

SOLAR OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
Company Registration Number: 2009-21467-N

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

31 MARCH 2016

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(Incorporated in the Republic of Singapore)
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FINANCIAL STATEMENTS – 31 MARCH 2016

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Directors Statement

For the financial year ended 31 March 2016

The Directors present their report to the members together with the financial statements of Solar Overseas Singapore Pte Ltd (the “Company”) for the financial year ended 31 March 2016.

1 Opinion of the directors

In the opinion of the directors,

- (i) the financial statements of the Company and the balance sheets and statement of changes in equity are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2 Directors

Nuwal Satyanarayan
Sathappan Sathappan

3 Arrangements to enable director to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

4 Directors’ interests in shares and debentures

The following directors', who held office at the end of the financial year, had according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, Cap. 50, an interest in shares of the company and related corporations as stated below:

<u>Related company</u>	Deemed interest	
	<u>Beginning of year</u>	<u>At end of year</u>
Solar Industries India Limited (Incorporated in India)		<u>Common share</u>
Nuwal Satyanarayan	2,662,000	2,662,000

Directors Statement

For the financial year ended 31 March 2016

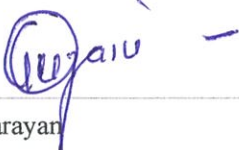
5 Share Options

There were no options granted during the financial year to subscribe for unissued shares of the Company.


No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

On behalf of the Board



Nuwal Satyanarayan
Director



Sathappan Sathappan
Director

Singapore,

13 April 2016

Statement of Financial Position

As at 31 March 2016

	Notes	2016 \$	2015 \$
ASSETS			
Non-Current Assets			
Investment in associates	4	394,625	394,625
Investment in subsidiary	5	40,080	40,080
		<u>434,705</u>	<u>434,705</u>
Current Asset			
Other receivables	6	18,909	19,021
		<u>18,909</u>	<u>19,021</u>
Total Assets		<u><u>453,614</u></u>	<u><u>453,726</u></u>
EQUITY AND LIABILITY			
Equity Attributable to owners			
Share capital	7	3,611	3,611
Share application money		466,240	466,240
Accumulated losses		(41,948)	(36,963)
Shareholders' Equity		<u>427,903</u>	<u>432,888</u>
Current Liability			
Other payables	8	25,711	20,838
Total Liability		<u>25,711</u>	<u>20,838</u>
Total Equity And Liability		<u><u>453,614</u></u>	<u><u>453,726</u></u>

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income
For the year ended 31 March 2016

	Notes	2016 \$	2015 \$
Revenue		-	-
Other income	9	240	21
Other expenses	9	<u>(5,225)</u>	<u>(5,834)</u>
Loss Before Tax		(4,985)	(5,813)
Income tax expense	10	<u>-</u>	<u>-</u>
Loss For The Year		(4,985)	(5,813)
Other comprehensive income		<u>-</u>	<u>-</u>
Total Comprehensive (Loss) For The Year		<u><u>(4,985)</u></u>	<u><u>(5,813)</u></u>

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity
For the year ended 31 March 2016

	Share capital \$	Accumulated losses \$	Total \$
Balance at 1 April 2014	469,851	(31,150)	438,701
Total comprehensive (loss) for the year	<u>-</u>	<u>(5,813)</u>	<u>(5,813)</u>
Balance at 31 March 2015	<u>469,851</u>	<u>(36,963)</u>	<u>432,888</u>
Balance at 1 April 2015	469,851	(36,963)	432,888
Total comprehensive (loss) for the year	<u>-</u>	<u>(4,985)</u>	<u>(4,985)</u>
Balance at 31 March 2016	<u>469,851</u>	<u>(41,948)</u>	<u>427,903</u>

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Loss before tax		(4,985)	(5,813)
Decrease/(increase) in other receivables		-	(145)
Increase/(decrease) in other payables		2,535	(1,504)
Net cash used in operating activities		<u>(2,450)</u>	<u>(7,462)</u>
Cash flows from investing activity			
Net cash from investing activity		<u>-</u>	<u>-</u>
Cash flows from financing activity			
Repayment to director		(47)	-
Advances from related party		2,497	3,808
Net cash from financing activity		<u>2,450</u>	<u>3,808</u>
Net decrease in cash and cash equivalents		-	(3,654)
Cash and cash equivalents at beginning of the year		<u>-</u>	<u>3,654</u>
Cash and cash equivalents at end of the year		<u><u>-</u></u>	<u><u>-</u></u>

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the financial year ended 31 March 2016

1 CORPORATE INFORMATION

Solar Overseas Singapore Pte. Ltd. (the “Company”) is a limited liability company incorporated in Republic of Singapore. The immediate and ultimate holding company is Solar Overseas Mauritius Limited incorporated in Mauritius.

