

**Optimistic Organic Sdn. Bhd.**  
**200901029988 (873094-V)**  
**(Incorporated in Malaysia)**

**Audited Financial Statements**  
**31 March 2024**

**200901029988 (873094-V)**

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

<b>Contents</b>	<b>Pages</b>
Statement of comprehensive income	1
Statement of financial position	2
Statement of changes in equity	3
Statement of cash flows	4 - 5
Notes to the financial statements	6 - 44
Independent Auditor's Report	45 - 48

## Independent Auditor's Report on special purpose financial statement prepared for Consolidation Purposed for the financial year ended 31 March 2024

**From:** Ernst & Young PLT, Kuala Lumpur, Malaysia

**To:** Mr. Sumesh E S, Walker Chandiok & Co LLP, India

### *Opinion*

We have audited the financial statements of Optimistic Organic Sdn. Bhd. ("the Company"), which comprise statement of financial position as at 31 March 2024, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statement ("financial statement"), in our opinion, the accompanying financial statement of the Company are prepared, in all material respects, in accordance with group accounting policies of Thirumalai Chemicals Limited.

### **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' responsibility* 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.

### **Emphasis of matter - basis of preparation**

In accordance with your instructions dated 15 February 2024, we have audited, for purposes of your audit of the consolidated financial statements of Thirumalai Chemicals Limited (the "Group"), on the financial statement of Optimistic Organic Sdn. Bhd. for the financial year ended 31 March 2024. This financial statement has been prepared solely to enable the Group to prepare its consolidated financial statements.

## Independent Auditor's Report on special purpose financial statement prepared for Consolidation Purposed for the financial year ended 31 March 2024 (cont'd.)

### 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 Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Management's responsibility

Management is responsible for the preparation and presentation of the financial statement in accordance with the Group's accounting policies. The management is also responsible for such internal control as the management determine is necessary to enable the preparation of financial statement of the Company that are free from material misstatement, whether due to fraud or error.

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

### Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the financial statement 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 this financial statement.

## Independent Auditor's Report on special purpose financial statement prepared for Consolidation Purposed for the financial year ended 31 March 2024 (cont'd.)

### Auditors' responsibility (cont'd.)

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 statement 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.
- 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.



**Independent Auditor's Report on special purpose financial statement prepared for Consolidation Purposed for the financial year ended 31 March 2024 (cont'd.)**

**Restriction on use and distribution**

The financial statement has been prepared for purposes of providing information to the Group to enable it to prepare its consolidated financial statements. As a result, the financial statement is not a complete set of financial statement of Optimistic Organic Sdn. Bhd. in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and is not intended to give a true and fair view of the financial position of Optimistic Organic Sdn. Bhd. as of 31 March 2024, and of its financial performance, and its cash flows for the year then ended in accordance with MFRS and IFRS. The financial statement may, therefore, not be suitable for another purpose.

This report is intended solely for Thirumalai Chemicals Limited and should not be used by, or distributed to, anyone in the Group, any of its components, or any other third party.



Ernst & Young PLT  
13 May 2024

200901029988 (873094-V)

Optimistic Organic Sdn. Bhd.  
(Incorporated in Malaysia)

**Statement of comprehensive income**  
**For the financial year ended 31 March 2024**

	<b>Note</b>	<b>2024 USD</b>	<b>2023 USD</b>
<b>Revenue</b>	4	34,752,589	50,681,806
Cost of sales		<u>(35,661,812)</u>	<u>(45,269,947)</u>
<b>Gross (loss)/profit</b>		(909,223)	5,411,859
Other income	5	669,659	856,430
<b>Other items of expense</b>			
Selling and marketing expenses		(2,658,136)	(4,430,949)
Administrative expenses		(1,789,747)	(1,983,798)
Other expenses		<u>(78,429)</u>	<u>108,028</u>
<b>Operating loss</b>		(4,765,876)	(38,430)
Finance costs	6	<u>(176,417)</u>	<u>(195,141)</u>
<b>Loss before tax</b>	7	(4,942,293)	(233,571)
Income tax benefit/(expense)	10	<u>987,334</u>	<u>(164,467)</u>
<b>Loss net of tax, representing total comprehensive loss for the year</b>		<u>(3,954,959)</u>	<u>(398,038)</u>

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

200901029988 (873094-V)

