# Ion Exchange Proprietary Limited
(Registration Number: 2002/009690/07)

Annual Financial Statements
For the year ended 31 March 2020

## General Information

| | |
|---|---|
| **Country of incorporation and domicile** | : South Africa |
| **Nature of business and principle activities** | : Water treatment, liquid waste treatment and recycle, pollution control, solid and hazardous waste management, generation of energy from waste and related matters. |
| **Ultimate holding company** | : Ion Exchange India Limited, Incorporated in Mumbai, India |
| **Executive Directors** | : EW Platt<br>FC Platt<br>G Chakravorty<br>MP Patni<br>R Sharma |
| **Alternate Directors** | : JP Pathare<br>NM Ranadive |
| **Secretary** | : Sirkien Van Schalkwyk, Juba Statutory Services |
| **Company registration number** | : 2002/009690/07 |
| **Registered office** | : Accéntuate Business Park<br>32 Steele Street<br>Steeledale<br>Johannesburg<br>2197 |
| **Postal address** | : P O Box 1754<br>Alberton<br>1450 |
| **Auditors** | : BDO South Africa Incorporated<br>Registered Auditors |
| **Level of Assurance** | These financial statements have been audited in compliance with Section 30(2)(b)(ii) of the Companies Act of South Africa |

The annual financial statements were prepared internally under the supervision of Luke Quinn (Associate Company Financial Director)

## Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

**ION EXCHANGE SAFIC PROPRIETARY LIMITED**
**Registration Number: 2002/009690/07**
Annual Financial Statements for the year ended 31 March 2020

## Statement of Responsibility of the Board of Directors

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner
The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk
These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future

The annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the corporation has adequate resources in place to continue in operation for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 6 – 7.

The annual financial statements set out on pages 8 - 24, which have been prepared on the going concern basis, were approved by the board of directors on 22 MAY 2020 and were signed on their behalf by

22/05/20

G. CHAKRAVORTY

E. PLATT

## Report of the Directors

The directors present their annual report which forms part of the audited financial statements of the company for the year ended 31 March 2020.

**1. PRINCIPLE ACTIVITIES OF THE COMPANY**

Water treatment, liquid waste treatment and recycle, pollution control, solid and hazardous waste management, generation of energy from waste and related matters.

**2. SHARE CAPITAL**

Ion Exchange India Limited (a company not within South Africa ) is the ultimate holding company with 60% shareholding in Ion Exchange Safic Proprietary Limited
SAFIC Proprietary Limited's (a company incorporated in South Africa) shareholding is 40% in Ion Exchange Safic Propriety Limited

There were no changes in the authorised or issued share capital during the year under review.

**3. DIVIDENDS PAID**

No dividends have been paid.

**4. DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY**

The directors have no interest in the share capital of the Company.

**5. DIRECTORS' INTEREST IN CONTRACTS**

No contracts involving directors' interests were entered into during the current period.

**6. AUDITORS**

BDO South Africa Incorporated continued in office as company auditors in accordance with section 91 of the Companies Act of South Africa for the financial year ended 31 March 2020.

**7. POST BALANCE SHEET EVENTS**

Events after the reporting date, the novel coronavirus (COVID-19) pandemic has required the company to support government protocols and directives and as a result, the company introduced a wide range of measures to limit disruption to the business. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. The majority of the products supplied by Ion Exchange Safic are classified as essential goods and service the provision of projects related to the provision of water. At this point management's evaluation of the on-going effects of COVID-19, the extent to which it may impact our operating results is considered tolerable. However, the related financial impact and duration cannot be reasonably estimated at this time.

**8. GOING CONCERN**

As at 31 March 2020, the company had accumulated losses of R11,319,755 and the company's total liabilities exceeded its assets by R10,319,755
Being aware that the company although making a loss, it's going concern is dependant on a number of factors.
The most significant of those factors being:
- Shareholders continue to provide financial support for the foreseeable future, which is not less than 12 months, to ensure settlement of debts, as and when they are due.
- The subordination agreement mentioned in these financial statements will remain in force for as long as it takes to restore the solvency of the company.

Ion Exchange Safic (Pty)Ltd has secured an overdraft facility to the value of R5,000,000 and will be renewable on an annual basis by ICICI.

Over and above Ion Exchange India Limited and SAFIC Propriety Limited commit (as per letter of support) to:
- Provide Ion Exchange Safic (Pty) Ltd with the financial means to meet its obligations of completing the fixed assets commitments and operational cash requirements until cash break even.
- Arrange for Ion Exchange Safic (Pty) Ltd commitments to its creditors, to be performed in a satisfactory way
- Exert full influence over Ion Exchange Safic (Pty) Ltd as well as projects to repay all its creditors on maturity.

### Covid-19

We are in full support of the government's' measures to combat the pandemic. In line with the directive by the South African government on 23 March 2020, the products supplied by Ion Exchange Safic are classed as essential goods and serve in the provision of projects related to the provision of water. Management had implemented other measures to manage the risk to its people and business, including international business travel restrictions, self-quarantine for people displaying flu-like symptoms and comprehensive sanitation protocols and hygiene awareness campaigns. There is of course the possibility of further lockdowns and restrictions in the countries in which we have a presence and contingency plans are being formulated to deal with these potential eventualities. As a result, management believes that the company has sufficient shareholder and management support to withstand an interruption to our operations, notwithstanding this, we will continue to work towards minimising the impact of Covid-19 on our operations. Management has evaluated the potential effects of these conditions, assuming a three-month industry interruption period (this is based on periods of total lockdown experienced in China and South Korea) of operations. Management is of the view that it will be a going concern for the foreseeable future.

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South Africa

# Independent Auditor's Report

**To the shareholders of**

## Ion Exchange Safic Proprietary Limited

**Opinion**

We have audited the financial statements of Ion Exchange Safic Proprietary Limited (the company) set out on pages 8 to 24, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ion Exchange Safic Proprietary Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the document titled "Ion Exchange Safic Proprietary Limited Annual Financial Statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information included on page 25. The other information does not include the financial statements and our auditor's report thereon.

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

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

**Responsibilities of the Directors for the Financial Statements**
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

BDO South Africa Inc.

