

Solar Overseas Netherlands B.V.

Amsterdam, The Netherlands

Annual Report for the period ended 31 March 2018

Address of the company : De Cuserstraat 93, 1081 CN Amsterdam
Chamber of Commerce : Amsterdam
File Number : 518 105 81

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1. MANAGEMENT REPORT

The management of Solar Overseas Netherlands B.V. (the "Company") herewith submits its annual accounts for the year ended March 31, 2018.

General

The Company is a private company with limited liability, incorporated under the laws of The Netherlands on January 5, 2011 having its corporate seat at Amsterdam, with office at De Cuserstraat 93, 1081 CN, Amsterdam (The Netherlands).

Summary of activities

The principal objective of the Company is to act as a holding company. The sole shareholder is Solar Overseas Netherlands Cooperatie UA, Netherlands.

Results

The net asset value of the Company as at March 31, 2018 amounts to USD 9,438,458 (March 31, 2017 amounts to USD 9,525,711). The result for the year ended March 31, 2018 amounts to a loss of USD 87,253 (March 31, 2017 amounts to a loss of USD 2,411,120).

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.

Currency (foreign exchange) risk

The Company's policy is to manage the risks the Company is exposed to, including, but not limited to the market risk (including currency risk, fair value risk, interest and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's strategy is to systematically monitor and understand the impact of changing market conditions on our result and cash flow and to initiate preventive actions when required.

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.

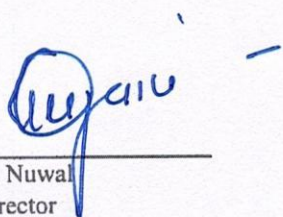
Future outlook

No material changes in activities are contemplated by the management.

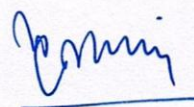
1. MANAGEMENT REPORT (CONTINUED)

Board of Managing Directors

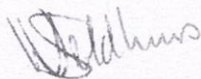
Amsterdam, 4 July 2018



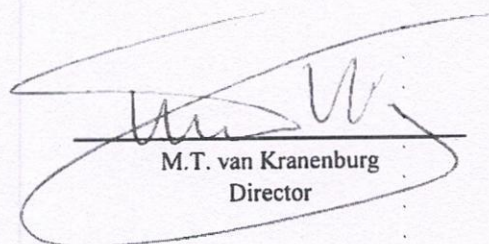
S.N. Nuwal
Director



M. Nuwal
Director



S.W. Veldhuis
Director



M.T. van Kranenburg
Director

2. BALANCE SHEET AS AT MARCH 31, 2018
(before proposed appropriation of result)

	Notes	March 31, 2018 USD	March 31, 2017 USD
ASSETS			
Fixed Assets			
Financial Fixed Assets			
Participations in group companies	5.1	<u>13,076,752</u>	<u>10,281,281</u>
Total fixed assets		13,076,752	10,281,281
Current Assets			
Receivable from participations		4,540,707	191,644
Other receivables	5.2	120	120
Prepaid expenses		22,500	-
Cash at bank	5.3	<u>36,787</u>	<u>21</u>
Total current assets		4,600,114	191,785
Short-term liabilities			
Credit Institutions	5.4	-	21
Accrued liabilities	5.5	4,004	-
Amounts due to shareholders and participating interest		<u>5,759,560</u>	<u>-</u>
		5,763,564	21
Balance of current assets less short-term liabilities		(1,163,450)	191,764
Balance of assets less short-term liabilities		<u><u>11,913,302</u></u>	<u><u>10,473,045</u></u>
Long term liabilities			
Amounts payable to shareholders	5.6	<u>2,474,845</u>	<u>947,334</u>
		2,474,845	947,334
Shareholders' equity			
Paid up share capital		2,579,968	2,238,653
Share premium		9,970,589	9,970,589
Currency translation reserve	5.7	388,816	730,131
Accumulated results		(3,413,662)	(1,002,542)
Result for the year		<u>(87,253)</u>	<u>(2,411,120)</u>
		9,438,458	9,525,711
		<u><u>11,913,302</u></u>	<u><u>10,473,045</u></u>

The accompanying notes form an integral part of these annual accounts.

