ERNST & YOUNG

OPTIMISTIC ORGANIC SDN. BHD.
(873094 - W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements 31 March 2012

Ernst & Young
AF : 0039

873094-V

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2012.

Principal activities

The principal activities of the Company are manufacturing and trading of petro-chemical products.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	RM
Profit for the year	4,508,035

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The directors do not recommend any payment of dividend in respect of the current financial year.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Karownakaran @ Karunakaran
Parekh Nareshkumar Khimchand
Narayanaswamy Ulaganathan

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial period, no director has received or become entitled to receive a benefit by reason (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in Note 20 to the financial statements.

Directors' interest

None of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

(a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

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Other statutory information (cont'd.)

(d) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations when they fall due;

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 May 2012.

Parekh Nareshkumar Khimchand

Narayanaswamy Ulaganathan

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Optimistic Organic Sdn. Bhd.
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Statement by directors
Pursuant to Section 169 (15) of the Companies Act 1965

We, Parekh Nareshkumar Khimchand and Narayanaswamy Ulaganathan, being two of the directors of Optimistic Organic Sdn. Bhd., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 7 to 32 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2012 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 May 2012.

Parekh Nareshkumar Khimchand

Narayanaswamy Ulaganathan

Statutory declaration
Pursuant to Section 169 (16) of the Companies Act 1965

I, Narayanaswamy Ulaganathan, being the director primarily responsible for the financial management of Optimistic Organic Sdn. Bhd., do solemnly and sincerely declare that the accompanying financial statements set out on pages 7 to 32 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed
Narayanaswamy Ulaganathan at
Kemaman in the state of
Terengganu Darul Iman on 14 May
2012

Narayanaswamy Ulaganathan

Before me,

PESURUHJAYA SUMPAH
No: A-7059
Nama: Nik Ismail Ali
Mahkamah Sesyen
Kemaman, Terengganu
MALAYSIA

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Independent auditors' report to the member of Optimistic Organic Sdn. Bhd. (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Optimistic Organic Sdn. Bhd., which comprise the statement of financial position as at 31 March 2012 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 32.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give 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 the accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

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Independent auditors' report to the member of Optimistic Organic Sdn. Bhd. (cont'd.)
(Incorporated in Malaysia)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2012 and of its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Sandra Segaran a/l Muniandy@Krishnan
No. 2882/01/13(J)
Chartered Accountant

Kuantan, Pahang Darul Makmur, Malaysia
14 May 2012

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

Statement of comprehensive income
For the financial year ended 31 March 2012

	Note	2012 RM	2011 RM
Revenue	4	121,439,826	-
Cost of sales		(114,447,240)	-
Gross profit		6,992,586	-
Other items of income:			
Goodwill		-	18,485,882
Other income	5	7,639,122	-
Other items of expense:			
Selling and marketing expenses		(5,781,343)	-
Administrative expenses		(3,015,539)	(299,752)
Finance costs	6	(862,034)	-
Other expenses		(1,003,231)	-
Profit before taxation	7	3,969,561	18,186,130
Income tax benefit	10	538,474	-
Profit net of tax, representing total comprehensive income for the year/period		4,508,035	18,186,130

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 March 2012

	Note	2012 RM	2011 RM
Assets			
Non-current assets			
Property, plant and equipment	11	95,624,389	99,520,000
Deferred tax assets	19	538,474	-
		96,162,863	99,520,000
Current assets			
Inventories	12	7,705,500	-
Trade and other receivables	13	15,647,254	-
Prepayments		216,364	1,942
Cash and bank balances	14	3,924,282	114,972
		27,493,400	116,914
Total assets		123,656,263	99,636,914
Equity and liabilities			
Current liabilities			
Trade and other payables	16	6,606,693	45,000
Deferred revenue	17	6,531,384	-
Advances	18	5,176,888	-
		18,314,965	45,000
Non current liabilities			
Advances	18	72,744,722	71,503,373
Total liabilities		91,059,687	71,548,373
Net assets		32,596,576	28,088,541
Equity attributable to equity holder of the Company			
Share capital	15	10,000,000	10,000,000
Retained earnings		22,596,576	18,088,541
Total equity		32,596,576	28,088,541
Total equity and liabilities		123,656,263	99,636,914

