



Optimistic Organic Sdn. Bhd.
(873094-V)
(Incorporated in Malaysia)

Directors' Report and Audited Financial
Statements
31 March 2017

873094-V

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

Contents	Pages
Directors' report	1 - 4
Statement by directors	5
Statutory declaration	5
Independent auditors' report	6 - 9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13 - 14
Notes to the financial statements	15 - 55

873094-V

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

Directors' report

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 March 2017.

Principal activities

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

Results

Loss net of tax

USD

193,989

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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 end of the previous financial year and at the date of this report are:

Subramaniam Neelakantan

Mohd Ali bin Ayub

Rajeev Mahendra Pandia

Manikala Ramulu

Parekh Nareshkumar Khimchand

(appointed on 10 April 2016)

(resigned on 14 April 2016)

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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 year, no director has received or become entitled to receive a benefit (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.

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.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

Other statutory information (cont'd.)

- (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.
- (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) 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; and
 - (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.

873094-V

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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 5 May 2017.


Manikala Ramulu


Mohd Ali bin Ayub

873094-V

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

Statement by directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Manikala Ramulu and Mohd Ali bin Ayub, 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 10 to 55 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2017 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 5 May 2017.


Manikala Ramulu

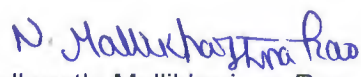

Mohd Ali bin Ayub

Statutory declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Nallagatla Mallikharjuna Rao (Passport no. J2812909), being the officer 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 10 to 55 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 above named Nallagatla Mallikharjuna Rao
at Kuantan in the state of Pahang Darul Makmur
on 05 May 2017


Nallagatla Mallikharjuna Rao
(Passport no. J2812909)

Before me,



873094-V

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Optimistic Organic Sdn. Bhd., which comprise statement of financial position as at 31 March 2017, and 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 information, as set out on pages 10 to 55.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

873094-V

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

873094-V

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

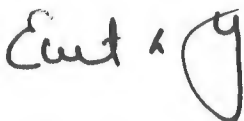
Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

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

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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
02882/01/2019 J
Chartered Accountant

Kuantan, Pahang Darul Makmur, Malaysia
5 May 2017

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

Statement of profit or loss and other comprehensive income
For the financial year ended 31 March 2017

	Note	2017 USD	2016 USD (Restated)
Revenue	4	28,786,344	28,822,143
Cost of sales		<u>(25,021,003)</u>	<u>(24,879,742)</u>
Gross profit		3,765,341	3,942,401
Other income	5	177,115	361,116
Other items of expense			
Selling and marketing expenses		(1,762,531)	(2,692,981)
Administrative expenses		(1,163,545)	(1,208,820)
Finance costs	6	(701,786)	(719,110)
Other expenses		<u>(367,315)</u>	<u>-</u>
Loss before tax	7	(52,721)	(317,394)
Income tax expense	10	<u>(141,268)</u>	<u>(359,886)</u>
Loss net of tax, representing			
total comprehensive loss for the year		<u>(193,989)</u>	<u>(677,280)</u>

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

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

Statement of financial position
As at 31 March 2017

	Note	31.3.2017 USD	31.3.2016 USD (Restated)	1.4.2015 USD (Restated)
Assets				
Non-current asset				
Property, plant and equipment	11	28,729,594	30,972,163	32,188,166
Current assets				
Inventories	12	3,273,326	1,434,254	1,577,150
Trade and other receivables	13	6,039,753	4,417,485	3,291,955
Prepayments		112,793	122,981	130,417
Cash and bank balances	14	377,800	398,628	344,246
		9,803,672	6,373,348	5,343,768
Total assets		38,533,266	37,345,511	37,531,934
Equity and liabilities				
Current liabilities				
Trade and other payables	16	9,338,287	8,275,636	8,209,582
Tax payables		690	7,111	-
Borrowings	17	9,399,769	5,794,153	3,089,449
		18,738,746	14,076,900	11,299,031
Net current liabilities		(8,935,074)	(7,703,552)	(5,955,263)
Non-current liabilities				
Borrowings	17	9,689,212	13,107,881	15,747,881
Deferred tax liabilities	18	2,051,881	1,913,314	1,560,326
		11,741,093	15,021,195	17,308,207
Total liabilities		30,479,839	29,098,095	28,607,238
Net assets		8,053,427	8,247,416	8,924,696
Equity attributable to owner of the Company				
Share capital	15	3,125,000	3,125,000	3,125,000
Retained earnings	19	4,928,427	5,122,416	5,799,696
Total equity		8,053,427	8,247,416	8,924,696
Total equity and liabilities		38,533,266	37,345,511	37,531,934

