GREEN & SMART HOLDINGS plc

ANNUAL REPORT
FOR THE 15-MONTH FINANCIAL PERIOD ENDED 31 DECEMBER 2018

(*Expressed in Ringgit Malaysia*)

Green & Smart Holdings plc

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Content Pages

Directors, Secretary and Advisers

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Datuk Haji Radzali Hassan	: Non-Executive Chairman
Saravanan Rasaratnam	: Chief Executive Officer & Executive Director
Navindran Balakrishnan	: Chief Operations Officer & Executive Director
Syed Nazim Syed Faisal	: Finance Director
Aditya Chathli	: Non-Executive Director

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REGISTRAR:
Link Market Services (Jersey) Limited
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PRINCIPAL BANKERS:
Malayan Banking Berhad, United Kingdom
CIMB Bank, Malaysia

Financial Summary*

- Revenue was RM1.92m (2017: RM45.34m)
- Gross loss was RM1.84m (2017: profit of RM11.67m)
- Gross margin was negative 95.6% (2017: positive 25.7%)
- Operating loss was RM11.65m (2017: RM1.9m)
- Loss before tax was RM13.65m (2017: RM2.7m)
- Cash and cash equivalents at 31 December 2018 were RM0.47m (30 September 2017: RM0.09m)

* Due to the Company changing its financial year end during the period under review, the 2018 results cover 15 months ended 31 December 2018 while the 2017 results cover 12 months ended 30 September 2017.

Operational Summary

- Established itself as the only company in Malaysia to operate plants with two different biogas systems - tank and lagoon – under the Feed-in-Tariff ("FiT") mechanism
- Received certificate of initial operation date ("IOD") for the Group's second fully-owned biogas power plant, the 2.0MW Malpom plant, and, towards the end of the year, received the commercial operation date ("COD") that allows power to be sold to the national electricity grid at the full tariff rate
- Completed groundwork and commenced construction on the 2.7MW Minyak plant, which will be the Group's largest fully-owned biogas power plant to date
- Commenced implementing bio-polishing facilities at the Group's first fully-owned biogas power plant, the 2.0MW Kahang plant, to further treat the wastewater by-product or palm oil mill effluent ("POME") and work to upgrade gas production, which resulted in a temporary suspension of operations while the upgrade work is underway
- As previously stated, the development of the Group's pipeline of other projects was suspended due to financial constraints, however, following the Group raising c.RM17.09m in the second half of 2018 through a subscription for new shares by Serba Dinamik International Ltd. ("Serba Dinamik"), initial work has recommenced

Chairman's Statement

This was an important period in the history of Green & Smart as we established ourselves as the only company in Malaysia to own and operate power plants with two different biogas systems – a tank reactor system at Kahang and a covered lagoon system at Malpom – under the Feed-in-Tariff ("FiT") mechanism, and advanced the development of our third fully-owned biogas power plant at Minyak.

While financial constraints undoubtedly impeded our progress during the period, our fundraising of c.RM17.09m in July 2018 from Serba Dinamik International Ltd. ("Serba Dinamik") has resolved many of these challenges. This funding, combined with us now generating revenue from power sales at Malpom at the full tariff rate, has enabled us to continue to stride towards positioning ourselves as one of the leading independent power producers through the construction, operation and ownership of biogas power plants that treat the methane gases from palm oil mill effluent ("POME") in Malaysia.

Our focus for 2019 is on completing the upgrading works at Kahang to enable power sales to be resumed and on progressing our third fully-owned biogas power plant at Minyak, which is anticipated to come onstream in early 2020. Following the strengthening of our financial position, we have also been able to recommence pursuing new engineering, procurement, construction and commissioning ("EPCC") opportunities where we construct and manage biogas power plants owned by palm oil mills. This, along with power sales from our own existing plants, will support our cashflow as, going forward, we seek to develop our established pipeline of fully-owned projects.

Sustained growth drivers

We continue to be supported by environmental and economic drivers, including a supportive government regime. The new Government of Malaysia has stated its strong commitment to the renewable energy sector, intending to scale up renewables in the national power mix from the current 4% to 20% by 2025 (excluding large hydro). To achieve this, the new Government has introduced initiatives such as increasing power quotas under the FiT mechanism as well as extending the FiT tenure to 21 years from 16 years for all newly-approved FiT applications effective November 2018.

Under the FiT mechanism, organisations that meet the requisite criteria, such as having an approved Power System Study ("PSS") report for the site that is subject to the application, can bid to be allocated the FiT quota for a particular site. Successful bidders are then able to benefit from selling power to the national grid at preferential rates under a long-term contract. Green & Smart intends to bid for further quotas under the new 21-year regime to add to those already secured and strengthen our long-term growth prospects.

Equally, the global demand for palm oil continues to increase resulting in greater production, and correspondingly, more POME to be treated. Local regulation in Malaysia regarding the discharge of untreated POME into water bodies and the release of greenhouse gases is increasingly stringent. Moreover, there is growing global awareness of the importance of seeking palm oil from sustainable sources, which includes responsible treatment of POME and methane capture. Some of the world's biggest consumer goods firms, such as Unilever, Colgate-Palmolive and the Procter & Gamble Company, have made commitments to only use palm oil from sustainable sources. All of these drive further demand among palm oil producers and mill owners for adopting solutions such as ours.

Corporate governance

The Board is cognisant of its responsibilities in upholding good corporate governance and its significance in achieving growth whilst simultaneously mitigating risks, including promoting the values of the Group, both internally and externally, for the long-term benefit of all its stakeholders.

During the period, I was delighted to welcome onboard Syed Nazim Syed Faisal as an executive director, who assumed the role of Finance Director and who is the appointed board representative of the Serba Dinamik Group. He brings a wealth of experience from leading financial institutions in Malaysia as well as the energy sector. We look forward to benefiting from his know-how as we focus on the growth of our Group.

On behalf of the Board, I also wish to thank Sivadas Kumar and Dato S. Sivamohan S. Namasivayam, who stepped down as directors towards the end of the period, for their valuable time, contribution and continuous support throughout their tenure of service. Sivadas Kumar nevertheless continues his tenure as Chief Financial Officer.

Finally, I would like to thank our clients, partners and shareholders for their continued support and I also express my sincere appreciation to all our employees for their continued hard work and commitment.

Datuk Haji Radzali Bin Hassan
Non-Executive Chairman

29 March 2019

Operational Review

Green & Smart is focused on the construction, operation and ownership of biogas power generation plants in Malaysia. These plants, which are located on or near the site of a palm oil mill, capture greenhouse gases (methane) released from palm oil mill effluent (“POME”) that is produced by the mill, which is then converted into electricity to be sold to the Malaysian National Grid under a long-term renewable energy power purchase agreement. The Group also provides its services to third parties under engineering, procurement, construction and commissioning (“EPCC”) contracts.

During the 15 months to 31 December 2018, we achieved a number of operational milestones: in particular, bringing onstream our second fully-owned biogas power plant – becoming the only company in Malaysia to own and operate power plants with two different biogas systems – and commencing construction of our third fully-owned plant.

Specifically, at our second fully-owned biogas plant, the 2.0MW Malpom plant in Penang, during the period we received the certificate of initial operation date (“IOD”) from the regulatory authorities, which enabled us to commence initial power sales to the grid. Subsequently, towards the end of the period, we received the formal certificate of operation date (“COD”) that allows power generated to be sold to the national grid at the full tariff rate. The Malpom plant is our first specialised self-contained covered lagoon-based system, which is developed for mills with space constraints that prevents the setting up of a conventional biogas facility. We are delighted with the performance of the Malpom biogas power plant, which we believe is converting POME at industry-leading efficiency levels.