**BDO South Africa Incorporated**
Registered Auditors

**TM Rahiman**
Director
Registered Auditor

22 May 2020

Wanderers Office Park
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Illovo, 2196

**ION EXCHANGE SAFIC PROPRIETARY LIMITED**
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## Statement of Profit or Loss and Other Comprehensive Income

| | Notes | 2020<br>R | 2019<br>R |
|---|---|---|---|
| Revenue | 9 | **16,778,062** | **15,657,390** |
| Cost of Sales | | **(11,030,767)** | **(10,351,774)** |
| **Gross Profit** | | **5,747,295** | 5,305,616 |
| Other income | 10 | **621,937** | **126,554** |
| Reversal of impairment | | **-** | **-** |
| Loss on Exchange Rate | | **(780,021)** | **-** |
| Loss on Disposal of Fixed Asset | | **-** | **(2,017)** |
| Other Operating expenses | 11 | **(6,431,351)** | **(5,922,157)** |
| **Operating profit** | | **(842,140)** | **(492,004)** |
| Finance income | | **-** | **-** |
| Finance costs | 12 | **(1,433,098)** | **(1,053,220)** |
| **Profit before taxation** | | **(2,275,238)** | **(1,545,224)** |
| Income tax expense | 14 | **114,210** | **(321,185)** |
| **Loss for the year** | | **(2,161,028)** | (1,866,409) |

**ION EXCHANGE SAFIC PROPRIETARY LIMITED**
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## Statement of Financial Position

| | Notes | 2020 R | 2019 R |
|---|---|---|---|
| **Assets** | | | |
| ***Non-Current Assets*** | | **2,165,857** | 380,586 |
| FEC Asset: ROE Revaluation | 13 | **859,025** | - |
| Right of use Asset | 8 | **819,823** | - |
| Property, plant and equipment | 2 | **50,527** | 58,314 |
| Deferred tax assets | 15 | **436,482** | 322,272 |
| **Current Assets** | | **9,249,593** | 7,468,444 |
| Inventories | 3 | **4,067,369** | 2,479,675 |
| Trade and other receivables | 4 | **3,748,146** | 3,385,520 |
| Advance payments | | **33,333** | 33,333 |
| Cash and cash equivalents | 5 | **1,400,745** | 1,569,916 |
| **Total Assets** | | **11,415,450** | 7,849,030 |
| **Equity and Liabilities** | | | |
| **Equity** | | **(10,319,755)** | (8,158,726) |
| Ordinary share capital and share premium | 16 | **1,000,000** | 1,000,000 |
| Retained Earnings/(Accumulated loss) | | **(11,319,755)** | (9,158,726) |
| **Non-Current Liabilities** | | **2,967,061** | 2,649,155 |
| Loans payable | 6 | **2,967,061** | 2,649,155 |
| **Current Liabilities** | | **18,768,144** | 13,358,600 |
| Short term portion of loan Payable | 6 | **600,000** | - |
| Trade and other payables | 7 | **12,318,249** | 8,358,600 |
| Lease liabilities | 8 | **849,895** | - |
| Bank overdraft | 5 | **5,000,000** | 5,000,000 |
| **Total Equity and Liabilities** | | **11,415,450** | 7,849,030 |

**ION EXCHANGE SAFIC PROPRIETARY LIMITED**
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## Statement of Cash Flows

| Indirect Method | **2020** | 2019 |
|---|---|---|
| **Cash generated from operations** | | |
| Loss before taxation | **(2,275,238)** | (1,545,223) |
| **Adjustments for:** | | |
| Depreciation | **22,388** | 43,605 |
| Amortisation of right to use assets | **179,597** | - |
| Interest received | **(44,408)** | (35,662) |
| Finance costs | **1,433,098** | 1,053,220 |
| (Gain)/Loss in foreign exchange | **(859,025)** | - |
| *changes in working capital:* | | |
| Inventory | **(1,587,694)** | 326,170 |
| Trade receivables | **(362,627)** | (1,926,654) |
| Trade payables | **3,959,649** | 1,028,247 |
| Advance payments | **-** | 65,757 |
| Finance costs | **(975,086)** | (1,053,220) |
| Taxation paid | **-** | - |
| Repayments of lease liabilities | **(196,459)** | - |
| Interest received | **44,408** | 35,663 |
| **Net cash provided by operating activities** | **(661,397)** | (2,008,097) |
| | | |
| **Cash flows from investing activities** | **(14,600)** | (10,567) |
| Purchase of property, plant, and equipment | **(14,600)** | (10,567) |
| | | |
| **Cash flows from financing activities** | **506,826** | (928,430) |
| Proceeds from additional shareholder loans | **3,222,334** | (928,430) |
| Repayments of intercompany loans | **(2,715,508)** | - |
| | | |
| Net increase/(decrease) in cash and cash equivalents | **(169,171)** | (2,947,094) |
| Cash and cash equivalents at beginning of period | **(3,430,084)** | (482,990) |
| | | |
| Cash and cash equivalents at end of period | **(3,599,255)** | (3,430,084) |

**ION EXCHANGE SAFIC PROPRIETARY LIMITED**
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## Statement of Changes in Equity

| | Share capital | Share premium | Total Share Capital | (Accumulated losses) / Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Balance at 01 April 2018** | 1,000 | 999,000 | 1,000,000 | (7,292,318) | (6,292,318) |
| Comprehensive Income | - | - | - | - | - |
| Net Loss for the Period | - | - | - | (1,866,409) | (1,866,409) |
| Foreign Currency gains and losses from Consolidation | - | - | - | - | - |
| Effects from equity- related recognition of Deferred tax | - | - | - | - | - |
| **Balance at 31 March 2019** | 1,000 | 999,000 | 1,000,000 | (9,158,727) | (8,158,727) |
| | | | | | |
| **Balance at 01 April 2019** | 1,000 | 999,000 | 1,000,000 | (9,158,727) | (8,158,727) |
| Comprehensive Income | - | - | - | - | - |
| Net Loss for the Period | - | - | - | (2,161,028) | (2,161,028) |
| Foreign Currency gains and losses from Consolidation | - | - | - | - | - |
| Effects from equity- related recognition of Deferred tax | - | - | - | - | - |
| **Balance at 31 March 2020** | 1,000 | 999,000 | 1,000,000 | (11,319,755) | (10,319,755) |

## Accounting Policies

**1. Presentation of annual financial statements**

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except as indicated below and incorporate the principal accounting policies set out below. They are presented in South African Rands.
These accounting policies are consistent with the previous period, except for the changes set out in notes.

