

VELCAN

VELCAN
Société Anonyme
RCS Luxembourg B145.006
REPORT OF THE REVISEUR D'ENTREPRISES AGREE
AND
ANNUAL ACCOUNTS

FOR 2017 FINANCIAL YEAR

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LEGAL INFORMATION

Name:	VELCAN, the “Company”.
Legal Form:	Société Anonyme (Public Limited Company)
Registered office:	11 Avenue Guillaume L-1651 Luxembourg
Company Registration Number:	RCS Luxembourg, B 145.006
Constitution :	Company incorporated on 12 February 2009 by notarial deed of Maître Paul DECKER.
Listing:	VELCAN is listed on the Paris Stock Exchange (Euronext Growth ALVEL-FR0010245803). The Company never performed any Public Offer as understood under Directive 2003/71/CE of the European Parliament and Council.
Financial Year:	From January 1 st to December 31 st of each year.
Board of Directors:	Mr. Philippe PEDRINI, 81, rue de Pannebourg, B-6700 Waltzing, Belgique, Chairman of the Board Mr. Jean-Luc RIVOIRE, 99 Emerald Hill Road, 229375 SINGAPOUR, Director Mr. Antoine DECITRE, 27, Bukit Tunggal Road, 309712 SINGAPOUR, Director Mrs. Véronique WAUTHIER, 15 rue de Saeul, L-8562 Schweich, Director Mr. Didier SCHÖNBERGER, 47 rue du Château, F-57970, Inglande, Director.

Proposition of allocation of the result

The management is proposing following allocation:

	EUR
Profit or loss brought forward	(3,710,308.35)
Profit or loss for the financial year	(4,549,192.77)
Allocation to the legal Reserve	-
Profit or loss to bring forward	<u>(8,259,501.12)</u>

We propose to approve annual accounts as presented below and to pursue the Company's activities.


For the Board of Directors



REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Shareholders of
VELCAN
11, avenue Guillaume
L-1651 Luxembourg

Opinion

We have audited the annual accounts of VELCAN (the "Company"), which comprise the balance sheet as at 31 December 2017, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Law and standards are further described in the « Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the Annual Accounts» section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the annual accounts and our report of the "Réviseur d'Entreprises Agréé" thereon.

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

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'Entreprises Agréé" for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises Agréé" 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 Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 Board of Directors.
- Conclude on the appropriateness of Board of 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 report of the "Réviseur d'Entreprises Agréé" to the related disclosures in the annual accounts 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 report of the "Réviseur d'Entreprises Agréé". 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

Luxembourg, 26 April 2018

BDO Audit
Cabinet de révision agréé
represented by

A handwritten signature in blue ink, appearing to read 'Daniel Hilbert', is written over a horizontal line.

Daniel Hilbert

RCSL Nr.: B145006

Matricule: 2009.2202.802

ABRIDGED BALANCE SHEETFinancial year from ⁰¹ 01/01/2017 to ⁰² 31/12/2017 (in ⁰³ EUR)**VELCAN****11 Avenue Guillaume****L-1651 Luxembourg****ASSETS**

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid			
I. Subscribed capital not called	1101	0,00	0,00
II. Subscribed capital called but unpaid	1103	0,00	0,00
	1105	0,00	0,00
B. Formation expenses	1107	0,00	0,00
C. Fixed assets	1109 3	151.945.251,98	154.658.549,59
I. Intangible assets	1111	603,04	603,04
II. Tangible assets	1125	0,00	0,00
III. Financial assets	1135	151.944.648,94	154.657.946,55
D. Current assets	1151	1.769.573,83	1.979.388,58
I. Stocks	1153	0,00	0,00
II. Debtors	1163	347.061,43	331.773,24
a) becoming due and payable within one year	1203	347.061,43	331.773,24
b) becoming due and payable after more than one year	1205	0,00	0,00
III. Investments	1189	0,00	0,00
IV. Cash at bank and in hand	1197	1.422.512,40	1.647.615,34
E. Prepayments	1199	12.298,32	42.875,51
TOTAL (ASSETS)	201	153.727.124,13	156.680.813,68

