ION EXCHANGE ASIA PACIFIC PTE. LTD.

Company Registration No. 200410162D
(Incorporated in Singapore)

ANNUAL REPORT

31 MARCH 2017

ION EXCHANGE ASIA PACIFIC PTE. LTD.
Company Registration No. 200410162D
(Incorporated in Singapore)

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mahabir Prasad Patni
Ankur Patni (alternate director to Mahabir Prasad Patni)
Rajesh Sharma
Dinesh Sharma (alternate director to Rajesh Sharma)
Anil Manocha

COMPANY SECRETARY
Chang Suyin

REGISTERED OFFICE
10 Anson Road #33-04A
International Plaza
Singapore 079903

AUDITORS
Trina Lim & Co
10 Anson Road #21-05A
International Plaza
Singapore 079903

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ION EXCHANGE ASIA PACIFIC PTE. LTD.
Company Registration No. 200410162D

DIRECTORS' STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2017.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Mahabir Prasad Patni
Ankur Patni (alternate director to Mahabir Prasad Patni)
Rajesh Sharma
Dinesh Sharma (alternate director to Rajesh Sharma)
Anil Manocha

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

SHARE OPTIONS

During the financial year, no options to take up unissued shares of the Company were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company. There were no unissued shares of the Company under option at the end of the financial year.

INDEPENDENT AUDITORS

The independent auditors, Messrs Trina Lim & Co., have expressed their willingness to accept re-appointment.

On behalf of the Board

MPatni

Mahabir Prasad Patni

Rajesh Sharma

Singapore
15 May 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

ION EXCHANGE ASIA PACIFIC PTE. LTD.
Company Registration No. 200410162D
(Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ion Exchange Asia Pacific Pte. Ltd. (the "Company"), which comprise the balance sheet at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but 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 and will 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.

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Other Matter

The financial statements of the Company for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 23 May 2016.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Company's financial reporting process.

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 SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Tina Lim & Co
Public Accountants and
Chartered Accountants
Singapore

Singapore
15 May 2017

ION EXCHANGE ASIA PACIFIC PTE. LTD.
Company Registration No. 200410162D

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 US$	2016 US$
REVENUE	(3)	1,513,055	2,541,263
Cost of sales		(1,332,937)	(2,075,906)
Gross Profit		180,118	465,357
Other income	(4)	18,895	121,369
Distribution costs		(81,046)	(93,550)
Administrative costs		(8,582)	(11,581)
Other operating costs		(504,669)	(492,884)
Finance costs	(5)	(16,924)	(857)
LOSS before income tax	(6)	(412,208)	(12,146)
INCOME TAX	(7)	-	-
LOSS for the year		(412,208)	(12,146)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS		(412,208)	(12,146)

See accompanying notes to the financial statements

ION EXCHANGE ASIA PACIFIC PTE. LTD.
Company Registration No. 200410162D

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 US$	2016 US$
EQUITY			
Share Capital	(8)	1,977,037	1,977,037
Accumulated Losses		(1,528,664)	(1,116,456)
TOTAL EQUITY		448,373	860,581
Represented by:			
NON-CURRENT ASSETS			
Plant and equipment	(9)	1,115	208
Investment in associates	(10)	-	49,000
Investment in subsidiary	(11)	-	55,002
		1,115	104,210
CURRENT ASSETS			
Trade and other receivables	(12)	2,575,977	2,578,901
Prepayments		6,230	21,566
Fixed deposits	(14)	320,956	320,383
Cash and bank balances	(14)	61,124	16,632
		2,964,287	2,937,482
less : **CURRENT LIABILITIES**			
Trade and other payables	(13)	2,418,546	2,081,186
Bank overdraft, secured	(14)	98,483	99,925
		2,517,029	2,181,111
NET CURRENT ASSETS		447,258	756,371
TOTAL NET ASSETS		448,373	860,581

See accompanying notes to the financial statements

ION EXCHANGE ASIA PACIFIC PTE. LTD.
Company Registration No. 200410162D

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Share capital US$	Accumulated losses US$	Total US$
Balance at 1 April 2015	1,977,037	(1,104,310)	872,727
Loss for the year, representing total comprehensive loss for the year	-	(12,146)	(12,146)
Balance at 1 April 2016	1,977,037	(1,116,456)	860,581
Loss for the year, representing total comprehensive loss for the year	-	(412,208)	(412,208)
Balance at 31 March 2017	1,977,037	(1,528,664)	448,373