**1.1 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**Taxation**

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.
The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

**1.2 Property, plant and equipment**

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.
Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.
Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:
Furniture and fixtures ,Straight line ,10 years
IT equipment, Straight line, 3- 5 years
Computer software, Straight line, 5 years
Leasehold improvements ,Straight line ,10 years
Branding - Sign board, Straight line ,1- 3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.
Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.
The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

**1.3 Financial instruments**

Financial instruments held by the company are classified in accordance with provisions of IFRS 9 Financial instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:
-Mandatorily at fair value through profit or loss; or
-Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
-Amortised cost. (This category applies only when the contractual terms of the instrument gives rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
-Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument gives rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
-Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
-Designated as at fair value through other comprehensive income.
(This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

• Debt instruments are currently classified at amortised cost and satisfy the criteria for such classification. Financial assets are currently measured at fair value through profit and loss will continue to be measured on the same basis under IFRS 9. Accordingly, the company does not expect the new guidance to affect the classification and measurement of these financial assets or liabilities. The company does not apply hedge accounting. The new impairment model requires the recognition of impairment provisions based on expected credit losses (“ECL”) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the company does not expect a material change in the loss allowance for trade creditors based on historical information and management’s assessment of market conditions. Expected credit losses on the company’s credit facility are measured in accordance with paragraph 5.5.20 of IFRS 9. The company has applied the rules 1 April 2018, with the practical expedients permitted under the standard.

Derivatives which are not part of a hedging relationship:
-Mandatorily at fair value through profit or loss.

Financial Liabilities:
-Amortised cost; or
-Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
-Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch ; the liability forms part of a Company of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

All regular way purchases or sales of financial assets are recognised and derecognised on a trade basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

## Accounting Policies

**Trade and other receivables**

**Classification**

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

**Recognition and measurement**

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Impairment and estimated credit losses (ECL)**

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and pre-payments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable

**Measurement and recognition of expected credit losses**

The company makes use of a provision matrix as a practical expedient the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments
The loss allowance is calculated on a collective basis for trade and other receivables in totality. Details of the provision matrix are presented in note 4.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit allowance.

**Write off Policy**

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advise where appropriate. Any recoveries made will be recognised in profit or loss.

**Trade and other payables**

Trade payables are classified as financial liabilities at amortised cost.

## Accounting Policies

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These financial assets are classified as loans and receivables.

**Bank overdraft and borrowings**

Bank overdrafts and borrowings are classified as financial liabilities at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Preference shares, which are mandatorily redeemable on a specific date, are classified as financial liabilities at amortised cost.

The fair value of the liability portion of a convertible instrument is determined using a market interest rate for an equivalent non-convertible instrument. This amount is recorded as a financial liability measured at amortised cost until extinguished on conversion or maturity of the instrument. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

**Held to maturity**

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

### 1.4 Taxation

**Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Deferred tax assets and liabilities**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

**Tax expenses**

Current and deferred taxes are recognised as income or an expense and are included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, in other comprehensive income, or

Current tax and deferred taxes are charged or credited in other comprehensive income or equity if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income or equity.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

## Accounting Policies

**1.5 Leases**

The Company adopted IFRS 16 with a transition date of 1 January 2019. The Company has chosen not to restate comparatives on adoption of the standard, and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the end of this financial year and recognised in the equity balances.

**IFRS 16 Leases**

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 in determining whether an arrangement contains a Lease. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value.
IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have any leasing activities acting as a lessor.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
- Leases of low value assets; and
- Leases with a duration of 12 months or less.

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures.

The following policies apply subsequent to the date of initial application, 1 January 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent from the lease, unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used i.e.(The Ion Exchange India initial loan rate). Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
-amounts expected to be payable under any residual value guarantee;
-the exercise price of any purchase option granted in favour of the company if it is reasonable certain to assess that option;
-any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

## Accounting Policies

**Transition Method and Practical Expedients Utilised**

The Company adopted IFRS 16 to bring current lease obligations into the statement of financial position, with recognition of transitional adjustments on the current financial year, without restatement of comparative figures.
The Company elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard.
The Company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:
(a) Apply the incremental interest rate to the lease liabilities to be fully amortised by the end of the foreseeable calculated period.
(Recognising the full asset, depreciation and Non current portion of the Lease netting off at the end of the calculated lease periods).
(b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
(c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
(d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.
As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership.

Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for leases over 12months as follows:

| Classification under IAS1 | Right of use assets | Lease liabilities |
|---|---|---|
| Operating leases that meet the definition of investment property in IAS40 | Fair Value as at 1 January 2019 | Measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate from the acquition of the primary loan from Ion Exchange India. |
| All other operating leases | Office space: Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment. | |
| | All other: the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above. | |
| | Measured based on the carrying values for the lease assets and liabilities immediately before the date of initial application (i.e. carrying values brought forward, unadjusted). | |

**IAS17 Comparatives:**

<u>Leases</u>

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.
A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

<u>Operating leases – lessee</u>

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.
Any contingent rents are expensed in the period they are incurred.

## Accounting Policies

**1.6 Inventories**

Inventories are measured at the lower of cost and net realisable value on the weighted average cost formula.
Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
The cost of inventories comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
The cost of inventories for items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

**1.7 Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

**1.8 Provisions and contingencies**

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.
Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.
Provisions are not recognised for future operating losses.

**1.9 Revenue**

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

*Performance obligations and timing of revenue recognition*

The majority of the company's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer.
However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the company no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

A small minority of contracts are negotiated on a bill and hold basis. In such arrangements revenue is recognised even though the Company still has physical possession only if:

- the arrangement is substantive (i.e. requested by the customer);
- the finished goods have been identified separately as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- A Ion Exchange Safic (pty)ltd company does not have the ability to use the product to direct it to another customer.

The Company has a small division which carries out consultancy-type services for clients, with revenue recognised as the services accrue. This is because some of the "plants" require further "consultancy/service to continue in a productive state, the alternative being that the contracts would require payment to be received for the time and effort spent by the company on progressing the contracts in the event of the customer cancelling the contract prior to completion for any reason other than the company's failure to perform its obligations under the contract. On partially complete design contracts, A Ion Exchange Safic (pty)ltd recognises revenue based on stage of completion of the project which is estimated by comparing the number of hours actually spent on the project with the total number of hours expected to complete the project (i.e. an input based method) or utilising a costing sheet with estimations of project lead time and stages of completion by percentage. This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of anticipated hours, material usage and services to complete the projects and therefore also represents the amount to which the company would be entitled based on its performance to date.

