

ION EXCHANGE SAFIC PROPRIETARY LIMITED
(Registration number 2002/009690/07)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

ION Exchange Safic Proprietary Limited
(Registration number 2002/009690/07)
Annual Financial Statements for the year ended 31 March 2016
General Information

| | |
|--|--|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | Water treatment, liquid waste treatment and recycle, air pollution control, solid and hazardous waste management, generation of energy from waste and related matters. |
| Directors | G Chakravorty JP Pathare MP Patni EW Platt FC Platt CJ Povall (alternate) NM Ranadive (alternate) R Sharma |
| Registered office | Accentuate Business Park 32 Steele Street Steeldale Johannesburg 2197 |
| Business address | Accentuate Business Park 32 Steele Street Steeledale Johannesburg 2197 |
| Postal address | P O Box 1754 Alberton 1450 |
| Auditors | Mazars (Gauteng) Inc. Chartered Accountants (S.A.) Registered Auditor |
| Secretary | PS Dayah |
| Level of assurance | These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008. |
| Preparer | The annual financial statements were internally compiled by: Luke Quinn |

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

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 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. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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 set 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.

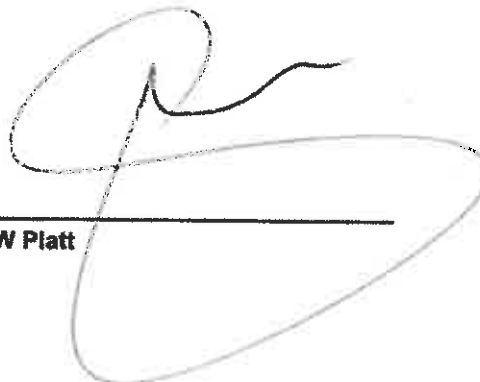
The directors have reviewed the company's cash flow forecast for the year to 31 March 2017 and, in light of this review and the current financial position, they are satisfied that the company has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The 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 4 to 5.

The annual financial statements set out on pages 8 to 26, which have been prepared on the going concern basis, were approved by the board on 25 April 2016 and were signed on their behalf by:



G Chakravorty



EW Platt

INDEPENDENT AUDITOR'S REPORT**To the Shareholders of Ion Exchange SAFIC Proprietary Limited**

We have audited the financial statements of Ion Exchange SAFIC Proprietary Limited set out on pages 8 to 26, which comprise the statement of financial position as at 31 March 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ion Exchange SAFIC Proprietary Limited at 31 March 2016, 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.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited annual financial statements. The Directors' Report is the responsibility of the directors. Based on our reading of the Directors' Report we have not identified material inconsistencies between the report and the audited annual financial statements. However, we have not audited the Directors' Report and accordingly do not express an opinion thereon.

MAZARS (Gauteng) Inc.

Mazars (Gauteng) Inc.
Director: MM Manilal
Registered Auditor
Chartered Accountants (SA)
28 April 2016
Pretoria

ION Exchange Safic Proprietary Limited
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Annual Financial Statements for the year ended 31 March 2016
Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of ION Exchange Safic Proprietary Limited for the year ended 31 March 2016.

1. Nature of business

ION Exchange Safic Proprietary Limited was incorporated in South Africa with interests in the water treatment industry. The company operates in South Africa, rest of Africa and India.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

The company recorded a net loss after tax for the year ended 31 March 2016 of R (1,308,493) (2015: R (1,839,746)).

3. Directorate

The directors in office at the date of this report are as follows:

Directors

| | |
|-------------------------|---------------|
| G Chakravorty | Indian |
| JP Pathare | Indian |
| MP Patni | Indian |
| EW Platt | South African |
| FC Platt | South African |
| CJ Povall (alternate) | South African |
| NM Ranadive (alternate) | Indian |
| R Sharma | Indian |

There have been no changes to the directorate for the year under review.

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Going concern

We draw attention to the fact that at 31 March 2016, the company had accumulated losses of R (5,618,506) and that the company's total liabilities exceed its assets by R (4,618,506).