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

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

Statement of changes in equity
For the financial year ended 31 March 2017

	Note	Total equity USD	Non- distributable Share capital (Note 15) USD	Distributable Retained earnings (Note 19) USD
Opening balance at 1 April 2016, as restated		8,247,416	3,125,000	5,122,416
Total comprehensive loss for the year		(193,989)	-	(193,989)
Closing balance at 31 March 2017		<u>8,053,427</u>	<u>3,125,000</u>	<u>4,928,427</u>
Opening balance at 1 April 2015, as previously stated		9,410,577	3,125,000	6,285,577
Prior year adjustments	25	(485,881)	-	(485,881)
Opening balance at 1 April 2015, as restated		8,924,696	3,125,000	5,799,696
Total comprehensive loss for the year		(677,280)	-	(677,280)
Closing balance at 31 March 2016		<u>8,247,416</u>	<u>3,125,000</u>	<u>5,122,416</u>

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

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows
For the financial year ended 31 March 2017

	Note	2017 USD	2016 USD (Restated)
Operating activities			
Loss before tax		(52,721)	(317,394)
Adjustments for:			
Interest income	5	(10,146)	(27,555)
Interest expense (excluding unrealised exchange loss regrouped under finance costs)	6	701,786	719,110
Depreciation of property, plant and equipment	7	2,815,663	2,767,432
Property, plant and equipment written off	7	200,889	-
Loss on disposal of property, plant and equipment	5	(87,348)	-
Total adjustments		<u>3,620,844</u>	<u>3,458,987</u>
Operating cash flows before changes in working capital		3,568,123	3,141,593
<u>Changes in working capital</u>			
(Increase)/decrease in inventories		(1,839,072)	142,896
Increase in trade and other receivables		(1,622,268)	(1,125,530)
Decrease in prepayments		10,189	7,436
Increase/(decrease) in trade and other payables		796,566	(296,321)
Cash flows from operating activities		913,538	1,870,074
Interest paid		(435,011)	(356,513)
Interest received		10,146	27,555
Income tax paid		(9,812)	(9)
Net cash flows from operating activities		<u>478,861</u>	<u>1,541,107</u>
Investing activities			
Placement of deposits with licensed bank		-	(21,434)
Proceed from disposal of property, plant and equipment		187,175	-
Purchase of property, plant and equipment	11	(818,461)	(1,551,429)
Net cash used in investing activities		<u>(631,286)</u>	<u>(1,572,863)</u>

873094-V

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

Statement of cash flows (cont'd.)
For the financial year ended 31 March 2017

	Note	2017 USD	2016 USD (Restated)
Financing activities			
Repayments of borrowings		(14,075,234)	(16,380,641)
Drawdowns of borrowings		14,206,831	16,445,345
Net cash flows from financing activities		<u>131,597</u>	<u>64,704</u>
Net (decrease)/increase in cash and cash equivalents		(20,828)	32,948
Cash and cash equivalents at 1 April		<u>53,526</u>	<u>20,578</u>
Cash and cash equivalents at 31 March	14	<u>32,698</u>	<u>53,526</u>

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

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 March 2017

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") and National Stock Exchange (NSE) 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.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Company are prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

During the year, the Company changed its functional currency from Ringgit Malaysia ("RM") to United States Dollars ("USD"). The financial statements of the Company have been presented in USD for reporting to its ultimate holding company purpose.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2016, the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2016.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141: <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 11: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 127: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRS 101: <i>Disclosure Initiatives</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
MFRS 14: <i>Regulatory Deferral Accounts</i>	1 January 2016

The nature and impact of the new and amended MFRSs, which are applicable to the Company, are described below:

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments do not have any impact to the Company as the Company has not used a revenue-based method to depreciate its non-current assets.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

2.2 Changes in accounting policies (cont'd.)

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The amendments do not have any impact on the Company's financial statements.

Annual Improvements to MFRSs 2012 – 2014 Cycle

The Annual Improvements to MFRSs 2012 - 2014 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Company's financial statements.

Standards	Descriptions
MFRS 7 Financial Instruments: Disclosures	<p>The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.</p> <p>In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied retrospectively.</p>

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

2.2 Changes in accounting policies (cont'd.)

Annual Improvements to MFRSs 2012 – 2014 Cycle (cont'd.)