At our 2.0MW Kahang plant in Johor, which is our first fully-owned plant, we commenced the construction of a bio-polishing facility that will biologically treat the wastewater by-product of the POME treatment process to remove recalcitrant carbon, reduce the bio-chemical oxygen demand and improve the color residue. This will allow the water to be reused by the plant, which enhances the overall sustainability of the process. We also are undertaking some upgrade works to enhance the efficiency of the gas production process. As a result, power production at the Kahang facility had to be temporarily suspended while these modifications took place, which are expected to be completed, with a return to full operations, in the first half of 2019.

During the period, we completed the groundwork and commenced plant construction at our third fully-owned biogas power plant, the 2.7MW Minyak plant in Perak. This plant will be another lagoon-based system and so we will be able to leverage our experience with Malpom. With a capacity of 2.7MW, this will be our largest plant to date. We intend to complete construction and grid-connection by the 2019 year-end, subject to securing banking facilities and regulatory approval, to enable the award of the COD in the early 2020.

As a result, we took some important steps forward during the period in the development of our biogas power plants. However, as previously mentioned, financial constraints meant that we had to slow down the pace of our operations, which delayed the start, or recommencement, of power sales. In addition, with our limited resources focused on our fully-owned plants, we were not in a position to pursue new EPCC contracts. Consequently, our revenue generation was substantially curtailed, despite achieving several operational milestones.

Outlook

We entered 2019 in a stronger position than in the previous year. Our fundraise of c.RM17.09m in the latter part of 2018 enabled us to progress our fully-owned projects and bring onstream Malpom, which is now selling power to the grid at the full tariff rate. We are on track to complete the upgrade works at Kahang in the first half of this year, which will enable a resumption of revenue generation at that plant. Following the strengthening of our financial position, we have also been able to recommence pursuing new EPCC opportunities, which would further support our cashflow. As a result, we are confident that our revenue generation in 2019 will be materially higher than for the 15 months ended 31 December 2018.

Looking further ahead, we are progressing development at our Minyak plant and are confident of receiving the banking facilities to enable completion in preparation for receiving the COD in early 2020, which will provide an additional revenue stream. With our strengthened financial footing and improved cash flow, we expect to be able to advance our remaining pipeline of fully-owned biogas power plants and, at the appropriate juncture, we intend to bid for new FiT quotas for further sites.

The treatment of POME with biogas facilities is supported by sustained economic, environmental and regulatory drivers. The new government in Malaysia remains committed to providing incentives to renewable power generation whilst legislating against discharge of untreated POME in the environment. At the same time, consumer goods companies increasingly demand palm oil from sustainable sources. As one of the few fully-integrated providers and operators of biogas plants in Malaysia, we are well-positioned to benefit from these trends.

As a result, with an anticipated significant increase in revenue this year, the strengthening of our foundations and sustained supportive growth drivers, we look to the future with confidence.

Saravanan Rasaratnam
Chief Executive Officer

29 March 2019

Financial Review

The Group's financial performance for the 15 months period to 31 December 2018 was mixed as growth in the first quarter was counteracted by weakness for the rest of the period. Financial constraints impacted the ability of the Group to progress certain projects to completion that would have enabled the generation of anticipated revenue and, although this was subsequently addressed when c.RM17.09m was successfully raised from Serba Dinamik International Ltd ("Serba Dinamik"), the Group was hindered from pursuing any further engineering, procurement, construction and commissioning ("EPCC") contracts during the period. As a result, there was a marked decrease in revenue and financial performance compared with the 12-month period to 30 September 2017.

During the year, the Company changed its accounting reference date from 30 September to 31 December in order to align its reporting schedule with that of Serba Dinamik, which, as a public company, updates the market on all its investments. As a result, the period under review is the 15 months from 1 October 2017 to 31 December 2018 while the comparative period is the 12 months from 1 October 2016 to 30 September 2017.

Revenue

Revenue for the 15 months ended 31 December 2018 was RM1.92m (12 months of 2017: RM45.34m), which was generated by the provision of EPCC services under previously-awarded contracts and from the sale of power from the Group's biogas power plants. The financial constraints that the Group faced impeded Green & Smart from pursuing further EPCC contracts during the period. In addition, during the period, the Group commenced work to upgrade its biogas power plant at Kahang, which required a cessation in power generation and, consequently, in power sales. However, this was partly mitigated by the Group's Malpom biogas plant achieving its COD towards the end of the year, enabling power to be sold to the grid at the full tariff rate.

Gross Profit/(Loss) & Margin

The gross loss for the financial period to 31 December 2018 was RM1.84m, with a negative gross margin of 95.6% (2017: profit of RM11.67m; gross profit margin of 25.3%). This was primarily due to the operations and maintenance ("O&M") cost of the existing biogas facilities exceeding the revenue generated by the facilities.

Profit/(Loss)

Operating loss was RM11.65m (2017: RM1.9m loss). While the Group managed to reduce its operating costs to RM9.93m (2017: RM13.83m), the significant reduction in revenue resulted in a significant increase in operating loss.

Earnings/(Loss) Per Share

On a consolidated level, the Group's basic loss per share for the 15-month period ended 31 December 2018 was RM0.04 (2017: RM0.01) based on the weighted number of ordinary shares.

Taxation

Green & Smart Sdn Bhd, the operating entity of the Group, is a BioNexus Status Company granted by Malaysian Bioeconomy Development Corporation Sdn Bhd. This company is entitled to an income tax exemption on the statutory business income derived from approved activities over five consecutive years of assessment commencing from the first year in which Green & Smart Sdn Bhd generates statutory income from relevant approved activities. The tax exemption expired in the financial period ended 31 December 2018. Thereafter, Green & Smart Sdn Bhd became subject to a concessionary tax rate of 20% for the following 10 years on its taxable profits.

Cash Flow

Cash and cash equivalents at 31 December 2018 were RM0.47m (30 September 2017: RM0.09m).

In July 2018, the Company raised approximately *c.*RM17.09m (£3.2m) via a subscription for new common shares by Serba Dinamik. The net proceeds were used to advance the development of the Group's third fully-owned biogas power plant at Minyak and for working capital purposes.

At 31 December 2018, the Group had receivables of RM56.24m (2017: RM76.79m), principally due from Megagreen Energy Sdn Bhd ("MGE") and Concord Green Energy Sdn Bhd ("CGE") before allowance for impairment. Payments of approximately RM20.5m were received from these parties during the financial period and because of this progressive recovery of debt, the Directors are confident that the debt will be fully recovered in due course.

Syed Nazim Syed Faisal
Finance Director

29 March 2019

Directors' Biographies

DATUK HAJI RADZALI BIN HASSAN
Non-Executive Chairman

Datuk Haji Radzali Bin Hassan was conferred the Kestaria Setia DiRaja Award by DYMM Paduka Baginda Yang Di-Pertuan Agong in 1997 and Darjah Mulia Seri Melaka by TYT Yang Di-Pertua Negeri Melaka.

Datuk Radzali is currently on the Board of Suiwah Corporation Bhd, which has been listed on the Kuala Lumpur Stock Exchange since 1995. Suiwah is primarily engaged in three business segments, which are retail, manufacturing, and property investment and development.

Datuk Radzali is also an environmental entrepreneur, serving as Chairman / Group Managing Director of Harta Maintenance Sdn Bhd and Harta Group of Companies since 1984, primarily involved in facilities management providing green solutions.

SARAVANAN RASARATNAM
Chief Executive Officer & Executive Director

Mr. Saravanan has a BA in Business Administration from the National University of Malaysia. He has over nineteen years of management experience in various fields including technology, commercialisation and business strategy.

He was the co-founder and former executive director of Biofusion Sdn Bhd, a BioNexus Status company involved in bio-composting activities, which was named the Most Innovative Biotechnology Company in 2011 in Malaysia by the Ministry of Industry and International Trade under a government initiative and was subsequently sold by Mr. Saravanan.

