

ION EXCHANGE SAFIC PROPRIETARY LIMITED
(Registration Number 2002/009690/07)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

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	: G Chakravorty FC Platt R Sharma MP Patni EW Platt
Alternate Directors	: MJ Coetzee NM Ranadive JP Pathare
Secretary	: Sirkien Van Schaikwyk, 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)

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Contents

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

Contents	Page
Statement of Responsibility of the Board of Directors	3
Report of the Directors	4
Report of the Independent Auditors	5 - 6
Statement of Financial Position	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statements of Changes in Equity	9
Statement of Cash Flows	10
Significant Accounting Policies	11 - 16
Notes to the Annual Financial Statements	17 - 21

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

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 2019 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

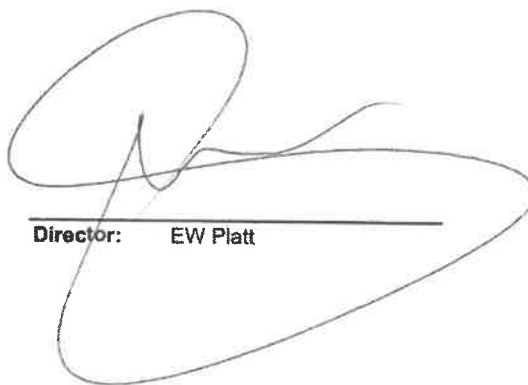
The annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the corporation has adequate resources in place to continue in operation for the foreseeable future.

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 - 22, which have been prepared on the going concern basis, were approved by the board of directors on 4 May 2018 and were signed on their behalf by



Director: G.Chakravorty



Director: EW Platt

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

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 2018.

1. PRINCIPLE ACTIVITIES OF THE GROUP

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 Proprietary 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 material 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 2018.

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 2018, the company had accumulated losses of R 7,292,317 and the company's total liabilities exceeded its assets by R 6,292,317.

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 of these financial statements will remain in force for as long as it takes to restore the solvency of the company.

Ion Exchange India is in the process of securing an overdraft facility to the value of R5,000,000, to cover shortfalls and will be renewable on an annual basis by ICICI Bank and replaces the current overdraft facility with Bank of India, after year end.

Over and above Ion Exchange India Limited and SAFIC Proprietary 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 21, which comprise the statements of financial position as at 31 March 2018, 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 2018, 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.

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

National Executive: S Dansie • H Bhaga-Muljee • BJ de Wet • M McGarrigle • HCS Lopes (Johannesburg Office Managing Director) • B Lovell • Dr FD Schneider • I Skosana (Non-Executive Chairman) • ME Stewart (Chief Executive) • S Fisher
Office Managing Director: HCS Lopes

The company's principal place of business is at 22 Wellington Road, Parktown, Johannesburg, where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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 Lc

BDO South Africa Incorporated
Director: Felisa van der Merwe
Registered Auditor

4 May 2018

22 Wellington Road, Parktown

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Position

	Notes	2,018 R	2017 R
Assets			
Non-Current Assets			
		734,808	1,010,008
Property, Plant and Equipment	2	91,351	49,350
Deferred Tax	13	643,457	960,658
Current Assets			
		5,648,847	2,821,069
Inventories	3	2,805,846	1,785,621
Trade and Other Receivables	4	1,458,866	918,008
Advance Payments		99,090	106,631
Cash and Cash Equivalents	5	1,285,045	10,809
Total Assets		6,383,655	3,831,077
Equity and Liabilities			
Equity			
		(6,292,317)	(5,362,158)
Ordinary share capital and share premium	14	1,000,000	1,000,000
Retained Earnings/Accumulated loss		(7,292,317)	(6,362,158)
Non-Current Liabilities			
		2,365,319	2,112,362
Loans Payable	6	2,365,319	2,112,362
Current Liabilities			
		10,310,653	7,080,873
Short term portion of Loan Payable	6	1,212,265	835,147
Trade and Other Payables	7	7,330,353	4,001,197
Bank Overdraft	5	1,768,035	2,244,528
Total Equity and Liabilities		6,383,655	3,831,077

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Statement of Profit or Loss and Other Comprehensive Income