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Optimistic Organic Sdn. Bhd.
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Statement of changes in equity
For the financial year ended 31 March 2012

	Share capital (Note 15) RM	Retained earnings/ (Accumulated loss) RM	Total equity RM
As at 1 April 2011	10,000,000	18,088,541	28,088,541
Total comprehensive income for the year	-	4,508,035	4,508,035
As at 31 March 2012	10,000,000	22,596,576	32,596,576
As at 1 December 2010	2	(97,589)	(97,587)
Total comprehensive income for the period	-	18,186,130	18,186,130
Issuance of shares	9,999,998	-	9,999,998
As at 31 March 2011	10,000,000	18,088,541	28,088,541

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Optimistic Organic Sdn. Bhd.
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Statement of cash flows
For the financial year ended 31 March 2012

	Note	2012 RM	2011 RM
Operating activities			
Profit before tax		3,969,561	18,186,130
Adjustments for:			
Negative goodwill		-	(18,485,882)
Finance costs	6	862,034	-
Depreciation	7	5,591,687	-
Net unrealised foreign exchange loss	7	683,147	-
Operating cash flows before changes in working capital		11,106,429	(299,752)
Increase in inventories		(7,705,500)	-
(Increase)/decrease in receivables		(15,352,428)	23,430,024
Increase in payables and advances		18,318,919	803,267
Cash generated from operations		6,367,420	23,933,539
Interest paid		(862,034)	-
Net cash generated from operating activities		5,505,386	23,933,539
Investing activity			
Purchase of property, plant and equipment representing net cash used in investing activity activity		(1,696,076)	(23,875,966)
Net increase in cash and cash equivalents		3,809,310	57,573
At beginning of year/period		114,972	57,399
At end of year/period	14	3,924,282	114,972

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the financial statements
As at 31 March 2012

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 8 Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Lot 3351, Teluk Kalong Industrial Estate, 24007 Kemaman, Terengganu Darul Iman.

The holding and ultimate holding companies of the Company are Cheminvest Pte. Ltd., a company incorporated in Singapore and Thirumalai Chemicals Ltd., a company incorporated in India and listed on Bombay Stock Exchange ("BSE") respectively.

The principal activities of the Company are the manufacturing and trading of petro-chemical products. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 May 2012.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia.

The financial statements of the Company have also been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2. Summary of significant accounting policies

2.2 Changes in accounting policies

On 1 April 2011, the Company adopted the following FRS, Amendment to FRS and Interpretations:

Description	*Effective for annual periods beginning on or after*
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
FRS 3 Business Combinations	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to FRS 7: Improving Disclosures about *Financial Instruments*	1 January 2011
Amendments to FRS 1: Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4 Determining Whether an Arrangement Contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Company.

2. Summary of significant accounting policies (cont'd.)

2.3 Standards and interpretations issued but not yet effective

The directors expect that the new FRS, Amendments to FRS and Interpretations which are issued but not yet effective for the financial year ended 31 March 2012 will not have a material impact on the financial statements of the Company in the period of initial application.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2013.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 31 March 2012 would not be significantly different if prepared under the MFRS Framework.

2.4 Foreign currency

(a) Functional and presentation currency

The financial statements of the Company is measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rate prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

2. Summary of significant accounting policies (cont'd.)

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	44 years
Buildings	30 years
Plant and machinery	17 years
Office equipment, furniture and fittings	10 years

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

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

An item of property, 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 the profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment 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 fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

2. Summary of significant accounting policies (cont'd.)

2.6 Impairment of non-financial assets (cont'd.)

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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.

2.7 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

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 determines the classification of their financial assets at initial recognition.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

All financial assets of the Company are classified as loans and receivables.