3. PROFIT AND LOSS ACCOUNT FOR THE YEAR 2017-18

	Notes	2017-18 <u>USD</u>	2016-17 <u>USD</u>
Operating income/(expense)			
General and administrative expenses	6.1	<u>(101,281)</u>	<u>(46,044)</u>
Total operating income/(expense)		(101,281)	(46,044)
Financial income/(expense)			
Financial income/(expense)	6.2	<u>14,028</u>	<u>(62,906)</u>
Total financial income/(expense)		<u>14,028</u>	<u>(62,906)</u>
Result before taxation		(87,253)	(108,950)
Corporate income tax		<u>-</u>	<u>-</u>
Result after taxation		(87,253)	(108,950)
Share in result of participations			
Result from subsidiary	6.3	-	(2,302,170)
Net result for the year		<u>(87,253)</u>	<u>(2,411,120)</u>

The accompanying notes form an integral part of these annual accounts.

4. GENERAL NOTES

4.1 General

The Company is a private company with limited liability, incorporated under the laws of The Netherlands on January 5, 2011 having its corporate seat at Amsterdam, with office at De Cuserstraat 93, 1081 CN, Amsterdam (The Netherlands).

The principal objective of the Company is to act as a holding company. The sole shareholder is Solar Overseas Netherlands Cooperatie UA, Netherlands.

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.

Comparison with previous year

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

Consolidation exemption

The Company qualifies as a so-called "small sized company" based on the requirements mentioned in Article 396, Title 9 Book 2 of the Netherlands Civil Code and therefore has not prepared consolidated accounts as permitted by Article 407.2 Title 9 Book 2 of the Netherlands Civil Code.

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.

4.2 General accounting principles for the preparation of the financial statements

Accounting policies

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

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.

4. GENERAL NOTES (CONTINUED)

4.2 General accounting principles for the preparation of the financial statements (continued...)

Translation of foreign currencies

The annual accounts are presented in USD being the group reporting currency.

All monetary assets and liabilities denominated in foreign currencies are converted into USD at the balance sheet date closing rate. Transactions made during the year under review are accounted for at the rate prevailing at the transaction date. The exchange differences are reflected in the financial result for the period. The following exchange rate(s) prevailing at balance sheet date is (are) used :

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Exchange rates	0.8116	0.9354

4.3 Principles of valuation of assets and liabilities

Financial fixed assets

The investments in participations have been valued at cost. 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 when received.

Impairment of value

Assets with a long life are reviewed for any impairment in value in case of changes or circumstances arising which leads to an indication that the book value of the asset will not be recovered.

The recoverability of assets in use is determined by comparing the book value of an asset with the estimated present value of the future net cash flows which the asset is expected to generate. If the book value of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the book value and the recoverable amount.

4.4 Principles for the determination of the result

Recognition of income

Income and expense, including taxes, are recognized and reported on accrual basis.

Taxation

Corporate income tax expense comprises current and deferred tax. Corporate income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect to previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized to the extent that it is probable that future tax profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2018

			<u>31-Mar-18</u>	<u>31-Mar-17</u>
			USD	USD
5.1 Participations in group companies				
<u>Name and place</u>	<u>Valuation Method</u>	<u>%</u>		
PT. Solar Mining Services, Indonesia	Cost Price	100	113,288	113,288
Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi, Turkey	Cost Price	100	11,912,464	10,167,993
Solar Madencilik Hizmetleri Anonim	Cost Price	100	51,000	-
Solar Nitro Ghana Limited	Cost Price	90	1,000,000	-
Total			<u>13,076,752</u>	<u>10,281,281</u>

Movements in participations can be broken down as follows:

PT. Solar Mining Services, Indonesia

Balance as on 1 April 2017	113,288	113,288
Additions	-	-
Balance as at 31 March 2018	<u>113,288</u>	<u>113,288</u>

Solar Patlayici Maddeler Sanayi Ve Ticaret Anonim Sirketi, Turkey

Balance as on 1 April 2017	10,167,993	10,167,993
Additions	6,697,760	-
Movements	(4,953,289)	-
Balance as at 31 March 2018	<u>11,912,464</u>	<u>10,167,993</u>

During the year, the Company purchased 25.50% shares of Solar Patlayici for USD 6,697,760 from which USD 938,200 has been adjusted with loan of Solar Patlayici and USD 5,759,560 has been deferred which to be paid in the subsequent years of current year.