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

**Statement of financial position**  
**As at 31 March 2024**

		<b>2024</b>	<b>2023</b>
	<b>Note</b>	<b>USD</b>	<b>USD</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	20,877,224	21,966,584
Right-of-use asset	12	1,074,092	1,108,280
		<u>21,951,316</u>	<u>23,074,864</u>
<b>Current assets</b>			
Inventories	13	3,523,020	2,501,243
Trade and other receivables	14	14,090,070	7,562,309
Prepayments		198,571	184,836
Tax recoverable		1,227,679	1,028,608
Cash and bank balances	15	2,244,730	17,683,915
		<u>21,284,070</u>	<u>28,960,911</u>
<b>Total assets</b>		<u>43,235,386</u>	<u>52,035,775</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	9,784,084	7,061,446
Borrowings	18	1,292,873	205,092
		<u>11,076,957</u>	<u>7,266,538</u>
<b>Net current assets</b>		<u>10,207,113</u>	<u>21,694,373</u>
<b>Non-current liabilities</b>			
Borrowings	18	6,357,127	7,650,000
Deferred tax liabilities	19	2,668,717	3,629,453
		<u>9,025,844</u>	<u>11,279,453</u>
<b>Total liabilities</b>		<u>20,102,801</u>	<u>18,545,991</u>
<b>Net assets</b>		<u>23,132,585</u>	<u>33,489,784</u>
<b>Equity attributable to owners of the Company</b>			
Share capital	16	12,712,881	12,712,881
Retained earnings	20	10,419,704	20,776,903
<b>Total equity</b>		<u>23,132,585</u>	<u>33,489,784</u>
<b>Total equity and liabilities</b>		<u>43,235,386</u>	<u>52,035,775</u>

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



200901029988 (873094-V)

Optimistic Organic Sdn. Bhd.  
(Incorporated in Malaysia)

Statement of changes in equity  
For the financial year ended 31 March 2024

		Total equity	Non- distributable Share capital (Note 16)	Distributable Retained earnings (Note 20)
	Note	USD	USD	USD
<b>Opening balance at 1 April 2023</b>		33,489,784	12,712,881	20,776,903
Total comprehensive loss for the year		(3,954,959)	-	(3,954,959)
Dividend on ordinary shares, representing total transaction with owner	25	(6,402,240)	-	(6,402,240)
<b>Closing balance at 31 March 2024</b>		<b>23,132,585</b>	<b>12,712,881</b>	<b>10,419,704</b>
<b>Opening balance at 1 April 2022</b>		40,609,107	12,712,881	27,896,226
Total comprehensive loss for the year		(398,038)	-	(398,038)
Dividend on ordinary shares, representing total transaction with owner	25	(6,721,285)	-	(6,721,285)
<b>Closing balance at 31 March 2023</b>		<b>33,489,784</b>	<b>12,712,881</b>	<b>20,776,903</b>

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

200901029988 (873094-V)

Optimistic Organic Sdn. Bhd.  
(Incorporated in Malaysia)

**Statement of cash flows**  
**For the financial year ended 31 March 2024**

	Note	2024 USD	2023 USD
<b>Cash flows from operating activities</b>			
Loss before tax		(4,942,293)	(233,571)
Adjustments for:			
Interest income	5	(651,490)	(780,897)
Interest expense	6	176,417	195,141
(Loss)/gain on unrealised foreign exchange	7	51,536	(69,628)
Loss on assets written off	7	-	27,624
Depreciation of property, plant and equipment	7	2,980,001	3,029,703
Amortisation of right-of-use assets	7	34,188	34,188
Total adjustments		<u>2,590,652</u>	<u>2,436,131</u>
Operating cash flows before changes in working capital		(2,351,641)	2,202,560
<u>Changes in working capital</u>			
(Increase)/decrease in inventories		(1,021,777)	1,728,229
Decrease in trade and other receivables		848,021	6,461,160
(Increase)/decrease in prepayments		(13,735)	11,200
Increase/(decrease) in trade and other payables		<u>2,670,320</u>	<u>(6,556,286)</u>
Cash flows generated from operations		131,188	3,846,863
Interest paid		(176,417)	(195,141)
Interest received		651,490	780,897
Income tax refund		152,581	-
Income tax paid		<u>(325,054)</u>	<u>(3,968,868)</u>
Net cash flows generated from operating activities		<u>433,788</u>	<u>463,751</u>
<b>Cash flows from investing activities</b>			
Uplifted/(placement) of deposits with licensed bank		728,302	(911,719)
Advance to a related company		(7,375,000)	(2,625,000)
Purchase of property, plant and equipment	11	<u>(1,890,641)</u>	<u>(1,424,849)</u>
Net cash used in investing activities		<u>(8,537,339)</u>	<u>(4,961,568)</u>

200901029988 (873094-V)

Optimistic Organic Sdn. Bhd.  
(Incorporated in Malaysia)