See accompanying notes to the financial statements

ION EXCHANGE ASIA PACIFIC PTE. LTD.
Company Registration No. 200410162D

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 US$	2016 US$
Operating Activities:			
Loss before income tax		(412,208)	(12,146)
Adjustment for:			
Allowance for impairment – trade receivables		-	135,996
Depreciation of plant and equipment	(9)	391	103
Impairment loss on investment in associate		49,000	-
Impairment loss on investment in subsidiary		84,102	-
Interest income		(5,157)	(867)
Interest expense		16,924	857
Operating cash flows before changes in working capital		(266,948)	123,943
Changes in:			
Trade and other receivables		161,799	184,560
Prepayments		15,336	(3,386)
Trade and other payables		227,946	(597,245)
Cash generated from/(used in) operations		138,133	(292,128)
Interest received		5,157	867
Interest paid		(16,924)	(857)
Net cash generated from/(used in) operating activities		126,366	(292,118)
Investing Activities:			
Purchase of plant and equipment	(9)	(1,298)	(311)
Acquisition of share capital of subsidiary		(29,100)	-
Fixed deposits, pledged		(573)	36,169
Amount due from associate		(158,875)	-
Net cash generated from/(used in) investing activities		(189,846)	35,858
Financing Activities:			
Amount due to ultimate holding company		155,000	-
Amount due to related party		(45,586)	(7,670)
Net cash inflow/(outflow) from financing activities		109,414	(7,670)
Net change in cash and cash equivalents		45,934	(263,930)
Cash and cash equivalents at beginning of the year		(83,293)	180,637
Cash and cash equivalents at end of the year	(14)	(37,359)	(83,293)

See accompanying notes to the financial statements

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is incorporated and domiciled in Singapore. The address of its registered office is:

10 Anson Road, #33-04A International Plaza, Singapore 079903

The address of the principal place of business is:

21 Bukit Batok Crescent, #26-84 WCEGA Tower, Singapore 658065

The principal activities of the Company are the supply of water treatment plants, waste treatment and oilfield chemicals.

The financial statements of the Company for the financial year ended 31 March 2017 were authorised for issue by the Board of Directors on 15 May 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

(b) Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

<u>Critical accounting estimates and assumptions</u>

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

(i) Impairment loss recognised in respect of account receivables

The allowance of impairment loss in respect of account receivables of the Company is based on the evaluation of collectibility and aging analysis of account receivables and on the management's estimate. In determining whether impairment is required, the Company takes into consideration the aging status and likelihood of collection. When recoverability of account receivables are called into doubts, specific allowance of impairment loss on account receivables are made on the difference between the estimated future cash flow expected to receive discounted using the original effective interest rate and the carrying value.

Critical judgements in applying accounting policies

The following are the judgements made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Determination of functional currency

In determining the functional currency of the Company, judgement is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

(c) Adoption of new and revised standards

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year. In the current financial year, the Company has adopted all the new and revised FRS and Interpretations to FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016. The adoption of these new or revised FRS and INT FRS did not result in changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior years.

(d) Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to FRS 7: Disclosure Initiative	1 January 2017
• FRS 109: Financial Instruments	1 January 2018
• FRS 115: Revenue from Contracts with Customers (including Clarifications)	1 January 2018
• Improvements to FRSs (December 2016)	
- FRS 112: Disclosure of Interests in Other Entities	1 January 2018
- FRS 28: Investments in Associates and Joint Ventures	1 January 2018
• Amendments to FRS 110: Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be Determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

(e) Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States dollar, which is the Company's functional currency.

(f) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss.

(g) Consolidation

The Company is exempted from consolidation as the Company is a wholly-owned subsidiary of Ion Exchange (India) Limited, a company incorporated in the Republic of India, which produces consolidated financial statements available for public use. The registered office of Ion Exchange (India) Limited is at Ion House, Dr. E. Moses Road, Mahalaxmi Mumbai 400011, India.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(i) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to profit or loss. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

Depreciation is calculated on the straight line method to write off the cost of the plant and equipment over their estimated useful lives as follows:

Computers	-	3 years
Office equipment	-	5 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

(j) Subsidiaries

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(k) Associates

An associate is an entity in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Investment in associate is accounted for at cost less very any impairment loss. The cost of the investment includes transaction costs.

(l) Exemption from accounting on investment in associate using equity method

The Company is exempted from the requirement to account for its investment in associate using equity method as the Company is a wholly-owned subsidiary of Ion Exchange (India) Limited, a company incorporated in the Republic of India, which produces consolidated financial statements available for public use. The registered office of Ion Exchange (India) Limited is at Ion House, Dr. E. Moses Road, Mahalaxmi Mumbai 400011, India.