Prior to this, he was the Vice President for Strategy & Planning for Lestari Pasifik Berhad, a company involved in the production of biofuel derived using locally available biomass from oil palm plantations.

He was also the Vice President, Business Development, of Malaysian Biotechnology Corporation Sdn Bhd, a local Government Linked Company that was mandated to promote biotechnology commercialisation activities in Malaysia.

NAVINDRAN BALAKRISHNAN
Chief Operations Officer & Executive Director

Mr. Navindran holds a Bachelor of Science (Microbiology) from University of Malaya and has over ten years of management experience in technology management. He was the co-founder and former executive director of Biofusion Sdn Bhd, a BioNexus Status company, which is involved in bio-composting.

He was also the Vice President (Business Development) for Lestari Pasifik Berhad, a company involved in the production of biofuel from oil palm plantations. Mr. Navindran was also the Senior Manager at IBG Manufacturing Sdn Bhd, a BioNexus Status company involved in the production of bio-fertilizers for palm oil plantations.

Mr. Navindran also worked as a microbiologist in the research and development unit at CCM Duopharma Biotech Berhad, a Malaysian listed pharmaceutical company.

SYED NAZIM SYED FAISAL
Finance Director

Mr. Syed Nazim holds a Bachelor of Accounting from the International Islamic University Malaysia (IIUM) and a Master's Degree in Islamic Finance Practice from the International Centre for Education in Islamic Finance, Malaysia. He also obtained a Certificate in Islamic Banking and Finance Law from IIUM and is a member of the Malaysian Institute of Accountants (MIA) since 2007.

Mr. Syed Nazim began his career with KPMG (Assurance Division) as an Audit Assistant in 2003 and thereafter was attached with MISC Berhad as a Strategic Planning Manager. In 2012, he held the post of Head of Statutory and Management Reporting at RHB Islamic Bank Berhad and the following year, he served the Kingdom of Bahrain's Ibdar Bank BSC(c) as Vice President, Financial Compliance and Administration.

In August 2015, Mr. Syed Nazim joined the Serba Dinamik Group as Chief Financial Officer and subsequently, was appointed as its Group Chief Financial Officer in June 2016.

ADITYA CHATHLI
Non-Executive Director

Aditya Chathli is an experienced capital markets expert with an approximately twenty six year track record of advising global companies, organisations and government agencies. Currently he is a Director of Luther Pendragon Ltd, one of the UK's leading independent communications consultancies, and is a Director of a capital markets advisory consultancy, Access Capital Markets. He is also Chairman of Lokcom Networks Ltd, an IOT technology start-up company.

Over the past 20 years he has advised public companies listed on the London Stock Exchange's Main market and AIM as well as companies listed on NASDAQ and other international bourses. During this period, his extensive experience included advising on international M&A deals, IPOs, MBOs, crisis communications as well as financial PR starting in 1998 at Brunswick Group, a global partnership advising on business-critical issues to companies in 14 countries. Prior to that, Mr. Chathli worked for Adam Smith International, a global company that delivers impact, value and lasting change through economic growth and government reform. In 2004, he established a financial PR company, Corfin, which was then acquired by Luther Pendragon in 2011.

Directors' Report

The Directors have pleasure in submitting their report together with the audited consolidated financial statements for the 15 months period ended 31 December 2018. Pursuant to the resolution ratified at the Annual General Meeting held on 25 October, 2018 the Group's financial year end was extended to 31 December 2018 from its previous financial year end of 30 September in order to align its reporting schedule with that of its significant shareholder, Serba Dinamik Group, a publicly listed Malaysian entity. Green & Smart Holdings plc (the Company) was incorporated on 7 August 2015 and admitted to trading on AIM of the London Stock Exchange on 12 May 2016.

The Company's registered office address is 12 Castle Street, St Helier, Jersey, JE2 3RT, Channel Islands.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company, whilst its subsidiaries (together referred to as the "Group") are engaged in research and development, provision of professional engineering consultancy and process design services in the areas of industrial biotechnology, pollution control and renewable energy; and engineering, procurement and construction of various waste water treatment plants/systems; and the development, commercialisation, operation and maintenance of renewable energy power plants.

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

FINANCIAL RESULTS

The financial results of the Group are set out in the Consolidated Statement of Comprehensive Income together with the accompanying notes to these statements.

In the opinion of the Directors, the results of the operation of the Group during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared since the date of incorporation of the Group and the Directors do not recommend the payment of dividends for the financial period ended 31 December 2018.

BUSINESS AND STRATEGIC REVIEW

The review of the Group's business operations, including key performance indicators, principal risks and uncertainties, research and development and future developments, are set out in the Chairman's Statement and the Operational and Financial Review on pages 5 to 10 together with this Directors' Report.

ADMISSION TO AIM

The Company was admitted to trading on AIM, a market operated by the London Stock Exchange plc, on 12 May 2016.

Further information relating to movements in the Company's share capital is set out in note 11 to the consolidated financial statements on page 53.

DIRECTORS

The Directors who served for the period ended 31 December 2018 (unless otherwise stated) are as follows:

- Saravanan Rasaratnam
- Navindran Balakrishnan
- Sivadas P E S Kumar (resigned on 25 October 2018)
- Datuk Radzali Bin Hassan
- Dato' Dr. Sivamohan S. Namasivayam (resigned on 25 October 2018)
- Aditya Chathli
- Syed Nazim Syed Faisal (appointed on 25 September 2018)

At each Annual General Meeting of the Company, as reflected in its Articles of Association, one third of the Directors who are subject to retirement by rotation shall retire from office and such Directors may stand for re-election subject to any rules of law to the contrary.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors holding office at the end of the financial period in the shares of the Company and related corporations during the financial period are as follows:

			Number of Ordinary Shares		
		As at 30 September 2017	**Bought**	**Sold**	**As at 31 December 2018**
Saravanan Rasaratnam	Direct	11,843,333	-	-	11,843,333
	Indirect*	146,857,334	-	34,537,581	112,319,753
Navindran Balakrishnan	Direct	11,843,333	-	-	11,843,333
	Indirect*	146,857,334	-	34,537,581	112,319,753
Sivadas Kumar (resigned on 25.10.2018)	Direct	7,512,838	-	-	7,512,838
Dato' Dr. Sivamohan S. Namasivayam (resigned on 25.10.2018)	Direct	555,556	-	-	555,556
Datuk Haji Radzali Hassan	-	-	-	-	-
Aditya Chathli	-	-	-	-	-
Syed Nazim Syed Faisal	-	-	-	-	-

* Saravanan Rasaratnam and Navindran Balakrishnan each owns 50% of the entire issued share capital of K2M Ventures Sdn Bhd, which is the registered holder and owner of 112,319,753 shares.

DIRECTORS' REMUNERATION

The Directors' remuneration is set out in the Remuneration Report. In addition, the Directors' and Officers' insurance policy cover has been put in place to indemnify the Directors and Officers against any legal action by third parties.

SUBSTANTIAL SHAREHOLDERS

Based on the register of members as at 1 January 2019, individual registered shareholdings of more than 3% of the Company's issued capital were as follows:

Name of Shareholder	Number of Shares	Percentage of Issued Ordinary Share Capital %
K2M Ventures Sdn Bhd*	112,319,753	32.52
Serba Dinamik International Ltd	51,806,000	15.0
Serba Dinamik Group Berhad	34,537,581	10.0
Beaufort Nominees Limited	23,882,949	6.91
Malaysian Technology Development Corporation	19,476,367	5.64
Innvotec Nominees Limited	12,777,778	3.70
Navindran Balakrishnan**	11,843,334	3.43
Saravanan Rasaratnam**	11,843,334	3.43
Simon Peter	10,554,949	3.06

* Saravanan Rasaratnam and Navindran Balakrishnan, each of whom is a Director of the Company and also hold interests in their own name, each owns 50% of the entire issued share capital of K2M Ventures Sdn Bhd (K2MV).
** Shares held by each of Saravanan Rasaratnam and Navindran Balakrishnan, each of whom is a Director of the Company, in their own names. In addition, Saravanan Rasaratnam and Navindran Balakrishnan each owns 50% of the entire issued share capital of K2MV which is the registered holder and owner of 112,319,753 shares.

