

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

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2016**

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

The following information is intended only for the shareholder and not for filing with any Authority.

<u>Shareholder</u>	<u>Address</u>	<u>No. of ordinary shares</u>	
		As at <u>1/4/2015</u>	As at <u>31/3/2016</u>
Ion Exchange (India) Limited	Ion House Dr. E. Moses Road Mahalaxmi Mumbai 400 011 India	2,603,211	2,603,211

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

CONTENTS

	<i>PAGE</i>
DIRECTORS' STATEMENT	1 - 2
INDEPENDENT AUDITORS' REPORT	3 - 4
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF COMPREHENSIVE INCOME	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 28

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 March 2016.

In our opinion,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors 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 objects are, or one of whose objects 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, Chapter 50 ('the Act'), the directors of the Company who held office at the end of the financial year were not interested in shares in or debentures of the Company or any other related body corporate.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT

SHARE OPTIONS

During the financial year, there were:

- (i) no options granted to subscribe for unissued shares of the Company, and
- (ii) no shares issued by virtue of the exercise of options to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

AUDITOR

The auditor, Singapore Assurance PAC, has indicated its willingness to accept re-appointment.

On behalf of the Board of Directors

M Patni

Mahabir Prasad Patni
Director



Rajesh Sharma
Director

Singapore
23 MAY 2016

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)**

Report on the Financial Statements

We have audited the accompanying financial statements of Ion Exchange Asia Pacific Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 28.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

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 the Singapore 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 of financial statements that gives a true and fair view 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)**

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

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.



SINGAPORE ASSURANCE PAC
Public Accountants and
Chartered Accountants

Singapore
23 May 2016

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	<u>Note</u>	<u>2016</u> USD	<u>2015</u> USD
ASSETS			
Non-current assets			
Plant and equipment	(4)	208	-
Investments in associates	(5)	49,000	49,000
Investment in subsidiary	(6)	55,002	55,002
		<u>104,210</u>	<u>104,002</u>
Current assets			
Trade receivables	(7)	2,347,246	2,744,518
Other receivables	(8)	253,221	173,119
Fixed deposits	(9)	320,383	356,552
Cash and bank balances	(10)	16,632	261,106
		<u>2,937,482</u>	<u>3,535,295</u>
Total assets		<u><u>3,041,692</u></u>	<u><u>3,639,297</u></u>
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital	(11)	1,977,037	1,977,037
Accumulated losses		<u>(1,116,456)</u>	<u>(1,104,310)</u>
		860,581	872,727
Current liabilities			
Trade and other payables	(12)	2,081,186	2,686,101
Bank overdraft, secured	(13)	99,925	80,469
		<u>2,181,111</u>	<u>2,766,570</u>
Total equity and liabilities		<u><u>3,041,692</u></u>	<u><u>3,639,297</u></u>

The accompanying notes form an integral part of these financial statements.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

	<u>Note</u>	<u>2016</u> USD	<u>2015</u> USD
Revenue	(14)	2,541,263	4,318,466
Cost of sales		(2,075,906)	(3,630,886)
Gross profit		<hr/> 465,357	687,580
Other income	(15)	121,369	951
Distribution costs		(93,550)	(147,621)
Administrative expenses		(11,581)	(6,454)
Other expenses		(492,884)	(439,865)
Finance costs	(16)	(857)	(13,070)
(Loss)/Profit before income tax	(17)	<hr/> (12,146)	81,521
Income tax	(18)	-	-
(Loss)/Profit for the year		<hr/> (12,146)	81,521
Other comprehensive income for the financial year, net of tax		-	-
Total comprehensive income for the financial year		<hr/> <hr/> (12,146)	81,521

The accompanying notes form an integral part of these financial statements.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