Statement of cash flows (cont'd.)  
For the financial year ended 31 March 2024

	Note	2024 USD	2023 USD
<b>Cash flows from financing activities</b>			
(Repayments)/drawdown of borrowings		(205,092)	205,092
Dividend paid to shareholders	25	<u>(6,402,240)</u>	<u>(6,721,285)</u>
Net cash used in financing activities		<u>(6,607,332)</u>	<u>(6,516,193)</u>
<b>Net decrease in cash and cash equivalents</b>		(14,710,883)	(11,014,010)
<b>Cash and cash equivalents at 1 April</b>		<u>16,700,869</u>	<u>27,714,879</u>
<b>Cash and cash equivalents at 31 March</b>	15	<u>1,989,986</u>	<u>16,700,869</u>

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

**200901029988 (873094-V)**

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

**Notes to the financial statements  
For the financial year ended 31 March 2024**

## **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 12th Floor Menara Symphony No. 5 Jalan Prof. Khoo Kay Kim Seksyen 13 Petaling Jaya 46200 Selangor Malaysia. 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 of India ("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. Material accounting policy information**

### **2.1 Basis of preparation**

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

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

The financial statements of the Company are presented in United States Dollars ("USD"), which is also the Company's functional currency.

The financial statements of the Company have been prepared for consolidation and use in conjunction with the audit of financial statements of Thirumalai Chemicals Ltd..

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

**2. Material accounting policy information (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 April 2023, the Company adopted the following new and amended MFRS, and interpretation mandatory for annual financial periods beginning on or after 1 April 2023.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17 Insurance Contracts	1 January 2023
<i>Amendment to MFRS 17, Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
<i>Amendment to MFRS 101 Disclosures of Accounting Policies</i>	1 January 2023
<i>Amendments to MFRS 108 Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
<i>Amendments to MFRS 112 International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

The adoption of standards and interpretation above did not have any material impact on the financial statements of the Company except for the following:

The adoption of the amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 - Disclosures of Accounting Policies has impacted the extent of the accounting policy disclosures of the Company. The Company has revisited the accounting policy information disclosures to only include material accounting policy disclosures. In making these assessments, the Company has considered whether standardised information, or information that only duplicates or summarises the requirements of the standards is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

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

**2. Material accounting policy information (cont'd.)**

**2.3 Standards and interpretations 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.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 101 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
<i>Amendments to MFRS 101 Non-current Liabilities with Covenants</i>	1 January 2024
<i>Amendments to MFRS 121 Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

**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.



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

**2. Material accounting policy information (cont'd.)**

**2.4 Foreign currency (cont'd.)**

**(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 period.

The principal exchange rate used in the translation for foreign monetary assets of the Company are as follows:

	<b>2024</b>	<b>2023</b>
Malaysian Ringgit ("MYR")	<u>4.7205</u>	<u>4.4170</u>

**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.

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

**2. Material accounting policy information (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:

Buildings	3%
Plant and machinery	6%
Catalyst	25%
Office equipment	15%
Furniture and fittings	10%
Motor vehicles	20%

Work-in-progress included in property, plant and equipment is not depreciated as this asset is not available for use.

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. Material accounting policy information (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 instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(a) Financial assets**

**(i) Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company have applied the practical expedient, the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

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

**2. Material accounting policy information (cont'd.)**

**2.7 Financial instruments (cont'd.)**

**(a) Financial assets (cont'd.)**

**(i) Initial recognition and measurement (cont'd.)**

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payment of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, such as the date that the Company commit to purchase or sell the asset.

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company does not has financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), and financial assets at fair value through profit or loss.

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

**2. Material accounting policy information (cont'd.)**

**2.7 Financial instruments (cont'd.)**

**(a) Financial assets (cont'd.)**

**(ii) Subsequent measurement (cont'd.)**

Financial assets at amortised cost

The Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade and other receivables, and cash and bank balances.

**(iii) Derecognition**

A financial asset is derecognised where 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 for debt instruments is recognised in profit or loss.

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

**2. Material accounting policy information (cont'd.)**

**2.7 Financial instruments (cont'd.)**

**(b) Financial liabilities**

**(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

**Financial liabilities at amortised cost (loans and borrowings)**

After initial recognition of financial liabilities including loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

This category generally applies to trade and other payables. Financial liabilities are classified as current liabilities, except for those having repayment date later than 12 months after the reporting date which are classified as non-current.

**(iii) Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.



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

**2. Material accounting policy information (cont'd.)**

**2.7 Financial instruments (cont'd.)**

**(c) Offsetting of financial instruments**

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

**2.8 Impairment of financial assets**

The Company recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at FVTPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other financial assets including investment securities, short-term deposits and cash and cash equivalents are placed with reputable financial institutions. The Company considers these counterparties have a low risk of default and a strong capacity to meet contractual cash flows, and are of low credit risk. The impairment provision is determined based on the lifetime ECL.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

**2. Material accounting policy information (cont'd.)**

**2.9 Cash and cash equivalents**

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and at banks and short-term deposits with a maturity of three months or less.