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these are:

- 1) Shareholders continue to provide financial support over the next twelve months in order to settle debts as and when they fall due.
- 2) That the subordination agreement of these financial statements will remain in force for so long as it takes to restore the solvency of the company.
- 3) Directors must continue to procure funding for the ongoing operations of the company.
- 4) The improvements of profits and cash flows over the next twelve months.

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Directors' Report

6. Auditor

Mazars (Gauteng) Inc. continued in office as the auditor for the company for 2017.

At the AGM, the shareholder will be requested to reappoint Mazars (Gauteng) Inc. as the independent external auditors of the company and to confirm MM Manilal as the designated lead audit partner for the 2017 financial year.

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Statement of Financial Position as at 31 March 2016

| Figures in Rand | Notes | 2016 | 2015 |
|-------------------------------------|--------------|--------------------|--------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 13,759 | 36,399 |
| Deferred tax | 6 | 960,658 | 960,658 |
| | | 974,417 | 997,057 |
| Current Assets | | | |
| Inventories | 7 | 2,516,656 | 1,558,898 |
| Trade and other receivables | 8 | 795,543 | 1,022,985 |
| | | 3,312,199 | 2,581,883 |
| Total Assets | | 4,286,616 | 3,578,940 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 10 | 1,000,000 | 1,000,000 |
| Accumulated loss | | (5,618,506) | (4,310,013) |
| | | (4,618,506) | (3,310,013) |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 12 | 4,393,837 | 2,545,820 |
| Loans from group companies | 3 | 1,131,630 | 1,033,446 |
| Loans from shareholders | 4 | 895,949 | 749,646 |
| Bank overdraft | 9 | 2,483,706 | 2,560,040 |
| | | 8,905,122 | 6,888,952 |
| Total Equity and Liabilities | | 4,286,616 | 3,578,939 |

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Statement of Profit or Loss and Other Comprehensive Income

| Figures in Rand | Notes | 2016 | 2015 |
|--|--------------|--------------------|--------------------|
| Revenue | 13 | 6,078,009 | 4,936,660 |
| Cost of sales | | (3,644,763) | (3,182,181) |
| Gross profit | | 2,433,246 | 1,754,479 |
| Other income | 14 | (41,835) | 24,437 |
| Operating expenses | | (3,141,691) | (3,135,894) |
| Operating loss | 15 | (750,280) | (1,356,978) |
| Investment revenue | | 506 | - |
| Finance costs | 16 | (558,719) | (482,768) |
| Loss for the year | | (1,308,493) | (1,839,746) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the year | | (1,308,493) | (1,839,746) |

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Statement of Changes in Equity

| Figures in Rand | Share capital | Share premium | Total share capital | Accumulated loss | Total equity |
|--|----------------------|----------------------|----------------------------|-------------------------|---------------------|
| Balance at 01 April 2014 | 1,000 | 999,000 | 1,000,000 | (2,470,267) | (1,470,267) |
| Loss for the year | - | - | - | (1,839,746) | (1,839,746) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive Loss for the year | - | - | - | (1,839,746) | (1,839,746) |
| Balance at 01 April 2015 | 1,000 | 999,000 | 1,000,000 | (4,310,013) | (3,310,013) |
| Loss for the year | - | - | - | (1,308,493) | (1,308,493) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive Loss for the year | - | - | - | (1,308,493) | (1,308,493) |
| Balance at 31 March 2016 | 1,000 | 999,000 | 1,000,000 | (5,618,506) | (4,618,506) |

ION Exchange Safic Proprietary Limited
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Statement of Cash Flows

| Figures in Rand | Notes | 2016 | 2015 |
|---|--------------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 17 | 390,061 | (917,632) |
| Finance costs | | (558,719) | (482,768) |
| Net cash from operating activities | | (168,658) | (1,400,400) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | - | (34,439) |
| Proceeds from loans from group companies | | 98,184 | - |
| Interest Income | | 506 | - |
| Net cash from investing activities | | 98,690 | (34,439) |
| Cash flows from financing activities | | | |
| Proceeds from loans from group companies | | - | 89,665 |
| Repayment of shareholders loan | | 146,303 | 183,760 |
| | | - | - |
| Net cash from financing activities | | 146,303 | 273,425 |
| Total cash movement for the year | | 76,335 | (1,161,414) |
| Cash at the beginning of the year | | (2,560,040) | (1,398,626) |
| Total cash at end of the year | 9 | (2,483,705) | (2,560,040) |