RESEARCH AND DEVELOPMENT

With an operating subsidiary (Green & Smart Sdn Bhd) having been conferred the BioNexus Status by a governmental industry development agency known as Malaysian Bioeconomy Development Corporation Sdn Bhd, the Group continues to invest in research and development ("R&D") on its three existing in-house developed Intellectual Properties. The Group has a policy of expensing R&D costs through the Consolidated Statement of Comprehensive Income.

In addition, the Group is committed to offer opportunities to its existing employees in training, career development and advancement with the Group.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

Market Risks

The Group may be affected by general market trends that are both related and unrelated to the performance of the Group and to the entry of more competitive players and bids, usurping the Group's current unique selling proposition. The success of the Group is dependent on the market acceptance and recognition of its brand, products and services, of which there can be no guarantee. Present opportunities targeted by the Group may change with a negative consequence on earnings and revenue. The Group continuously monitors its competitive landscape and continues to invest in R&D activities as a measure of mitigating market uncertainties.

Technological Evolution

The industry the Group is in requires continuous research and development and there is no denying that the Group's business and prospects may be impacted by continual technology evolution, introduction of new products, changing industry standards and customers' needs and expectations. Thus, ongoing R&D and the continued emphasis on training of existing personnel, enhancing their know-how and technical capability is critical to the Group's continued growth and expansion.

Dependence on Key Executives and Technical Personnel

The Group's business is dependent on attracting and retaining its key executives in management and R&D. Despite the Group having entered into contractual arrangements to secure the services of these senior and key personnel, the retention of these personnel cannot be guaranteed. Failure to retain and attract the services of these personnel may adversely affect the business and growth prospects of the Group.

Competition Risk

The Group operates in a competitive market. These competitors may have existing or more advanced technology and services that compete with the products and services offered by the Group. Such competition may adversely affect the Group's business and prospects. Hence, it is essential the Group continues to maintain its competitive edge through continuous R&D.

Protection of Intellectual Property

The Group has Intellectual Properties and trademarks and whilst Management believe that the Group's efforts to protect its intellectual property rights are adequate, there is no guarantee. There is always the risk of misappropriation of the Group's intellectual property or unauthorised use of its intellectual property rights.

Reliance on Key Systems

The Group's reliance on certain key systems and technologies for its continuous operation exposes the Group to significant risk to damage or interruption to these systems in spite of proper control and safeguards in place. Many eventualities could be anticipated but there are those beyond the Group's ability to predict, the occurrence of which could have significant detrimental consequences to the Group's operations and business.

Foreign Currency Risk

Although the Group's principal operations are in Malaysia and the bulk of its exposure is in Ringgit, the Group is nevertheless exposed to foreign exchange fluctuations as some of its vendors are overseas. Fluctuations in exchange rates may have a material adverse effect on the Group's profitability. There can be no guarantee that the Group would be able to compensate or hedge against such effects and this could have an adverse effect on the Group's prospects and performance.

Political, Economic and Regulatory Risks

The Group may be affected by adverse developments in the political, economic and regulatory environment in which the Group operates and such prolonged economic downturn may lead to an overall decline in sales and profitability. Although adequate provisions are in place to protect against such uncertainties, there is no assurance that these events will not adversely affect the Group.

GOING CONCERN

On 19 July 2018, the Company announced that it had raised approximately RM17.09m (£3.2m) via the subscription for 51,806,000 new common shares by Serba Dinamik International Ltd ("Serba Dinamik"), at a price of approximately 6.19 pence (RM0.33) per share (the "Subscription"). The net proceeds of the Subscription will be used to advance the development of the Group's third fully-owned biogas power plant at Minyak and for working capital purposes.

As described in note 7, RM17.91m (2017: RM24.3m) is due to the Group from Concord Green Energy Sdn Bhd ("CGE"). Further debts arose during the financial period of approximately RM Nil (2017: RM19.47m) from CGE. During the period, a repayment schedule was undertaken with CGE who committed to a monthly repayment of RM2.0m until full and final settlement of outstanding debts. A total of RM6.48m was collected during the financial period and a further RM6.0m was collected post period end.

As described in note 8, RM38.33m (2017: RM51.15m) is due to the Group from Megagreen Energy Sdn Bhd ("MGE"). Further debts arose during the financial period of approximately RM1.27m (2017: RM28.43m) from MGE. During the period, a repayment schedule was undertaken with MGE who committed to a monthly repayment of RM3.0m until full and final settlement of outstanding debts. A total of RM14.09m was collected during the financial period. Post period end, RM3.0m was collected but the repayment plan was paused whilst re-negotiations are taking place.

The Directors have prepared financial projections and plans for a period of at least 12 months from the date of approval of these financial statements, taking into account the proceeds of the Subscription, and have considered the mitigating actions that could be taken in the event that the anticipated receipts from MGE and CGE are not forthcoming in accordance with the assurances provided to the Directors by the management of those undertakings.

Based on their review of those financial projections and plans, the Directors consider the going concern basis of preparation to be appropriate.

ANNUAL GENERAL MEETING

The notice for the convening of the Annual General Meeting ("AGM") together with the proposed resolutions will be contained in a Notice of AGM.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group financial statements for each financial period/year.

Under Company Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU and the provision with the Companies (Jersey) Law 1991; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication
The Directors are responsible for ensuring that the Directors' report and other information included in the annual report and the financial statements are made in accordance with applicable law. The maintenance and integrity of the Green & Smart Holdings plc website is the responsibility of the Directors; work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.

AUDITOR AND DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office on the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. The Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution for the change of auditors was ratified at the Annual General Meeting of the Company held on 25 October 2018 whereby haysmacintyre was appointed in place of the retiring auditors Crowe UK.

haysmacintyre has indicated their willingness to be reappointed as statutory auditor. A resolution for the re-appointment of haysmacintyre as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board and signed on its behalf.

By order of the Board of Directors

29 March 2019

Corporate Governance Report

The Directors of Green & Smart Holdings plc recognise the importance of high standards of good corporate governance and have chosen to adopt the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code, as the basis of the Company's governance framework.

The Board believes that good corporate governance reduces risks within the business, promotes confidence and trust amongst its stakeholders and is an important part of the effectiveness and efficiency of the Company's management framework. The Board considers that the Company complies with the QCA Code so far as is practicable having regard to the size, nature and current stage of the Company's development. The Company will provide annual updates on its compliance with the QCA Code.

The QCA Code includes ten broad principles that the Company strives to implement in order to deliver growth to its shareholders in the medium and long-term.

Herein below is the Chairman's Introduction and the Company's application of the ten principles of the QCA Code.

CHAIRMAN'S INTRODUCTION

As Chairman of the Company, I am pleased to report that the Board has chosen to adopt and implement the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), in line with the London Stock Exchange's recent changes to the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code, as the basis of the Company's governance framework.

The principles and disclosures laid out by the QCA Code provides a framework to ensure that the Company has the appropriate corporate governance arrangements in place. The Board considers that the Company does not depart from any principles of the QCA.