**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 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 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.

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

**2. Material accounting policy information (cont'd.)**

**2.12 Borrowing costs (cont'd.)**

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**

**(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.

**2.14 Revenue**

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Company recognises revenue when or as they transfer control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (b) the entity's performance creates or enhances an asset (for example, work-in-progress) that the customer controls as the asset is created or enhanced; or
- (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

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

**2. Material accounting policy information (cont'd.)**

**2.14 Revenue (cont'd.)**

If a performance obligation is not satisfied over time, an entity satisfies the performance obligation at a point in time.

The specific recognition criteria described below must also be met before revenue is recognised:

Revenue from sale of goods is recognised as and when the control of the goods is transferred to the buyers and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods that will transferred to the buyer. Sales of goods is recognised at the point in time net of tax.

**2.15 Other income recognition**

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the other income can be reliably measured. Other income is measured at the fair value of consideration received or receivables, excluding taxes. Apart from other income recognition policies mentioned elsewhere in the summary of significant accounting policies, set out below are other significant income recognition policies used by the Company:

**(a) Interest income**

Interest income is recognised using the effective interest rate.

**(b) Scrap sale**

Revenue from sale of scrap is recognised when the Company has transferred control of the goods to the customer, being the point in time when the goods have been delivered to the customer and upon its acceptance.

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

**2. Material accounting policy information (cont'd.)**

**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.

**(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.

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

**2. Material accounting policy information (cont'd.)**

**2.17 Fair value measurements**

The Company measures its financial instruments, such as derivatives, at fair value at each reporting date.

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.



**2. Material accounting policy information (cont'd.)**

**2.17 Fair value measurements (cont'd.)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

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

**2. Material accounting policy information (cont'd.)**

**2.18 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**The Company as lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	44 years
----------------	----------

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

**2. Material accounting policy information (cont'd.)**

**2.18 Leases (cont'd.)**

**(i) Right-of-use assets (cont'd.)**

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to Note 2.6 for the accounting policy for impairment of non-financial assets.

**(ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**(iii) Short-term leases**

The Company applies the short-term lease recognition exemption to its short-term leases such as those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

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

**2. Material accounting policy information (cont'd.)**

**2.18 Leases (cont'd.)**

**The Company as lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**2.19 Related parties**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
  
- (b) An entity is related to the Company if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary are related to each others);
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post- employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

**3. Material 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.

**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.

**(a) Income taxes**

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(b) Impairment on property, plant and equipment ("PPE") and right-of-use asset ("ROU")**

The Company reported loss for the financial year ended 31 March 2024, which indicated that the carrying amounts of the related PPE and ROU amounted to USD21,951,316 (2023: USD23,074,864), may be impaired. Consequently, the Company has performed an impairment assessment on the PPE and ROU by estimating the recoverable amounts.

Estimating the value-in-use ("VIU") requires the Company to make an estimate of the expected future cash flows, which include the revenue, from the continuing use of the asset, and discounted at an appropriate rate to reflect the current market assessments of the time value of money and the risks specific to the asset for which the cash flow estimates have not been adjusted. The pre-tax discount rate applied to the cash flow projections is 12.61%.

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

**3. Material accounting judgement and estimate (cont'd.)**

**3.2 Key sources of estimation uncertainty (cont'd.)**

**(b) Impairment on property, plant and equipment ("PPE") and right-of-use asset ("ROU") (cont'd.)**

The recoverable amount of the PPE and ROU is determined from VIU calculation based on cash flow forecasts for the remaining estimated useful life of the plant.

At the reporting date, if the discount rate used in the VIU of plant and machinery increase or decrease by 1%, with all variables held constant, the Company's recoverable amount would have been approximately USD24,976,000 or USD28,169,000, respectively as a result of higher/lower expected discount rate.

**4. Revenue**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Sale of goods	<u>34,752,589</u>	<u>50,681,806</u>

All revenue are recognised at a point in time.

