made to key management personnel and associates.

NOTES (CONTINUED)

19. Retirement benefit obligations

The company operates a gratuity scheme for qualifying employees which qualifies as a defined benefit scheme.

The amounts recognised in the statement of financial position are determined as follows:

	2017 ZMW	2016 ZMW
Statement of financial position obligation for:		
Pension benefits	112,145	166,934
Statement of comprehensive income for:		
Pension benefits	125,275	237,924

20. Events after the end of the reporting date

There were no significant events after the reporting period that could materially affect the financial statements.

21. Period of reporting

The financial statements have been prepared for a period of 12 months/12 months

22. Presentation currency

The financial statements are presented in Zambian Kwacha, rounded to the nearest Kwacha.

23 Commitments

The company had no capital commitments at the end of the year.

MANUFACTURING ACCOUNT

		2017 ZMW	2016 ZMW
1.	**COST OF SALES**		
	Cost of raw and packing materials consumed (1.1)	62,386,019	74,360,447
	Production costs (1.2)	5,532,668	5,749,718
	Changes in finished goods and semi finished goods	541,165	(1,201,372)
	TOTAL COST OF SALES	68,459,852	78,908,793
1.1)	**COST OF RAW AND PACKING MATERIALS CONSUMED**		
	Opening stock	14,784,716	14,025,890
	Purchases	58,254,409	75,119,273
	Closing stock	(10,653,106)	(14,784,716)
	TOTAL COST OF RAW AND PACKING MATERIALS CONSU	62,386,019	74,360,447
1.2)	**PRODUCTION COSTS**		
	Salaries and wages	2,094,052	2,330,912
	Vehicle running and maintenance	677,764	648,369
	Factory expenses	715,418	892,189
	Petrol, gas and oil	545,746	813,008
	Repairs and maintenance	1,499,688	1,065,240
	TOTAL PRODUCTION COSTS	5,532,668	5,749,718

SCHEDULE OF OTHER OPERATING EXPENDITURE

	2017 ZMW	2016 ZMW
2. ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	2,309,872	2,521,607
Staff welfare	119,753	81,822
Gratuity	125,275	237,924
Staff training expenses	20,417	13,811
Statutory expenses	1,839,739	2,077,285
Other staff costs	236,989	366,646
Total employment costs	4,652,045	5,299,095
Other administrative expenses:		
Advertising and sales promotion	135,964	135,929
Audit fees		
- Current year	124,381	166,245
Postages and telephones	202,453	238,254
Printing and stationery	86,642	90,361
Computer expenses	78,883	102,783
Legal and professional fees	87,356	74,006
Interest and Penalty	254,427	-
Consumption of consumables	103,520	475,585
Rates and taxes	86,537	88,804
Bank charges and commissions	322,274	269,895
Outward Delivery Freignt charges	1,047,186	3,068,091
Bad debts written off	1,510,460	-
Office expenses	39,775	11,112
Total other administrative expenses.	4,079,858	4,721,065
Total administrative expenses.	**8,731,903**	**10,020,160**

SCHEDULE OF OTHER OPERATING EXPENDITURE (CONTINUED)

3. **Other operating expenses**	**2017**	**2016**
	ZMW	**ZMW**
Establishment:		
Rent and rates	2,165,090	1,510,723
Insurance	280,732	283,383
Security expenses	359,358	368,162
Foreign exchange (gain)/loss	24,105,829	142,432
Depreciation on property, plant and equipment	5,383,205	5,091,405
Donations	4,631	6,000
Travel local and international	1,777,907	2,132,354
Conveyance expenses	604,503	563,775
Export sales commission	287,023	252,901
Miscellaneous expenses	434	2,455
Total other operating expenses	**34,968,712**	**10,353,590**

4. NET FINANCE (INCOME)/COSTS

Interest expense:		
- loans	1,396,517	1,613,050
- other interest charges - term loan	-	688,497
- other interest charges - Bank	822,828	1,540,744
Total net finance (income)/costs	**2,219,345**	**3,842,291**