## Accounting Policies

*Determining the transaction price*

Most of the company's revenue is derived from a fixed contract formula by market sector and product type, therefore the amount of revenue to be earned from each contract is determined by reference to those fixed percentage prices.
The selling price is derived by formulating the 'Cost price (Intercompany Transfer Price + Import Cost) + % Sales Margin = Sales Price
Chemicals –% Sales Margin - Pricing is quoted per Kg, Distributors are quoted at 35% of GP and customers at 55% of GP
Resin – % Sales Margin – Pricing is quoted per LT, Distributors are quoted at 30-40% of GP and customers at 45% of GP
Membranes - % Sales Margin – Pricing is quoted per Unit/EA, Distributors are quoted at 20% of GP and customers at 35% of GP

The Exceptions are:
- Variable consideration relating to volume rebates has been constrained in estimating contract revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined.

*Allocating amounts to performance obligations*

For most contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line , the Company is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).
In order to win significant repeat business with key customers, the Company might enter into contracts entitling them to discounts if it places repeat orders in the future. Such discounts constitute a 'material right' and result in some of the consideration received for the initial sale being deferred and recognised as revenue when subsequent sales are fulfilled or (if later) when the rights to receive a discount expire. The company estimates both the probability that the customer will take up its future discount offer and the value of future purchases that might be made in order to estimate the value of the rights granted.
This has to be done on a contract–by-contract basis for each customer to whom material rights have been granted.
The Directors do not consider past experience an appropriate basis for estimating the amount of total contract revenue to allocate to future discount rights for two reasons. Firstly, there is not a significant number of such contracts on which past experience can be extrapolated. And secondly, each customer has unique circumstances which will impact both the probability and value of additional orders being placed. Therefore, the estimates are made by reference to discussions had with the relevant customers as to the extent the discount options will be taken up when the original contracts were negotiated.

*Costs of obtaining long-term contracts and costs of fulfilling contracts*

Incremental commissions paid to sales staff for work in obtaining design contracts of periods longer than one year are recorded in prepayments and amortised based on the stage of completion of the contract, i.e. in the same pattern as revenue is recognised.

No judgement is needed to measure the amount of costs of obtaining contracts – it is the commission paid.
The costs of fulfilling contracts do not result in the recognition of a separate asset because:
-such costs are included in the carrying amount of inventory for contracts involving the sale of goods; and
-for service contracts, revenue is recognised over time by reference to the stage of completion meaning that control of the asset (the design service) is transferred to the customer on a continuous basis as work is carried out.
Consequently, no asset for work in progress is recognised.

*Practical Exemptions*

The company has taken advantage of the practical exemptions:
-not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
-expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

**1.10 Cost of sales**

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.
The related cost of providing services recognised as revenue in the current period is included in cost of sales.
Contract costs comprise:
-costs that relate directly to the specific contract;
-costs that are attributable to contract activity in general and can be allocated to the contract; and
-such other costs as are specifically chargeable to the customer under the terms of the contract.

## Accounting Policies

**1.11 Translation of foreign currencies**

Foreign currency transactions

The functional currency of the company is South African Rends.

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

-foreign currency monetary items are translated using the closing rate;

-non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

-Non-monetary items that are measured at fair value in a 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 rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow

**1.12 New Standards and Interpretation**

New standards impacting the company that will be adopted in the annual financial statements for the year ended 31 March 2020 and which have given rise to changes in the company's accounting policies are:

• IFRS 16 Leases (IFRS 16); and
• IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23)

Details of the impact these two standards have had are given in the notes. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the company's activities or require accounting which is consistent with the company's current accounting policies.

*New standards, interpretations and amendments not yet effective*

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early.

The following amendments are effective for the period beginning 01 January 2020

• IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to 'determine whether liabilities are classified as current or non-current. These amendments 'clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months 'after the reporting period. The amendments also clarify that ‘settlement’ includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The Company is currently assessing the impact of these new accounting standards and amendments. The company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments which would be classified as an equity instrument and therefore, does not 'affect the classification of its convertible debt as a non-current liability.

**Other**

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the company.

## Notes to the Financial Statements

### 2. Property, Plant and Equipment

| | 2020 Carrying Amount | 2020 Accumulated Depreciation | 2020 Cost | 2019 Carrying Amount | 2019 Accumulated Depreciation | 2019 Cost |
|---|---|---|---|---|---|---|
| Furniture and Fixtures | **4,726** | **(5,401)** | **10,127** | 5,738 | **(4,389)** | 10,127 |
| IT Equipment | **41,592** | **(93,337)** | **134,929** | 46,757 | **(73,571)** | 120,329 |
| Computer Software | **3,735** | **(7,261)** | **10,996** | 5,135 | **(5,861)** | 10,996 |
| Leasehold Improvements | **472** | **(1,628)** | **2,100** | 682 | **(1,418)** | 2,100 |
| Branding | **2** | **(31,655)** | **31,657** | 2 | **(31,655)** | 31,657 |
| Closing Balance | **50,527** | **(139,282)** | **189,809** | 58,314 | **(116,894)** | 175,209 |

**Reconciliation of Property, Plant and Equipment - 2020**

| | Opening Balar | Additions | Disposals | Depreciation | Closing Balance |
|---|---|---|---|---|---|
| Furniture and Fixtures | 5,738 | - | - | (1,012) | 4,726 |
| IT Equipment | 46,757 | 14,600 | - | (19,766) | 41,592 |
| Computer Software | 5,135 | - | - | (1,400) | 3,735 |
| Leasehold Improvements | 682 | - | - | (210) | 472 |
| Branding | 2 | - | - | - | 2 |
| Closing Balance | 58,314 | 14,600 | - | (22,388) | 50,527 |

**Reconciliation of Property, Plant and Equipment - 2019**

| | Opening Balar | Additions | Disposals | Depreciation | Closing Balance |
|---|---|---|---|---|---|
| Furniture and Fixtures | 6,751 | - | - | (1,012) | 5,738 |
| IT Equipment | 77,171 | - | (5,555) | (40,982) | 46,757 |
| Computer Software | 6,535 | - | - | (1,400) | 5,135 |
| Leasehold Improvements | 892 | - | - | (210) | 682 |
| Branding | 2 | - | - | - | 2 |
| Closing Balance | 91,351 | - | (5,555) | (43,604) | 58,314 |

### 3. Inventories

| | 2020 | 2019 |
|---|---|---|
| Inventories consist of: | | |
| Finished Goods | **4,423,249** | 2,808,472 |
| Provision for Obsolete Inventory | **(355,880)** | (328,796) |
| Closing Balance | **4,067,369** | 2,479,675 |