(m) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company has the following non-derivative financial assets: loans and receivables.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are presented as "cash and cash equivalents" and "trade and other receivables" on the balance sheet.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(n) Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(o) Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(p) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in provision due to the passage of time is recognised as a finance cost.

(q) Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions when appropriate.

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(r) Employee benefits

<u>Employee leave entitlement</u>

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(s) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash in hand and at banks and short-term deposits which are held to maturity are carried at cost. Bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included as a component of cash equivalents for the purposes of the cash flow statement.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits with banks, net of outstanding bank overdrafts.

(t) Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Company if that person:

   (i) Has control or joint control over the Company;

   (ii) Has significant influence over the Company; or

   (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

b) An entity is related to the Company if any of the following conditions applies:

   (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

   (iii) Both entities are joint ventures of the same third party;

   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

   (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

   (vi) The entity is controlled or jointly controlled by a person identified in (a);

   (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(u) Key management personnel

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company. The directors of the Company are considered as key management personnel.

3. REVENUE

Revenue represents invoiced value of goods sold after allowance for goods returned and trade discounts.

4. OTHER INCOME

	2017 US$	2016 US$
These comprise:		
Duty refund	-	2,734
Exchange gain	13,738	-
Interest income - associate	3,875	-
Interest income - fixed deposits	1,282	867
Written back of advance receipt	-	117,768
	18,895	121,369

5. FINANCE COSTS

	2017 US$	2016 US$
These comprise:		
Bank overdraft interest	1,424	857
Interest expense – ultimate holding company	15,500	-
	16,924	857

6. LOSS BEFORE INCOME TAX

	2017 US$	2016 US$
Loss before income tax is stated after charging:		
Allowance for impairment - trade receivables (Note 12)	-	135,996
Depreciation of plant and equipment (Note 9)	391	103
Exchange loss	-	1,809
Impairment loss on investment in associate	49,000	-
Impairment loss on investment subsidiary	84,102	-
Marketing and logistics expenses	36,542	41,973
Salaries and related costs	338,309	324,977
Travelling expenses	36,584	41,312

7. INCOME TAX

	2017 US$	2016 US$
Current year	-	-

The income tax expense varied from the amount of income tax expense determined by applying the standard corporate tax rate of 17% (2016: 17%) to loss before income tax as a result of the following:

	2017 US$	2016 US$
Loss before income tax	(412,208)	(12,146)
Income tax at statutory rate	(70,075)	(2,065)
Tax effect of:		
Non-allowable items	22,863	33
Income not subjected to tax	-	(48)
Timing difference	66	-
Deferred tax assets not recognised	47,146	2,080
Current income tax expense	-	-

The Company has accumulated tax losses amounting to approximately US$1,306,000 (2016: US$1,029,000) available for offset against future taxable income. The deferred tax benefit on the tax losses not taken up in the financial statements amounted to US$222,020 (2016: US$174,930).

The realisation of the future income tax benefits from the tax losses is available for an unlimited period subject to there being no substantial change in the shareholders as required by provisions of the Income Tax Act.

8. SHARE CAPITAL

	2017 US$	2016 US$
Issued and fully paid up:		
2,603,211 ordinary shares	1,977,037	1,977,037

The Company has one class of ordinary share with no par value. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

9. PLANT AND EQUIPMENT

	Computers US$	Office equipment US$	Total US$
Cost :			
At 1.4.2015	2,214	1,095	3,309
Additions	311	-	311
Written off	(2,214)	-	(2,214)
At 31.3.2016	311	1,095	1,406
At 1.4.2016	311	1,095	1,406
Additions	1,298	-	1,298
At 31.3.2017	1,609	1,095	2,704
Accumulated depreciation :			
At 1.4.2015	2,214	1,095	3,309
Charge for the year	103	-	103
Written off	(2,214)	-	(2,214)
At 31.3.2016	103	1,095	1,198
At 1.4.2016	103	1,095	1,198
Charge for the year	391	-	391
At 31.3.2017	494	1,095	1,589
Carrying amount :			
At 31.3.2016	208	-	208
At 31.3.2017	1,115	-	1,115

10. INVESTMENT IN ASSOCIATES

The Company's material investments in associates are summarised below:

	2017 US$	2016 US$
IEI Water - Tech (M) Sdn. Bhd.	94,574	94,574
Ion Exchange PSS Ltd.	49,000	49,000
	143,574	143,574
Less: Allowance for impairment loss	(143,574)	(94,574)
	-	49,000