COMPANY'S APPLICATION OF THE QCA CODE

The Company's application of the ten principles of the QCA Code are set below:

Principle 1:
Establish a strategy and business model which promote long-term value for shareholders

- The Company reiterates its strategy through its announcements and presentations to investors, particularly at the time of its financial results, which is to grow the Company through building, owning and operating biogas power plants in close proximity to palm oil mills in Malaysia and generating revenue from the sale of electricity to the national grid under the 16-year Feed-in-Tariff ("FiT") mechanism.
- To secure its long-term growth, the Company actively participates in the FiT quota bidding system to have ownership of its own biogas power plants besides providing engineering, procurement, construction & commissioning ("EPCC") and operations & maintenance ("O&M") services to owners of other biogas power plants in the country.
- The Company recognises the key challenges to the business, which are detailed on pages 15 of the Company's Annual Report and Accounts for the period ended 31 December 2018.

Principle 2:
Seek to understand and meet shareholder needs and expectations

- To ensure its strategy, operational results and financial performance are clearly understood, the Company is committed to engaging and updating its shareholders through its regulatory announcements and practices two-way communication with both its institutional and private investors and responds to queries received.
- The Company believes that the shareholder expectations are managed through its regulatory disclosures and the AGM, which all Board members endeavor to attend either in person or tele-conference call.

- The Executive Directors and Independent Non-Executive Directors talk regularly with the Company's major shareholders and ensure that their views are communicated fully to the Board.
- The Board members make themselves available to meet with shareholders and potential investors as and when required.
- The Independent non-executive director is UK-based and makes himself available to meet with shareholders as requested.

Principle 3:
Take into account wider stakeholder and social responsibilities and their implications for long-term success

- The Company recognises the importance of engagement with its stakeholder groups, which, in addition to investors, include its employees, clients, vendors, local communities and the relevant authorities.
- By the nature of its business, with the biogas power plant built on or in close proximity to the site of palm oil mills, the Company maintains close relations with its clients and vendors. The Company ensures that regular dialogues are held with these parties and the relevant authorities.
- The Company endeavors to take account of feedback received from these stakeholders, thereafter revising and improvising its working arrangements and operational plans accordingly, where appropriate and ensure consistency of its long-term strategy.
- Environmental responsibility and sustainability are fundamental to the Company, having spent over 35 years as waste treatment solutions provider to minimise the environmental impact of industrial processes before transitioning to treat palm oil mill effluent (POME). As a result, the Company now mitigates the impact of the palm oil industry by rendering the effluent harmless to the environment and converting the byproduct of the treated waste into renewable energy.
- The Company is also mindful of its broader corporate and social responsibilities. In particular, the Company supports the local communities on the palm oil plantations where it operates by giving priority to local inhabitants and their kin when seeking employees to work at its biogas power plants.
- The Company engages with its employees through regular gatherings organised by the human resources department, which provide an opportunity for employees to interact with management and informally address any concerns or issues.

Principle 4:
Embed effective risk management, considering both opportunities and threats, throughout the organisation

- The Company's Annual Report and Accounts for the period ended 31 December 2018 details the key risks to the business on page 15 and the Company's internal control measures are detailed on page 24.
- The Company has an established framework of internal controls, the effectiveness of which is regularly reviewed by Executive Management, the Audit Committee and the Board.

Principle 5:
Maintain the board as a well-functioning, balanced team led by the chair

- The composition, roles and responsibilities of the Board and its Committees are set out on pages 22-24 of the Annual Report and Accounts for the period ended 31 December 2018. The number of meetings of the Board and Directors' attendance is also detailed.
- To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of the Board and Committee meetings. All meetings are minuted accordingly and approved by the Chair before circulation to all Board members.
- The composition of the Board is outlined on pages 22-24 of the Annual Report and Accounts for the period ended 31 December 2018. The Board considers Datuk Haji Radzali bin Hassan and Aditya Chathli to be independent.
- The Company does not have a Director designated as a Senior Independent Director. In light of the size of the Board, and the Company's stage of development, the Board does not consider it necessary to appoint a Senior Independent Director at this stage, but will nevertheless keep this under review as part of the Board's evaluation on Board effectiveness.
- Saravanan Rasaratnam and Navindran Balakrishnan, Executive Directors, work full-time for the Company. Syed Nazim bin Syed Faisal, Executive Finance Director, devotes as much time as required. The Non-Executive Directors devote approximately two days per month to their duties, but this increases during

periods of heightened activity. Under the terms of their employment contracts, Non-Executive Directors are required to obtain the prior written consent of the Chairman before accepting additional commitments that might affect the time, they are able to devote to their role as a Non-Executive Director of the Company.

Principle 6:
Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

- The composition of the Board and the credentials of the individual directors are outlined on pages 11 & 12 of the Annual Report and Accounts for the period ended 31 December 2018 and on the Board of Directors page on the company's website: http://217.41.19.60/GreenSmart/Board.asp.
- The Company is committed to a culture of equal opportunities for all employees regardless of gender. The Board is diverse in terms of its range of skillsets and international experience, but all directors are currently male. The Board is mindful of its expenses and does not intend to increase its number at present, but if it is later agreed to expand the Board or to seek replacement directors, the Board will, subject to identifying appropriate candidates, look to fill at least one of the vacancies with a female director.
- The Nomination Committee of the Board oversees the process and makes recommendations to the Board on new Board appointments as well as re-election of existing directors.
- The Chief Executive Officer, in conjunction with the executive team, ensures that the directors' knowledge is kept up to date on key issues and developments pertaining to the Company, its operational environment and to the Directors' responsibilities as Members of the Board. During the course of the financial period, Directors have consulted and received advice as well as updates from the nominated advisors, company secretary, legal counsel and various other external advisers on a number of matters, including corporate governance.
- Members of the Board had participated in numerous forums and labs hosted by the Government of Malaysia and had presented papers at some of these forums.

Principle 7:
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

- The respective Board members periodically review and cross-evaluate the Board's performance and effectiveness in the Company. It is intended that the Board will create a more formal process that will focus more closely on objectives and targets for improving performance.
- All Directors are subject to re-election by the shareholders each year.
- The Executive Directors are subject to an annual performance review.
- The Company has not adopted a policy on succession planning. All Directors are, however, required to give six months' notice under their service contracts, if they wish to leave the Company.

Principle 8:
Promote a corporate culture that is based on ethical values and behaviours

- The Company is committed to environmental responsibility and sustainability, which is fundamental to the ethos of the Company and is evident in its activities.
- The Company promotes a transparent, flexible and open culture. Based on the nature of its business and the stage of the Company's development, this is largely implemented informally through its interaction with employees, such as through its company gatherings, and management's approach to recruitment.
- The Company is also committed to providing a safe and secure environment for its employees, with its policies and procedures enshrined in the Company's Employee Handbook, which provides a guideline for employees on the day-to-day operations of the Company.

Principle 9:
Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

- The Corporate Governance Statement on pages 19-22 of the Annual Report and Accounts for the period ended 31 December 2018 details the corporate governance structures and processes for the company.
- This is in relation to the separation of powers of the Executive Board, the institution of respective Board Committees with clear demarcated roles and responsibilities including planned meetings and reporting.

Principle 10:
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

- Pertinent information is disseminated and communicated by the Company to its shareholders through the Annual Report and Accounts, full-year and half-year results announcements, operational announcements and the AGM. Corporate information is also made available to shareholders, investors and the public on the Company's corporate website: www.greennsmart.com.my.
- The Company has announced the detailed results of shareholder voting to the market previously and will continue to do so. The Board will also disclose any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent of independent shareholders.

BOARD OF DIRECTORS AND BOARD COMMITTEES

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The Board is also responsible for ensuring a healthy corporate culture. Based on the nature of its business and the stage of the Group's development, this is largely implemented informally through interaction with employees and the approach to recruitment, with the Directors promoting a transparent, flexible and open culture in recognition that this will best serve the Group's strategy.

The Board consists of three Executive Directors and two Non-Executive Directors.

The Executive Directors are Saravanan Rasaratnam (Chief Executive Officer), Navindran Balakrishnan (Chief Operations Officer) and Syed Nazim Syed Faisal (Finance Director).

