ION Exchange Safic Proprietary Limited
(Registration Number 2002/009690/07)

Annual Financial Statements
for the year ended 31 March 2019

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AUDIT • ADVISORY • TAX

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 FC Platt G Chakravorty MP Patni R Sharma
Alternate Directors	: JP Pathare MJ Coetzee NM Ranadive
Secretary	: Sirkien Van Schalkwyk, Juba Statutory Services
Company registration number	: 2002/009690/07
Registered office	: Accéntuate Business Park 32 Steele Street Steeledale Johannesburg 2197
Postal address	: P O Box 1754 Alberton 1450
Auditors	: BDO South Africa Incorporated Registered Auditors
Level of Assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008

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:

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 2020 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 annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 5 – 6.

The annual financial statements set out on pages 7 - 20, which have been prepared on the going concern basis, were approved by the board of directors on 03 May 2019 and were signed on their behalf by

G.

Director: G.Chakravorty

Director: EW 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 2019.

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 has been appointed as company auditors in accordance with section 91 of the Companies Act (71 of 2008) for the financial year ended 31 March 2019.

7. POST BALANCE SHEET EVENTS

The directors are not aware of any matter or circumstance which may have occurred between the end of the financial period and the date of this report, not otherwise dealt with in the financial statements, that would affect the company's financial position or the result of its operations.

8. GOING CONCERN

As at 31 March 2019, the company had accumulated losses of R 9,158,725 and the company's total liabilities exceeded its assets by R 8,158,725
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 and replaces the previous overdraft facility with Bank of India (BOI).

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.

Tel: +27 010 060 5000
Fax: +27 010 060 7000
www.bdo.co.za

22 Wellington Road
Parktown, 2193
Private Bag X60500
Houghton, 2041
South Africa

Independent Auditor's Report

To the shareholders of ION Exchange Safic Proprietary Limited.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ION Exchange Safic Proprietary Limited set out on pages 7 to 20, which comprise the statements of financial position as at 31 March 2019, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the 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 2019, 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 group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). 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 Directors' Report as required by the Companies Act of South Africa. 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 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 group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 group's and 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 group and / or 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
Director: Felisa van der Merwe
Registered Auditor

7 May 2019

52 Corlett Drive, Illovo

Statement of Financial Position

	Notes	2019 R	2018 R
Assets			
Non-Current Assets		380,586	734,808
Property,Plant and Equipment	2	58,314	91,351
Deferred Tax	13	322,272	643,457
Current Assets		7,468,444	5,648,847
Inventories	3	2,479,675	2,805,846
Trade and Other Receivables	4	3,385,520	1,458,866
Advance Payments		33,333	99,090
Cash and Cash Equivalents	5	1,569,916	1,285,045
Total Assets		7,849,030	6,383,655
Equity and Liabilities			
Equity		(8,158,725)	(6,292,317)
Ordinary share capital and share premium	14	1,000,000	1,000,000
Retained Earnings/(Accumulated loss)		(9,158,725)	(7,292,317)
Non-Current Liabilities		2,649,155	2,365,319
Loans Payable	6	2,649,155	2,365,319
Current Liabilities		13,358,600	10,310,653
Short term portion of Loan Payable	6	-	1,212,265
Trade and Other Payables	7	8,358,600	7,330,353
Bank Overdraft	5	5,000,000	1,768,035
Total Equity and Liabilities		7,849,030	6,383,655

ION EXCHANGE SAFIC PROPRIETARY LIMITED
Registration Number: 2002/009690/07
Annual Financial Statements for the year ended 31 March 2019

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2019 R	2018 R
Revenue	8	15,657,390	14,826,761
Cost of Sales		(10,351,774)	(8,908,926)
Gross Profit		5,305,616	5,917,835
Other income	9	126,554	5,271
Reversal of impairment			
Loss on Exchange Rate		-	(96,493)
Loss on Disposal of Fixed Asset		(2,015)	-
Other Operating expenses	10	(5,922,157)	(5,727,155)
Operating profit		(492,002)	99,458
Finance income		-	118
Finance costs	11	(1,053,220)	(712,534)
Profit before taxation		(1,545,223)	(612,959)
Income tax expense	12	(321,185)	(317,201)
Loss for the year		(1,866,408)	(930,160)

