SOLAR MINING SERVICES PTY LTD
ACN 142 081 598

FINANCIAL REPORT
FOR THE YEAR ENDED
31 MARCH 2018

Von

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 March 2018.

Directors

The names of the directors in office at any time during or since the end of the year are:

Ian Taylor Smith

Suresh Menon

Manish Nuwal

Vetkav Ramesh Subramanian

Vaidyanathan Krishnaswami (appointed 17 January 2018)

John Muir (appointed 17 January 2018)

Peter Ian Richards (appointed 17 January 2018)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The company incurred a total comprehensive loss of $1,158,854 for the financial year ended 31 March 2018 (2017: loss of $121,875).

The company has decided to enter into the Bulk explosives market, which is substantially different from the trading activity undertaken over the last year. Bulk explosives involves fixed and mobile equipment as well as significant regulatory and customer compliances. All the above is considered in a one to two year timeframe.

The company has also started engaging with key customers pursuing opportunities for establishing Bulk emulsion explosive facilities. The company has developed a strategic plan for moving the business and has started recruiting for some key roles.

Going Concern

The company incurred a total comprehensive loss of $1,158,854 for the financial year ended 31 March 2018 (2017: loss of $121,875) and the company had net liabilities of $1,042,628 as at 31 March 2018 (2017: net assets of $116,226). Notwithstanding the financial results and position of the company, the directors have deemed it appropriate to use the going concern basis of accounting in the preparation of the financial report.

The immediate parent entity, being Solar Overseas Singapore Pte Ltd, has undertaken to provide immediate financial support to the company in case of financial difficulties provided that the company's directors have submitted a reasoned application for that purpose. Solar Overseas Singapore Pte Ltd will, if necessary, invest additional funds essential to ensure that the company will continue as a going concern.

In turn, Solar Overseas Singapore Pte Ltd's immediate parent entity, being Solar Overseas Mauritius Ltd, has undertaken to provide immediate financial support to Solar Overseas Singapore Pte Ltd in case of financial difficulties provided that Solar Overseas Singapore Pte Ltd's directors have submitted a reasoned application for that purpose. Solar Overseas Mauritius Ltd will, if necessary, invest additional funds essential to ensure that Solar Overseas Singapore Pte Ltd will continue as a going concern.

Significant Changes in the State of Affairs

The following significant changes in the company's state of affairs occurred during the financial year:

- The company changed its name from Australian Explosive Technologies Group Pty Ltd (ACN 142 081 598) to Solar Mining Services Pty Ltd (ACN 142 081 598) on 20 November 2017. The name change reflects the change in shareholders.
- The number of directors of the company increased by the appointment of 3 new directors on 17 January 2018 through a circular resolution of shareholders.

DIRECTORS' REPORT (CONT'D)

Principal Activities

The principal activities of the company during the financial year were:

- Explosives importation
- Offering full products and services while developing on ground capability

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends have been paid or declared since the start of the financial year.

Options

No options over unissued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

An insurance policy has been taken out by the company for management liability with a period of cover from 18 January 2018 to 31 May 2019. The policy covers management liability, corporate liability, employment practices liability, crime protection and statutory liability with a $2,000,000 aggregate limit of liability. The insurance premium amounted to $3,034.

No other indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer of the company. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director ______________________

Ian Taylor Smith

Director ______________________

Vetkav Ramesh Subramanian

Dated 2 May 2018

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SOLAR MINING SERVICES PTY LTD

We declare that, to the best of our knowledge and belief, during the year ended 31 March 2018 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Clarke + Brownrigg

CLARKE AND BROWNRIGG
Chartered Accountants
Dated 2 May 2018

CR CLARKE
Partner and registered auditor number 5024
8 Angas Street, Kent Town SA 5067

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018	2017
		$	$
Revenue			
Sales revenue		-	-
Other revenue		155	-
Total revenue		155	-
Expenses			
Changes in inventories of finished goods		1,666,993	-
Purchases of finished goods		(1,666,993)	
Employee benefits expense		(329,968)	(44,372)
Depreciation expense		(12,968)	-
Finance costs		(57,777)	(41)
Other expenses		(758,296)	(77,462)
Total expenses		(1,159,009)	(121,875)
Loss before income tax		(1,158,854)	(121,875)
Income tax		-	-
Loss for the year		(1,158,854)	(121,875)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,158,854)	(121,875)

The accompanying notes form part of these financial statements.