ION Exchange Safic Proprietary Limited
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Annual Financial Statements for the year ended 31 March 2016
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 71 of 2008. 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:

| Item | Depreciation method | Average useful life |
|------------------------|----------------------------|----------------------------|
| 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 |
| Sign board | Straight line | 1- 3 years |

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Accounting Policies

1.2 Property, plant and equipment (continued)

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

Initial recognition and measurement

Regular way 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.

1.3 Financial instruments (continued)

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.

1.3 Financial instruments (continued)

Hedging activities

The company formally designates and documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The company also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other operating expenses'.

Amounts accumulated in equity are reclassified from other comprehensive income to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in profit or loss as a reclassification adjustment.

Net investment hedge

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other income'.

Gains and losses accumulated in equity are recognised in profit or loss as a reclassification adjustment when the foreign operation is partially disposed of or sold.

1.4 Tax

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.

1.4 Tax (continued)

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.

1.7 Impairment of assets (continued)

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.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the percentage of labour hours incurred to date to estimated total labour hours for each contract.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Interest income is recognised, in profit or loss, using the effective interest method.

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 amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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Accounting Policies

1.11 Cost of sales (continued)

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.

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Notes to the Annual Financial Statements

Figures in Rand

2016 2015

2. Property, plant and equipment

| | 2016 | | | 2015 | | |
|------------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Land | - | - | - | - | - | - |
| Furniture and fixtures | 10,127 | (1,350) | 8,777 | 10,127 | (338) | 9,789 |
| IT equipment | 17,135 | (14,999) | 2,136 | 17,135 | (9,672) | 7,463 |
| Computer software | 3,996 | (2,464) | 1,532 | 3,996 | (1,665) | 2,331 |
| Leasehold improvements | 2,100 | (788) | 1,312 | 2,100 | (578) | 1,522 |
| Branding | 31,657 | (31,655) | 2 | 31,657 | (16,363) | 15,294 |
| Total | 65,015 | (51,256) | 13,759 | 65,015 | (28,616) | 36,399 |

Reconciliation of property, plant and equipment - 2016

| | Opening balance | Depreciation | Total |
|------------------------|-----------------|-----------------|---------------|
| Furniture and fixtures | 9,789 | (1,012) | 8,777 |
| IT equipment | 7,463 | (5,327) | 2,136 |
| Computer software | 2,331 | (799) | 1,532 |
| Leasehold improvements | 1,522 | (210) | 1,312 |
| Branding | 15,294 | (15,292) | 2 |
| | 36,399 | (22,640) | 13,759 |

Reconciliation of property, plant and equipment - 2015

| | Opening balance | Additions | Depreciation | Total |
|------------------------|-----------------|---------------|-----------------|---------------|
| Furniture and fixtures | - | 10,127 | (338) | 9,789 |
| Computer equipment | 13,175 | - | (5,712) | 7,463 |
| Computer software | 3,130 | - | (799) | 2,331 |
| Leasehold improvements | 1,732 | - | (210) | 1,522 |
| Branding | 4,897 | 24,312 | (13,915) | 15,294 |
| | 22,934 | 34,439 | (20,974) | 36,399 |

3. Loans from group companies

Holding company

ION Exchange (India) Limited (1,131,630) (1,033,446)
The loan is unsecured, bears interest at 9.5% p.a. and has no set terms of repayment. The loan is subordinated in favour of other creditors until such time as the assets fairly valued exceed the liabilities.

4. Loans from shareholders

Safic Proprietary Limited (895,949) (749,646)
The loan is unsecured, bears interest at 9.5% p.a. and has no set terms of repayment. The loan is subordinated in favour of other creditors until such time as the assets fairly valued exceed the liabilities.