Statement of Changes in Equity

	Share capital	Share premium	Total Share Capital	(Accumulated losses) / Retained earnings	Total equity
Balance at 01 April 2017	1,000	999,000	1,000,000	(6,362,158)	(5,362,158)
Comprehensive Income	-	-	-	-	-
Net Loss for the Period	-	-	-	(930,160)	(930,160)
Foreign Currency gains and losses from Consolidation	-	-	-	-	-
Effects from equity- related recognition of Deferred tax	-	-	-	-	-
Balance at 31 March 2018	1,000	999,000	1,000,000	(7,292,317)	(6,292,317)
Balance at 01 April 2018	1,000	999,000	1,000,000	(7,292,317)	(6,292,317)
Comprehensive Income	-	-	-	-	-
Net Loss for the Period	-	-	-	(1,866,408)	(1,866,408)
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	(9,158,725)	(8,158,725)

Statement of Cash Flows

Indirect Method	2019	2018
Cash generated from operations		
Loss before taxation	**(1,545,223)**	(930,160)
Adjustments for:		
Depreciation	**43,605**	27,628
Interest received	**(35,662)**	(118)
Finance costs	**1,053,220**	712,534
changes in working capital:		
Inventory	**326,170**	(1,020,225)
Trade receivables	**(1,926,654)**	(540,858)
Trade payables	**1,028,247**	3,646,357
Advance payments	**65,757**	7,541
Finance costs	**(1,053,220)**	(712,534)
Net cash provided by operating activities	**(2,043,760)**	1,190,165
Cash flows from investing activities	**25,096**	(69,511)
Purchase of property, plant, and equipment	**(10,567)**	(69,629)
Interest received	**35,663**	118
Cash flows from financing activities	**(928,430)**	630,075
Proceeds from additional shareholder loans	**(928,430)**	630,075
Net increase/(decrease) in cash and cash equivalents	**(2,947,095)**	1,750,729
Cash and cash equivalents at beginning of period	**(482,990)**	(2,233,719)
Cash and cash equivalents at end of period	**(3,430,084)**	(482,990)

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 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 will apply the new rules retrospectively from 1 April 2018, with the practical expedients permitted under the standard. Comparatives for 2018 will not need to be restated as management does not expect any retrospective impact from the adopted changes.

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 group 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.

Trade and other payables
Trade payables are classified as financial liabilities at amortised cost.

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.

1.5 Leases

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.

Operating leases – lessee

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.

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 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also;

-Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated. Where the recoverable amount of a previously impaired asset or a cash-generating unit exceeds the carrying amount, the impairment is reversed, except when the impairment relates to goodwill. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 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.

1.9 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.

Accounting Policies

1.10 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.

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

• identify contracts with customers;
• identify the separate performance obligation;
• determine the transaction price of the contract;
• allocate the transaction price to each of the separate performance obligations; and
• recognise the revenue as each performance obligation is satisfied.

These accounting changes may have flow-on effects on the company's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications. Entities will have a choice of full retrospective application, or prospective application with additional disclosures. The amendments apply to reporting periods commencing after 1 January 2018. An impact assessment has been performed and the changes in the standard will not have a material impact on the financial statements of the company. Management is of the opinion that the current accounting processes do address the reporting requirements for this standard. All revenue streams are currently based on contractually agreed terms and amounts with identifiable customers (based on credit applications) and no separate performance obligations that would affect the timing of revenue recognition. Revenue is being recognised on transfer of the goods or services to the customer, i.e. when significant risks and rewards of ownership are considered to have transferred to the customer; when performance obligation has been satisfied. Where the performance obligation is satisfied over time (through partial delivery), the company already recognises revenue over time limited to the value of the goods delivered or satisfaction of that performance obligation. Based on the above assessment, the company identified that there is no material impact.

1.11 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.