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B145006

Matricule : 2009.2202.802

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
I. Subscribed capital	1301 <u>4</u>	301 <u>125.857.653,07</u>	302 <u>143.366.845,84</u>
II. Share premium account	1303	303 <u>6.605.442,00</u>	304 <u>7.805.442,00</u>
III. Revaluation reserve	1305	305 <u>127.099.548,31</u>	306 <u>138.859.548,31</u>
IV. Reserves	1307	307 <u>0,00</u>	308 <u>0,00</u>
V. Profit or loss brought forward	1309 <u>7</u>	309 <u>412.163,88</u>	310 <u>412.163,88</u>
VI. Profit or loss for the financial year	1319	319 <u>-3.710.308,35</u>	320 <u>-8.591.239,27</u>
VII. Interim dividends	1321	321 <u>-4.549.192,77</u>	322 <u>4.880.930,92</u>
VIII. Capital investment subsidies	1323	323 <u>0,00</u>	324 <u>0,00</u>
	1325	325 <u>0,00</u>	326 <u>0,00</u>
B. Provisions	1331	331 <u>4.815,00</u>	332 <u>6.420,00</u>
C. Creditors			
a) becoming due and payable within one year	1435	435 <u>27.864.656,06</u>	436 <u>13.307.547,84</u>
b) becoming due and payable after more than one year	1453	453 <u>27.864.656,06</u>	454 <u>13.307.547,84</u>
	1455	455 <u>0,00</u>	456 <u>0,00</u>
D. Deferred income	1403	403 <u>0,00</u>	404 <u>0,00</u>
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 <u>153.727.124,13</u>	406 <u>156.680.813,68</u>

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The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B145006

Matricule : 2009.2202.802

ABRIDGED PROFIT AND LOSS ACCOUNTFinancial year from ⁰¹ 01/01/2017 to ⁰² 31/12/2017 (in ⁰³ EUR)**VELCAN****11 Avenue Guillaume****L-1651 Luxembourg****ABRIDGED PROFIT AND LOSS ACCOUNT**

	Reference(s)	Current year	Previous year
1. to 5. Gross profit or loss	1651	651 -3.184.277,65	652 -1.511.350,91
6. Staff costs	1603	605 0,00	606 0,00
a) Wages and salaries	1607	607 0,00	608 0,00
b) Social security costs	1609	609 0,00	610 0,00
i) relating to pensions	1653	653 0,00	654 0,00
ii) other social security costs	1655	655 0,00	656 0,00
c) Other staff costs	1613	613 0,00	614 0,00
7. Value adjustments	1657	657 0,00	658 647.784,90
a) in respect of formation expenses and of tangible and intangible fixed assets	1659	659 0,00	660 -5.756,35
b) in respect of current assets	1661	661 0,00	662 653.541,25
8. Other operating expenses	1621	621 0,00	622 0,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B145006

Matricule : 2009.2202.802

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	0,00	810.649,66
a) derived from affiliated undertakings	1717	0,00	810.649,66
b) other income from participating interests	1719	0,00	0,00
10. Income from other investments and loans forming part of the fixed assets	1721	2.013.527,09	782.370,17
a) derived from affiliated undertakings	1723	624.659,10	705.412,01
b) other income not included under a)	1725	1.388.867,99	76.958,16
11. Other interest receivable and similar income	1727	91.026,88	3.404.514,06
a) derived from affiliated undertakings	1729	1.031,42	2.733.762,33
b) other interest and similar income	1731	89.995,46	670.751,73
12. Share of profit or loss of undertakings accounted for under the equity method	1663	0,00	0,00
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	-1.428.168,36	827.346,75
14. Interest payable and similar expenses	1627	-2.038.695,73	-76.329,71
a) concerning affiliated undertakings	1629	-1.833.579,94	-9.897,68
b) other interest and similar expenses	1631	-205.115,79	-66.432,03
15. Tax on profit or loss	1635	0,00	0,00
16. Profit or loss after taxation	1667	-4.546.587,77	4.884.984,92
17. Other taxes not shown under items 1 to 16	1637	-2.605,00	-4.054,00
18. Profit or loss for the financial year	1669	-4.549.192,77	4.880.930,92

The notes in the annex form an integral part of the annual accounts

NOTES TO THE ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR 2017

1. ACTIVITY AND OBJECTS

The Company can engage in all commercial activities relating directly or indirectly to the acquisition of participations in any form whatsoever, in any enterprise either with a legal status of corporation by shares or with a legal status of partnership, as well as the administration, management, control and development of these participations.