### 4. Trade and Other Receivables

| | 2020 | 2019 |
|---|---|---|
| **Financial instruments:** | | |
| Trade Receivables | **4,166,468** | 3,683,720 |
| Sundry Deposits | **2,500** | 2,500 |
| Loss Allowance | **(420,822)** | (300,700) |
| Trade receivables at amortised cost | **3,748,146** | 3,385,520 |

**Exposure to credit risk**

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9.
In accordance with this approach, the loss allowance on trade receivables is determined as a lifetime expected credit losses or trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the previous financial period 2019, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

| **Expected credit loss rate:** | 2020 Estimated gross carrying amount at default | 2020 Loss allowance (Lifetime expected credit loss) | 2019 Estimated gross carrying amount at default | 2019 Loss allowance (Lifetime expected credit loss) |
|---|---|---|---|---|
| Less than 30 days past due | **2,435,231** | - | **1,660,365** | - |
| 31 - 60 days past due | **800,009** | - | **1,265,527** | - |
| 61 - 90 days past due | **176,449** | **(4,368)** | **229,832** | - |
| 91 - 120 days past due | **30,999** | **(26,955)** | **120,480** | (120,480) |
| 121 - 150 days past due | **36,482** | **(31,723)** | **140,580** | (39,323) |
| More than 150 days past due | **687,298** | **(357,774)** | **266,936** | (140,897) |
| **Total** | **4,166,468** | **(420,822)** | **3,683,720** | (300,700) |

**Reconciliation of loss allowances**

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

| | 2020 | 2019 |
|---|---|---|
| | | - |
| **Opening balance in accordance with IFRS 9** | **(300,700)** | (466,229) |
| Provision reversed / (raised) on new trade receivables | **(120,122)** | 165,529 |
| Bad debts written off | **-** | - |
| Closing balance | **(420,822)** | (300,700) |

**Fair value of trade and other receivables**

The fair value of trade and other receivables approximates their carrying amounts.

### 5. Cash and Cash Equivalents

| | 2020 | 2019 |
|---|---|---|
| Cash at Banks : FNB | **1,399,365** | 1,568,689 |
| Bank Overdraft: ICICI | **(5,000,000)** | (5,000,000) |
| Cash on hand: Petty Cash | **1,380** | 1,226 |
| Closing Balance | **(3,599,255)** | (3,430,084) |

## Notes to the Financial Statements

### 6. Loans Payable

| | 2020 | 2019 |
|---|---|---|
| Loan from 60% Parent: Ion Exchange India Limited | **(1,780,640)** | (1,589,850) |
| Loan from 40% Owner/Associated Company :SAFIC Proprietary Limited | **(1,186,421)** | (1,059,305) |
| | **(2,967,061)** | (2,649,155) |
| Interest accrued on long term loans not yet paid: Ion Exchange India Limited | **908,430** | 717,642 |
| Interest accrued on long term loan not yet paid: SAFIC Proprietary Limited | **611,664** | 484,544 |
| Loan Other- Short Term: SAFIC Proprietary Limited | **(600,000)** | - |

The loans are unsecured and bear interest of 12% p.a and have no set terms of repayment.
The loans are partially subordinated in favour of other creditors until such time as the assets of the company fairly valued exceed the liabilities.
The SAFIC Short term loan is unsecured and bears interest at FNB prime plus 4%, paid by the earliest day of the following month whenever SAFIC claims.

### 7. Trade and Other Payables

| | 2020 | 2019 |
|---|---|---|
| Trade Payables | **(11,153,376)** | (7,401,544) |
| Provision: Audit fee | **(168,323)** | (130,500) |
| Provision: Leave Pay and Bonus | **(218,819)** | (234,815) |
| VAT payable | **(349,864)** | (24,592) |
| Sundry Accruals | **(322,985)** | (457,456) |
| Payroll Accruals | **(104,882)** | (109,694) |
| Closing Balance | **(12,318,249)** | (8,358,600) |

Included in Trade Payables are amounts due to the shareholders to the value of R667,007.47 (2019: R1,713,899) which have been subordinated in favour of the other creditors until such time as the assets fairly valued exceed the liabilities.

### 8. Leases

The company adopted IFRS16 for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS17 and accordingly.
The information presented in this note for right of use asset therefore only includes the current period.

The lease balances below have been recognised from the sub-lease of office space from Safic (pty)ltd with an option to renew, since Safic has the current primary contract with the lessor, the lease in respect of Safic has been calculated to the end of Safic's lease term which is June 2023. Ion exchange Safic is also sub-leasing warehouse space and a forklift from Floorworx (pty)ltd, Floorworx has the primary contract ending September 2021.

**Right of Use Assets:**

| | Land and buildings | Plant, Machinery and motor vehicles | Total |
|---|---|---|---|
| Right of use of assets at the beginning of the year | - | **-** | - |
| Additions | 833,963 | **165,457** | 999,420 |
| Amortisation | (143,628) | **(35,969)** | (179,597) |
| Right of use of assets at the end of the year | 690,335 | **129,488** | 819,823 |

**Lease Liabilities:**

| | Land and buildings | Plant, Machinery and motor vehicles | Total |
|---|---|---|---|
| Lease liabilities at the beginning of the year | - | **-** | - |
| Additions | 833,964 | **165,457** | 999,421 |
| Interest expense | 39,282 | **7,652** | 46,934 |
| Lease payments | (157,461) | **(39,000)** | (196,461) |
| Lease liabilities at the end of the year | 715,785 | **134,109** | 849,894 |

| | Leases up to 3months | Between 3 and 12months | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|---|---|---|---|---|---|
| Lease Liability Balances as at 31 March 2020 | - | - | 807,050 | 168,321 | - |

### 9. Revenue

| | 2020 | 2019 |
|---|---|---|
| Revenue consists of : | | |
| Sales | **15,732,777** | 15,366,849 |
| Technical fees received | **1,064,299** | 328,128 |
| Debtor Discount Allowed | **(19,014)** | (37,587) |
| Total Revenue | **16,778,062** | 15,657,390 |

### 10. Other Income

| | 2020 | 2019 |
|---|---|---|
| Gain on Exchange Rate | **438,327** | 90,892 |
| Interest Received | **44,408** | 35,662 |
| CFC Bank Account Reval Gain/Loss | **139,202** | - |
| | **621,937** | 126,554 |

### 11. Other Operating Expenses

| | 2020 | 2019 |
|---|---|---|
| Other Operating Expenses Consist: | | |
| Operating Lease charges on premises | **243,629** | 272,832 |
| Depreciation on Property, Plant and Equipment | **201,985** | 43,605 |
| Employee Costs | **4,062,239** | 3,819,833 |
| Accounting Fees | **201,337** | 199,975 |
| Commission Paid | **134,549** | 20,419 |
| Fuel and Oil | **209,597** | 233,034 |
| Other Expenses | **1,378,015** | 1,332,459 |
| Total Operating Expenses | **6,431,351** | 5,922,157 |