2. Summary of significant accounting policies (cont'd.)

2.7 Financial assets (cont'd.)

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. 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 classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

2.8 Impairment of financial assets

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

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. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment 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. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

2. Summary of significant accounting policies (cont'd.)

2.8 Impairment of financial assets (cont'd.)

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.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank, and deposits with licensed banks.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2. Summary of significant accounting policies (cont'd.)

2.11 Financial liabilities (cont'd.)

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 derecognition 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.

2.12 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

2.13 Employee benefits

Defined contribution plans

The Company makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.14 Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers. 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.

2. Summary of significant accounting policies (cont'd.)

2.15 Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current 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.

(ii) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all temporary differences, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting 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 the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 reporting date.

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

2. Summary of significant accounting policies (cont'd.)

2.16 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Significant accounting judgement and estimate

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities,. and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be 17 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed capital allowances to the extent that it is probable that taxable profit will be available againts which the capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets can be recognised, based on the likely timing and level of future taxable profits together with future tax palnning strategies.

3. Significant accounting judgement and estimate (cont'd.)

(a) Key sources of estimation uncertainty (cont'd.)

(ii) Deferred tax assets (cont'd.)

Assumption about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of futire production and sales volume, operating costs, capital expenditure, dividens and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

During the year, the Company has recognised RM538,474 of unabsorbed capital allowances on 31 March 2012 as management considered that it is probable that taxable profits will be available against which the capital allowances can be utilised.

4. Revenue

	2012 RM	2011 RM
Sale of goods	121,439,826	-

5. Other income

	2012 RM	2011 RM
Waiver of amount due to a third party	7,226,924	-
Sale of scrap materials	412,198	-
	7,639,122	-

6. Finance costs

	2012 RM	2011 RM
Interest expense on:		
Shareholder's loan	788,987	-
Others	73,047	-
	862,034	-

7. Profit before taxation

The following items have been included in arriving at profit before tax.

	2012 RM	2011 RM
Auditors' remuneration	47,413	10,000
Directors' fees	86,331	81,134
Employee benefits expense (Note 8)	6,312,932	-
Depreciation	5,591,687	-
Net realised foreign exchange loss	320,084	-
Net unrealised foreign exchange loss	683,147	

8. Employee benefits expense

	2012 RM	2011 RM
Salaries and wages	4,541,861	-
Defined contribution plan	339,645	-
Social security costs	45,264	-
Other benefits	1,386,162	-
	6,312,932	-

Included in employee benefits expense of the Company is salary and other emoluments paid to the executive directors of the Company amounting to RM476,949 (2011: Nil) as further disclosed in Note 9.

9. Directors' remuneration

	2012 RM	2011 RM
Executive directors' remuneration (Note 8):		
Salaries and other emoluments	433,110	-
Fees	37,331	-
Other benefits	6,508	
Total directors' remuneration	476,949	-

10. Income tax benefit

Major components of income tax benefit

	2012 RM	2011 RM
Deferred income tax (Note 19):		
Relating to origination and reversal of temporary differences	(538,474)	-
Income tax benefit recognised in profit or loss	(538,474)	-

The Company was granted pioneer status by the Ministry of International Trade and Industry for a period of 5 years commencing 1 March 2011. In view of this, there is no provision for taxation for the business income earned.

Reconciliation between tax benefit and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2012 and 2011 is as follow:

	2012 RM	2011 RM
Profit before tax	3,969,561	18,186,130
Tax at statutory tax rate of 25% (2011: 25%)	992,390	4,546,533
Income not subject to tax	(1,806,731)	(4,621,471)
Expenses not deductible for tax purpose	275,867	74,938
	(538,474)	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

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11. Property, plant and equipment