Standards	Descriptions
MFRS 119 Employee Benefits	The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.
MFRS 134 Interim Financial Reporting	The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

2.3 Standards and amendments issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

2.3 Standards and amendments issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on or after
MFRS 107: <i>Disclosures Initiatives (Amendments to MFRS 107)</i>	1 January 2017
MFRS 112: <i>Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)</i>	1 January 2017
MFRS 2: <i>Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)</i>	1 January 2018
MFRS 15: <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 9: <i>Financial Instruments</i>	1 January 2018
MFRS 16: <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between Investor and its Associate or Joint Venture</i>	Deferred

The directors expect that the adoption of the above standards and amendments will have no material impact on the financial statements of the Company except as disclosed below:

MFRS 107: *Disclosures Initiatives (Amendments to MFRS 107)*

The amendments to MFRS 107 Statement of Cash Flows require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Company.

MFRS 112: *Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

2.3 Standards and amendments issued but not yet effective (cont'd.)

MFRS 112: Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112) (cont'd.)

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Company.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Company’s financial statements. The Company is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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

2.3 Standards issued but not yet effective (cont'd.)

MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Company plans to assess the potential effect of MFRS 16 on its financial statements in year 2017.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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

2.4 Foreign currency

(a) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in United States Dollars ("USD"), 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 Company's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates 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.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold land is depreciated over the period of the lease of 44 years. Work-in-progress included in property, plant and equipment is not depreciated as this asset is not available for use.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

2.5 Property, plant and equipment (cont'd.)

Depreciation of other property, plant and equipment is computed on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets, at the following annual rates:

Leasehold land	2.27%
Buildings	3%
Plant and machinery	5.88%
Catalyst	16.67% to 25%
Office equipment	15%
Furniture and fittings	10%
Motor vehicles	20%

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 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")).

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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.

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.

2.7 Financial assets

Financial assets 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.

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 its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The financial assets of the Company's are classified as loans and receivables.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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

2.7 Financial assets (cont'd.)

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. 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 and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

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.

Trade and other receivables and other financial assets carried at amortised cost

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.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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

2.8 Impairment of financial assets (cont'd.)

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.

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 banks, and deposit with a licensed bank.

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.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

2.11 Provisions

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

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

2.12 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 MFRS 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 classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Company has not designated any financial liabilities as at fair value through profit or loss.

The Company's other financial liabilities include trade and other payables and borrowings.

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

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

For other financial liabilities, gains and losses are recognised in profit and loss when the liabilities are derecognised, and through the amortisation process.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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

2.12 Financial liabilities (cont'd.)

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.

2.13 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.

2.14 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-cumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Company participates in the national pension scheme as defined by the law of the country in which it has operation. 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.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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

2.15 Revenue

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. Revenue is measured at the fair value of consideration received or receivable.

(a) 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 customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest rate.

2.16 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.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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

2.16 Income tax (cont'd.)

(ii) Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at 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.

(iii) Goods and Services Tax ("GST")

The net amount of GST, being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statement of financial position.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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

2.17 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.

2.18 Fair value measurements

The Company measures its financial instruments, such as derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 22.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

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

2.18 Fair value measurements (cont'd.)

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.19 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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.

3.1 Judgements made in applying accounting policies

There were no significant judgements made in applying the accounting policies of the Company which may have significant effects of the amounts recognised in the financial statements.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

3.2 Key sources of estimation uncertainty

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

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.

4. Revenue

	2017	2016
	USD	USD
Sale of goods	<u>28,786,344</u>	<u>28,822,143</u>

5. Other income

	2017	2016
	USD	USD
Sale of scrap materials	16,399	3,900
Interest income	10,146	27,555
Insurance compensation on damaged property, plant and equipment	62,721	-
Gain on disposal of property, plant and equipment	87,348	-
Net realised foreign exchange gain	-	328,934
Miscellaneous income	501	727
	<u>177,115</u>	<u>361,116</u>

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

6. Finance costs

	2017	2016
	USD	USD
Cost of fund on:		
Shareholders' advances		
- Interest expenses	575,273	580,034
Others	126,513	139,076
	<u>701,786</u>	<u>719,110</u>

7. Loss before tax

The following items have been included in arriving at profit/(loss) before tax:

	2017	2016
	USD	USD
		(Restated)
Auditors' remuneration:		
Statutory audit	11,933	12,361
Other services	5,967	6,181
Employee benefits expense (Note 8)	1,871,584	1,862,842
Depreciation of property, plant and equipment (Note 11)	2,815,663	2,767,432
Property, plant and equipment written off	200,889	-
Net realised foreign exchange loss	<u>167,300</u>	<u>-</u>

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

8. Employee benefits expense

	2017	2016
	USD	USD
Salaries and wages	1,643,199	1,620,111
Defined contribution plan	119,388	115,495
Social security costs	15,087	13,490
Other benefits	93,910	113,746
	<u>1,871,584</u>	<u>1,862,842</u>

Included in employee benefits expense of the Company is salary and other emoluments paid to the executive directors of the Company amounting to USD149,049(2016: USD157,793) as further disclosed in Note 9.

9. Directors' remuneration

	2017	2016
	USD	USD
Executive directors' remuneration:		
Salaries and other emoluments	148,848	152,750
Other benefits	201	5,044
Total directors' remuneration (Note 8)	<u>149,049</u>	<u>157,793</u>

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2017 and 2016 are:

	2017	2016
	USD	USD
		(Restated)
Current income tax:		
Malaysian income tax	2,435	6,889
Under provision in prior years	266	9
	<u>2,701</u>	<u>6,898</u>
Deferred income tax (Note 18):		
Relating to origination of temporary differences	435,280	71,004
(Over)/under provision in respect of prior years	(296,713)	281,984
	<u>138,567</u>	<u>352,988</u>
Income tax expense recognised in profit or loss	<u>141,268</u>	<u>359,886</u>

The Company was granted pioneer status by the Ministry of International Trade and Industry for a period of 5 years commencing 1 March 2011, which expired on 29 February 2016. In view of this, there was no provision for income tax for the business income earned up to the expiry date of such benefit.

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 March 2017 and 2016 is as follows:

	2017	2016
	USD	USD
		(Restated)
Loss before tax	<u>(52,721)</u>	<u>(317,394)</u>
Tax at Malaysian statutory tax rate of 24% (2015: 24%)	(12,653)	(79,349)
Adjustments:		
Non-deductible expenses	450,368	157,242
(Over)/under provision of deferred tax in prior years	(296,713)	281,984
Under provision of income tax expense in prior years	266	9
	<u>141,268</u>	<u>359,886</u>

Domestic income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the

11. Property, plant and equipment

	Leasehold land USD	Buildings USD	Plant and machinery USD	Catalyst equipment USD	Office equipment and fittings USD	Furniture and fittings USD	Motor vehicles USD	Work-in- progress USD	Total USD
Cost:									
At 1 April 2015, as previously stated	1,518,543	1,065,421	32,096,484	-	41,307	7,398	-	1,046,455	35,775,608
Prior year adjustments (Note 24)	-	-	-	2,921,669	-	-	-	-	2,921,669
At 1 April 2015, as restated	1,518,543	1,065,421	32,096,484	2,921,669	41,307	7,398	-	1,046,455	38,697,277
Additions	-	36,234	194,923	-	8,080	13,240	-	1,298,952	1,551,429
Reclassification	-	-	458,939	-	-	-	-	(458,939)	-
At 31 March 2016 and 1 April 2016, as restated	1,518,543	1,101,655	32,750,346	2,921,669	49,387	20,638	-	1,886,468	40,248,706
Additions	-	-	374,256	-	9,229	-	61,504	428,821	873,810
Disposals	-	-	-	(187,175)	-	-	-	-	(187,175)
Write offs	-	-	(208,024)	-	-	-	-	-	(208,024)
Reclassification	-	-	2,308,537	-	-	-	-	(2,308,537)	-
At 31 March 2017	1,518,543	1,101,655	35,225,115	2,734,494	58,616	20,638	61,504	6,752	40,727,317