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Solar Mining Services Pty Ltd
ACN 142 081 598

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	2018	2017
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	51,882	211,028
Trade and other receivables	4	49,994	3,223
Inventories	5	1,666,993	-
TOTAL CURRENT ASSETS		1,768,869	214,251
NON-CURRENT ASSETS			
Property, plant and equipment	6	419,711	39,014
Intangible assets	7	-	-
TOTAL NON-CURRENT ASSETS		419,711	39,014
TOTAL ASSETS		2,188,580	253,265
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		19,229	-
Other payables	8	68,643	137,039
TOTAL CURRENT LIABILITIES		87,872	137,039
NON-CURRENT LIABILITIES			
Other payables	8	108,141	-
Borrowings	9	3,035,195	-
TOTAL NON-CURRENT LIABILITIES		3,143,336	-
TOTAL LIABILITIES		3,231,208	137,039
NET LIABILITIES		(1,042,628)	116,226
EQUITY			
Issued capital	10	6	6
Share premium reserve	12	358,330	358,330
Retained losses		(1,400,964)	(242,110)
TOTAL EQUITY		(1,042,628)	116,226

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Note	Issued Capital (Ordinary Shares)	Share Premium Reserve	Retained Losses	Total
		$	$	$	$
Balance at 1 April 2016		2	-	(120,235)	(120,233)
Comprehensive income					
Loss for the year		-	-	(121,875)	(121,875)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(121,875)	(121,875)
Transactions with owners, in their capacity as owners					
Shares issued during the year	10	4	358,330	-	358,334
Total transactions with owners		4	358,330	-	358,334
Balance at 31 March 2017		6	358,330	(242,110)	116,226
Comprehensive income					
Loss for the year		-	-	(1,158,854)	(1,158,854)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(1,158,854)	(1,158,854)
Transactions with owners, in their capacity as owners					
Shares issued during the year	10	-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 31 March 2018		6	358,330	(1,400,964)	(1,042,628)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018	2017
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(2,966,417)	(117,728)
Interest received		155	-
Finance costs		(57,777)	(41)
Goods and services tax refunded		223,363	8,007
Net cash provided by (used in) operating activities	11	(2,800,676)	(109,762)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(393,665)	(39,014)
Loans from related parties – amounts granted		3,035,195	-
Net cash provided by (used in) investing activities		2,641,530	(39,014)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	358,334
Net cash provided by (used in) financing activities		-	358,334
Net increase (decrease) in cash held		(159,146)	209,558
Cash at the beginning of the financial year		211,028	1,471
Cash at the end of the financial year	3	51,882	211,028

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Solar Mining Services Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The company changed its name from Australian Explosive Technologies Group Pty Ltd to Solar Mining Services Pty Ltd during the reporting period.

The financial statements were authorised for issue by the directors of the company on the date of the directors' report.

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. **Foreign Exchange**

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

b. **Income Tax**

The income tax expense for the year comprises current income tax expense. The company does not recognise a deferred tax asset at the present time due to the company being in the early stages of operations and it is difficult to estimate the availability of future taxable profits against which current unused tax losses can be utilised.

Current income tax expense is the tax payable on taxable income and is recognised in profit or loss. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. Finished goods at cost include direct costs such as storage and transport.

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property Developments

Property developments comprise costs incurred whilst working towards the construction and operation of detonator assembly facilities at Leigh Creek, SA and Bajool, QLD. Costs include consultants', surveyors' and builders' fees. Construction has not commenced at either location and no depreciation has been provided. Depreciation will be provided when a development is finished and ready for use.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding property developments, is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	66.67%
Motor vehicles	16.67% – 20.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised immediately in profit or loss.

e. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors (or a group of debtors) are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account, or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. **Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h. Trade and Other Receivables

Trade and other receivables primarily include goods and services tax recoverable from the Australian Taxation Office (ATO). Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

i. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity and other amounts that remain unpaid at the end of the reporting period. Payables expected to be paid within 12 months of the end of the reporting period are classified as current liabilities. All other payables are classified as non-current liabilities.

j. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

k. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

l. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

Impairment – general

The company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers.

Deferred tax

The company does not recognise a deferred tax asset at the present time due to the company being in the early stages of operations and it is difficult to estimate the availability of future taxable profits against which current unused tax losses can be utilised.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m. **New Accounting Standards for Application in Future Periods**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

– AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The main changes introduced by the new Standard are as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: LOSS FOR THE YEAR

	2018	2017
Expenses	**$**	**$**
Remuneration of auditor:		
– auditing the 2017 financial report	3,500	-
– auditing the 2018 financial report	12,500	-
	16,000	-

NOTE 3: CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash on hand	2	2
Cash at bank	51,880	211,026
	51,882	211,028

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	51,882	211,028
	51,882	211,028

NOTE 4: TRADE AND OTHER RECEIVABLES

	2018	2017
	$	$
CURRENT		
Other receivables	49,994	3,223
	49,994	3,223

NOTE 5: INVENTORIES

	2018	2017
	$	$
CURRENT		
Finished goods at cost	1,666,993	-
	1,666,993	-

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	$	$
Property developments		
At cost	256,602	39,014
Total property developments	256,602	39,014
Plant and Equipment		
Plant and equipment at cost	1,766	-
Less accumulated depreciation	742	-
	1,024	-
Motor vehicles at cost	174,311	-
Less accumulated depreciation	12,226	-
	162,085	-
Total plant and equipment	163,109	-
Total property, plant and equipment	419,711	39,014