The Non-Executive Directors comprise an Independent Non-Executive Chairman (Datuk Haji Radzali Bin Hassan) and an Independent Non-Executive Director (Aditya Chathli).

The Board met on six occasions during the period to 31 December 2018.

The table below sets out the Board meetings as well as the Audit Committee meetings respectively held by the Company for the financial period ended 31 December 2018 and attendance of each Director:

	Board Meetings	**Audit Committee Meetings**
Executive Directors		
Saravanan Rasaratnam	[6/ 6]	-
Navindran Balakrishnan	[6 / 6]	-
Sivadas Kumar (resigned 25.10.2018)	[6 / 6]	-
Syed Nazim Syed Faisal (appointed 25.09.2018)	-	-
Non-Executive Directors		
Datuk Haji Radzali Bin Hassan	[6 / 6]	[2 / 2]
Dato' Dr. Sivamohan S. Namasivayam (resigned 25.10.2018)	[6 / 6]	[2 / 2]
Aditya Chathli	[6 / 6]	[2 / 2]

The Board has established four Committees with clearly defined terms of reference and detailed below are the members of the Committees and their duties and responsibilities.

Audit Committee

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The Audit Committee is chaired by Datuk Haji Radzali Bin Hassan and its other members were Aditya Chathli and Dato' Dr. Sivamohan S. Namasivayam. Dato' Dr. Sivamohan S. Namasivayam subsequently resigned as an Independent Non-Executive Director on 25 October 2018.

For the period under review, two Audit Committee meetings were held, and all members of the committee were in attendance. During the period, in particular, the Audit Committee reviewed its relationship with its auditors, identified potential new auditors, presented its findings to the Board and, following Board approval, worked with senior management to implement the appointment of haysmacintyre. The Audit Committee also reviewed and approved the interim and full year results and annual accounts. A copy of the Audit Committee's report is included herein on Pages 25 & 26.

Remuneration Committee

The Remuneration Committee was chaired by Dato' Dr. Sivamohan S. Namasivayam and its other members are Datuk Haji Radzali Bin Hassan and Aditya Chathli. However, subsequent to the resignation of Dato' Dr. Sivamohan S. Namasivayam on 25 October 2018, Datuk Radzali Bin Hassan was appointed as interim Chairman.

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration packages and terms of employment.

The Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. No Director may be involved in any discussions as to his own remuneration.

For the period under review, one Remuneration Committee meeting was held, and all members of the committee were in attendance. During the period, in particular, the Remuneration Committee reviewed the level of fees for Directors and proposed to the Board that they be reduced. A copy of the Remuneration Committee's report is included herein on Pages 27 & 28.

AIM Compliance Committee

The AIM Compliance Committee is chaired by Aditya Chathli and its other members were Datuk Haji Radzali Bin Hassan and Dato' Dr. Sivamohan S. Namasivayam. Dato' Dr. Sivamohan S. Namasivayam subsequently resigned on 25 October 2018.

The AIM Rules Compliance Committee ensures that procedures, resources and controls are in place to ensure AIM Rules compliance by the Group is operating effectively at all times and that the Executive Directors are communicating as necessary with the Company's nominated adviser regarding ongoing compliance with the AIM Rules for Companies, in particular Rules 11, 17, 18 and 19, including without limitation in relation to all announcements and notifications and proposed or potential transactions.

The Committee works closely with the Board to ensure that the Group's nominated adviser is provided with any information it reasonably requests or requires in order for it to carry out its responsibilities under the AIM Rules for Companies and the AIM Rules for Nominated Advisers.

For the period under review, one AIM Compliance Committee meeting was held, and all members of the committee were in attendance. During the period, in particular, the AIM Compliance Committee discussed on matters pertaining to the Group's internal compliance procedures and made recommendations for enhancing certain measures.

Nomination Committee

The Nomination Committee is chaired by Datuk Haji Radzali Bin Hassan and its other members were Dato' Dr. Sivamohan S. Namasivayam and Aditya Chathli. Dato' Dr. Sivamohan S. Namasivayam subsequently resigned on 25 October 2018.

The Nomination Committee is responsible for identifying and nominating Directors and recommending Directors to be appointed to each Committee of the Board and the Chair of each such Committee. The Committee also arranges for evaluation of the Directors.

For the period under review, one Nomination Committee meeting was held and all members of the committee were in attendance. The Nomination Committee reviewed the service contracts of Directors, whose term of service had expired, and recommended to the Board for Directors to continue remaining in service. The Nomination Committee recommended to the Board the nomination of Syed Nazim Syed Faisal as Finance Director of the Company.

INVESTOR RELATIONS

Meetings with analysts and institutional shareholders of the Group following interim and annual results announcements and on an as-needed basis are attended by members of the Board to update the shareholders on the progress of the Group in terms of its business, financial performance and strategic direction.

The Annual Report and accounts are published on the Group's website, www.greennsmart.com.my and can be accessed by shareholders.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's internal control systems and for reviewing the effectiveness of the systems. The systems can only provide reasonable but not absolute assurance against material misstatements or losses as the systems are put in place to manage and minimise the risks but not to eliminate them.

With the active involvement of the Executive Directors in the daily operations and management of the Group through regular meetings with staff, business risks are identified and appropriate control systems implemented to manage the risks. The effectiveness of the control systems is reviewed and updated periodically by the Corporate Office and adopted by the respective Principal Office, as and when it is appropriate.

The Group's internal financial control procedures and monitoring systems include the following:

- Financial policies and approval procedures with proper authorisation level and segregation of duties for financial management;
- Maintenance policies and approval procedures with proper authorisation level and segregation of duties for financial management;
- An annual budgetary process to set the appropriate target for monitoring the progress of the Group;
- A detailed monthly financial reporting system that reports on operating results, cash flows, assets and liabilities with comparisons against budgets;
- Reporting on any non-compliance with internal financial controls and procedures; and
- Review of the audit findings report issued by external auditor.

The Audit Committee on behalf of the Board reviews reports from the external auditor together with Management's response regarding proposed actions. The Group is bound by the Corruption (Jersey) Law 2006 (as amended), in respect of its conduct in Jersey and elsewhere, and the Group will observe the provisions of the UK Bribery Act 2010 and other laws relating to anti-corruption in other jurisdictions in which it operates.

The Board has adopted an anti-bribery and corruption policy to implement the Group's commitment to carrying on its business fairly, openly and honestly and to prevent bribery and corruption by persons associated with the Group.

Audit Committee Report

Dear Shareholders

On behalf of the Board, I am pleased to present the Audit Committee report for the financial period ended 31 December 2018.

PRINCIPLE RESPONSIBILITIES OF THE COMMITTEE:

- Ensuring the financial performance of the Group is properly reviewed, measured and reported;
- Monitoring the quality and adequacy of internal controls and internal control systems implemented across the Group;
- Receive and review reports from the Group's management and auditors relating to the interim and annual accounts;
- Reviewing risk management policies and systems;
- Advising on the appointment, re-appointment and remuneration of independent external auditors, besides scheduling meetings with external auditors independent of management for discussions and reviews; and
- Reviewing and monitoring the extent and independence of non-audit services rendered by external auditors.

MEMBERS OF THE COMMITTEE

During the reporting period, the committee consisted of three non-executive directors, namely Datuk Haji Radzali Bin Hassan (Chairman, and Independent), Dato Dr. Sivamohan S Namasivayam (Non-Independent) and Aditya Chathli (Independent). Dato Dr. Sivamohan S. Namasivayam resigned as a Director and a member of the Audit Committee on 25 October 2018.

The Committee met twice in the period.

AUDIT PROCESS

The audit process commences with the auditors preparing an audit plan which contains information pertaining to due audit process, timetables, targeted areas and general scope of work. A pre audit meeting is then scheduled with the Audit Committee for discussions and endorsement of the audit plan and to consider any pertinent matters or areas for special inclusion.