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

11. Property, plant and equipment (cont'd.)

	Leasehold land USD	Buildings USD	Plant and machinery USD	Catalyst equipment USD	Office equipment USD	Furniture and fittings USD	Motor vehicles USD	Work-in- progress USD	Total USD
Accumulated depreciation:									
At 1 April 2015, as previously stated	136,754	140,414	5,901,263	-	7,276	474	-	-	6,186,181
Prior year adjustments (Note 24)	-	-	-	322,930	-	-	-	-	322,930
At 1 April 2015, as restated	136,754	140,414	5,901,263	322,930	7,276	474	-	-	6,509,111
Depreciation charge for the year (Note 7)	34,189	35,743	2,043,677	645,860	6,781	1,182	-	-	2,767,432
At 31 March 2016 and 1 April 2016, as restated	170,943	176,157	7,944,940	968,790	14,057	1,656	-	-	9,276,543
Depreciation charge for the year (Note 7)	34,188	36,722	2,090,112	639,621	7,831	2,064	5,125	-	2,815,663
Disposals	-	-	-	(87,348)	-	-	-	-	(87,348)
Write offs	-	-	(7,135)	-	-	-	-	-	(7,135)
At 31 March 2017	205,131	212,879	10,027,917	1,521,063	21,888	3,720	5,125	-	11,997,723
Net carrying amount:									
At 1 April 2015 (restated)	1,381,789	925,007	26,195,221	2,598,739	34,031	6,924	-	1,046,455	32,188,166
At 31 March 2016 (restated)	1,347,600	925,498	24,805,406	1,952,879	35,330	18,982	-	1,886,468	30,972,163
At 31 March 2017	1,313,412	888,776	25,197,198	1,213,431	36,728	16,918	56,379	6,752	28,729,594

The Company's leasehold land and buildings are pledged for bank facilities (Note 17).

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of USD61,504 (31.3.2016: Nil; 1.4.2015: Nil) by means of hire purchase. The cash outflow on acquisition of property, plant and equipment amounted to USD818,461 (31.12.2016: USD1,551,429; 1.4.2015: USD4,464,713). Net carrying amount of property, plant and equipment held under hire purchase arrangements is USD56,379 (31.3.2016: Nil; 1.4.2015: Nil).

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

12. Inventories

	31.3.2017	31.3.2016	1.4.2015
	USD	USD	USD
		(Restated)	(Restated)
At cost			
Chemicals	155,521	64,123	175,331
Consumables	708,770	652,247	700,382
Packing materials	67,268	31,065	32,129
Work-in-progress	575,621	307,842	506,174
Finished goods	1,766,146	378,977	163,134
	<u>3,273,326</u>	<u>1,434,254</u>	<u>1,577,150</u>

During the year, the amount of inventories recognised as an expense in cost of sales of the Company was USD17,900,469 (2016: USD18,078,271).

13. Trade and other receivables

	2017	2016
	USD	USD
Trade receivables		
Third parties	4,584,409	3,966,249
Amount due from ultimate holding company	830,364	-
	<u>5,414,773</u>	<u>3,966,249</u>
Other receivables		
Deposits	18,719	18,372
Sundry debtors	24,738	27,282
Goods and Services Tax ("GST") receivables	270,539	340,858
Others	310,984	64,724
	<u>624,980</u>	<u>451,236</u>
Total trade and other receivables	6,039,753	4,417,485
Add: Cash and bank balances (Note 14)	377,800	398,628
Less: Goods and Services Tax ("GST") receivables	(270,539)	(340,858)
Total loans and receivables	<u>6,147,014</u>	<u>4,475,255</u>

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day (2015: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Company's trade receivables is as follows:

	2017	2016
	USD	USD
Neither past due nor impaired	5,383,502	3,929,097
1 to 30 days past due not impaired	31,271	37,152
	<u>5,414,773</u>	<u>3,966,249</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

None of the Company's trade receivables that are neither past due nor impaired and past due but not impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Company has trade receivables amounting to USD31,271 (2016: USD37,152) that are past due at the reporting date but not impaired.

All the balances are unsecured in nature. The directors of the Company are in the opinion that all balances are recoverable as these receivables are still active.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

14. Cash and bank balances

	2017	2016
	USD	USD
Cash in hand and at banks	32,698	53,526
Deposit with a licensed bank	345,102	345,102
Cash and bank balances	<u>377,800</u>	<u>398,628</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Deposit with a licensed bank is pledged for bank guarantee facilities.