	<u>Note</u>	<u>Share capital</u> USD	<u>Accumulated losses</u> USD	<u>Total</u> USD
Balance at 1 April 2015		1,477,037	(1,185,831)	291,206
Issuance of share capital	(11)	500,000	-	500,000
Profit for the financial year, representing total comprehensive income for the financial year		-	81,521	81,521
Balance at 31 March 2015		<u>1,977,037</u>	<u>(1,104,310)</u>	<u>872,727</u>
Loss for the financial year, representing total comprehensive income for the financial year		-	(12,146)	(12,146)
Balance at 31 March 2016		<u>1,977,037</u>	<u>(1,116,456)</u>	<u>860,581</u>

The accompanying notes form an integral part of these financial statements.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	<u>2016</u> USD	<u>2015</u> USD
Cash flows from operating activities		
(Loss)/Profit before income tax	(12,146)	81,521
Adjustments for:		
Allowance for doubtful debts - Trade	135,996	170,000
Depreciation of plant and equipment	103	-
Interest income	(867)	(951)
Interest expense	857	13,070
Operating profit before working capital changes	<u>123,943</u>	<u>263,640</u>
Changes in working capital:		
Trade receivables	261,276	(769,711)
Other receivables	(80,102)	375,372
Trade and other payables	(604,915)	178,008
Cash generated from operations	<u>(299,798)</u>	<u>47,309</u>
Interest received	867	951
Net cash (used in)/from operating activities	<u>(298,931)</u>	<u>48,260</u>
Cash flows from investing activities		
Fixed deposits, pledged	36,169	(114,485)
Purchase of plant and equipment	(311)	-
Net cash used in investing activities	<u>35,858</u>	<u>(114,485)</u>
Cash flows from financing activities		
Issuance of share capital	-	500,000
Interest paid	(857)	(13,070)
Net cash (used in)/from financing activities	<u>(857)</u>	<u>486,930</u>
Net (decrease)/increase in cash and cash equivalents	(263,930)	420,705
Cash and cash equivalents at beginning of the year	<u>180,637</u>	<u>(240,068)</u>
Cash and cash equivalents at end of the year	<u>(83,293)</u>	<u>180,637</u>
Cash and cash equivalents at end of the year comprise:		
Cash and bank balance (Note 10)	16,632	261,106
Fixed deposits (Note 9)	320,383	356,552
	<u>337,015</u>	<u>617,658</u>
Less:		
Bank overdraft, secured (Note 13)	(99,925)	(80,469)
Fixed deposits pledged with the bank (Note 9)	(320,383)	(356,552)
	<u>(83,293)</u>	<u>180,637</u>

The accompanying notes form an integral part of these financial statements.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

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

The financial statements were authorised for issue by the Board of Directors on the date of the Directors' Statement.

1. CORPORATE INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore.

The registered office of the Company is located at 60 Paya Lebar Road, Paya Lebar Square, #08-43, Singapore 409051.

The principal place of business is located at 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 Company is a wholly owned subsidiary of Ion Exchange (India) Limited, a company incorporated in India and listed on the Mumbai Stock Exchange, which is also the ultimate holding company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention except as otherwise described below.

2.3 Functional and presentation currency

The financial statements are presented in United States Dollar (USD), which is the Company's functional currency. All financial information is presented in United States Dollar, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with FRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation of monetary items are recognised in profit or loss.

3.2 Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, fixed deposits and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

(ii) Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Financial instruments (cont'd)

(ii) Non-derivative financial liabilities (cont'd)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and bank overdraft, secured.

3.3 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised net within other income/other expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Plant and equipment (cont'd)

Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over their estimated useful lives of each component of an item of plant and equipment.

The estimated useful lives for the current and comparative years are as follows:

Computers	3 years
Furniture & fittings	5 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Basis of non-consolidation

The Company is a wholly-owned subsidiary company of Ion Exchange (India) Limited, a Company incorporated in India. In accordance with Paragraph 4(a) of FRS 110, no consolidated financial statements are presented as these would be incorporated in the consolidated financial statements of Ion Exchange (India) Limited, its ultimate holding company, produces consolidated financial statements which is available for public use. The registered office of Ion Exchange (India) Limited is located at Ion House, Dr. E. Moses Road, Mahalaxmi Mumbai 400011 India.