	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture and fittings and office equipment RM	Total RM
Cost					
At 30 November 2010	-	-	-	-	-
Acquisition	5,630,000	3,890,000	90,000,000	-	99,520,000
At 31 March 2011 and 1 April 2011	5,630,000	3,890,000	90,000,000	-	99,520,000
Additions	-	-	1,673,326	22,750	1,696,076
At 31 March 2012	5,630,000	3,890,000	91,673,326	22,750	101,216,076
Accumulated depreciation					
At 31 March 2011 and 1 April 2011	-	-	-	-	-
Charge for the year	126,754	129,667	5,334,416	850	5,591,687
At 31 March 2012	126,754	129,667	5,334,416	850	5,591,687
Net carrying amount					
At 31 March 2011	5,630,000	3,890,000	90,000,000	-	99,520,000
At 31 March 2012	5,503,246	3,760,333	86,338,910	21,900	95,624,389

There was no depreciation charge for the previous financial period as the property, plant and equipment were acquired at the end of the financial period.

12. Inventories

	2012 RM	2011 RM
At cost		
Chemicals	653,162	-
Consumables	1,190,665	-
Packing materials	405,865	-
Work-in-progress	1,698,666	-
Finished goods	3,757,142	-
	7,705,500	-

During the year, the amount of inventories recognised as an expense in cost of sales of the Company was RM102,986,484 (2011: Nil).

13. Trade and other receivables

	2012 RM	2011 RM
Current		
Trade receivables		
Third party	243,567	-
Amount due from ultimate holding company	10,389,478	-
	10,633,045	-
Other receivables		
Deposits	4,980,203	-
Sundry debtors	11,040	-
Others	22,966	-
	5,014,209	-
Total trade and other receivables	15,647,254	-
Add: Cash and bank balances (Note 14)	3,924,282	114,972
Total loans and receivables	19,571,536	114,972

(a) Trade receivables

The Company's normal trade credit term is 30 to 90 days (2011: Nil). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

At the reporting date, all of the Company's trade receivables were due from a third party and its ultimate holding company of which all balances are neither past due nor impaired and have not been renegotiated during the financial year.

13. Trade and other receivables (cont'd.)

(b) Other receivables

Included in the deposits is RM4,910,203 that relates to deposits paid for raw materials and gas for its operations.

14. Cash and bank balances

	2012 RM	2011 RM
Cash in hand and at banks	3,824,282	114,972
Fixed deposit	100,000	-
Cash and cash equivalents	3,924,282	114,972

Fixed deposit with a licensed bank is pledged for bank guarantee facilities.

15. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised share capital				
At beginning of the year/period	10,000,000	100,000	10,000,000	100,000
Created during the period	-	9,900,000	-	9,900,000
At end of the year/period	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid				
At beginning of the year/period	10,000,000	2	10,000,000	2
Issued during the period	-	9,999,998	-	9,999,998
At end of the year/period	10,000,000	10,000,000	10,000,000	10,000,000

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 and rank equally with regard to the Company residual assets.

16. Trade and other payables

	2012 RM	2011 RM
Current		
Trade payables		
Third parties	4,712,762	-
Amount due to ultimate holding company	522,744	-
	5,235,506	-
Other payables		
Accruals	55,000	20,000
Other payables	1,316,187	25,000
	1,371,187	45,000
	6,606,693	45,000
Total trade and other payables	6,606,693	45,000
Add: Shareholders' loans (Note 18)	77,921,610	71,503,373
Total trade and other payables, representing total financial liabilities carried at amortised cost	84,528,303	71,548,373

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 day (2011: Nil) terms.

(b) Other payables

Includes in other payables is RM788,987 which relates to interest payable on a shareholder's loan.

17. Deferred revenue

	2012 RM	2011 RM
Advance payment from a third party for sale of goods	6,531,384	-

18. Advances

	2012 RM	2011 RM
Current		
Unsecured:		
Advances from holding company	5,176,888	-
Non-current		
Unsecured:		
Advances from holding company	15,102,750	14,345,221
Advances from ultimate holding company	26,682,707	-
Advances from a third party	30,959,265	57,158,152
	72,744,722	71,503,373
Total advances	77,921,610	71,503,373

(a) Amount due to holding company (current)

The amount is unsecured, non-interest bearing and is repayable on demand.