The registered office of the Company is located at 1 North Bridge Road, #07-10 High Street Centre, Singapore 179094.

The main principal activities of the Company are that of general wholesale trade (including general importers and exporters) trading, import and export of ammonium nitrate and other investment holding company. The company remains inactive during the financial year.

The financial statements were authorised for issue by the Board of Directors on the date of the Statement by Directors.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (FRS). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in US Dollars (USD or \$) and all values are rounded to the nearest one dollar.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Financial Statements

For the financial year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and revised standards

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year. In the current financial year, the company has adopted all the new and revised FRSs and Interpretations to FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new or revised FRSs and INT FRSs did not result in changes to the company’s accounting policies and had no material effect on the amounts reported for the current or prior years.

At the reporting date, the Company had not adopted the following FRSs that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Improvements to FRSs (January 2014) <i>Amendment to FRS 24 Related Party Disclosures</i>	1 Jul 2014
Improvements to FRSs (February 2014) <i>Amendment to FRS 113 Fair Value Measurement</i>	1 Jul 2014

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

The adoption of FRS 113 does not have any material impact on the accounting policies of the Company. The Company has incorporated the additional disclosures required by FRS 113 into the financial statements.

2.3 Foreign Currency

The financial statements are presented in United States Dollars, which is the currency of the primary economic environment in which the entity operates, i.e. the functional currency.

Foreign Currency Transactions

Transactions in foreign currencies are measured in the functional currency of the Company and recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the closing rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the transaction dates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

Notes to the Financial Statements

For the financial year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Investment In Subsidiaries

A subsidiary is an entity that is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the Board of Directors or to cast the majority of votes at meetings of the Board of Directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

In the company's own separate financial statements, an investment in a subsidiary is stated at cost adjusted for any value in the contingent consideration less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book value of a subsidiary is not necessarily indicative of the amounts that would be realised in a current market exchange.

2.5 Investment in an Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Company has significant influence. An associate is equity accounted for from the date the Company obtains significant influence until the date the Company ceases to have significant influence over the associate.

The company's investment in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Company's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Company's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised in other comprehensive income by the associate, the Company recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associate is prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Financial Assets

Financial assets are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets classified as held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.7 Other Receivables

Amounts due from related parties is classified and accounted for as loans and receivables. The accounting policy for this category of financial assets is stated in Note 2.6.

Further details on the accounting policy for impairment of financial assets are stated in Note 2.9.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash with banks, that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value.

Cash and cash equivalents carried in the statement of financial position are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.6.

Notes to the Financial Statements

For the financial year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Assets Carried at Amortised Cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Assets Carried at Cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.10 Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provision of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognised at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Notes to the Financial Statements

For the financial year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial Liabilities (*Cont'd*)

Subsequent measurement (Cont'd)

- *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

- *Other financial liabilities*

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

2.11 Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- The Company transfers the contractual rights to receive the cash flows of the financial asset; or
- The Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Notes to the Financial Statements

For the financial year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Derecognition of Financial Assets and Liabilities (*Cont'd*)

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is extinguished.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.13 Offsetting Arrangements

Financial assets and financial liabilities are offset and the net presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.14 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

2.15 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable excluding discounts, rebates and goods and services taxes or other sales taxes. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Dividend Income

Dividend income is recognised when the Company's right to receive payment is established.

Notes to the Financial Statements

For the financial year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised in other comprehensive income.

Deferred tax

Deferred income tax is recognised on all temporary differences which are the differences between the carrying amount of an asset or liability in the statement of financial position and its tax base except when the deferred income tax arises from the initial recognition of an assets or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax liabilities are recognised for all taxable temporary differences; and deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.17 Related Party

A related party is a person or entity that is related to the Company and includes:

- (a) A person or a close member of that person's family which is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Notes to the Financial Statements

For the financial year ended 31 March 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Related Party (Cont'd)

(b) An entity which is related to a reporting entity if any of the following conditions apply:

- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member), has significant influence over the reporting entity; or
- iii. Both entities are joint ventures of the same third party
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third party
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or any related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled or jointly controlled by a person identified in (a).
- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to exercise judgements and requires the use of estimates and assumptions. These judgements affect the application of the Company's accounting policies. The use of estimates and assumptions affect the reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and other relevant factors, including expectation of future events that are believed to be reasonable under the circumstances.