Name of company	Principal activities	Principal place of business	Percentage of equity held 2017	2016
IEI Water - Tech (M) Sdn. Bhd.	Providing new and improved engineering technical services in the water supply industry	Malaysia	30%	30%
Ion Exchange PSS Ltd.	Providing new and improved engineering technical services in the water supply industry	Thailand	49%	49%

11. INVESTMENT IN SUBSIDIARY

	2017 US$	2016 US$
Unquoted shares, at cost	84,102	55,002
Less: Allowance for impairment loss	(84,102)	-
	-	55,002

Name of company	Principal activities	Principal place of business	Percentage of equity held 2017	2016
Ion Exchange Asia Pacific (Thailand) Ltd	Providing new and improved engineering technical services in the water supply industry	Thailand	100%	100%

12. TRADE AND OTHER RECEIVABLES

		2017 US$	2016 US$
Trade receivables			
- Associates		416,313	426,313
- Subsidiary		104,264	104,264
- Related party		64,642	93,256
- Ultimate holding company		110,660	110,660
- Third parties		1,675,117	1,918,749
Less: Allowance for impairment		(305,996)	(305,996)
		2,065,000	2,347,246
Other receivables			
- Advances to creditors	- Subsidiary	90,329	109,329
	- Ultimate holding company	-	15,330
	- Third parties	92,483	90,901
		182,812	215,560
- Associate		158,875	-
- Deposits		1,127	3,465
- GST receivable		-	371
- Interest receivable		853	144
- Staff advances		555	12,115
- Sundry debtors		77,500	-
- Work-in-progress		89,255	-
		2,575,977	2,578,901

Denominated in:	US$	US$
Singapore dollar	1,485	1,852
Malaysian ringgit	1,127	3,465
United States dollar	2,573,365	2,573,584
	2,575,977	2,578,901

The non-trade receivable from associate is unsecured, bears interest at 3% per annum and repayable on demand.

At the balance sheet date, the carrying amounts of trade and other receivables approximated their fair values.

12. TRADE AND OTHER RECEIVABLES – (CONT'D)

Receivables that are past due but not impaired

The Company has trade receivables amounting to S$1,782,213 (2016: S$1,867,714) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

Trade receivables past due:	2017 US$	2016 US$
Lesser than 30 days	33,000	131,360
30 to 60 days	9,377	594,672
61 to 90 days	10,387	11,249
More than 90 days	1,729,449	1,130,433
	1,782,213	1,867,714

Receivables that are impaired

The Company's trade receivables that are impaired at the balance sheet date and the movement of the allowance account used to record the impairment is as follows:

	2017 US$	2016 US$
Movement in allowance for impairment:		
At beginning of year	305,996	170,000
Charge for the year	-	135,996
At end of year	305,996	305,996

13. TRADE AND OTHER PAYABLES

	2017 US$	2016 US$
Trade payables		
- Subsidiary	165,871	165,871
- Ultimate holding company	1,660,400	1,363,713
- Third parties	223,930	194,895
	2,050,201	1,724,479
Other payables		
- Ultimate holding company	155,000	-
- Related party	4,756	50,342
- Advance receipts - third parties	94,562	98,310
- Accrued charges	114,027	87,235
- Accrued costs	-	120,820
	2,418,546	2,081,186

Denominated in:	US$	US$
Singapore dollar	4,626	4,300
Malaysian ringgit	-	50,342
United States dollar	2,413,920	2,026,544
	2,418,546	2,081,186

The non-trade payable to ultimate holding company is unsecured, bears interest at 12% per annum and repayable on demand.

The non-trade payable to related party is unsecured, interest-free and repayable on demand.

At the balance sheet date, the carrying amounts of trade and other payables approximated their fair values.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2017 US$	2016 US$
Cash and bank balances	61,124	16,632
Fixed deposits - pledged	320,956	320,383
Total	382,080	337,015
Less:		
Fixed deposits - pledged	(320,956)	(320,383)
Bank overdraft - secured	(98,483)	(99,925)
	(37,359)	(83,293)

Denominated in:	US$	US$
Singapore dollar	730	1,207
Malaysian ringgit	322	819
United States dollar	(38,411)	(85,319)
	(37,359)	(83,293)

Fixed deposit of US$119,176 (2016: US$118,603) is pledged as collateral to secure the bank overdraft. The balance of US$201,780 (2016: US$201,780) is pledged for the issue of bank guarantee and letter of credit.

The fixed deposits have maturity period of between 1 to 12 months (2016: 1 to 12 months) after the end of the reporting period and bear effective interest at 0.20% to 1.145% (2016: 0.15% to 0.195%) per annum.