### 12. Finance Costs

| | 2020 | 2019 |
|---|---|---|
| Finance Costs consist of: | | |
| Interest on Lease Liabilities IFRS16 | **46,934** | - |
| Interest Paid - Foreign Bank Account | **412,076** | 281,374 |
| Interest Paid - Intergroup | **411,078** | 451,058 |
| Interest Paid - Local Bank Account | **560,508** | 319,477 |
| Interest Paid - Other | **2,502** | 1,312 |
| | **1,433,098** | 1,053,220 |

### 13. Derivative financial instruments

| | 2020 | 2019 |
|---|---|---|
| Derivatives designated as hedging instruments: | | |
| Forward foreign exchange rate contracts | **859,025** | - |

The derivative financial assets have been reported in the current financial statements and disclosed at maximum exposure to credit risk at the reporting date at fair value of the foreign exchange contracts taken and included as such in the non-current portion of statement of financial position. The fair value measurement used is classified under level 2.

The Company has elected to adopt the hedge accounting requirements of IFRS 9 Financial Instruments. Ion exchange Safic enters into hedge relationships where the critical terms of the hedging instrument and the hedged item match, therefore, for the prospective assessment of effectiveness a qualitative assessment is performed.
Hedge effectiveness is determined at the origination of the hedging relationship. Quantitative effectiveness tests are performed at each period end to determine the continuing effectiveness of the relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the hypothetical derivative method is used to assess effectiveness.

| | 2020 | 2019 |
|---|---|---|
| The amounts recognised in cost of sales that arose from cash flow hedges amounts to a profit or (loss) of: | **138,057** | - |

The effects of the forward foreign exchange contract hedging relationships are as follows at 31 March 2020:

| | 2020 | 2019 |
|---|---|---|
| Carrying amount of derivatives | **859,025** | - |
| Change in fair value of designated hedging instruments | **1,384,436** | - |
| Change in fair value of designated hedged item | **(1,384,436)** | - |
| Notional amount | **9,258,849** | - |
| Maturity Dates | **6-9months** | - |
| Hedge Ratio | **1:1** | - |

## Notes to the Financial Statements

### 14. Taxation

| | 2020 | 2019 |
|---|---|---|
| **Major components of tax expense** | | |
| **Current tax expense** | | |
| Local income tax- current period | - | - |
| **Deferred tax expense (recovery)** | | |
| Origination and reversal of temporary differences | 114,210 | (321,185) |
| Recognition of previously unrecognised deferred tax assets | - | |
| | 114,210 | (321,185) |

Reconciliation of tax expense:

| | 2020 | 2019 |
|---|---|---|
| Reconciliation between accounting profit and tax expense | | |
| Accounting (loss) profit | (2,275,238) | (1,545,224) |
| Tax at the applicable tax rate of 28% | (637,067) | (432,663) |
| Unrecognised assessed loss | 522,857 | 259,275 |
| Non-taxable/ Non-deductible expenses | - | 126,296 |
| Prior year deferred tax adjustment | - | 368,277 |
| Total | (114,210) | 321,185 |

### 15. Deferred Tax

| | 2020 | 2019 |
|---|---|---|
| Deferred tax Liability: | | |
| Prepayments | (9,333) | (9,333) |
| Unrecognised forex gain | - | (25,450) |
| Total deferred tax Liabilities | (9,333) | (34,783) |
| Deferred tax assets: | | |
| Provision for leave pay | 61,270 | 65,748 |
| Provision for obsolete stock | 99,646 | 92,063 |
| Amounts received in advance | 39,775 | 83,439 |
| Unrealised forex gain | 95,674 | - |
| Provision for bad debts | 88,373 | 63,147 |
| IFRS 16 Right to use asset & Lease Liability | 8,420 | - |
| Over/Under provision of deferred tax: prior year | 52,657 | 52,658 |
| Deferred tax Balance from temporary differences other than unused tax losses | 445,815 | 357,055 |
| Total deferred tax Asset | 445,815 | 357,055 |

The deferred tax assets and deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement, therefore they have been offset in the statement of financial position as follows:

| | 2020 | 2019 |
|---|---|---|
| Prepayments | (9,333) | (9,333) |
| Unrealised forex gain | - | (25,450) |
| Provision for leave pay | 61,270 | 65,748 |
| Provision for obsolete stock | 99,646 | 92,063 |
| Amounts received in advance | 39,775 | 83,439 |
| Unrealised forex gain | 95,674 | - |
| Provision for bad debts | 88,373 | 63,147 |
| IFRS 16 Right to use asset & Lease Liability | 8,420 | - |
| Over/Under provision of deferred tax: prior year | 52,657 | 52,658 |
| Total net deferred tax | 436,482 | 322,272 |

Deferred tax is calculated in full on temporary differences under the liability method using an applicable tax rate of 28%.

Reconciliation on the deferred tax asset:

| | 2020 | 2019 |
|---|---|---|
| Deferred tax balance at the beginning of the financial year | 322,272 | 643,457 |
| Taxable/ (Deductible) temporary difference movement | 114,210 | (321,185) |
| Deferred tax balance at the end of the financial year | 436,482 | 322,272 |

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets where the company and its directors believe it is probable that these assets will be recovered.

### 16. Share Capital and Premium

| | 2020 | 2019 |
|---|---|---|
| **Authorised** | | |
| 1,000 ordinary shares of no par value | 1,000 | 1,000 |
| **Issued** | | |
| 1000 Ordinary shares of no par value | | |
| Share Premium | 999,000 | 999,000 |
| Total Number of shares : 1000 ordinary, no par value shares | 1,000 | 1,000 |
| Total Value of Capital | 1,000,000 | 1,000,000 |

### 17. Related Parties

Relationships:

| | |
|---|---|
| Parent Company | Ion Exchange India Limited |
| 40% Shareholder | Safic Proprietary Limited |

Related Party Transactions and Balances
Details of transactions and balances occurring between the company and related parties are presented below.