Revenue based on the geographical location of customers are as follows:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Malaysia	3,219,657	4,814,578
Foreign countries	<u>31,532,932</u>	<u>45,867,228</u>
	<u>34,752,589</u>	<u>50,681,806</u>



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

**5. Other income**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Sale of scrap materials	18,169	20,927
Interest income	651,490	780,897
Other income	-	54,606
	<u>669,659</u>	<u>856,430</u>

**6. Finance costs**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Interest expense on:		
Advance from a third party	104,204	104,204
Bills discounting	72,213	90,937
	<u>176,417</u>	<u>195,141</u>

**7. Loss before tax**

The following items have been included in arriving at loss before tax:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Auditors' remuneration	17,046	18,130
Employee benefits expense (Note 8)	2,344,400	2,536,926
Loss on assets written off (Note 11)	-	27,624
Depreciation of property, plant and equipment (Note 11)	2,980,001	3,029,703
Amortisation of right-of-use asset (Note 12)	34,188	34,188
Net on unrealised foreign exchange loss/(gain)	51,536	(69,628)
Net on realised foreign exchange loss/(gain)	-	(38,400)
	<u>        </u>	<u>        </u>

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

**8. Employee benefits expense**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Salaries and wages	2,088,416	2,118,683
Defined contribution plan	150,973	267,381
Social security costs	21,348	23,803
Other benefits	83,663	127,059
	<u>2,344,400</u>	<u>2,536,926</u>

Included in employee benefits expense of the Company is directors' remuneration total amounting to USD389,832 (2022: USD567,970) as further disclosed in Note 9.

**9. Directors' remuneration**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Salaries and other emoluments	386,639	454,396
Fees	3,194	103,489
Defined contribution plan	-	10,084
	<u>389,832</u>	<u>567,970</u>

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

**10. Income tax (benefit)/expense**

Major components of income tax (benefit)/expense

The major components of income tax (benefit)/expense for the financial years ended 31 March 2024 and 2023 are:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Current income tax:		
Malaysian income tax	-	203,529
(Over)/underprovided in prior years	(13,189)	159,658
	<u>(13,189)</u>	<u>363,187</u>
Deferred tax (Note 19):		
Relating to origination of temporary differences	(960,736)	(172,160)
Overprovision in respect of prior years	(13,409)	(26,560)
	<u>(974,145)</u>	<u>(198,720)</u>
Total income tax (benefit)/expense recognised in profit or loss	<u>(987,334)</u>	<u>164,467</u>

Reconciliation between tax expense 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 2024 and 2023 is as follows:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Loss before tax	<u>(4,942,293)</u>	<u>(233,571)</u>
Tax at Malaysian statutory tax rate of 24% (2023: 24%)	(1,186,150)	(56,057)
Adjustments:		
Non-deductible expenses	225,414	87,426
(Over)/underprovision of income tax in respect of prior year	(13,189)	159,658
Overprovision of deferred tax in respect of prior years	(13,409)	(26,560)
Total income tax (benefit)/expense recognised in profit or loss	<u>(987,334)</u>	<u>164,467</u>

Domestic income tax is calculated at the statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the year.

200901029988 (873094-V)

Optimistic Organic Sdn. Bhd.  
(Incorporated in Malaysia)

11. Property, plant and equipment

	Buildings USD	Plant and machinery USD	Catalyst USD	Office equipment USD	Furniture and fittings USD	Motor vehicles USD	Work-in- progress USD	Total USD
<b>Cost:</b>								
<b>At 1 April 2022</b>	1,724,560	43,564,586	2,989,746	131,221	32,569	115,788	313,013	48,871,483
Transfer	-	559,989	-	-	-	-	(559,989)	-
Additions	-	10,191	-	17,600	286	-	1,396,772	1,424,849
Write off	-	(890,760)	(1,161,250)	-	-	-	-	(2,052,010)
<b>At 31 March 2023 and 1 April 2023</b>	1,724,560	43,244,006	1,828,496	148,821	32,855	115,788	1,149,796	48,244,322
Transfer	-	70,775	2,308,270	-	-	-	(2,379,045)	-
Additions	-	52,953	-	10,026	-	-	1,827,662	1,890,641
<b>At 31 March 2024</b>	1,724,560	43,367,734	4,136,766	158,847	32,855	115,788	598,413	50,134,963
<b>Accumulated depreciation:</b>								
<b>At 1 April 2022</b>	712,925	22,085,465	2,281,073	84,730	17,940	90,287	-	25,272,420
Depreciation charge for the year (Note 7)	51,526	2,516,967	433,222	13,887	3,244	10,857	-	3,029,703
Write off	-	(863,135)	(1,161,250)	-	-	-	-	(2,024,385)
<b>At 31 March 2023 and 1 April 2023</b>	764,451	23,739,297	1,553,045	98,617	21,184	101,144	-	26,277,738
Depreciation charge for the year (Note 7)	51,000	2,527,245	379,663	14,111	3,119	4,863	-	2,980,001
<b>At 31 March 2024</b>	815,451	26,266,542	1,932,708	112,728	24,303	106,007	-	29,257,739