		2018	2017
	Notes	R	R
Revenue	8	14,826,761	11,773,706
Cost of Sales		<u>(8,908,926)</u>	<u>(8,090,532)</u>
Gross Profit		5,917,835	3,683,174
Other income	9	5,271	106,255
Reversal of impairment			
Loss on Exchange Rate		(96,493)	-
Other Operating expenses	10	<u>(5,727,155)</u>	<u>(3,785,674)</u>
Operating profit		99,458	3,755
Finance income		118	532
Finance costs	11	<u>(712,534)</u>	<u>(747,941)</u>
Profit before taxation		(612,959)	(743,654)
Income tax expense	12	(317,201)	-
Loss for the year		<u>(930,160)</u>	<u>(743,654)</u>

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Statement of Changes in Equity

	Share capital	Share premium	Total Share Capital	(Accumulated losses) / Retained earnings	Total equity
Balance at 01 April 2016	1,000	999,000	1,000,000	(5,618,504)	(4,618,504)
Comprehensive Income	-	-	-	-	-
Net Loss for the Period	-	-	-	(743,654)	(743,654)
Foreign Currency gains and losses from Consolidation	-	-	-	-	-
Effects from equity- related recognition of Deferred tax	-	-	-	-	-
Balance at 31 March 2017	1,000	999,000	1,000,000	(6,362,158)	(5,362,158)
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)

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Statement of Cash Flows

Indirect Method	<u>2018</u>	<u>2017</u>
Cash generated from operations		
Loss before taxation	(930,160)	(743,654)
Adjustments for:		
Depreciation	27,628	10,528
Interest received	(118)	(532)
Finance costs	712,534	747,941
<i>changes in working capital:</i>		
Inventory	(1,020,225)	731,035
Trade receivables	(540,858)	(229,095)
Trade payables	3,646,357	(392,639)
Advance payments	7,541	
Finance costs	(712,534)	(747,941)
Net cash provided by operating activities	1,190,165	(624,357)
Cash flows from investing activities	(69,511)	(45,587)
Purchase of property, plant, and equipment	(69,629)	(46,119)
Interest received	118	532
Cash flows from financing activities	630,075	919,930
Proceeds from additional shareholder loans	630,075	919,930
Net increase/decrease in cash and cash equivalents	1,750,729	249,986
Cash and cash equivalents at beginning of period	(2,233,719)	(2,483,705)
Cash and cash equivalents at end of period	(482,990)	(2,233,719)

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

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

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

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

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss - held for trading
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

- in rare circumstances, and
- the intention and ability to hold the financial asset for the foreseeable future or until maturity exists.

Initial recognition and measurement

Purchases of financial assets are accounted for at trade date.

Subsequent measurement

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Derecognition

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Financial assets subject to re-negotiated terms

Financial assets that have been renegotiated are accounted for as a change in estimate from the date they are renegotiated.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint arrangements and associates.

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

Trade and other receivables

Trade and other receivables are classified as loans and receivables.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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.

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

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.

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

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.

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.

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.

ION EXCHANGE SAFIC PROPRIETARY LIMITED

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

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

ION EXCHANGE SAFIC (PTY) LTD

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Notes to the Financial Statements**2. Property, Plant and Equipment**

	2018					2017		
	Carrying Amount	Accumulated Depreciation	Cost	Depreciation	Additions	Carrying Amount	Accumulated Depreciation	Cost
Furniture and Fixtures	6,751	(3,376)	10,127	(1,013)		7,764	(2,363)	10,127
IT Equipment	77,171	(48,712)	125,883	(25,206)	62,629	39,748	(23,506)	63,254
Computer Software	6,535	(4,461)	10,996	(1,198)	7,000	733	(3,263)	3,996
Leasehold Improvements	892	(1,208)	2,100	(210)		1,102	(998)	2,100
Branding	2	(31,655)	31,657	-		2	(31,655)	31,657
Closing Balance	91,351	(89,412)	180,763	(27,627)	69,629	49,349	(61,785)	111,134