ION Exchange Safic Proprietary Limited
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| Figures in Rand | 2016 | 2015 |
|------------------------|-------------|-------------|
|------------------------|-------------|-------------|

5. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2016

| | Loans and receivables | Total |
|-----------------------------|--------------------------|---------|
| Trade and other receivables | 795,543 | 795,543 |

2015

| | Loans and receivables | Total |
|-----------------------------|--------------------------|---------|
| Trade and other receivables | 989,501 | 989,501 |

6. Deferred tax

| | | |
|--------------------|---------|---------|
| Deferred tax asset | 960,658 | 960,658 |
|--------------------|---------|---------|

Reconciliation of deferred tax asset / (liability)

| | | |
|----------------------|---------|---------|
| At beginning of year | 960,658 | 960,658 |
|----------------------|---------|---------|

7. Inventories

| | | |
|----------------|-----------|-----------|
| Finished goods | 2,516,656 | 1,558,898 |
|----------------|-----------|-----------|

8. Trade and other receivables

| | | |
|-------------------|----------------|------------------|
| Trade receivables | 748,971 | 989,502 |
| Prepayments | 24,871 | 33,483 |
| VAT | 21,701 | - |
| | 795,543 | 1,022,985 |

Trade and other receivables impaired

The amount of the provision was R (385,381) as of 31 March 2016-

The gross amount R 1,134,352.29 (2015: R 1,408,354) less provision for doubtful debts R 385,381 (2015: R 418,852) results in a carrying amount of R 748,971 (2015: R 989,502).

9. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|----------------|-------------|-------------|
| Bank overdraft | (2,483,706) | (2,560,040) |
|----------------|-------------|-------------|

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|------------------------|-------------|-------------|
|------------------------|-------------|-------------|

9. Cash and cash equivalents (continued)

Due to the short-term nature of cash and cash equivalents the carrying amount is deemed to approximate fair value.

ABSA bank overdraft security is provided in terms of Accentuate facility. The details of the pledged security is 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 mortgagage bond of R10 Million over the land and building of the company
- First ranking cession and pledge of the company in favour of the lender of all rights, titles and interest to:
 - > All account receivables
 - > All bank accounts, retentions, deposits and prepayments cash
 - > All insurance policies

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

10. Share capital

Authorised

| | | |
|---|-------|-------|
| 1000 Ordinary shares of no par value of | 1,000 | 1,000 |
|---|-------|-------|

Issued

| | | |
|---------------|------------------|------------------|
| Ordinary | 1,000 | 1,000 |
| Share premium | 999,000 | 999,000 |
| | 1,000,000 | 1,000,000 |

11. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2016

| | Financial liabilities at amortised cost | Total |
|----------------------------|---|------------------|
| Loans from group companies | 1,273,167 | 1,273,167 |
| Loans from shareholders | 754,412 | 754,412 |
| Trade and other payables | 4,393,837 | 4,393,837 |
| Bank overdraft | 2,483,706 | 2,483,706 |
| | 8,905,122 | 8,905,122 |

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| Figures in Rand | 2016 | 2015 |
|--|---|------------------|
| 11. Financial liabilities by category (continued) | | |
| 2015 | | |
| | Financial liabilities at amortised cost | Total |
| Loans from group companies | 1,033,446 | 1,033,446 |
| Loans from shareholders | 749,646 | 749,646 |
| Other financial liabilities | 12,000 | 12,000 |
| Trade and other payables | 2,213,548 | 2,213,548 |
| Bank overdraft | 2,653,790 | 2,653,790 |
| | 6,662,430 | 6,662,430 |
| 12. Trade and other payables | | |
| Trade payables | 4,121,994 | 2,213,548 |
| VAT | - | 111,159 |
| Accrued leave pay | 154,014 | 113,271 |
| Payroll accruals | 59,238 | 54,393 |
| Sundry accruals | 58,591 | 53,449 |
| | 4,393,837 | 2,545,820 |
| 13. Revenue | | |
| Sale of goods | 6,012,992 | 4,422,893 |
| Rendering of services | 65,017 | 513,767 |
| | 6,078,009 | 4,936,660 |
| 14. Other income | | |
| Recoveries | 1,942 | - |
| Other income | (43,777) | 24,437 |
| | (41,835) | 24,437 |