For the purpose of statement of cash flows, cash and cash equivalents comprise of the following at reporting date:

	2017	2016
	USD	USD
Cash in hand and at banks	377,800	398,628
Less: Deposit with a licensed bank more than 3 months	(345,102)	(345,102)
Cash and cash equivalents	<u>32,698</u>	<u>53,526</u>

15. Share capital

	Number of ordinary shares of		Amount	
	2017	2016	2017	2016
	USD 0.3125 each		USD	USD
Authorised share capital				
At 1 April/31 March	<u>10,000,000</u>	<u>10,000,000</u>	<u>3,125,000</u>	<u>3,125,000</u>
Issued and fully paid				
At 1 April/31 March	<u>10,000,000</u>	<u>10,000,000</u>	<u>3,125,000</u>	<u>3,125,000</u>

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share at general meetings of the Company without restrictions and rank equally with regard to the Company's residual assets.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

16. Trade and other payables

	2017	2016
	USD	USD
Trade payables		
Third parties	5,215,093	2,998,521
Amount due to ultimate holding company	2,429,390	2,516,797
	<u>7,644,483</u>	<u>5,515,318</u>
Other payables		
Accruals	14,131	22,327
Other payables	1,679,673	2,737,991
	<u>1,693,804</u>	<u>2,760,318</u>
Total trade and other payables	9,338,287	8,275,636
Add: Borrowings (Note 17)	19,088,981	18,902,034
Total financial liabilities carried at amortised cost	<u>28,427,268</u>	<u>27,177,670</u>

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 day (2016: 30 to 60 day) terms.

(b) Other payables

Included in other payables are USD1,451,404 and USD Nil (2016: USD1,269,586 and USD1,314,195) which relate to interest payable on shareholders' advances and advance from ultimate holding company for supply of material respectively.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

17. Borrowings

	Maturity	2017 USD	2016 USD
Current			
Secured:			
Obligation under finance lease (Note 21)	2017	11,384	-
Letter of credit	2017	1,084,212	1,181,460
Bills discounting	2017	1,814,173	1,582,693
		<u>2,909,769</u>	<u>2,764,153</u>
Unsecured:			
Advance from ultimate holding company		1,700,000	-
Advance from a third party		4,790,000	3,030,000
		<u>9,399,769</u>	<u>5,794,153</u>
Non-current			
Unsecured:			
Obligation under finance lease (Note 21)	2018 - 2022	41,331	-
Advance from holding company	2019 - 2024	4,775,000	4,775,000
Advance from ultimate holding company	2018 - 2022	3,112,881	4,812,881
Advance from a third party	2018 - 2019	1,760,000	3,520,000
		<u>9,689,212</u>	<u>13,107,881</u>
Total borrowings		<u>19,088,981</u>	<u>18,902,034</u>

The remaining maturities of the loans and borrowings as at 31 March 2017 are as follows:

	2017 USD	2016 USD
On demand or within one year	9,399,769	5,794,153
More than 1 year and less than 2 years	2,771,384	3,520,000
More than 2 years and less than 5 years	6,917,828	9,587,881
	<u>19,088,981</u>	<u>18,902,034</u>

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

17. Borrowings (cont'd.)

(a) Advance from holding company (non-current)

The amount is unsecured, bears interest at 6% (2016: 6%) per annum and is not repayable within the period of twelve months after the end of the financial year.

(b) Advance from ultimate holding company (non-current)

The amount is unsecured, bears interest at 6% (2016: 6%) per annum and is not repayable within the period of twelve months after the end of the financial year.

(c) Advance from a third party (non-current)

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) Letter of credit

The facility bears interest at Base Lending Rate ("BLR") + 0.50% per annum presently at 7.35% per annum and secured by the following:

- (i) Letter of credit from reputed banks acceptable to the bank.
- (ii) Documents of title to goods along with invoice, bills of exchange drawn and shipped under letter of credit.

(e) Bills discounting

The facility bears interest at BLR + 0.50% per annum presently at 7.35% per annum with margin 10% of the bills and secured by documents of title to goods along with invoice, bills of exchange drawn on approved parties.

The facility is secured by the following:

- (i) Corporate guarantee by ultimate holding company and holding company.
- (ii) A registered debenture over the Company's entire fixed and floating assets, movable and immovable, both present and future.
- (iii) A 1st party 1st legal charge over the land and building belonging to the Company erected on PN7606, Lot 3351 Mukim Teluk Kalung and District of Kemaman, Terengganu.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

17. Borrowings (cont'd.)

(f) Obligations under finance lease

These obligations are secured by a charge over the leased assets (Note 14). The weighted average effective interest as at 31 March 2017 for the Company was 3.11% (2016: Nil) per annum.