The bank overdraft is secured by a charge on the Company's fixed deposits and corporate guarantee by the ultimate holding company. The bank overdraft bears interest at 2% (2016: 6%) per annum.

15. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, there were the following significant transactions with related parties on terms agreed upon between the parties:

	2017 US$	2016 US$
Ultimate Holding Company		
Purchase of goods	1,064,040	1,679,519
Advances	155,000	-
Interest expense	15,500	-
Related party		
Sale of goods	-	(29,252)
Purchase of goods	-	13,380
Interest income	(3,875)	-

16. HOLDING COMPANY

The Company's immediate and ultimate holding company is Ion Exchange (India) Limited, a company incorporated in the Republic of India.

17. CONTINGENT LIABILITIES

The maximum amount the Company could become liable is US$582,555 (2016: US$501,555).

18. FINANCIAL INSTRUMENTS (RISK MANAGEMENT)

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, interest rate risk, liquidity risk and foreign currency risk. The Company reviews and agrees policies for managing each of these risks and they are summarised below. The Company does not hold or issue derivative financial instruments.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

18. FINANCIAL INSTRUMENTS (RISK MANAGEMENT) – (CONT'D)

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of the assets as stated in the balance sheet.

The Company places its cash and fixed deposits with creditworthy financial institutions.

The Company manages its credit risk in trade receivables through its credit evaluation process, credit policies and credit control and debt collection procedures.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company is not exposed to interest rate risk as it has no bank borrowings.

(c) Foreign currency risk

The Company is not exposed to foreign currency risk as most of its transactions are mainly denominated in United States dollar.

(d) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance its ongoing working capital requirements. When necessary, the Company relies on its ultimate holding company for source of liquidity. The Company's financial liabilities are all mature within one year.

(e) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Company's approach to capital management during the financial year.

18. FINANCIAL INSTRUMENTS (RISK MANAGEMENT) – (CONT'D)

(f) Fair value of financial instruments

The carrying amounts of financial assets and financial liabilities recorded in the financial statements approximated their fair values due to the relatively short-term maturity of these financial instruments.

19. FINANCIAL INSTRUMENTS BY CATEGORIES

The following table sets out the financial instruments as at the balance sheet date:

	2017 US$	2016 US$
Financial assets		
Loans and receivables	2,775,245	2,700,356
Financial liabilities		
Amortised cost	2,422,467	2,082,801

20. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended on the face of the balance sheet and cash flow statement. The items were reclassified as follows:

	31 March 2016 balances as reclassified US$	31 March 2016 balances as previously reported US$
Balance sheet		
Trade and receivables	2,578,901	-
Prepayments	21,566	-
Trade receivables	-	2,347,246
Other receivables	-	253,221
Cash flow statement		
Net cash generated from/(used in) operating activities	(292,118)	(298,931)
Net cash inflow/(outflow) financing activities	(7,670)	(857)

ION EXCHANGE ASIA PACIFIC PTE. LTD.
Company Registration No. 200410162D

SUPPLEMENTARY PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	2017 US$	2016 US$
REVENUE	1,513,055	2,541,263
Cost of sales	(1,332,937)	(2,075,906)
	180,118	465,357
OTHER INCOME		
Add: Duty refund	-	2,734
Exchange gain	13,738	-
Interest income - fixed deposits	1,282	867
Interest income - associate	3,875	-
Written back of advance receipt	-	117,768
	18,895	121,369
Less :		
DISTRIBUTION COSTS		
Marketing and logistic	36,542	41,973
Selling and distribution	7,920	10,265
Travelling	36,584	41,312
	81,046	93,550
ADMINISTRATIVE EXPENSES		
Audit fee	4,626	5,825
Legal and professional fees	3,344	5,659
Printing and stationery	612	97
	8,582	11,581
OTHER OPERATING EXPENSES		
Allowance for impairment - trade receivables	-	135,996
Bank charges	27,366	24,984
Depreciation of plant and equipment	391	103
Exchange loss	-	1,809
Impairment loss on investment in associate	49,000	-
Impairment loss on investment subsidiary	84,102	-
Repair and maintenance	109	12
Salaries and other related costs	338,309	324,977
Telephone expenses	5,392	5,003
	504,669	492,884
FINANCE COSTS		
Bank overdraft interest	1,424	857
Interest expense – ultimate holding company	15,500	-
	16,924	857
LOSS before income tax	(412,208)	(12,146)

This page does not form part of audited financial statements