It may use its funds for the setting-up, management, development and liquidation of a portfolio consisting of any kind of securities, to participate in the founding, development and control of any enterprise, to acquire by way of capital contribution, subscription, underwriting or purchase option or any other way, any securities, to sale, transfer, exchange those securities, to grant support, loans, advances or guarantees to any company in which it has a direct or indirect interest.

It may also proceed with the acquisition, management, operation, sale or lease of any property, furnished or unfurnished and generally engage in any and all real estate operations with the exception of those of property dealers and investment and cash management in the Grand Duchy of Luxembourg or abroad.

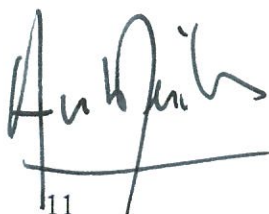
In general, the Company may carry out any property, movable, immovable, commercial, industrial or financial operations, as well as all transactions and operations to promote and facilitate directly or indirectly the achievement of its objects or its extensions.

VELCAN is the parent company of a group owning a wide array of financial and industrial assets. VELCAN through its various subsidiaries is actively involved in the financial markets. It owns bonds, equities and not listed investments in a variety of countries and in a variety of currencies. VELCAN is also developing, financing, building and operating hydro power concessions in Brazil, India, and Indonesia. Its shares are listed on the Paris stock exchange (Euronext – Growth).

VELCAN is preparing consolidated financial statements. The consolidation scope of VELCAN is the smallest and largest body of undertakings of which VELCAN is part and which is preparing consolidated financial statements. These consolidated financial statements are available at:

VELCAN
11, Avenue Guillaume
L-1651 Luxembourg

Directors :


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NOTES TO THE ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR 2017

2. ACCOUNTING PRINCIPLES

2.1. General Principles

The annual accounts are prepared in accordance with Luxembourg legal and regulatory requirements and generally accepted accounting practices (GAAP).

2.2. Foreign Currency Translation

The Company maintains its accounting in Euro (EUR) and the balance sheet and the profit and loss are expressed in that currency.

On the balance sheet date, non-monetary items denominated in a currency other than the reporting currency are translated at historical exchange rates.

Monetary balance sheet items denominated in a currency other than the reporting currency are valued based on the exchange rate in effect at the date of the balance sheet. However under the principle of prudence, only translation differences related to losses are recognized in profit and loss; unrealized gains are deferred.

2.3. Financial Assets

The financial assets mainly consist of shares in affiliated undertakings, as well as of loans granted to affiliated undertakings and deposits.

The shares in affiliated undertakings are recorded at cost. At the closing date of the year, the Board of Directors estimates the fair value of such shares and books a value adjustment if the impairment value is deemed permanent.

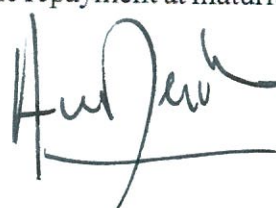
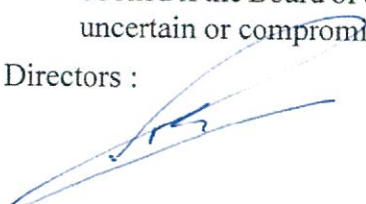
Loans in financial assets are booked at their nominal value. A value adjustment is booked if the Board of Directors estimates that the repayment at maturity is fully or partly uncertain or compromised.

Deposits are recorded at their nominal value.