3. Inventories

	2018	2017
Inventories consist of:		
Finished Goods	3,162,814	1,999,373
Provision for Obsolete Inventory	(356,968)	(213,752)
Closing Balance	2,805,846	1,785,621

4. Trade and Other Receivables

	2018	2017
Trade Receivables	1,922,595	1,175,502
Sundry Deposits	2,500	-
Provisions for Bad Debts	(466,229)	(298,080)
Closing Balance	1,458,866	877,422

The amount of the provision was R(466,229) as at 31 March 2018. The gross amount R1,922,595 (2017:R1,175,502) Less provision for doubtful debts R466,229 (2017: R298,080) results in a carrying amount of R1,456,366 (2017: R877,422)

There are no amounts past due that are not impaired.

5. Cash and Cash Equivalents

	2018	2017
Cash at Banks : ABSA, BOI, FNB	1,283,248	8,309
Bank Overdraft: BOI	(1,768,035)	(2,244,528)
Cash on hand: Petty Cash	1,797	2,500
Closing Balance	(482,990)	(2,233,719)

The ABSA overdraft facility was provided in terms of the Accentuate facility. The details of the pledged security was as follows:

-General Notarial bond to the value of R40 Million over all movable assets of the group in favour of the lender.

-Special Notarial bond to the value of R10 Million over specific assets of the group.

-First Covering Mortgage bond of R10 Million over the land and Buildings of the company

-First Ranking cession and pledge of the company in favour of the lender of all rights, titles and interest to all receivables, all bank accounts, retentions, deposits, prepayments and insurance policies.

The ABSA Facility was rescinded in February 2018

Bank of India ceded all corporate guarantee from ION Exchange India and second cession of stock and debtors.

Ion Exchange India is in the process of securing an overdraft facility to the value of R5,000,000, to cover shortfalls and will be renewable on an annual basis by ICICI Bank and replaces the current overdraft facility with Bank of India, after year end.

6. Loans Payable

	2018	2017
Loan from 60% Parent: Ion Exchange India Limited	(1,419,510)	(1,267,422)
Loan from 40% Owner/Associated Company :SAFIC Proprietary Limited	(945,809)	(844,940)
	(2,365,319)	(2,112,362)
Interest accrued on long term loans not yet paid: Ion Exchange India Limited	547,302	395,214
Interest accrued on long term loan not yet paid: SAFIC Proprietary Limited	389,132	287,744
Loan Other- Short Term: SAFIC Proprietary Limited	(1,212,265)	(835,147)

The loans are unsecured and bearing interest of 12% p.a and have no set terms of repayments.

The loans are partially subordinated in favour of other creditors until such time as the assets of the company fairly valued exceed the liabilities.

ION EXCHANGE SAFIC (PTY) LTD

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Notes to the Financial Statements**7. Trade and Other Payables**

	2018	2017
Trade Payables	(5,804,809)	(3,548,291)
Provision: Audit fee	(150,000)	(67,730)
Provision: Leave Pay and Bonus	(187,173)	(132,408)
VAT payable	(367,224)	-
Sundry Accruals	(754,702)	(178,421)
Payroll Accruals	(66,445)	(74,347)
Closing Balance	(7,330,353)	(4,001,197)

Included in Trade Payables are amounts due to the shareholders to the value of 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

	2018	2017
Revenue consists of:		
Sales	14,778,121	11,626,290
Consulting fees received	48,692	151,804
Debtor Discount Allowed	(52)	(4,388)
Closing Balance	14,826,761	11,773,706

9. Other Income

	2018	2017
Bad Debt Recovery	2,324	87,301
Commission Received	2,901	-
Discount Received	46	-
Gain on Exchange Rate	-	18,954
	5,271	106,255

10. Other Operating Expenses

	2018	2017
Other Operating Expenses Consist:		
Operating Lease charges on premises	90,440	70,440
Depreciation on Property, Plant and Equipment	27,628	10,528
Employee Costs	3,620,085	2,387,255
Accounting Fees	227,007	196,471
Commission Paid	219,671	212,069
Fuel and Oil	252,874	170,532
Other Expenses	1,289,451	738,379
Total Operating Expenses	5,727,155	3,785,674