200901029988 (873094-V)

Optimistic Organic Sdn. Bhd.  
(Incorporated in Malaysia)

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

	<b>Buildings USD</b>	<b>Plant and machinery USD</b>	<b>Catalyst USD</b>	<b>Office equipment USD</b>	<b>Furniture and fittings USD</b>	<b>Motor vehicles USD</b>	<b>Work-in- progress USD</b>	<b>Total USD</b>
<b>Net carrying amount:</b>								
At 31 March 2023	960,109	19,504,709	275,451	50,204	11,671	14,644	1,149,796	21,966,584
At 31 March 2024	909,109	17,101,192	2,204,058	46,119	8,552	9,781	598,413	20,877,224

The Company's buildings are pledged for bank facilities (Note 18).

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

**12. Right-of-use asset**

The Company has lease contract for leasehold land to be used for its operation and has lease term of 44 years and is pledged for bank facilities (Note 18).

Set out below are the net carrying amount of right-of-use asset of the Company recognised and the movement during the year:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>Net carrying amount</b>		
At 1 April	1,108,280	1,142,468
Amortisation charge for the year (Note 7)	<u>(34,188)</u>	<u>(34,188)</u>
At 31 March	<u>1,074,092</u>	<u>1,108,280</u>

**13. Inventories**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>At cost</b>		
Chemicals	351,277	251,322
Consumables	1,118,402	1,143,588
Packing materials	96,281	167,989
Work-in-progress	520,955	390,571
Finished goods	<u>1,436,105</u>	<u>547,773</u>
	<u>3,523,020</u>	<u>2,501,243</u>

During the year, the amount of inventories recognised as an expense in cost of sales of the Company was USD27,287,844 (2023: USD36,864,183).

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

**14. Trade and other receivables**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>Trade receivables</b>		
Third parties	3,578,311	2,424,987
Amount due from related company	255,034	926,841
Amount due from ultimate holding company	22,746	398,473
	<u>3,856,091</u>	<u>3,750,301</u>
<b>Other receivables</b>		
Deposits	28,926	25,294
Sundry receivables	148,363	1,101,106
Goods and Services Tax ("GST") receivables	56,690	60,608
Advance to a related company	10,000,000	2,625,000
	<u>10,233,979</u>	<u>3,812,008</u>
Total trade and other receivables	14,090,070	7,562,309
Add: Cash and bank balances (Note 15)	2,244,730	17,683,915
Less: GST receivables	(56,690)	(60,608)
Total financial assets carried at amortised cost	<u>16,278,110</u>	<u>25,185,616</u>

**Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2023: 30 to 90 days) 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:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Neither past due nor impaired	3,856,091	3,691,142
Past due but not impaired	-	59,159
	<u>3,856,091</u>	<u>3,750,301</u>

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

**14. Trade and other receivables (cont'd.)**

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 have been renegotiated during the financial year.

Included in trade receivables amounting to USD1,175,471 (2023: USD928,528) are secured by letter of credits, all remaining 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.

Receivables that is past due but not impaired

In prior year, the Company had trade receivables amounting to USD59,159 that was past due at the reporting date but not impaired. This amount was unsecured and non-interest bearing.

**Amounts due from related company and ultimate holding company**

These amounts are unsecured and non-interest bearing.

**Advance to a related company**

These amounts are unsecured, interest bearing and repayable within six months.

**15. Cash and bank balances**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Cash in hand and at banks	1,239,986	750,869
Deposits with a licensed bank	1,004,744	16,933,046
Cash and bank balances	<u>2,244,730</u>	<u>17,683,915</u>

Deposits with a licensed bank amounted to USD254,744 (2023: USD983,046) are pledged as bank guarantees.



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

**15. Cash and bank balances (cont'd.)**

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

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Cash in hand and at banks	2,244,730	17,683,915
Less: Deposits pledged as bank guarantee	(254,744)	(983,046)
Cash and cash equivalents	<u>1,989,986</u>	<u>16,700,869</u>

**16. Share capital**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>Issued and fully paid:</b>		
<i>Ordinary shares</i>		
<b>At 31 March</b>	<u>12,712,881</u>	<u>12,712,881</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.

**17. Trade and other payables**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>Trade payables</b>		
Third parties	8,706,315	6,337,627
Amount due to ultimate holding company	110,538	-
	<u>8,816,853</u>	<u>6,337,627</u>
<b>Other payables</b>		
Accruals	744,598	562,474
Sundry payables	222,633	161,345
	<u>967,231</u>	<u>723,819</u>
Total trade and other payables	9,784,084	7,061,446
Add: Borrowings (Note 18)	7,650,000	7,855,092
Total financial liabilities carried at amortised cost	<u>17,434,084</u>	<u>14,916,538</u>

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

**17. Trade and other payables (cont'd.)**

**Trade payables**

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2023: 30 to 60 days) terms.