Solar Madencilik Hizmetleri Anonim

Balance as on 1 April 2017	-	-
Additions	51,000	-
Balance as at 31 March 2018	<u>51,000</u>	<u>-</u>

During the year, the Company purchased 100% shares of Solar Madencilik Hizmetleri Anonim i.e. 750 shares of 1,000-TL each for which USD 51,000 has been paid on 19 January 2018.

Solar Nitro Ghana Limited

Balance as on 1 April 2017	-	-
Additions	1,000,000	-
Balance as at 31 March 2018	<u>1,000,000</u>	<u>-</u>

During the year, the Company purchased 90% shares of Solar Nitro Ghana Limited i.e. 4,050,000 shares of no PAR value for which USD 1,000,000 has been paid on 8 March 2018.

5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2018 (CONTINUED)

	<u>31-Mar-18</u>	<u>31-Mar-17</u>
	USD	USD
5.2 Receivables		
5.2.1 Receivables from participation		
Receivable from Solar Explochem (Ghana) Limited, Ghana	-	2,360
Receivable from Indonesia Project	243,893	64,303
Interest from Solar Patlayici Maddeler Sanayi A. S., Turkey	133,382	124,981
Receivable from Solar Nitro Ghana Limited	148,344	-
Share Capital Advance (Turkey)	4,015,089	-
	<u>4,540,707</u>	<u>191,644</u>
5.2.2 Other receivables		
VAT receivables	120	120
	<u>120</u>	<u>120</u>
5.2.3 Prepayments and accrued income		
Prepaid expenses	22,500	-
	<u>22,500</u>	<u>-</u>
5.3 Cash and cash equivalents		
ING Bank - EUR	-	21
SBI - EUR	2,426	-
SBI - USD	34,360	-
	<u>36,787</u>	<u>21</u>
The cash balances are freely available to the Company.		
5.4 Credit institutions		
ING Bank - USD	-	21
	<u>-</u>	<u>21</u>
5.5 Current liabilities		
5.5.1 Accrued liabilities		
Accrual for accounting & legal fees	4,004	-
	<u>4,004</u>	<u>-</u>
5.5.2 Amounts due to shareholders and participating interest		
Deferred purchase consideration - Solar Patlayici	5,759,560	-
	<u>5,759,560</u>	<u>-</u>

During the year, the Company purchased 25.50% shares of Solar Patlayici for USD 6,697,760 from which USD 938,200 has been adjusted with loan of Solar Patlayici and USD 5,759,560 has been deferred which to be paid in the subsequent years of current year.

5. NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2018 (CONTINUED)

	<u>31-Mar-18</u>	<u>31-Mar-17</u>
	USD	USD
5.6 Long term liabilities		
Amounts due to shareholders		
Solar Overseas Cooperatie UA	2,061,000	612,429
Interest payable to Solar Overseas Cooperatie UA	<u>413,845</u>	<u>334,905</u>
	<u>2,474,845</u>	<u>947,334</u>

According to the loan agreement with Solar Overseas Netherlands Cooperatie U. A. 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 payable is USD 413,845 (2016-17: USD 334,905) and is added to the principal.

5.7 Shareholders' equity

The authorised share capital of the Company amounts to EUR 10,559,800 divided into 10,559,800 shares with a nominal value of EUR 1 each.

The issued and paid in capital amounts to EUR 2,093,960 divided into 2,093,960 shares with a nominal value of EUR 1.