2.4. Receivables

Receivables in current assets are recorded at their nominal value. A value adjustment is booked if the Board of directors assessed that the repayment at maturity is wholly or partly uncertain or compromised.

Directors :



NOTES TO THE ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR 2017

2.5. Cash

Cash at bank, cash in postal cheque accounts, cheques and cash in hand are recorded at their nominal value.

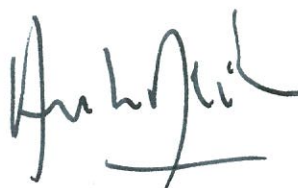
2.6. Debts

Debts are recorded at their nominal value.

2.7. Transferable securities and other financial instruments

Transferable securities and other financial instruments are recorded at their acquisition value. At the financial year closing date, an impairment is recorded when the fair value assessed is less than the acquisition price. Unrealized gains are not recognized.

Directors :

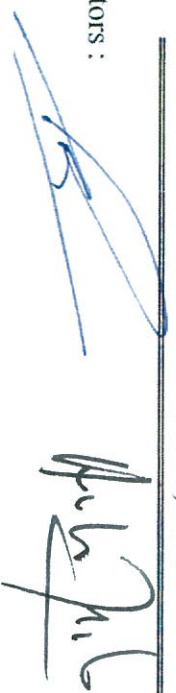


3. FINANCIAL ASSETS

NOTES TO THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2017

EUR	Shares in affiliated undertakings	Amounts owed by affiliated undertakings	Securities held as fixed assets	Other: loans and claims held as fixed assets	Total
Nominal value/Historical cost as at January 1, 2017	150,654,069.71	15,733,776.80	10,000.00	1,554,760.50	167,952,607.01
Current year additions	13,500,890.88	624,660.10	0.00	40,185.34	14,165,736.32
Current year disposals/reductions/Reimbursements	-14,072,643.68	-3,449,880.88	0.00	-1,666,174.94	-19,188,699.50
Foreign currency impacts	0.00	-1,714,197.01	0.00	71,229.10	-1,642,967.91
Transfer	0.00	0.00	0.00	0.00	0.00
Nominal value/Historical cost as at December 31, 2017	150,082,316.91	11,194,359.01	10,000.00	0.00	161,286,675.92
Value adjustments					
Accumulated depreciation as at January 1, 2017	-5,177,167.91	-7,370,792.70	0.00	-746,699.85	-13,294,660.46
Current year allowance	-789,130.00	0.00	0.00	0.00	-789,130.00
Current year reversal	6,015.74	3,762,104.12	0.00	746,699.85	4,514,819.71
Foreign currency impacts	0.00	226,943.77	0.00	0.00	226,943.77
Transfer	0.00	0.00	0.00	0.00	0.00
Accumulated depreciation as at December 31, 2017	-5,960,282.17	-3,381,744.81	0.00	0.00	-9,342,026.98
Net book value as of January 1, 2017	145,476,901.80	8,362,984.10	10,000.00	808,060.65	154,657,946.55
Net book value as of December 31, 2017	144,122,034.74	7,812,614.20	10,000.00	0.00	151,944,648.94

Directors :



NOTES TO THE ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR 2017

Detail of Shares in companies above 20% of controlling interests (in EUR)

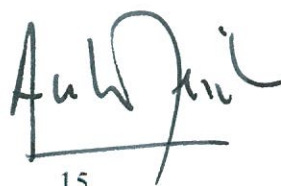
<u>Company Name</u>	<u>Country/ Functionnal Currency</u>	<u>Percentage of holding as of 31/12/17</u>	<u>Last Financial Year result approved</u>	<u>statutory' s profit/loss in local currency</u>	<u>statutory' s net shareholder's equity in local currency (*)</u>	<u>Net book value in VELCAN books in 31/12/17 (EUR)</u>
Velcan Energy Mauritius Limited	Mauritius/ EUR	100%	31/12/2017	(11,751,208)	133,945,164	133,500,891
Velcan Energy Singapore	Singapore/ SGD	100%	31/12/2017	(364,298)	2,569,914	1,601,093,12
Rodeio Bonito Hidrelétrica	Brazil/ BRL	99,99%	31/12/2017	(573,859)	28,269,913	9,020,050
Velcan Desenvolvimento Energetico Do Brasil	Brazil/ BRL	99,99%	31/12/2017	(301,628) **	(7,782,021) **	1.00
Velcan Energy Holdings (Dubai) Ltd	UAE/ AED	100%	31/12/2016 ***	(23,966,480)	(25,466,401)	0.00