**Amount due to ultimate holding company**

Amount due to ultimate holding company is non-interest bearing. Amount due to ultimate holding company is normally settled on 30 to 60 days (2023: 30 to 60 days) terms.

**18. Borrowings**

	<b>Maturity</b>	<b>2024 USD</b>	<b>2023 USD</b>
<b>Current</b>			
Secured:			
Bills discounting	2024	-	205,092
Unsecured:			
Advance from a third party	2024	1,292,873	-
		<u>1,292,873</u>	<u>205,092</u>
<b>Non-current</b>			
Unsecured:			
Advance from a third party	2025 - 2028	6,357,127	7,650,000
		<u>6,357,127</u>	<u>7,650,000</u>
<b>Total borrowings</b>		<u>7,650,000</u>	<u>7,855,092</u>

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	<b>2024 USD</b>	<b>2023 USD</b>
On demand or within 1 year	1,292,873	205,092
More than 2 years and less than 5 years	6,357,127	7,650,000
	<u>7,650,000</u>	<u>7,855,092</u>

**(a) Advance from a third party**

The Company has entered into a revised Novation Agreement with a third party, effective from 1 March 2020.

This amount is unsecured, bears an interest of 2% or USD930,000 and is repayable over 8 half yearly instalments starting from 15 August 2024.

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

**18. Borrowings (cont'd.)**

**(b) Bills discounting**

- USD Cost of Fund ("COF") +1.5% per annum
- US Secured Overnight Financing Rate ("US SOFR") + 1% per annum
- Base Lending Rate ("BLR") + 0.25% per annum

The facilities bears interest ranging from 5.57% to 8.30% (2023: 1.60% to 7.45%) per annum to secured overnight financing rate and secured by documents of title to goods along with invoice and bills of exchange drawn on approved parties.

These facilities are 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 first party first legal charge over the land and buildings belonging to the Company erected on PN7606, Lot 3351 Mukim Teluk Kalung and District of Kemaman, Terengganu.

Reconciliation of movement of liabilities to cash flows arising from financing activities

	<b>At 1 April 2023 USD</b>	<b>Repayments USD</b>	<b>At 31 March 2024 USD</b>
Bills discounting	205,092	(205,092)	-
Advance from a third party	7,650,000	-	7,650,000
	<u>7,855,092</u>	<u>(205,092)</u>	<u>7,650,000</u>
	<b>At 1 April 2022 USD</b>	<b>Additions USD</b>	<b>At 31 March 2023 USD</b>
Bills discounting	-	205,092	205,092
Advance from a third party	7,650,000	-	7,650,000
	<u>7,650,000</u>	<u>205,092</u>	<u>7,855,092</u>

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

**19. Deferred tax**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
At 1 April	3,629,453	3,828,173
Recognised in profit or loss (Note 10)	(974,145)	(198,720)
At 31 March	<u>2,655,308</u>	<u>3,629,453</u>

Presented after appropriate offsetting as follows:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Deferred tax assets	(984,332)	(32,601)
Deferred tax liabilities	3,653,049	3,662,054
	<u>2,668,717</u>	<u>3,629,453</u>

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

**Deferred tax assets:**

	<b>Unabsorbed capital allowances USD</b>
At 1 April 2023	(32,601)
Recognised in profit or loss	(951,731)
At 31 March 2024	<u>(984,332)</u>
At 1 April 2022	(63,200)
Recognised in profit or loss	30,599
At 31 March 2023	<u>(32,601)</u>

**Deferred tax liabilities:**

	<b>Property, plant and equipment USD</b>
At 1 April 2023	3,662,054
Recognised in profit or loss	(9,005)
At 31 March 2024	<u>3,653,049</u>
At 1 April 2022	3,891,373
Recognised in profit or loss	(229,319)
At 31 March 2023	<u>3,662,054</u>

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

**20. Retained earnings**

The Company may distribute dividends out of its retained earnings as at 31 March 2024 and 31 March 2023 under the single-tier system.