3.1 Judgements Made in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Fair value of financial instruments

Where the fair value of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Notes to the Financial Statements

For the financial year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS CONT'D

3.1 Judgements Made in Applying Accounting Policies (*Cont'd*)

Determination of functional currency

Foreign currency transactions are measured in the functional currency of the Company. In determining the functional currency of the Company, judgment is required to determine the currency that mainly influences sale prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which it operates and the process of determining sales prices.

3.2 Keys Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of financial and non-financial assets

Investment in an associate

The Company assesses at each reporting date whether there is any objective evidence that the investment in an associate is impaired. Where there is objective evidence of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from an associate and also to choose a suitable discount rate in order to calculate the present value of those cash flows which reflects the risk profile of the investee and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. A reasonable change in assumptions about these factors would not significantly affect the recoverable amount of the investees. The carrying amounts of the investment in an associate have been disclosed in the statement of financial position.

Investment in available-for-sale financial assets

The Company assesses at each reporting date whether there is any objective evidence that any available-for-sale financial asset is impaired. This determination requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook of the issuer of the instrument, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Impairment of loans and receivables

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Notes to the Financial Statements

For the financial year ended 31 March 2016

4 INVESTMENT IN ASSOCIATE

	2016	2015
	\$	\$
Unquoted investment at cost - Australian Dollars	<u>394,625</u>	<u>394,625</u>

The fair value of the unquoted investment cannot be reliably measured as the investment in an associate does not have a quoted market price in an active market.

A detail of the associated company is as follows:

	Country of Incorporati on	% of Ownership Interest	
		2016	2015
Australian Explosive Technologies Group Pty Ltd	Australia	33%	33%

The Company has invested 66,000 in ordinary shares in Australian Explosive Technologies Group Pty Ltd. Its share of results of the associated company was not equity accounted as the audited financial statements of the associated company was not available.

5 INVESTMENT IN SUBSIDIARY

	2016	2015
	\$	\$
Unquoted investment at cost	<u>40,080</u>	<u>40,080</u>

A subsidiary is an entity over which the company has the power to govern the financial and operating policies so as to obtain benefits from its activities. Investment in subsidiary is shown at cost and provision is only made where, in the opinion of the directors, there is a permanent diminution or impairment in value. Where there has been a permanent diminution or impairment in value of an investment, it is recognised as an expense in the period in which the diminution is identified.

Consolidated financial statements

The company owns 80% of the share capital of Solar Mining Services Australia Pty Ltd, a company registered in Australia, and has taken advantage of paragraph 10 of the Financial Reporting Standard 27 "Consolidated and Separate Financial Statements" which dispenses it from the need to present consolidated financial statements. The parent that is itself ultimately owned by another enterprise may not always present consolidated financial statements since such statements may not be required by its parent and the need of other users may be best served by the consolidated financial statements of its ultimate holding company. The company is a wholly owned subsidiary of Solar Overseas Mauritius Limited which presents consolidated Financial Statements and is incorporated in the Republic of Mauritius.

Notes to the Financial Statements

For the financial year ended 31 March 2016

5 INVESTMENT IN SUBSIDIARY (CONT'D)

	Country of Incorporation	% of Ownership Interest	
		2016	2015
Solar Mining Services Australia Pty Ltd	Australia	78%	78%

6 OTHER RECEIVABLES

	2016	2015
	\$	\$
Advances	-	145
Amount due from director	33	-
Amount due from related parties	18,876	18,876
	<u>18,909</u>	<u>19,021</u>

The amount due from related parties (non-trade) is interest bearing and repayable on demand.

7 SHARE CAPITAL

<i>Ordinary Shares</i>	2016		2015	
	No. of shares	\$	No. of shares	\$
Issued and fully paid				
At the beginning of the year	5,000	3,611	5,000	3,611
At the end of the year	<u>5,000</u>	<u>3,611</u>	<u>5,000</u>	<u>3,611</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. All shares rank equally with regards to the Company's residual assets.