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| Figures in Rand | 2016 | 2015 |
|------------------------|-------------|-------------|
|------------------------|-------------|-------------|

15. Operating loss

Operating loss for the year is stated after accounting for the following:

Operating lease charges

Premises

| | | |
|-----------------------|--------|--------|
| • Contractual amounts | 70,440 | 70,440 |
|-----------------------|--------|--------|

Depreciation on property, plant and equipment

| | |
|--------|--------|
| 22,640 | 20,974 |
|--------|--------|

Employee costs

| | |
|-----------|-----------|
| 2,004,617 | 1,825,697 |
|-----------|-----------|

16. Finance costs

Interest on foreign bank balances

| | |
|--------|---------|
| 73,722 | 192,161 |
|--------|---------|

Interest paid - Intercompany

| | |
|---------|---|
| 181,674 | - |
|---------|---|

Interest on bank balances

| | |
|---------|---------|
| 303,323 | 290,607 |
|---------|---------|

| | |
|----------------|----------------|
| 558,719 | 482,768 |
|----------------|----------------|

17. Cash generated from operations

Loss before taxation

| | |
|-------------|-------------|
| (1,308,493) | (1,839,746) |
|-------------|-------------|

Adjustments for:

Depreciation and amortisation

| | |
|--------|--------|
| 22,640 | 20,974 |
|--------|--------|

Interest received - investment

| | |
|-------|---|
| (506) | - |
|-------|---|

Finance costs

| | |
|---------|---------|
| 558,719 | 482,768 |
|---------|---------|

Changes in working capital:

Inventories

| | |
|-----------|-----------|
| (957,758) | (526,427) |
|-----------|-----------|

Trade and other receivables

| | |
|---------|-----------|
| 227,442 | (773,047) |
|---------|-----------|

Trade and other payables

| | |
|-----------|-----------|
| 1,848,017 | 1,717,846 |
|-----------|-----------|

| | |
|----------------|------------------|
| 390,061 | (917,632) |
|----------------|------------------|

18. Related parties

Relationships

Holding company

ION Exchange India Limited

Shareholder with significant influence

Safic Proprietary Limited

Related party transactions and balances

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

Sales to:

Safic Proprietary Limited

| | |
|----------|---|
| (98,195) | - |
|----------|---|

Rent paid to (received from) related parties

Safic Proprietary Limited

| | |
|--------|--------|
| 70,440 | 70,440 |
|--------|--------|

Administration and management fees paid to:

Safic Proprietary Limited

| | |
|---------|---------|
| 180,000 | 180,000 |
|---------|---------|

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| Figures in Rand | 2016 | 2015 |
|--|--------------------|--------------------|
| 18. Related parties (continued) | | |
| Purchases from: | | |
| ION Exchange (India) Limited | 3,744,943 | 2,052,836 |
| Safic Proprietary Limited | 144,348 | - |
| | 3,889,291 | 2,052,836 |
| Loans to (from): | | |
| Ion Exchange India Limited | (1,131,630) | (1,033,446) |
| Safic Proprietary Limited | (895,949) | (749,646) |
| | (2,027,579) | (1,783,092) |

The loans are unsecured, bear interest at 9.5% p.a. and have no set terms of repayment. The loans are subordinated in favour of other creditors until such time as the assets fairly valued exceed the liabilities.

19. Directors' emoluments

Executive

2016

| | Emoluments | Annual bonus | Other emoluments | Total |
|---------------|------------|--------------|------------------|-----------|
| G Chakravorty | 995,830 | 82,573 | 162,801 | 1,241,204 |

2015

| | Emoluments | Annual bonus | Other emoluments | Total |
|---------------|------------|--------------|------------------|-----------|
| G Chakravorty | 990,876 | 82,573 | 187,988 | 1,261,437 |

20. 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.