1.12 Translation of foreign currencies

Foreign currency transactions
The functional currency of the company is South African Rands.
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

2. **Property, Plant and Equipment**

	2019					2018		
	Carrying Amount	Accumulated Depreciation	Cost	Depreciation	Additions/ (Disposals)	Carrying Amount	Accumulated Depreciation	Cost
Furniture and Fixtures	5,738	(4,389)	10,127	(1,013)		6,751	(3,376)	10,127
IT Equipment	46,757	(73,571)	120,329	(40,982)	(5,555)	77,171	(48,712)	125,883
Computer Software	5,135	(5,861)	10,996	(1,400)		6,535	(4,461)	10,996
Leasehold Improvements	682	(1,418)	2,100	(210)		892	(1,208)	2,100
Branding	2	(31,655)	31,657	-		2	(31,655)	31,657
Closing Balance	58,314	(116,894)	175,209	(43,605)	(5,555)	91,351	(89,412)	180,763

3. **Inventories**

Inventories consist of:	2019	2018
Finished Goods	2,808,472	3,162,814
Provision for Obsolete Inventory	(328,796)	(356,968)
Closing Balance	2,479,675	2,805,846

4. **Trade and Other Receivables**

Financial instruments:	2019	2018
Trade Receivables	3,683,720	1,922,595
Sundry Deposits	2,500	2,500
Loss Allowance	(300,700)	(466,229)
Trade receivables at amortised cost	3,385,520	1,458,866

The amount of the expected credit loss allowance was R(300,700) as at 31 March 2019. The gross amount R3,683,720 (2018:R1,922,595) less the loss allowance of R300,700 (2018: R466,229) results in a carrying amount of R3,383,020 (2018: R1,456,366).
Amounts past due that are not impaired comes to R277,297 (2018 : Rnil).

Exposure to currency 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 current financial period, 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:

	2019	2019	2018	2018
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Less than 30 days past due	1,660,365	-	403,015	-
31 - 60 days past due	1,265,527	-	1,053,351	-
61 - 90 days past due	229,832	-	-	-
91 - 120 days past due	120,480	(120,480)	1,049	(1,049)
121 - 150 days past due	140,580	(39,323)	-	-
More than 150 days past due	266,936	(140,897)	465,180	(465,180)
Total	3,683,720	(300,700)	1,922,595	(466,229)

4. Trade and Other Receivables (continued)

Reconciliation of loss allowances

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

	2019	2018
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	-	(298,080)
Opening balance in accordance with IFRS 9	(466,229)	-
Provision reversed / (raised) on new trade receivables	165,529	(168,149)
Bad debts written off	-	-
Closing balance	(300,700)	(466,229)

Fair value of trade and other receivables

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

5. Cash and Cash Equivalents

	2019	2018
Cash at Banks : ABSA, FNB	1,568,689	1,283,248
Bank Overdraft: ICICI (PY Bank of India)	(5,000,000)	(1,768,035)
Cash on hand: Petty Cash	1,226	1,797
Closing Balance	(3,430,084)	(482,990)

The ABSA Facility was rescinded in February 2018
The FNB facility is provided in terms of the Accentuate facility. The details of the pledged security is as follows:
-Primary lending facility (General Notarial bond): R25 million
-Forward exchange contract facility: R10 million
-Wesbank autocard: R350 000
-Guarantees: R1000 000
Bank of India facility has been terminated effective end of February 2019.
ICICI granted Ion Exchange Safic (Pty) Ltd an overdraft facility to the value of R5,000,000, through a corporate guarantee from Ion Exchange (India) Ltd (IEI) and cession of stock and debtors. This facility is renewable on an annual basis.

6. Loans Payable

	2019	2018
Loan from 60% Parent: Ion Exchange India Limited	(1,589,850)	(1,419,510)
Loan from 40% Owner/Associated Company :SAFIC Proprietary Limited	(1,059,305)	(945,809)
	(2,649,155)	(2,365,319)
Interest accrued on long term loans not yet paid:Ion Exchange India Limited	717,642	547,302
Interest accrued on long term loan not yet paid:SAFIC Proprietary Limited	484,544	369,132
Loan Other- Short Term:SAFIC Proprietary Limited	-	(1,212,265)

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.

7. Trade and Other Payables

	2019	2018
Trade Payables	(7,401,544)	(5,804,809)
Provision:Audit fee	(130,500)	(150,000)
Provision:Leave Pay and Bonus	(234,815)	(187,173)
VAT payable	(24,592)	(367,224)
Sundry Accruals	(457,456)	(754,702)
Payroll Accruals	(109,694)	(66,445)
Closing Balance	(8,358,600)	(7,330,353)

Included in Trade Payables are amounts due to the shareholders to the value of R1,713,899 (2018: R3,232,641) which have been subordinated in favour of the other creditors until such time as the assets fairly valued exceed the liabilities.