8 OTHER PAYABLES

	2016	2015
	\$	\$
Accruals	2,535	-
Amount due to holding company - non-trade	18,617	16,606
Amount due to related party - non-trade	4,559	4,152
Amount due to director	-	80
	<u>25,711</u>	<u>20,838</u>

The non-trade amounts due to holding company/related party and amount due to director are unsecured, interest free and are repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 March 2016

9 OTHER INCOME AND OTHER EXPENSES

9.1 Other income

	2016	2015
	\$	\$
Gain on foreign exchange	240	21

9.2 Other expenses

	2016	2015
	\$	\$
Bank charges	-	47
Compilation fee	740	1,519
Interest on loan	498	-
Printing, postage and stationery	93	57
Professional fees	2,603	2,860
Registered address charges	178	191
Secretarial fees	743	789
Tax computation charges	370	371
	<u>5,225</u>	<u>5,834</u>

10 INCOME TAX EXPENSE

Major components of income tax expense for the financial year ended 31 March were:

	2016	2015
	\$	\$
Current income tax expense	<u>-</u>	<u>-</u>

The reconciliation of the taxation and the product of accounting profit multiplied by the applicable tax rate are as follows:

	2016	2015
	\$	\$
Loss before tax	<u>(4,985)</u>	<u>(5,813)</u>
Tax calculated using Singapore tax rate of 17%	(847)	(988)
Tax effect of:		
Non-deductible items	<u>847</u>	<u>988</u>
	<u>-</u>	<u>-</u>

No deferred tax asset have been recognized in respect of the tax loss carried forward due to the unpredictability of future profit streams.

Notes to the Financial Statements

For the financial year ended 31 March 2016

11 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	2016	2015
	\$	\$
Advances from director	33	-
Advances from related parties	<u>18,876</u>	<u>18,876</u>

12 FINANCIAL RISK MANAGEMENT

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risk. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The main risks faced by the Company are credit and liquidity risks that arise in the normal course of business.

12.1 Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risks arises primarily from other receivables. For other financial assets (including cash and cash equivalents), the Company minimizes credit risks by dealing exclusively counter parties with high credit rating.

The Company's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. The Company trades only with recognized and creditworthy third parties.

It is the Company's policy that all customers who wish to trade on credit terms undergo credit verification procedures. In addition, receivable balances are monitored on an on-going basis to minimize the Company's exposure to bad debts.

There is no other significant concentration of credit risk.

The maximum exposure to credit risk for the Company is as follows:

	2016	2015
	\$	\$
Investment in an associate	394,625	394,625
Investment in subsidiary	40,080	40,080
Other receivables	<u>18,909</u>	<u>19,021</u>
Total credit exposure	<u>453,614</u>	<u>453,726</u>

Notes to the Financial Statements

For the financial year ended 31 March 2016

12 FINANCIAL RISK MANAGEMENT CONT'D

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with company. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

12.2 Liquidity Risk

The Company's financing activities are managed by maintaining an adequate level of cash and cash equivalents to finance the Company's operations. Bank borrowing is a preferred source of financing to ensure continuity of funding. The Company also ensures availability of bank credit lines to address any short-term funding requirement. The Company's surplus funds are also managed centrally by placing them with reputable financial institutions on varying maturities.

The table below summarizes the maturity profile of the Company's financial liabilities at reporting date on contractual undiscounted payments.

	2016	2015
	Within 1	Within 1
	year	year
	\$	\$
Other payables	<u>25,711</u>	<u>20,838</u>

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Unquoted investments

For unquoted investments, it is not practicable to determine the fair values because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined. Unquoted investments are therefore, stated at cost.

Notes to the Financial Statements

For the financial year ended 31 March 2016

14 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2016	2015
	\$	\$
Financial assets		
Investment in an associate (Note 4)	394,625	394,625
Investment in subsidiary (Note 5)	40,080	40,080
Other receivables (Note 6)	18,909	19,021
Loans and receivables	<u>453,614</u>	<u>453,726</u>
Financial liabilities		
Accruals (Note 8)	2,535	-
Amount due to director	-	80
Amount due to holding company	18,617	16,606
Amount due to ultimate holding company	4,559	4,152
Financial liabilities at amortised cost	<u>25,711</u>	<u>20,838</u>

SOLAR OVERSEAS SINGAPORE PTE. LTD.
(Incorporated in the Republic of Singapore)
Company Registration Number: 2009-21467-N

Detailed Income Statement

For the year ended 31 March 2016

	2016	2015
	\$	\$
Other income		
Forex exchange gain/(loss)	<u>240</u>	<u>21</u>
Less: Operating expenses		
Bank charges	-	47
Compilation fees	740	1,519
Interest on loan	498	-
Printing postage and stationery	93	57
Professional fee	2,603	2,860
Registered address charges	178	191
Secretarial fee	743	789
Tax fee	<u>370</u>	<u>371</u>
	5,225	5,834
Loss Before Tax	<u><u>(4,985)</u></u>	<u><u>(5,813)</u></u>

These do not form part of the unaudited financial statements.