* The net income of 2017 Financial Year is included in the net shareholder's equity

** Non audited

*** Last approval of accounts was for the financial year closed in 31/12/2016

Directors :

NOTES TO THE ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR 2017

4. SUBSCRIBED CAPITAL

Date	Description	Number of shares	Nominal value per share	Subscribed capital
1 January 2017	Opening subscribed capital	7 805 442	1.00 €	7 805 442.00 €
31 July 2017	Capital decrease	-1 200 000	1.00 €	-1 200 000.00 €
31 December 2017	Closing subscribed capital	6 605 442	1.00 €	6 605 442.00

As per the resolutions of the Extraordinary General Meeting held on Friday the 28th of July 2017, the Company's share capital was reduced from EUR 7,805,442 to EUR 6,605,442 divided into 6,605,442 shares of one euro (EUR 1) nominal value each, by cancelation of 1,200,000 treasury shares which were already held by the Group prior.

The 1,200,000 treasury shares were acquired from its 100% subsidiary, Velcan Energy Mauritius Limited at a price of EUR 10.80 per share (EUR 12,960,000) in order to reduce the capital of the Company.

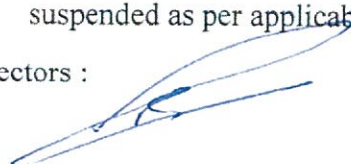
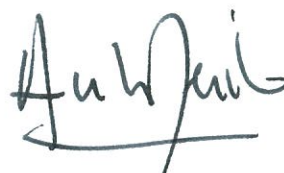
As at 31 December 2017, the subscribed capital amounts to EUR 6,605,442.00 represented by 6,605,442 fully issued and subscribed shares with a nominal value of EUR 1 each.

The authorized share capital amounts to EUR 30,000,000.00 represented by 30,000,000.00 shares with a nominal value of EUR 1 each.

5. BENEFICIARY SHARES AND VOTING RIGHTS

Beneficiary Shares (also sometimes known as Founders' Shares) are issued by the Company, in accordance with Article 430-1, paragraphs 1 and 2 of the Luxembourg Law of 10th August, 1915 on commercial companies. Those Beneficiary Shares are different from ordinary shares as they do not give access to the Company's share capital. As provided for in article 7.7 of Velcan SA's Article of Association, one Beneficiary Share gives one voting right to its owner in the Company's General Meetings. One Beneficiary Share is allocated to a shareholder against each share continuously registered for a period of 4 years under such shareholder's name in the nominative register held directly by the custodian specially appointed by the Company for that purpose (BNP Paribas Securities Services as of the 31/12/2016). A second Beneficiary share is allocated to the shareholder of each share continuously registered for a period of 6 years under the shareholder's name in the nominative register held directly by the custodian specially appointed by the Company for that purpose (BNP Paribas Securities Services as of the 31/12/2017). As a result, the total number of voting rights in the company, existing at 31st December, 2017, is as follow: 10,686,159 (This number includes 379,332 treasury shares from which the voting rights are suspended as per applicable regulations).

Directors :

NOTES TO THE ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR 2017

6. EMPLOYEE BENEFIT

Equity Warrants

The Company has issued warrants during previous financial years to employees, managers or consultants of the Company and its subsidiaries. One equity warrant gives the right to apply for one share.