3.6 Subsidiary

Subsidiary is those entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary is accounted for at cost less impairment losses, if any.

3.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Company has significant influence. An associate is equity accounted for from the date the Company obtains significant influence until the date the Company ceases to have significant influence over the associate.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Associates (cont'd)

The Company's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associates based on the audited financial statements of the associates. In the absence of audited financial statements, the management accounts of the associates are used, provided that the difference in reporting period end from the Company is no greater than three months. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Company's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Company's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Company recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associates.

The Company's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in its associates. The Company determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment

(i) Non-derivative financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy and economic conditions that correlate with defaults.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at a specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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 reporting date.

3.10 Provisions

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

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 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, excluding discounts, rebates and sales taxes or duty. The Company assesses its revenue arrangements to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sales of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity does not retain continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Interest income

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

3.12 Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Income tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Company recognises tax liabilities based on estimates of whether additional taxes will be due. These tax liabilities are recognised when the Company believes that certain positions may not be fully sustained upon review by tax authorities, despite the Company's belief that its tax return positions are supportable. The Company believes that its accrual for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the financial year that such a determination is made.

3.13 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

4. PLANT AND EQUIPMENT

	<u>Computers</u> USD	<u>Furniture and fittings</u> USD	<u>Office equipment</u> USD	<u>Total</u> USD
<u>Cost</u>				
Balance at 1/4/2014	2,214	2,325	1,095	5,634
Written off	-	(2,325)	-	(2,325)
Balance at 31/3/2015	2,214	-	1,095	3,309
Additions	311	-	-	311
Written off	(2,214)	-	-	(2,214)
Balance at 31/3/2016	311	-	1,095	1,406
<u>Accumulated Depreciation</u>				
Balance at 1/4/2014	2,214	2,325	1,095	5,634
Written off	-	(2,325)	-	(2,325)
Balance at 31/3/2015	2,214	-	1,095	3,309
Depreciation charge of the financial year	103	-	-	103
Written off	(2,214)	-	-	(2,214)
Balance at 31/3/2016	103	-	1,095	1,198
<u>Net Carrying Amount</u>				
Balance at 31/3/2015	-	-	-	-
Balance at 31/3/2016	208	-	-	208

5. INVESTMENTS IN ASSOCIATES

	<u>2016</u> USD	<u>2015</u> USD
Unquoted equity shares	143,574	143,574
Impairment loss	(94,574)	(94,574)
	49,000	49,000

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

5. INVESTMENTS IN ASSOCIATES (CONT'D)

The details of associates as follows:

<u>Name of companies</u>	<u>Principal activities</u>	<u>Place of incorporation</u>	<u>Ownership interest</u>		<u>Cost</u>	
			<u>2016</u> %	<u>2015</u> %	<u>2016</u> USD	<u>2015</u> USD
IEI Water - Tech (M) Sdn. Bhd.	Providing new and improved engineering technical services in the water supply industry	Malaysia	30	30	94,574	94,574
Ion exchange PSS Ltd	Providing new and improved engineering technical services in the water supply industry	Thailand	49	49	49,000	49,000

6. INVESTMENT IN SUBSIDIARY

	<u>2016</u> USD	<u>2015</u> USD
Unquoted shares, at cost	55,002	55,002

The details of subsidiary as follows:

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Place of incorporation and place of business</u>	<u>Ownership interest</u>	
			<u>2016</u> %	<u>2015</u> %
Ion Exchange Asia Pacific Thailand Ltd.	Providing new and improved engineering technical services in the water supply industry	Thailand	100	100