(b) Amount due to holding company (non-current)

The amount is unsecured, bear interest at 6% per annum and is not repayable within the period of twelve months after the end of the financial year.

(c) Amount due to ultimate holding company

The amount is unsecured, non-interest bearing and is not repayable within the period of twelve months after the end of the financial year.

(d) Amount due to a third party

The amount is unsecured, non-interest bearing and is not repayable within the period of twelve months after the end of the financial year.

19. Deferred tax assets

	2012 RM	2011 RM
At 1 April	-	-
Recognised in profit or loss (Note 10)	(538,474)	-
At 31 March	(538,474)	-

Presented after appropriate offsetting as follows:

	2012 RM	2011 RM
Deferred tax assets	(6,998,597)	-
Deferred tax liabilities	6,460,123	-
	(538,474)	-

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	As at 31 April 2011	Recognised in profit or loss	As at 31 March 2012
Deferred tax liabilities:			
Property, plant and equipment	-	6,460,123	6,460,123
Deferred tax assets:			
Unabsorbed capital allowances	-	(6,998,597)	(6,998,597)
	-	(538,474)	(538,474)

20. Related party disclosures

(a) Sale and purchase of goods

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 financial year:

	2012 RM	2011 RM
Sale of finished goods to:		
Ultimate holding company	25,979,056	-
Purchase of raw materials from:		
Ultimate holding company	1,218,575	-

20. Related party disclosures (cont'd.)

(b) Compensation of key management personnel

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

Key management personnels' remuneration (including Board of Directors) during the year was as follows:

	2012 RM	2011 RM
Directors' remuneration (Note 9)	476,949	-

21. Fair values of financial instruments

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are the classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	13
Trade and other payables	16
Shareholders' loans	18

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to the relatively short-term nature and insignificant impact of discounting.

22. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Company does not apply hedge accounting.

22. Financial risk management objectives and policies (cont'd.)

(a) 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 mainly from trade and other receivables. For cash and bank balances, the Company minimise credit risk by dealing exclusively with reputable financial institutions.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increasing credit risk exposure. The Company trades only with recognised and creditworthy third parties. In addition, trade receivable balances are monitored on an on going basis to ensure that the Company's exposure to bad debts is not significant. At reporting date, the Company has no significant concentration of credit risk as the trade receivables balances are neither past due nor impaired as disclosed in Note 13.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial 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 manages liquidity risk by obtaining funding from its holding and ultimate holding companies to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due.

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contracted undiscounted repayment obligations.

	On demand or within one year RM	Total RM
Financial liabilities:		
Trade and other payables	6,606,693	6,606,693
Borrowings	77,921,610	77,921,610
Total undiscounted financial liabilities	84,528,303	84,528,303

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the entity which is RM. The foreign currency in which these transactions are denominated are US Dollars ("USD").

22. Financial risk management objectives and policies (cont'd.)

(c) Foreign currency risk (cont'd.)

All of the Company's sales are denominated in foreign currency. Other than that, all the costs incurred by the Company are denominated in its functional currency. The foreign currency fluctuation risk is minimised by the prompt collection from its customers.

23. Capital management

The primary objective of the Company's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is the net debt divided by total equity plus net debt. The Company includes within its net debt, term loan, other payable, amounts due to related companies, less cash and bank balances. Capital of the Company represents the total equity.

The debt to equity ratio as at 31 March 2012 and 31 March 2011 are as follows:

	Note	2012 RM	2011 RM
Borrowings	18	77,921,610	71,503,373
Trade and other payables	16	6,606,693	45,000
Less: Cash and bank balances	14	(3,924,282)	(114,972)
Net debt		80,604,021	71,433,401
Equity attributable to owner of the Company		32,596,576	28,088,541
Equity and net debt		113,200,597	99,521,942
Gearing ratio		71%	72%