NOTE 7: INTANGIBLE ASSETS

	2018	2017
	$	$
Formation expenses		
Cost	2,740	2,740
Less written off	2,740	2,740
	-	-

NOTE 8: OTHER PAYABLES

	2018	2017
	$	$
CURRENT		
AET Investments Pty Ltd	-	1,500
C & I Smith Pty Ltd	-	50,704
B A Pearce	-	4,234
The Clement Petroleum Trust	-	3,000
The Ferrum Trust	-	48,703
R J Pearce	1	1
C and I T Smith	15,590	15,590
I T Smith	2,403	1,299
Other payables and accrued expenses	50,649	12,008
	68,643	137,039

NOTE 8: OTHER PAYABLES (CONT'D)

	2018	2017
	$	$
NON-CURRENT		
AET Investments Pty Ltd	1,500	-
C & I Smith Pty Ltd	50,704	-
B A Pearce	4,234	-
The Clement Petroleum Trust	3,000	-
The Ferrum Trust	48,703	-
	108,141	-

NOTE 9: BORROWINGS

	2018	2017
	$	$
NON-CURRENT		
Unsecured loan from Solar Overseas Mauritius Ltd	3,035,195	-
	3,035,195	-

NOTE 10: ISSUED CAPITAL

	2018	2017
	$	$
558,334 (2017: 558,334) fully paid ordinary shares of $0.00001 each	6	6

As per the constitution, the company does not have an authorised share capital.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

	2018	2017
	No.	No.
Ordinary shares		
At the beginning of the financial year	558,334	200,000
Shares issued during the financial year on 12 September 2016	-	358,334
At the end of the financial year	558,334	558,334

NOTE 11: CASH FLOW INFORMATION

	2018	2017
	$	$
Reconciliation of Cash Flows from Operating Activities with Loss after Income Tax		
Loss after income tax	(1,158,854)	(121,875)
Non-cash flows in loss:		
– depreciation	12,968	-
– write-off of intangible assets	-	2,740
Changes in assets and liabilities:		
– (increase) decrease in trade and other receivables	(46,771)	(2,635)
– (increase) decrease in inventories	(1,666,993)	-
– increase (decrease) in trade and other payables	58,974	12,008
	(2,800,676)	(109,762)

NOTE 12: RESERVES

Share Premium Reserve

The share premium reserve records the premium paid on the issue of ordinary fully paid shares.

Analysis of Each Class of Reserve

	2018	2017
	$	$
Share premium reserve		
Shares issued during the financial year on 12 September 2016	-	358,330
Movement in share premium reserve	-	358,330

NOTE 13: COMPANY DETAILS

The registered office and principal place of business of the company is:

Solar Mining Services Pty Ltd
Unit 1, 7 Greenhill Road
Wayville SA 5034

The parent entity is Solar Overseas Singapore Pte Ltd which holds a 76% equity interest in the company. The company is a controlled subsidiary of Solar Overseas Singapore Pte Ltd.

The ultimate parent entity of the group is Solar Industries India Ltd.

NOTE 14: GOING CONCERN

The company incurred a total comprehensive loss of $1,158,854 for the financial year ended 31 March 2018 (2017: loss of $121,875) and the company had net liabilities of $1,042,628 as at 31 March 2018 (2017: net assets of $116,226). Notwithstanding the financial results and position of the company, the directors have deemed it appropriate to use the going concern basis of accounting in the preparation of the financial report.

The immediate parent entity, being Solar Overseas Singapore Pte Ltd, has undertaken to provide immediate financial support to the company in case of financial difficulties provided that the company's directors have submitted a reasoned application for that purpose. Solar Overseas Singapore Pte Ltd will, if necessary, invest additional funds essential to ensure that the company will continue as a going concern.

In turn, Solar Overseas Singapore Pte Ltd's immediate parent entity, being Solar Overseas Mauritius Ltd, has undertaken to provide immediate financial support to Solar Overseas Singapore Pte Ltd in case of financial difficulties provided that Solar Overseas Singapore Pte Ltd's directors have submitted a reasoned application for that purpose. Solar Overseas Mauritius Ltd will, if necessary, invest additional funds essential to ensure that Solar Overseas Singapore Pte Ltd will continue as a going concern.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Solar Mining Services Pty Ltd, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 19, are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*; and
   b. give a true and fair view of the company's financial position as at 31 March 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director ______________________
Ian Taylor Smith

Director ______________________
Vetkav Ramesh Subramanian

Dated 2 May 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLAR MINING SERVICES PTY LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Solar Mining Services Pty Ltd (the company), which comprises the statement of financial position as at 31 March 2018, 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, and the directors' declaration.

In our opinion, the accompanying financial report of Solar Mining Services Pty Ltd is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 31 March 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLAR MINING SERVICES PTY LTD

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 the directors' 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 report 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Clarke + Brownrigg

CLARKE AND BROWNRIGG
Chartered Accountants
Dated 2 May 2018

CR CLARKE
Partner and registered auditor number 5024
8 Angas Street, Kent Town SA 5067