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

7. TRADE RECEIVABLES

	<u>2016</u> USD	<u>2015</u> USD
Trade receivables:		
- Associates	426,313	490,317
- Subsidiary	104,264	132,301
- Related company	93,256	64,004
- Ultimate holding company	110,660	136,160
- Third parties	1,918,749	2,091,736
	<u>2,653,242</u>	<u>2,914,518</u>
Less: Allowance for doubtful debts	(305,996)	(170,000)
	<u>2,347,246</u>	<u>2,744,518</u>

Movement in allowance for doubtful debts receivables is as follows:

	<u>2016</u> USD	<u>2015</u> USD
At the beginning of the year	170,000	-
Allowance made	135,996	170,000
At the end of the year	<u>305,996</u>	<u>170,000</u>

The Company has trade receivables amounting to USD1,867,714 (2015: USD935,302) that are past due at the reporting date but not impaired. These receivables are unsecured and the analysis of their aging at the reporting date is as follows:

	<u>2016</u> USD	<u>2015</u> USD
Not past due and not impaired	479,532	1,809,216
Past due but not impaired:		
- Less than 30 days	131,360	91,660
- 30 to 60 days	594,672	2,622
- More than 60 days	1,141,682	841,020
	<u>1,867,714</u>	<u>935,302</u>
	<u>2,347,246</u>	<u>2,744,518</u>

Trade receivables are denominated in the following currencies:

	<u>2016</u> USD	<u>2015</u> USD
Singapore Dollar	1,852	4,808
United States Dollar	2,345,394	2,739,710
	<u>2,347,246</u>	<u>2,744,518</u>

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

8. OTHER RECEIVABLES

	<u>2016</u> USD	<u>2015</u> USD
Advance to creditors		
- Subsidiary	109,329	37,329
- Ultimate holding company	15,330	-
- Third parties	90,901	104,538
	215,560	141,867
Deposits	3,465	4,573
Interest receivables	144	144
Prepayment	21,566	18,180
Other receivables	12,115	8,355
Goods and services tax receivables	371	-
	<u>253,221</u>	<u>173,119</u>

Other receivables are denominated in following currencies:

	<u>2016</u> USD	<u>2015</u> USD
Malaysian Ringgit	3,465	4,600
United States Dollar	249,756	168,519
	<u>253,221</u>	<u>173,119</u>

9. FIXED DEPOSITS

Fixed deposit of USD118,603 (2015: USD118,369) is pledged as collateral to secure the bank overdraft as disclosed in note 13 to the financial statements. The balance of USD201,780 (2015: USD238,183) is pledged for the issue of bank guarantee and letter of credit.

Fixed deposits are matured within one to twelve months (2015: one to twelve months) from the end of the reporting period. The effective interest rate is 0.15% to 0.195% (2015: 0.15% to 0.195%) per annum.

10. CASH AND BANK BALANCES

Cash and bank balances are denominated in the following currencies:

	<u>2016</u> USD	<u>2015</u> USD
Singapore Dollar	1,208	20,314
Malaysian Ringgit	819	4,199
United States Dollar	14,605	236,593
	<u>16,632</u>	<u>261,106</u>

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

11. SHARE CAPITAL

	<u>2016</u>	<u>2015</u>
<u>Issued and fully paid</u>		
2,603,211 (2015: 1,953,211) ordinary shares	SGD 2,603,211	SGD 1,953,211
Issuance of 650,000 ordinary shares during the year	-	SGD 650,000
2,603,211 (2015: 2,603,211) ordinary shares	<u>SGD 2,603,211</u>	<u>SGD 2,603,211</u>
Equivalent to United States Dollar	<u>USD 1,977,037</u>	<u>USD 1,977,037</u>

During the previous financial year, the Company increased its paid up share capital from SGD1,953,211 to SGD2,603,211 by issuing 650,000 new ordinary shares for a cash consideration SGD650,000 (or USD500,000 equivalent) for working capital purpose. The new ordinary shares rank pari-passu with the then existing shares.

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

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy working ratios in order to support its business and maximise shareholder value.