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| Figures in Rand | 2016 | 2015 |
|-----------------|------|------|
|-----------------|------|------|

20. Risk management (continued)

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.

| | |
|----------------------------|------------------|
| At 31 March 2016 | Less than 1 year |
| Trade and other payables | 4,393,837 |
| Loans from group companies | 1,131,630 |
| Loans from shareholders | 895,949 |
| At 31 March 2015 | Less than 1 year |
| Trade and other payables | 2,213,548 |
| Loans from group companies | 1,033,446 |
| Loans from shareholders | 749,646 |

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.

21. Going concern

We draw attention to the fact that at 31 March 2016, the company had accumulated losses of R (5,618,506) and that the company's total liabilities exceed its assets by R (4,618,506).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

21. Going concern (continued)

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note 5 of the directors' report these annual financial statements will remain in force for so long as it takes to restore the solvency of the company.

22. Events after the reporting period

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

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Annual Financial Statements for the year ended 31 March 2016
Detailed Income Statement

| Figures in Rand | Notes | 2016 | 2015 |
|--|--------------|--------------------|--------------------|
| Revenue | | | |
| Sale of goods | | 6,012,992 | 4,422,893 |
| Rendering of services | | 65,017 | 513,767 |
| | 13 | 6,078,009 | 4,936,660 |
| Cost of sales | | | |
| Opening stock | | (1,558,898) | (1,032,471) |
| Purchases | | (4,602,521) | (3,708,608) |
| Closing stock | | 2,516,656 | 1,558,898 |
| | | (3,644,763) | (3,182,181) |
| Gross profit | | 2,433,246 | 1,754,479 |
| Other income | | | |
| Recoveries | | 1,942 | - |
| Other income | | (43,777) | 24,437 |
| Interest received | | 506 | - |
| | | (41,329) | 24,437 |
| Operating expenses | | | |
| Accounting fees | | (180,000) | (180,000) |
| Advertising | | (10,915) | (1,030) |
| Auditors remuneration | | (44,258) | (42,069) |
| Bad debts | | (87,301) | (418,852) |
| Bank charges | | (11,533) | (9,156) |
| Commission paid | | (80,045) | (38,871) |
| Consultants | | - | (3,845) |
| Delivery expenses | | (1,050) | (5,502) |
| Depreciation, amortisation and impairments | | (22,640) | (20,974) |
| Employee costs | | (2,004,617) | (1,825,697) |
| Entertainment | | (39,449) | (32,543) |
| Stock write-downs | | (4,351) | (8,761) |
| Insurance | | (52,074) | (41,966) |
| Lease rentals on operating lease | | (70,440) | (70,440) |
| Legal Fees | | (10,100) | - |
| Legal expenses | | (3,236) | - |
| Motor vehicle hire | | (60,053) | (57,596) |
| Membership fees | | (37,785) | (4,817) |
| Penalties on late tax | | - | (4,646) |
| Petrol and oil | | (120,488) | (95,198) |
| Printing and stationery | | (5,944) | (6,198) |
| Product testing | | (13,030) | (6,457) |
| Protective clothing | | - | (215) |
| Repairs and maintenance | | (134) | - |
| Staff welfare | | (160,329) | (135,706) |
| Subscriptions | | (1,123) | (842) |
| Telephone and fax | | (45,365) | (48,002) |
| Tender fees | | - | (2,900) |
| Training | | (7,820) | (2,680) |
| Transport and freight | | (10,090) | (8,807) |

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Detailed Income Statement

| Figures in Rand | Note(s) | 2016 | 2015 |
|-----------------------------|----------------|--------------------|--------------------|
| Travel - local | | (57,521) | (62,124) |
| | | (3,141,691) | (3,135,894) |
| Operating loss | 15 | (749,774) | (1,356,978) |
| Finance costs | 16 | (558,719) | (482,768) |
| Loss before taxation | | (1,308,493) | (1,839,746) |
| Loss for the year | | (1,308,493) | (1,839,746) |