As of the 31st December 2017, the following warrants are issued and still valid:

Warrant ref.	Issue date	Number of warrants existing	Number of warrants exercisable	Subscription price	Expiry date
BSA2013-1	23/04/2013	13 600	13 600	10 Eur	23/04/2023
BSA2013-2	23/04/2013	8 000	8 000	21.4 Eur	23/04/2023

Free shares plans allocated over the year

In the previous financial years the Company had implemented stock-option plans and equity warrants, which do not exist anymore as of 31/12/2017 as they have either been replaced by free shares or have expired.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	TOTAL
Cancellation or termination of Stock-options and equity warrants plans (in number of potential new shares)	- 707,275	- 57,075	- 53,250	- 50,250	- 750	- 868,600

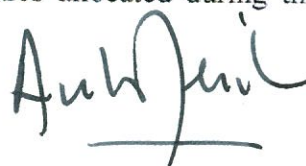
In September 2017 the Company has attributed free shares to some employees and management executives of the Group.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	TOTAL
Vesting of Free Shares (in Shares)	214,313	35,137	33,625	33,250	375	316,700
Of which distributed	212,050	-	-	-	-	212,050
Of which undistributed	2,263*	35,137	33,625	33,250	375	104,650

* Distributed in January 2018

When free shares replaced option plans, it has been agreed that the non-vested options would be replaced by free shares with a two to one ratio and following the same vesting as the one of the initial options agreements. The treasury shares held by the Group through its subsidiary Velcan Energy Mauritius Ltd were used to allocate the above free shares and re invoiced to the Company by its 100% Subsidiary. A total amount of EUR 2,415, 249.5 corresponding to the vested part of free shares allocated during the year have been recognized in the gross profit or loss.

Directors :

NOTES TO THE ANNUAL ACCOUNTS
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Other share based payment transactions

In 2016, whereby three equity warrants plans granted to a director of subsidiaries of the Group were traded against existing shares held by the Group as treasury shares with a ratio of one existing share for two equity warrants. 29,750 shares were traded against 59,500 equity warrants already vested in 2016 at the date of the transaction. The non-vested equity warrants shall be traded against existing shares with the same two to one ratio and following the same vesting as the one of the equity warrants original agreements.

In 2017, 3000 shares were vested (distributed in January 2018) and 2250 shares will be transferred on 31/12/2018 as final execution of this transaction.

7. LEGAL RESERVE

As required by law in Luxembourg, 5% of the Company's net result for the year (less accumulated losses brought forward if any) shall be allocated to a legal reserve whenever it is a net profit.

This allocation ceases to be mandatory when the reserve reaches 10% of paid up capital. The legal reserve is not available for dividend distribution.

8. TAX RATE

The Company is fully taxable at a maximum rate of 27.08% on its net income. The Company is also liable to the Luxembourg Wealth Tax at the rate of 0.5%, calculated on the basis of its net equity at the beginning of the following financial year.

9. OFF BALANCE SHEET COMMITMENT

The Company has issued letter of support to affiliated undertakings which could require it to provide financial support in the form of working capital contribution during the year in order that those affiliated undertakings continue to operate on a going-concern basis.

10. RELATED PARTY TRANSACTIONS

The Company has paid consultancy fees to Luxembourg Hydro Power S.A., a company related to several Board members, for a total amount of EUR 30,333.33 (2016: EUR 483,012). The consultancy service agreement with Luxembourg Hydro Power SA has been terminated with effect on 31st July 2017.

Two members of the board of directors have been granted 292 500 free shares during the financial year 2017 as part of the free shares Grant mentioned in note 6 above. Those shares have been acquired through its 100% subsidiary Velcan Energy Mauritius Ltd. The related costs incurred have been recognized in the gross profit or loss for a total amount of EUR 2,201,550 for the vested part of the free shares allocated out of the total amount of EUR 2,415, 249.5 mentioned in note 6 above.

Directors :



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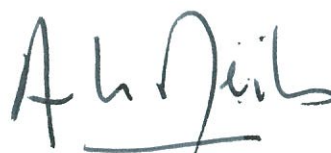
11. SUBSEQUENT EVENTS

In February 2018, Velcan has started a share buyback programme with the purpose of cancelling the purchased shares. All the information on the programme are available on Velcan's website.

Directors :



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VELCAN