18. Deferred tax

	2017	2016
	USD	USD
		(Restated)
At 1 April, as previously stated	1,913,314	1,298,749
Prior year adjustments (Note 25)	-	261,577
At 1 April, as previously stated	1,913,314	1,560,326
Recognised in profit or loss (Note 10)	138,567	352,988
At 31 March	<u>2,051,881</u>	<u>1,913,314</u>

Presented after appropriate offsetting as follows:

	31.3.2017	31.3.2016	1.4.2015
	USD	USD	USD
		(Restated)	(Restated)
Deferred tax assets	(1,076,805)	(1,766,616)	(1,082,234)
Deferred tax liabilities	<u>3,128,686</u>	<u>3,679,930</u>	<u>2,642,560</u>
	<u>2,051,881</u>	<u>1,913,314</u>	<u>1,560,326</u>

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

18. Deferred tax (cont'd.)

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

Deferred tax assets:

	Unabsorbed capital allowances USD
At 1 April 2016	(1,766,616)
Recognised in profit or loss	<u>689,811</u>
At 31 March 2017	<u>(1,076,805)</u>
At 1 April 2015, as previously stated	(2,426,599)
Prior year adjustments	<u>1,344,365</u>
At 1 April 2015, as restated	(1,082,234)
Recognised in profit or loss	<u>(684,382)</u>
At 31 March 2016	<u>(1,766,616)</u>

Deferred tax liabilities:

	Property, plant and equipment USD
At 1 April 2016	3,679,930
Recognised in profit or loss	<u>(551,244)</u>
At 31 March 2017	<u>3,128,686</u>
At 1 April 2015, as previously stated	3,725,347
Prior year adjustments	<u>(1,082,787)</u>
At 1 April 2015, as restated	2,642,560
Recognised in profit or loss	<u>1,037,370</u>
At 31 March 2016	<u>3,679,930</u>

19. Retained earnings

The Company may distribute dividends out of its retained earnings as at 31 March 2017 and 31 March 2016 under the single tier system.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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:

	2017	2016
	USD	USD
Sale of finished goods to ultimate holding company	2,997,145	3,196,074
Purchase of goods and services from ultimate holding company	827,770	936,837
Interest expenses on advances from holding and ultimate holding companies	575,273	575,273

(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:

	2017	2016
	USD	USD
Directors' remuneration (Note 9)	149,049	157,793

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

21. Commitments

Finance lease commitments

The Company has finance leases for certain items of motor vehicles (Note 11). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

	2017	2016
	USD	USD
Minimum lease payments:		
Not later than 1 year	13,096	-
More than 1 year and less than 2 years	13,096	-
More than 2 years and less than 5 years	34,457	-
Total minimum lease payments	<u>60,649</u>	<u>-</u>
Less: Amounts representing finance charges	<u>(7,934)</u>	<u>-</u>
Present value of minimum lease payments	<u>52,715</u>	<u>-</u>
	2017	2016
	USD	USD
Present value of payments:		
Not later than 1 year	11,384	-
More than 1 year and less than 2 years	10,343	-
More than 2 years and less than 5 years	30,988	-
Present value of minimum lease payments	<u>52,715</u>	<u>-</u>
Less: Amount due within 12 months (Note 17)	<u>(11,384)</u>	<u>-</u>
Amount due after 12 months (Note 17)	<u>41,331</u>	<u>-</u>

The hire purchase liabilities bore an average interest rate at the reporting date of 3.11% (2016: Nil) per annum. The Company has hire purchase contracts for certain items of motor vehicles (see Note 11).

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

22. Fair values of financial instruments

Determination of fair value

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

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
Borrowings (current and non-current)	17

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

The carrying amounts of the current and non-current portion of borrowings are reasonable approximation of fair values due to insignificant impact of discounting.

23. 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, interest rate risk and foreign currency risk.

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.

The following sections provide details regarding the Company's exposure to the above mentioned financial risks and the objective, policies and process for the management of these risks.

**Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)**

23. 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 primarily from trade and other receivables.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Credit risk concentration profile

The Company has no significant concentrations of credit risk that may rise from exposure from a single debtor or to groups of debtors.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is 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.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

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

	2017 (USD)		
	On demand or within one year	Over one year	Total
Financial liabilities:			
Trade and other payables	9,338,287	-	9,338,287
Borrowings	9,399,769	9,689,212	19,088,981
Total undiscounted financial liabilities	18,738,056	9,689,212	28,427,268
	2016 (USD)		
	On demand or within one year	Over one year	Total
Financial liabilities:			
Trade and other payables	8,275,636	-	8,275,636
Borrowings	5,794,153	13,107,881	18,902,034
Total undiscounted financial liabilities	14,069,789	13,107,881	27,177,670

(c) Interest rate risk

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

The Company's primary interest rate risks relate to interest-bearing debts. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

The Company's exposure to interest rate risk arises primarily from its borrowings. The Company's policy is to manage interest cost using a mix of fixed and floating rate debts.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

(c) Interest rate risk (cont'd.)