**21. Related party disclosures**

- (a) List of related companies where control exists and related parties with whom transactions have taken place and relationship is as follows:

<u>Name of the related companies</u>	<u>Relationship</u>
Thirumalai Chemicals Limited	Ultimate holding company
Cheminvest Pte Ltd	Holding company
TCL Global BV	Related company
TCL Specialities LLC	Related company

**(b) 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 its related parties took place at terms agreed between the parties during the financial year:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>With ultimate holding Company:</b>		
Sale of finished goods to ultimate holding company	1,299,487	4,056,206
Purchase of goods and services from ultimate holding company	587,644	590,146
	<u>587,644</u>	<u>590,146</u>
<b>With related companies:</b>		
Sale of finished goods to a related company	1,469,834	1,998,931
Advance to holding/related company	10,000,000	2,625,000
Interest income on advance to a related company	137,645	48,996
	<u>137,645</u>	<u>48,996</u>

**(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.

The remuneration of key management personnel of the Company during the year is as follows:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Directors of the Company:		
- Short-term employee benefits	389,832	567,970
	<u>389,832</u>	<u>567,970</u>

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

**22. Fair values of financial instruments**

**Determination 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:

	<b>Note</b>
Trade and other receivables	14
Trade and other payables	17
Borrowings	18

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 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 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.

**(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.

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

**(a) Credit risk (cont'd.)**

Exposure to credit risk

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are due from regular customers of the Company. The Company uses ageing analysis to monitor the credit quality of the receivables.

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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 14. Deposits with a licensed bank 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 14.

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

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

**(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 its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Company strives to maintain available banking facilities at a reasonable level to its overall debt position.

**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.

	<b>2024 (USD)</b>		
	<b>On demand or within one year</b>	<b>Over one year</b>	<b>Total</b>
<b>Financial liabilities:</b>			
Trade and other payables	9,784,084	-	9,784,084
Borrowings	1,890,000	6,690,000	8,580,000
<b>Total undiscounted financial liabilities</b>	<b>11,674,084</b>	<b>6,690,000</b>	<b>18,364,084</b>
	<b>2023 (USD)</b>		
	<b>On demand or within one year</b>	<b>Over one year</b>	<b>Total</b>
<b>Financial liabilities:</b>			
Trade and other payables	7,061,446	-	7,061,446
Borrowings	205,092	8,580,000	8,785,092
<b>Total undiscounted financial liabilities</b>	<b>7,266,538</b>	<b>8,580,000</b>	<b>15,846,538</b>



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

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

**(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 costs that are denominated in a currency other than the functional currency of the Company, which is United States Dollars ("USD"). The foreign currencies in which these transactions are denominated are mainly Malaysian Ringgit ("MYR").

Most of the sales and cost of sales of the Company are denominated in its functional currency. The other operating expenses of the Company are denominated in MYR.

The Company also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances ("MYR") amounted to USD404,414 (2023: USD1,029,346).

Sensitivity analysis for foreign currency risk

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

	<b>Loss net of tax</b>	
	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
RM/USD - strengthened 3% (2023: 3%)	78,193	131,480
- weakened 3% (2023: 3%)	<u>(78,193)</u>	<u>(131,480)</u>

**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 shareholders' 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 financial years ended 31 March 2024 and 31 March 2023.

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

**24. Capital management (cont'd.)**

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.

The debt to equity ratio as at 31 March 2024 and 31 March 2023 are as follows:

	<b>Note</b>	<b>2024</b> <b>USD</b>	<b>2023</b> <b>USD</b>
Borrowings	18	7,650,000	7,855,092
Trade and other payables	17	9,784,084	7,061,446
Less: Cash and bank balances	15	(2,244,730)	(17,683,915)
Net debt/(assets)		<u>15,189,354</u>	<u>(2,767,377)</u>
Equity attributable to owners of the Company		<u>23,132,585</u>	<u>33,489,784</u>
Equity and net debt		<u>38,321,939</u>	<u>30,722,407</u>
Gearing ratio		<u>66%</u>	<u>Not applicable</u>

**25. Dividends**

The amount of dividends declared and paid by the Company since 31 March 2023 were as follows:

	<b>2024</b> <b>USD</b>	<b>2023</b> <b>USD</b>
In respect of the financial year ended 31 March 2023:		
An interim tax exempt (single-tier) dividend of USD0.034 per ordinary share on 14,587,503 ordinary shares, declared on 25 August 2022 and paid on 29 August 2022 and 5 September 2022.	-	502,835
An interim tax exempt (single-tier) dividend of USD0.426 per ordinary share on 14,587,503 ordinary shares, declared on 20 February 2023 and paid on 27 February 2023.	-	6,218,450
In respect of the financial year ended 31 March 2024:		
An interim tax exempt (single-tier) dividend of USD0.439 per ordinary share on 14,587,503 ordinary shares, declared on 11 July 2023 and paid on 20 July 2023.	<u>6,402,240</u>	<u>-</u>
	<u>6,402,240</u>	<u>6,721,285</u>

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