| | 2020 | 2019 |
|---|---|---|
| Sales to Safic Proprietary Limited | (117,221) | (109,793) |
| Rent Paid to Safic Proprietary Limited | 170,090 | 272,832 |
| Admin and Management fees paid to Safic Proprietary Limited | 201,337 | 199,975 |
| Purchases from ION Exchange India Limited | 7,080,621 | 6,624,183 |
| Purchases from Safic Proprietary Limited | 259,258 | 290,190 |
| Trade Payables to ION Exchange India Limited | 515,065 | 1,422,546 |
| Trade Payables to SAFIC Proprietary Limited | 151,942 | 253,351 |
| Interest Accrued- ION Exchange India Limited | 190,788 | 232,806 |
| Interest Accrued- Safic Proprietary Limited | 220,290 | 218,252 |
| Loan to/(from): | | |
| Ion Exchange India Limited | (1,780,638) | (1,589,850) |
| Safic Proprietary Limited | (1,786,421) | (1,059,305) |

The loans are unsecured and bear interest of 12% p.a and have no set terms of repayment.
The loans are partially subordinated in favour of other creditors until such time as the assets fairly value exceed the liabilities
The SAFIC Short term loan is unsecured and bears interest at FNB prime plus 4%, paid by the earliest day of the following month whenever SAFIC claims.

### 18. Directors Emoluments

| | 2020 | 2019 |
|---|---|---|
| **G.Chakravorty** | | |
| Emoluments | 1,300,152 | 1,118,915 |
| Annual Bonus | 98,346 | 92,800 |
| Other Emoluments | 216,379 | 328,116 |
| Closing Balance | 1,614,877 | 1,539,831 |

## Notes to the Financial Statements

### 19. Going Concern

As at 31 March 2020, the company had accumulated losses of R11,319,755 and the company's total liabilities exceeded its assets by R10,319,755
Being aware that the company although making a loss, it's going concern is dependant on a number of factors.
The most significant of those factors being:
-Shareholders continue to provide financial support for the foreseeable future, which is not less than 12 months, to ensure settlement of debts, as and when they are due.
-The subordination agreement mentioned in these financial statements will remain in force for as long as it takes to restore the solvency of the company.

Ion Exchange Safic (Pty)Ltd has secured an overdraft facility to the value of R5,000,000 and will be renewable on an annual basis by ICICI.

Over and above Ion Exchange India Limited and SAFIC Propriety Limited commit (as per letter of support) to:
-Provide Ion Exchange Safic (Pty) Ltd with the financial means to meet its obligations of completing the fixed assets commitments and operational cash requirements until cash break even.
-Arrange for Ion Exchange Safic (Pty) Ltd commitments to its creditors, to be performed in a satisfactory way
-Exert full influence over Ion Exchange Safic (Pty) Ltd as well as projects to repay all its creditors on maturity.

#### Covid-19

We are in full support of the government's' measures to combat the pandemic. In line with the directive by the South African government on 23 March 2020, the products supplied by Ion Exchange Safic are classed as essential goods and serve in the provision of projects related to the provision of water. Management had implemented other measures to manage the risk to its people and business, including international business travel restrictions, self-quarantine for people displaying flu-like symptoms and comprehensive sanitation protocols and hygiene awareness campaigns. There is of course the possibility of further lockdowns and restrictions in the countries in which we have a presence and contingency plans are being formulated to deal with these potential eventualities. As a result, management believes that the company has sufficient shareholder and management support to withstand an interruption to our operations, notwithstanding this, we will continue to work towards minimising the impact of Covid-19 on our operations. Management has evaluated the potential effects of these conditions, assuming a three-month industry interruption period (this is based on periods of total lockdown experienced in China and South Korea) of operations. Management is of the view that it will be a going concern for the foreseeable future.

### 20. Events after Reporting Period

Events after the reporting date, the novel coronavirus (COVID-19) pandemic has required the company to support government protocols and directives and as a result, the company introduced a wide range of measures to limit disruption to the business. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. The majority of the products supplied by Ion Exchange Safic are classified as essential goods and service the provision of projects related to the provision of water.
At this point management's evaluation of the on-going effects of COVID-19, the extent to which it may impact our operating results is considered tolerable.

### 21. Risk Management

Financial Instruments:

| Financial Assets by Category - Loans and receivables | 2020 | 2019 |
|---|---|---|
| Trade and Other Receivables | **3,259,258** | 3385520 |

Financial Liabilities by Category at amortised cost

| | 2020 | 2019 |
|---|---|---|
| Loans from Shareholders | **2,967,061** | 2,649,155 |
| Trade and Other Payables | **10,711,521** | 7,583,565 |
| Bank Overdraft | **5,000,000** | 5,000,000 |
| | **17,735,999** | 15,232,720 |

**Capital risk management**
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

**Financial risk management**
The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk

**Liquidity risk**
The company's risk to liquidity is a result of obligations associated with financial liabilities of the company and the availability of funds to meet those obligations. The company manages liquidity risk through an on-going review of future commitments and credit facilities.
Cash flow forecasts are prepared and adequately utilised borrowing facilities are monitored.
The table below analyses the company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.
as at year ending:

| | 2020 | 2019 |
|---|---|---|
| Trade and other payables | **10,711,521** | 7,974,028 |
| Loans from shareholders | **600,000** | - |
| Bank Overdraft | **5,000,000** | 5,000,000 |

**Interest rate risk**
As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.
**Credit risk**
Credit risk consists mainly of cash deposits, cash equivalents, loan receivables, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.
Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.
**Foreign exchange risk**
The company is exposed to foreign exchange risk arising primarily with respect to the US dollar. Foreign exchange risk arises from commercial transactions in foreign currencies. The company manages its foreign exchange risk using forward exchange contracts, transacted with financial institutions. Foreign exchange risk arises when commercial transactions are denominated in a currency that is not the entity's functional currency.
The company enters into forward exchange contracts (FECs) to buy and sell specified amounts of foreign currency in the future at a predetermined exchange rate. The contracts are entered into to manage the company's exposure to fluctuations in foreign currency exchange rates on specific transactions. The company does not use forward exchange contracts for speculative purposes

| | 2020 | 2019 |
|---|---|---|
| | **R** | R |
| **USD in Cash and Cash Equivalents** | | |
| -Foreign Amount | **22,798** | 348 |
| -Rand Amount | **409,908** | 5,075 |
| | | |
| **Liabilities denominated in USD** | | |
| -Foreign Amount | **591,951** | 406,000 |
| -Rand Amount | **9,258,849** | 5,920,000 |
| -Contract Fair Value | **10,643,285** | 5,920,000 |
| -Contract (loss)/gain | **1,384,436** | - |

Sensitivity Analysis
A 1% strengthening of the Rand against the dollar would result in the following effect in profit/loss:

| | 2020 | 2019 |
|---|---|---|
| Profit / (loss) | **106432.8** | 59200.0 |

### 22. Commitments and Contingencies

| | 2020 | 2019 |
|---|---|---|
| Minimum Lease Payments Due | | |
| - within one year | **489,187** | - |
| - in second to fifth year inclusive | **486,184** | - |
| - after five years | | |

The lease payments represent rentals payable by the company for certain of its office properties, warehouse spaces, and forklift.