11. Finance Costs

	2018	2017
Finance Costs consist of:		
Interest Paid - Foreign Bank Balances	154,655	116,075
Interest Paid - Intergroup	280,614	259,984
Interest Paid on Bank Current Account	274,031	371,580
Interest Paid - Other	3,234	302
	712,534	747,941

ION EXCHANGE SAFIC (PTY) LTD

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Notes to the Financial Statements**12. Taxation**

Deferred tax expense	317,201
----------------------	---------

No Provision has been made for 2018 income tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R7,408,210 (2017:R7,111,802)

13. Deferred Tax

	<u>2018</u>	<u>2017</u>
Reconciliation of Deferred tax asset		
Temporary Difference comprises of:		
Assessed Loss	<u>643,457</u>	<u>960,658</u>

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. The sufficiency of future taxable income was supported by budgets for the 2019 financial year

14. Share Capital and Premium

	<u>2018</u>	<u>2017</u>
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	<u>1,000,000</u>	<u>1,000,000</u>

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 occurring between the company and related parties are presented below.

	<u>2018</u>	<u>2017</u>
Sales to Safic Proprietary Limited	<u>(456,112)</u>	(544,718)
Rent Paid to Safic Proprietary Limited	90,440	70,440
Admin and Management fees paid to Safic Proprietary Limited	227,007	196,471
Purchases from ION Exchange India Limited	6,464,641	5,632,902
Purchases from Safic Proprietary Limited	219,874	115,342
Trade Payables to ION Exchange India Limited	2,965,176	226,451
Trade Payables to SAFIC Proprietary Limited	267,465	205,681
Interest Accrued- ION Exchange India Limited	152,088	135,134
Interest Accrued- Safic Proprietary Limited	128,526	124,849
<u>Loan to/from:</u>		
Ion Exchange India Limited	<u>(1,419,510)</u>	(1,267,422)
Safic Proprietary Limited	<u>(2,158,073)</u>	(1,680,087)

The loans are unsecured and bearing interest of 12% p.a and have no set terms of repayments.

The loans are partially subordinated in favour of other creditors until such time as the assets fairly value exceed the liabilities

ION EXCHANGE SAFIC (PTY) LTD

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Notes to the Financial Statements**16. Directors Emoluments**

	2018	2017
G.Chakravorty		
Emoluments	1,113,348	1,055,576
Annual Bonus	92,779	87,527
Other Emoluments	200,894	168,965
Closing Balance	1,407,021	1,312,068

17. Financial Assets by Category -Loans and receivables

	2018	2017
Trade and Other Receivables	1,458,866	918,008

18. Financial Liabilities by Category at amortised cost

	2018	2017
Loans from Shareholders	3,577,583	2,947,509
Trade and Other Payables	6,633,830	3,801,060
Bank Overdraft	1,768,035	2,244,528
	11,979,449	8,993,097

19. Going Concern

As at 31 March 2018, the company had accumulated losses of R 7,292,317 and the company's total liabilities exceeded its assets by R 6,292,317.

Being aware that the company although making a loss, its 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 of these financial statements will remain in force for as long as it takes to restore the solvency of the company.

Ion Exchange India is in the process of securing an overdraft facility to the value of R5,000,000, to cover shortfalls and will be renewable on an annual basis by ICICI Bank and replaces the current overdraft facility with Bank of India, after year end.

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.

ION EXCHANGE SAFIC (PTY) LTD

Registration Number: 2002/009690/07

Annual Financial Statements for the year ended 31 March 2018

Notes to 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:

	2018	2017
Trade and other payables	7,330,353	4,001,197
Loans from shareholders	1,212,265	835,147
Bank Overdraft	1,768,035	2,244,528

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

	2018	2017
	R '000	R '000
USD in Accounts Payable		
-Foreign Amount	367	213
-Rand Amount	4,559	2,903
USD FECs in respect of anticipated Payments		
-Foreign Amount	367	196
-Rand Amount	4,326	2,677
-Contract Fair Value	4,559	2,660
-Contract (loss)/gain	(233)	17

Sensitivity Analysis

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

	2018	2017
	R'000	R'000
Profit / (loss)	45,6	29,0