Following the audit, an Audit Findings Report is prepared by the auditors and furnished to the Audit Committee followed by a second meeting with the Audit Committee to review and discuss its contents. The Audit Committee will furnish a report to the Board together with its recommendations. For the financial period ended 31 December 2018, no major areas of concern were highlighted and the Board will undertake all necessary corrective measures as recommended.

INTERNAL AUDIT

At present, the Group does not have an internal audit function and the Committee believes that despite this, management is able to derive assurances as to the adequacy and effectiveness of internal controls and risk management procedures.

RISK MANAGEMENT AND INTERNAL CONTROLS

As disclosed on page 19 per the Corporate Governance Report in the 2018 Annual Report, the Group has established a framework of risk management and internal control systems, policies and procedures. The Audit

Committee is responsible for reviewing the risk management and internal control framework and ensuring its effectiveness.

As further noted, the Board has adopted an anti-bribery and corruption policy in its commitment to carrying on its business fairly, openly and honestly and to prevent bribery and corruption by persons associated with the Group and these policies are continuously reviewed by the Audit Committee.

During the reporting period, the Committee has reviewed and recommended measures to further strengthen these policies and are satisfied that the framework is operating effectively.

Datuk Haji Radzali Bin Hassan
Non-Executive Chairman & Audit Committee Chair

29 March 2019

Remuneration Committee Report

REMUNERATION COMMITTEE

The Remuneration Committee comprises two members – Datuk Haji Radzali Bin Hassan (Chair) and Aditya Chathli – following the resignation of the third member (Dato' Dr. Sivamohan S. Namasivayam) on 25 October 2018. The terms of reference of the Committee are reviewed periodically by the Board. The Remuneration Committee is responsible for determining the Group's policy on the remuneration of senior executives and specific remuneration packages for Executive Directors, including pension rights and compensation payments.

For the period under review, one Remuneration Committee meeting was held, and all members of the committee were in attendance. During the period, in particular, the Remuneration Committee reviewed the level of fees for Directors and proposed to the Board that they be reduced to conserve the cashflow of the Company. This proposal was accepted by the Board and is being implemented for the current year.

REMUNERATION POLICY

The objective of the proposed remuneration policy is to attract, retain and motivate high calibre executives to deliver outstanding shareholder returns and at the same time maintain an appropriate compensation balance with the other employees of the Group.

DIRECTORS' REMUNERATION

The normal remuneration arrangements for Executive Directors consists of base salary, performance bonuses and other benefits as determined by the Board. Each of the Executive Directors has a service agreement that can be terminated at any time by either party giving to the other six months' written notice. Compensation for loss of office is restricted to base salary and benefits only.

The remuneration packages for the Executive Directors are detailed below:

- **Base Salary**:
  Annual review of the base salaries of the Executive Directors are concluded after taking into account the Executive Directors' role, responsibilities and contribution to the Group performance.
- **Performance Bonus:**
  Bonus arrangements are discretionary and are payable depending on the performance of the Executive Directors in meeting their key performance indicators and in the wider context with the performance of the Group.
- **Benefits:**
  Benefits include payments for provident funds that are mandatory and statutory pension payments as required by laws of the resident countries of the Executive Directors, health insurance and other benefits.

Non-Executive Directors are remunerated solely in the form of Director Fees determined by the Board and are not entitled to pensions, annual bonuses or employee benefits. Each of the Non-Executive Directors has entered into a service agreement for an initial term of two years and stating his annual fee and that the appointments are to continue unless terminated by either party giving to the other six months' written notice.

The Directors are not involved in specific discussions on their own remuneration.

DIRECTORS' REMUNERATION AND FEES

The tables below set out the respective Directors' remuneration and fees:

	Remuneration and related costs FP2018	Fees and related costs FP2018	Total
Executive Directors			
Saravanan Rasaratnam	RM 505,131	GBP 26,500	RM 648,173
Navindran Balakrishnan	RM 505,131	GBP 26,500	RM 648,173
Sivadas Kumar (resigned 25.10.2018)	RM 292,177	GBP 23,000	RM 416,326
Syed Nazim Syed Faisal (appointed 25.09.2018)	RM 33,677	GBP 3,000	RM 49,870
Non-Executive Directors			
Datuk Haji Radzali Bin Hassan	-	GBP 26,500	RM 143,042
Dato' Dr. Sivamohan S. Namasivayam (resigned 25.10.2018)	-	GBP 23,000	RM 124,149
Aditya Chathli	-	GBP 33,000	RM 178,127

	Remuneration and related costs FY2017	Fees and related costs FY2017	Total
Executive Directors			
Saravanan Rasaratnam	RM 404,028	GBP 27,500	RM 555,712
Navindran Balakrishnan	RM 404,028	GBP 27,500	RM 555,712
Sivadas Kumar	RM 269,628	GBP 27,500	RM 421,312
Non-Executive Directors			
Datuk Haji Radzali Bin Hassan	-	GBP 27,500	RM 151,684
Dato' Dr. Sivamohan S. Namasivayam	-	GBP 27,500	RM 151,684
Martin David Howard Bloom	-	GBP 27,500	RM 151,684

Note:
Directors' Remuneration and Fees for the financial period ended 31 December 2018 relates to the period from 1 October 2017 to 31 December 2018, a period of 15 months following a change of the financial year-end whilst that of 2017 relate to the 12 months ended 30 September 2017.

Datuk Haji Radzali Bin Hassan
Non-Executive Chairman & Remuneration Committee Chair

29 March 2019

Independent Auditor's Report

Opinion
We have audited the financial statements of Green & Smart Holdings plc (the Company) and its subsidiary undertakings (together the Group) for the period ended 31 December 2018, which comprise:

- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statements of Changes in Equity;
- the Consolidated Statements of Cash Flows; and
- the notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2018 and of the Group's loss for the period then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw attention to note 2 in the financial statements, which indicates that the Group incurred a net loss of RM13.65m during the period ended 31 December 2018 and recorded a net cash outflow from operating activities of RM 12.08m. At the reporting date the Group held cash and cash equivalents of RM 0.47m and had current liabilities of RM 40.18m (2017: RM59.30m). These results indicate the existence of material uncertainties which may cast significant doubt on the entity's ability to continue as a going concern.

The Group defaulted on their bank and other loan covenants in the period and post period end, however these defaults were subsequently waived.

Accordingly, the ability of the Group to continue as a going concern is dependent on the Group's ability to generate sufficient cash flows from its operations as forecasted.

Our opinion is not modified in respect of this matter.

Overview of our audit approach

Materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole at the planning stage to be RM900,000, based on 7.5% of the Group's net loss or 0.8% of the Group's gross assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on 75% of audit materiality being RM675,000.

We agreed with the Audit Committee to report to it all identified errors in excess of RM45,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Group's accounting is centralised in Malaysia, where the main activities of the Group are accounted for.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team. For the full scope components in Malaysia, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team led by the Senior Statutory Auditor was ultimately responsible for the scope and direction of the audit process. The primary team interacted regularly with the component team where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements. The subsidiary audits were performed to subsidiary level materiality which was calculated for each subsidiary with reference to their respective turnover and was lower than or equal to Group materiality in each case.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter: Going concern
There is a risk that the Group is not considered a going concern. The Group made a significant loss in the year and revenue has decreased from RM45.3m in 2017 (12 month period) to RM1.9m in 2018 (15 month period).

How the matter was addressed in the audit
Our audit work included, but was not restricted to:

- reviewing the component auditor's work regarding the going concern assumption of each subsidiary;
- reviewing the Group's cash flow forecasts and budgets for a minimum period of 18 months post signing the financial statements;

- scrutinising the reasonableness of assumptions applied to the cash flow forecasts;
- reviewing post period end management information and comparing to forecasts;
- performing sensitivity analysis on the forecasts;
- discussing future plans, future revenue streams and pipeline projects with management;
- incorporating our testing around the recoverability of receivables into the going concern review; and
- reviewing negotiations with the bank regarding new loan facilities.