Sensitivity analysis for interest rate risk

At the end of the reporting year, if United States Dollars ("USD") interest rates had been 100 (2016: 100) basis points higher with all other variables held constant, the Company's loss of tax would have been USD381,780 (2016: USD380,725) higher, arising mainly as a result of higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) 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 other than sales or purchases that are denominated in a currency other than the functional currency of the Company which is USD. The foreign currency in which these transactions are denominated is Ringgit Malaysia ("RM").

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.

The Company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances ("RM") amount to USD38,517 (2016: USD3,942).

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

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

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

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's loss net of tax to a reasonably possible change in the RM exchange rates against the respective functional currencies of the Company, with all other variables held constant.

	2017	2016
	USD	USD
	Loss	Loss
	net of tax	net of tax
RM/USD - strengthened 3% (2016: 3%)	(264,915)	(253,966)
- weakened 3% (2016: 3%)	264,915	253,966
	<hr/>	<hr/>

24. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios 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 conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2017 and 31 March 2016.

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, trade and other payable and borrowings, less cash and bank balances. Capital of the Company represents the total equity.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

24. Capital management (cont'd.)

The debt to equity ratio as at 31 March 2017 and 31 March 2016 are as follows:

	Note	2017 USD	2016 USD
Borrowings	17	19,088,981	18,902,034
Trade and other payables	16	9,338,287	8,275,636
Less: Cash and bank balances	14	(377,800)	(398,628)
Net debt		<u>28,049,468</u>	<u>26,779,042</u>
Equity attributable to owner of the Company		<u>8,053,427</u>	<u>8,247,416</u>
Equity and net debt		<u>36,102,895</u>	<u>35,026,458</u>
Gearing ratio		<u>78%</u>	<u>76%</u>

25. Prior year adjustments

(a) Classification of catalyst as property, plant and equipment

In prior years, the Company had treated the catalyst as inventory and it was charged to the statement of profit or loss as consumption over the useful life. Catalyst is an essential component for the conversion of the Company's raw materials to finished product, in which, no element of the catalyst is consumed during the conversion process. The catalyst only facilitates the process of the materials without which the conversion is not possible and also drawing analogy from the core inventories accounting, the intended use of the catalyst is to bring the production facility (property, plant and equipment) to its required operating condition. It is also clear that the items are held for use in production process and are expected to be used for a period greater than 12 months. As such, classification of the catalyst as the property, plant and equipment were made in the financial statements on retrospective basis.

Optimistic Organic Sdn. Bhd.
(Incorporated in Malaysia)

25. Prior year adjustments (cont'd.)

(b) Unrecognised deferred tax in respect of goodwill

In prior years, the Company had acquired assets and liabilities of another company which had resulted in goodwill recognised directly in the statement of comprehensive as income of RM18,485,882 (approximately USD6,110,429). However, there was no deferred tax recognised in respect of the goodwill subsequent to the acquisition. As such, adjustment for deferred tax previously unrecognised were made in the financial statements on retrospective basis as follows:

Accordingly, retrospective adjustments are made to the previously issued financial statements. The effects to statement of financial position and statement of comprehensive income are as follows:

	As previously stated USD	Adjustments USD	As restated USD
As at 1 April 2015			
Statement of financial position			
Property, plant and equipment	28,542,972	3,645,194	32,188,166
Inventories	4,175,889	(2,598,739)	1,577,150
Deferred tax liabilities	1,298,749	261,577	1,560,326
Retained earnings	6,285,577	(485,881)	5,799,696
As at 31 March 2016			
Property, plant and equipment	29,758,732	1,213,431	30,972,163
Inventories	2,647,685	(1,213,431)	1,434,254
Deferred tax liabilities	1,468,780	444,534	1,913,314
Retained earnings	5,621,072	(498,656)	5,122,416
Statement of comprehensive income			
Cost of sales	(24,564,043)	(315,699)	(24,879,742)
Tax expenses	(176,929)	(182,957)	(359,886)
Loss net of tax	(178,624)	(498,656)	(677,280)

26. Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 May 2017.