8. Revenue

	2019	2018
Revenue consists of :		
Sales	15,366,849	14,778,121
Technical fees received	328,128	48,692
Debtor Discount Allowed	(37,587)	(52)
Closing Balance	15,657,390	14,826,761

9. Other Income

	2019	2018
Bad Debt Recovery	-	2,324
Commission Received	-	2,901
Discount Received	-	46
Gain on Exchange Rate	90,892	-
Interest Received	35,662	-
	126,554	5,271

Notes to the Financial Statements

10. Other Operating Expenses

Other Operating Expenses Consist:	2019	2018
Operating Lease charges on premises	272,832	90,440
Depreciation on Property, Plant and Equipment	43,605	27,628
Employee Costs	3,819,833	3,620,085
Accounting Fees	199,975	227,007
Commission Paid	20,419	219,671
Fuel and Oil	233,034	252,874
Other Expenses	1,332,459	1,289,451
Total Operating Expenses	5,922,157	5,727,155

11. Finance Costs

Finance Costs consist of:	2019	2018
Interest Paid - Foreign Bank Account	281,374	154,655
Interest Paid - Intergroup	451,058	280,614
Interest Paid - Local Bank Account	319,477	274,031
Interest Paid - Other	1,312	3,234
	1,053,220	712,534

12. Taxation

	2019	2018
Deferred tax expense	321,185	317,201

No Provision has been made for 2019 income tax as the company has no taxable income.

13. Deferred Tax

Reconciliation of Deferred tax asset	2019	2018
Temporary Difference comprises of:		
Provisions	269,614	222,522
Assessed Loss	52,658	420,935
	322,272	643,457

The company considers it probable that sufficient taxable income will be available in the future to realise the deferred tax asset raised based on future income to be generated.

14. Share Capital and Premium

	2019	2018
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

15. Related Parties

Relationships:

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

Related Party Transactions and Balances

Details of transactions and balances occuring between the company and related parties are presented below.

	2019	2018
Sales to Safic Proprietary Limited	(109,793)	(456,112)
Rent Paid to Safic Proprietary Limited	272,832	90,440
Admin and Management fees paid to Safic Proprietary Limited	199,975	227,007
Purchases from ION Exchange India Limited	6,624,183	6,464,641
Purchases from Safic Proprietary Limited	290,190	219,874
Trade Payables to ION Exchange India Limited	1,422,546	2,965,176
Trade Payables to SAFIC Proprietary Limited	253,351	267,465
Interest Accrued- ION Exchange India Limited	232,806	152,088
Interest Accrued- Safic Proprietary Limited	218,252	128,526
Loan to/(from):		
Ion Exchange India Limited	(1,589,850)	(1,419,510)
Safic Proprietary Limited	(1,059,305)	(2,158,073)

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

16. Directors Emoluments

	2019	2018
G.Chakravorty		
Emoluments	1,118,915	1,113,348
Annual Bonus	92,800	92,779
Other Emoluments	328,116	200,894
Closing Balance	1,539,831	1,407,021

17. Financial Assets by Category - Loans and receivables

	2019	2018
Trade and Other Receivables	3,385,520	1,458,866

18. Financial Liabilities by Category at amortised cost

	2019	2018
Loans from Shareholders	2,649,155	3,577,583
Trade and Other Payables	7,583,565	6,633,830
Bank Overdraft	5,000,000	1,768,035
	15,232,720	11,979,449

19. Going Concern

As at 31 March 2019, the company had accumulated losses of R 9,158,725 and the company's total liabilities exceeded its assets by R 8,158,725
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 forseeable 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 and replaces the previous overdraft facility with Bank of India (BOI).

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.

20. Events after Reporting Period

The directors are unaware of any events that have occurred since the balance sheet date and the date of this report that would have a material effect on the financial statements.

21. Risk Management

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 ongoing 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:

	2019	2018
Trade and other payables	7,974,028	7,330,353
Loans from shareholders	-	1,212,265
Bank Overdraft	5,000,000	1,768,035

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 ongoing 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

	2019	2018
	R	R
USD in Cash and Cash Equivalents		
-Foreign Amount	348	367
-Rand Amount	5,075	4,559
	'000	'000
USD FECs in respect of anticipated Payments		
-Foreign Amount	406	367
-Rand Amount	5,920	4,326
-Contract Fair Value	5,920	4,559
-Contract (loss)/gain	-	(233)

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

	2019	2018
	R'000	R'000
Profit / (loss)	59.2	45.6