	Share Capital	Currency Translation Reserve	Share Premium	Accumulated Results	Result	Total
Balance as at 1 April 2017	2,238,653	730,131	9,970,589	(1,002,542)	(2,411,120)	9,525,711
Appropriation of result	-	-	-	(2,411,120)	2,411,120	-
Currency translation adjustment	341,315	(341,315)	-	-	-	-
Contributions during the year	-	-	-	-	-	-
Result for the year	-	-	-	-	(87,253)	(87,253)
Balance as at 31 March 2018	<u>2,579,968</u>	<u>388,816</u>	<u>9,970,589</u>	<u>(3,413,662)</u>	<u>(87,253)</u>	<u>9,438,458</u>
Balance as at 1 April 2016	2,383,974	584,810	9,920,000	(277,724)	(724,818)	11,886,242
Appropriation of result	-	-	-	(724,818)	724,818	-
Currency translation adjustment	(145,321)	145,321	-	-	-	-
Contributions during the year	-	-	50,589	-	-	50,589
Result for the year	-	-	-	-	(2,411,120)	(2,411,120)
Balance as at 31 March 2017	<u>2,238,653</u>	<u>730,131</u>	<u>9,970,589</u>	<u>(1,002,542)</u>	<u>(2,411,120)</u>	<u>9,525,711</u>

6. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2017-18

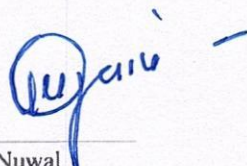
	<u>2017-18</u>	<u>2016-17</u>
	USD	USD
6.1 General and administrative expense		
Accounting & legal fees	(24,558)	(6,389)
General expenses	(2,120)	(1,328)
Legal advisory fees	(9,000)	(18,000)
Management fees	-	(2,327)
Consultancy charges	(63,100)	(9,000)
Legal expenses	(2,503)	(9,000)
	<u>(101,281)</u>	<u>(46,044)</u>
6.2 Financial income & expenses		
Interest on loan - Solar Overseas Cooperatie UA	(81,510)	(61,680)
Foreign exchange results	97,970	300
Interest & bank charges	(2,432)	(1,526)
	<u>14,028</u>	<u>(62,906)</u>
6.3 Result from subsidiaries		
Impairment of Patsan Patlayaci Maddeler Turkey	-	(2,294,465)
Impairment of Solar Explochem Ghana Ltd. (Ghana)	-	(7,705)
	<u>-</u>	<u>(2,302,170)</u>

6. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 2017-18 (CONTINUED)

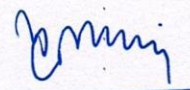
6.4 Directors and employees

During the year, the Company has four directors, and there were no employees in the Company. The Company has no supervisory board.

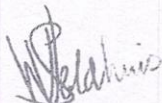
Amsterdam, 4 July 2018



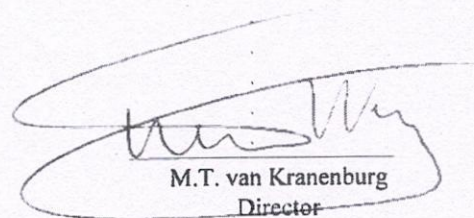
S.N. Nuwal
Director



M. Nuwal
Director



S.W. Veldhuis
Director



M.T. van Kranenburg
Director

7. Supplementary Information

Audit

The Company 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 Company's statutory regulations the following has been presented concerning the appropriation of result:

- 22.1 The allocation of profits accrued in a financial year shall be determined by the General Meeting. If the General Meeting does not adopt a resolution regarding the allocation of the profits prior to or at latest immediately after the adoption of the annual accounts, the profits will be reserved.
- 22.2 Article 2:216 Civil Code is applicable to distributions to shareholders and other persons entitled to distributions. In calculating the appropriation of profits, the shares held by the Company in its own share capital shall not be taken into account.
- 22.3 The General Meeting may resolve to make interim distributions on shares and/or to make distributions on shares at the expense of any reserve of the Company. In addition, the Management Board may decide to make interim distributions on Shares.
- 22.4 Distributions on Shares shall be made payable immediately after the resolution to make the distribution, unless another date of payment has been determined in the resolution.
- 22.5 The claim for payment of dividend shall lapse on the expiry of a period of 5 years.

Proposed appropriation of the result

During the year under review the Company incurred a loss of USD 87,253 which has been included in item unappropriated result in Shareholder's equity.

Post balance sheet date events

No major post-balance sheet events have occurred, which could material effect on the accounts.