The Company's working capital comprises trade and other receivables, fixed deposits, cash and bank balances, trade and other payables and bank overdraft, secured, stated on the statement of financial position. The Company manages its working capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the working capital structure, the Company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the current financial year.

The capital structure of the Company comprises issued capital and reserves.

The Company manages capital by regularly monitoring its current and expected liquidity requirements.

The Company is not obliged to meet capital requirements, both internally and externally imposed.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

12. TRADE AND OTHER PAYABLES

	<u>2016</u> USD	<u>2015</u> USD
Trade payables:		
- Subsidiary	165,871	163,322
- Ultimate holding company	1,363,713	1,566,518
- Third parties	194,895	379,230
	1,724,479	2,109,070
Accrued costs	120,820	306,641
Advance receipts		
- Third parties	98,310	147,440
Related company - non-trade	50,342	58,012
Accruals	87,235	64,938
	<u>2,081,186</u>	<u>2,686,101</u>

Amount due to a related party is non-trade, unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	<u>2016</u> USD	<u>2015</u> USD
Singapore Dollar	4,300	9,260
Malaysian Ringgit	50,342	16,986
United States Dollar	2,026,544	2,659,855
	<u>2,081,186</u>	<u>2,686,101</u>

13. BANK OVERDRAFT, SECURED

Bank overdraft which bears interest at 6% (2015: 6%) per annum, is secured by a charge on the Company's fixed deposit as disclosed in Note 9 to the financial statements and corporate guarantee from the ultimate holding company.

Bank overdraft, secured are denominated in the following currencies:

	<u>2016</u> USD	<u>2015</u> USD
United States Dollar	99,925	80,469
	<u>99,925</u>	<u>80,469</u>

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

14. REVENUE

Revenue represents invoiced sales to customers during the year less trade discount.

15. OTHER INCOME

	<u>2016</u> USD	<u>2015</u> USD
Interest income	867	951
Duty refund	2,734	-
Written back of advance receipt	117,768	-
	<u>121,369</u>	<u>951</u>

16. FINANCE COSTS

	<u>2016</u> USD	<u>2015</u> USD
Bank overdraft interest	857	6,708
Other interest	-	6,362
	<u>857</u>	<u>13,070</u>

17. (LOSS)/PROFIT BEFORE INCOME TAX

In addition to those expenses disclosed elsewhere in the financial statements, profit before income tax is arrived at after charging the following:

	<u>2016</u> USD	<u>2015</u> USD
Salaries and related costs	324,977	230,392
Travelling expenses	41,312	100,220
Marketing and logistics expenses	41,973	43,207
	<u>41,973</u>	<u>43,207</u>

18. INCOME TAX

The tax expense on (loss)/profit before income tax differs from the amount that would arise using the Singapore standard rate of income tax as follows:

	<u>2016</u> USD	<u>2015</u> USD
(Loss)/Profit before income tax	<u>(12,146)</u>	<u>81,521</u>

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

19. INCOME TAX (CONT'D)

	<u>2016</u> USD	<u>2015</u> USD
Tax calculated at a tax rate of 17% (2015: 17%)	(2,065)	13,859
Effects of:		
- Expenses not deductible for tax purposes	10	61
- Utilisation of unabsorbed tax losses	2,038	(13,920)
- Other	17	-
	<u>-</u>	<u>-</u>

Subject to the approval from tax authority, the Company has unutilised tax losses carried forward of USD1,029,662 (2015: USD1,017,677) available for offsetting against future profits. The deferred tax assets arising is USD175,043 (2015: USD173,005). The realisation of deferred tax arising from the above is available for unlimited period subject to there being no substantial changes in share holdings as required by provision for Income Tax Act.

19. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the year:

	<u>2016</u> USD	<u>2015</u> USD
<u>Income</u>		
Sales to a related company	29,252	123,578
<u>Expenses</u>		
Purchase from ultimate holding company	1,679,519	3,380,373
Purchase from a related company	<u>13,380</u>	<u>-</u>

20. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

The Company has no formal risk management policies and guidelines, which set out its overall business strategies, its tolerance for risk and its general risk management philosophy. It has however established informal processes to monitor and control such risks on a timely and accurate manner. Such policies are monitored and undertaken by the directors.

Risk management is integral to the whole business of the Company. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

20. FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

No derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Company does not apply hedge accounting.

The key financial risks include credit risk and liquidity risk. The following provide details regarding the Company's exposure to the risks and the objectives, policies and processes for the management of these risks.

20.1 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents and fixed deposits), the Company minimise credit risk by dealing with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis with the objective of reducing the Company's exposure to bad debts to an insignificant level.

At reporting date, the carrying amounts of trade and other receivables and cash and cash equivalents represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. There was no significant concentration of credit risk.

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables disclosed in Note 7.

20.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

To manage liquidity risk, the Company monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and funding facilities from the bank. In assessing the funding facilities, the management reviews its working capital requirements regularly.

The undiscounted contractual cash flows of trade and other payables and bank overdraft are equivalent to their carrying amounts and are repayable within one year.

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

21. FINANCIAL INSTRUMENTS

Fair value

The fair value of financial assets and liabilities is at the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of trade and other receivables, fixed deposits, cash and bank balances, trade payables and other payables and bank overdraft, secured, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Financial instruments by category

The carrying amounts of financial instruments in each of the following categories are as follows:

	<u>2016</u> USD	<u>2015</u> USD
Loans and receivables:		
- Trade receivables	2,347,246	2,744,518
- Other receivables	231,655	154,939
- Fixed deposits	320,383	356,552
- Cash and bank balances	16,632	261,106
	<u>2,915,916</u>	<u>3,517,115</u>
Financial liabilities measured at amortised cost:		
- Trade and other payables	2,081,186	2,686,101
- Bank overdraft, secured	99,925	80,469
	<u>2,181,111</u>	<u>2,766,570</u>

**THIS SCHEDULE HAS BEEN PREPARED FOR MANAGEMENT INFORMATION
ONLY AND DOES NOT FORM PART OF THE
AUDITED FINANCIAL STATEMENTS**

ION EXCHANGE ASIA PACIFIC PTE. LTD.
(Incorporated in the Republic of Singapore)

**SUPPLEMENTARY STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

	<u>2016</u> USD	<u>2015</u> USD
Revenue	2,541,263	4,318,466
Less: Cost of sales	(2,075,906)	(3,630,886)
Gross profit	<u>465,357</u>	<u>687,580</u>
Add: <u>Other income</u>		
Interest income	867	951
Duty refund	2,734	
Written back of advance receipt	117,768	-
	<u>121,369</u>	<u>951</u>
Less: <u>Distribution costs</u>		
Travelling expenses	41,312	100,220
Selling and distribution	10,265	4,194
Marketing and logistics expenses	41,973	43,207
	<u>93,550</u>	<u>147,621</u>
Less: <u>Administrative expenses</u>		
Audit fee	5,825	2,800
Legal fee and professional fee	5,659	2,638
Printing and stationery	97	1,016
	<u>11,581</u>	<u>6,454</u>
Less: <u>Other expenses</u>		
Allowance for doubtful debts - Trade	135,996	170,000
Bank charges	24,984	27,783
Depreciation of plant and equipment	104	-
Repair and maintenance	12	21
Salaries and related costs	324,977	230,392
Telephone expenses	5,003	9,335
Foreign exchange loss	1,808	2,334
	<u>492,884</u>	<u>439,865</u>
Less: <u>Finance costs</u>		
Bank overdraft interest	857	6,708
Other interest	-	6,362
	<u>857</u>	<u>13,070</u>
(Loss)/Profit before income tax	<u>(12,146)</u>	<u>81,521</u>