## Detailed Statement of Profit or Loss and Other Comprehensive Income

| | Notes | 2020<br>R | 2019<br>R |
|---|---|---|---|
| **Revenue** | 9 | **16,778,062** | 15,657,390 |
| Sale of Goods | | **15,713,763** | 15,329,262 |
| Rendering of Services | | **1,064,299** | 328,128 |
| **Cost of Sales** | | **(11,030,767)** | (10,351,774) |
| Opening Stock | | **(2,808,472)** | (3,162,814) |
| Purchases | | **(12,645,544)** | (9,997,432) |
| Closing Stock | | **4,423,249** | 2,808,472 |
| **Gross Profit** | | **5,747,295** | **5,305,616** |
| **Other income** | 10 | **621,937** | 126,554 |
| Bad Debt Recovery | | **-** | - |
| Commission Received | | **-** | - |
| Discount Received | | **1** | - |
| Finance income | | **44,407** | 35,662 |
| CFC Bank Reval Gain/(Loss) | | **139,202** | |
| Gain on Exchange Rate | | **438,327** | 90,892 |
| Loss on Exchange Rate | | **(780,020)** | - |
| **Other Operating expenses** | 11 | **(6,431,351)** | (5,922,157) |
| Commission/Agency fees | | **(134,549)** | (20,419) |
| Payroll Commission | | **(17,074)** | (27,000) |
| Stock FG Adjustment write off | | **(35,492)** | (13,153) |
| FG - Revaluation Reserve W/Off | | **(14,127)** | 0 |
| Advertising | | **(64,332)** | (33,732) |
| Conference/Training | | **(3,756)** | 0 |
| Consumables - Sm Tools/Equip | | **0** | (368) |
| Consultant costs | | **(39,694)** | (108,093) |
| Donations-Non Tax Deductible | | **(500)** | 0 |
| Equip-Lease/Rent | | **0** | 0 |
| Equip-Lease/Rent Liability | | **0** | 0 |
| Equip- Repairs/ Main | | **0** | (5,503) |
| Insurance | | **(66,792)** | (64,610) |
| Protective Clothing | | **(1,667)** | (4,668) |
| Sales Prizes and Awards | | **(3,000)** | 0 |
| Recruitment | | **0** | (27,750) |
| Premises W+L | | **(40,959)** | 0 |
| Premises-Rent PD | | **(243,629)** | (272,832) |
| Premises-Rent Lease Liability | | **0** | 0 |
| Premises- Rates + Tax | | **(15,450)** | (9,534) |
| Premises-Repair/Maintenance | | **(55)** | (294) |
| Staff Refreshments | | **(7,305)** | (6,675) |
| Staff Wellfare including Staff Accomodation | | **(11,576)** | (13,075) |
| Staff Training | | **(660)** | (21,860) |
| M/V Repairs | | **(3,757)** | (2,260) |
| M/V Fuel | | **(209,597)** | (233,034) |
| M/V Tracking | | **(1,724)** | 0 |
| M/V Traffic Fines | | **0** | 0 |
| Print+Stat Photocopy | | **(22,227)** | 0 |
| Print+Stationery | | **(2,714)** | (2,456) |
| Membership Fees | | **(261)** | (10,017) |
| Subscriptions | | **(12,136)** | (18,550) |
| Tender fees | | **0** | (1,250) |
| Mobile Lines | | **(83,246)** | (96,513) |
| Land Lines | | **(24,453)** | (17,715) |
| Courier | | **(6,017)** | (9,749) |
| Air Travel and accomodation | | **(90,936)** | (81,123) |
| Hotel Travel | | **(43,699)** | (44,787) |
| M/V Hire | | **(64,130)** | (63,353) |
| Parking and Toll fees | | **(22,437)** | (23,903) |
| Entertainment and meetings | | **(43,934)** | (39,419) |
| Basic Salary-Annual Bonus | | **(184,466)** | (174,714) |
| Basic Salary | | **(2,974,871)** | (2,692,814) |
| Leave Pay Salary | | **(6,568)** | (66,069) |
| Medical Contribution Salary | | **(273,843)** | (250,161) |
| M/V Allowance Salary | | **(339,500)** | (350,636) |
| Provident Contribution Salary | | **(151,375)** | (140,428) |
| Company cost Disability/Death Benefits | | **(42,593)** | (39,506) |
| Overtime Salary | | **0** | (851) |
| SDL/UIF Contribution SALARY | | **(50,765)** | (46,325) |
| WCA Contribution Salary | | **(37,810)** | (30,128) |
| Computer Communications | | **(21,423)** | (14,665) |
| Computer Tech Consult | | **0** | (2,652) |
| Computers License, Repairs and Maintenance | | **(85,134)** | (17,301) |
| Waste Disposal | | **(2,420)** | (2,932) |
| Casual Wages | | **(450)** | (450) |
| Product Testing | | **(14,253)** | (7,209) |
| ISO Projects | | **(1,000)** | 0 |
| Audit Fees | | **(176,920)** | (138,610) |
| Prof fees Due Diligence | | | 0 |
| Bank Charges including EXIM | | **(266,384)** | (173,337) |
| Financial Services | | **(201,337)** | (199,975) |
| Legal Fees | | **53,743** | (122,743) |
| Bad Debt Provision | | **(120,122)** | (132,551) |
| Debtor payment differences | | **10** | (1) |
| Bad Debt Recovery | | **0** | (798) |
| Rounding Differences | | **0** | (1) |
| Depreciation IFRS 16 | | **(179,597)** | |
| Depreciation | | **(22,388)** | (43,605) |
| Loss on Disposal of Fixed Assets | | **0** | (2,015) |
| **Operating profit** | | **(842,139)** | **(492,002)** |
| Finance income | | **-** | - |
| Finance costs | 12 | **(1,433,098)** | **(1,053,220.34)** |
| **Profit before taxation** | | **(2,275,237)** | **(1,545,223)** |
| Income tax expense | 14 | **114,210** | **(321,185)** |
| **Loss for the year** | | **(2,161,027)** | **(1,866,408)** |