Key observations
The Group raised RM17.1m via the subscription of shares issued to Serba Dinamik International Ltd, a Group listed on Bursa with a market capitalisation of RM5.6bn. Cashflow forecasts show the Group to be cashflow positive over the next 18 months and sensitivity analysis on the assumptions showed the Group to be cashflow positive if the loan is not negotiated with the bank: or there are delays of six months in the sale of power from new plants: or historic receivables are not recovered.

The financial statements have been prepared on a going concern basis, however a material uncertainty with respect to going concern was identified and is disclosed above.

Key audit matter: Recoverability of receivables
There is a risk that associated company receivables are not recoverable and therefore are materially overstated. There has been evidence of slow payment historically.

How the matter was addressed in the audit
Our audit work included, but was not restricted to:

- reviewing component auditors' work around the recoverability of receivables from two associated (or historically associated) companies;
- obtaining confirmations of receivables balances through a receivables circularization;
- reviewing historic debts and payments made to pay these down during the period and post period end, ensuring in line with payment plans;
- reviewing correspondence with companies with old receivables; and
- discussing historic balances with management to understand reasons for delayed payments.

Key observations
Without qualifying our opinion, we draw attention to notes 7 and 8 to the financial statements relating to the recoverability of the past due related party receivables amounting to RM38,331k, of which RM3,000k has been collected subsequent to the reporting period. The Directors are of the opinion that the receivables are recoverable and no additional allowance for doubtful debts is required as at 31 December 2018.

Key audit matter: Revenue recognition
Under International Standards on Auditing (UK) 240 'The Auditors' Responsibilities Relating to Fraud in an Audit of Financial Statements there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

We therefore identified revenue recognition as a significant risk of material misstatement.

How the matter was addressed in the audit
Our audit work included, but was not restricted to:

- considering the stated accounting policies in respect of revenue recognition and whether these are consistent with International Accounting Standard IAS 18 'Revenue';
- testing that the stated accounting policies had been applied accurately and consistently;
- testing a sample of sales transactions recorded either side of the balance sheet date for correct application of cut-off;
- substantively testing a sample of sales transactions ensuring that the significant risks and rewards had been passed to the customer on recognition of revenue; and

- completing high level analytical review of revenue recognised in the year.

The Group's accounting policy on revenue recognition is shown in note 4.11 to the financial statements.

Key observations
Our audit work did not identify any material errors in the occurrence of revenue recognised in the year or any material instances of revenue not being recognised in accordance with the stated accounting policy.

Key audit matter: Potential impairment of fixed assets
There is a risk that fixed assets are materially overstated and therefore require impairment.

How the matter was addressed in the audit
Our audit work included, but was not restricted to:
- reviewing component auditors' work around the impairment reviews of fixed assets;
- reviewing cashflow forecasts against significant fixed assets for evidence of impairments; and
- discussing impairment reviews with management.

Key observations
Our audit work did not identify any material errors in the valuation of fixed assets.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 18, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and 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, the Directors are responsible for assessing the Group's and parent 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 Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Laura Mott (Senior Statutory Auditor)
for and on behalf of
haysmacintyre
Statutory Auditor
London
29 March 2019

GREEN & SMART HOLDINGS plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

ASSETS	Note	31.12.2018 RM'000	30.9.2017 RM'000
NON-CURRENT ASSETS			
Intangible assets	5	831	899
Property, plant and equipment	6	41,636	36,544
Total non-current assets		**42,467**	**37,443**
CURRENT ASSETS			
Trade and other receivables	7	21,775	1,875
Amount owing by contract customers	9	401	401
Amount owing by related parties	8	34,635	71,662
Cash and cash equivalents	10	471	95
Total current assets		**57,282**	**74,033**
Total assets		**99,749**	**111,476**
EQUITY			
Stated capital	11	61,052	43,954
Foreign translation reserve	25	(2,499)	(2,987)
Retained profit		(3,350)	10,311
Merger reserve	25	(4,028)	(4,028)
Total shareholders' equity		51,175	47,250
Non-controlling interests		41	44
Total equity		**51,216**	**47,294**
CURRENT LIABILITIES			
Trade and other payables	12	30,888	48,140
Short-term borrowings	13	9,287	11,161
Total current liabilities		**40,175**	**59,301**
NON-CURRENT LIABILITY			
Government grant income	15	108	124
Amount owing to related parties	8	3,972	2,555
Long-term borrowings	17	387	476
Amount owing to directors	18	3,891	1,726
Total non-current liabilities		**8,358**	**4,881**
Total liabilities		**48,533**	**64,182**
Total liabilities and equity		**99,749**	**111,476**

The notes to the financial statements form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 29 March 2019 and were signed on its behalf by:

Saravanan Rasaratnam

GREEN & SMART HOLDINGS plc
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the

	Note	15-MONTH PERIOD ENDED 31.12.2018 RM'000	12-MONTH PERIOD ENDED 30.09.2017 RM'000
Revenue	**19**	1,924	45,344
Cost of sales		(3,763)	(33,673)
Gross (loss)/profit		**(1,839)**	**11,671**
Other income		122	280
Less: operating expenses			
Administrative expenses		(9,930)	(13,849)
Operating loss		**(11,647)**	**(1,898)**
Finance costs	**20**	(2,006)	(800)
Loss before taxation	**21**	**(13,653)**	**(2,698)**
Income tax expense	**22**	(11)	(1)
Loss for the period/year		**(13,664)**	**(2,699)**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		488	(330)
Total comprehensive loss		**(13,176)**	**(3,029)**
Loss for the period/year attributable to: -			
- Owners of the company		(13,661)	(2,696)
- Non-controlling interest		(3)	(3)
		(13,164)	(2,699)
Total comprehensive loss attributable to: -			
- Owners of the company		(13,173)	(3,026)
- Non-controlling interest		(3)	(3)
		(13,176)	(3,029)
Loss per share:			
Basic (RM)	**24**	**(0.04)**	**(0.01)**
Diluted (RM)	**24**	**(0.04)**	**(0.01)**

The notes to the financial statements form an integral part of these financial statements.

All amounts are derived from continuing operations.

GREEN & SMART HOLDINGS plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Foreign translation reserve	Merger reserve	Retained profit	Attributable to owners of the Company	Non-controlling interest	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 October 2016		35,142	(2,657)	(4,028)	13,007	41,464	47	41,511
Loss for the year		-	-	-	(2,696)	(2,696)	(3)	(2,699)
Other comprehensive income								
Translation of foreign operations		-	(330)	-	-	(330)	-	(330)
Total comprehensive income		**-**	**(330)**	**-**	**(2,696)**	**(3,026)**	**(3)**	**(3,029)**
Transaction with owners								
Issuance of shares*	**11**	8,812	-	-	-	8,812	-	8,812
Balance at 30 September 2017		**43,954**	**(2,987)**	**(4,028)**	**10,311**	**47,250**	**44**	**47,294**
Loss for the year		-	-	-	(13,661)	(13,661)	(3)	(13,664)
Translation of foreign operations		-	488	-	-	488	-	488
Total comprehensive income / (loss)		**-**	**488**	**-**	**(13,661)**	**(13,173)**	**(3)**	**(13,176)**
Transactions with owners								
Issuance shares*	**11**	17,098	-	-	-	17,098	-	17,098
Balance at 31 December 2018		**61,052**	**(2,499)**	**(4,028)**	**(3,350)**	**51,175**	**41**	**51,216**

The notes to the financial statements form an integral part of these financial statements.

* The issue of shares is recognised net of fundraising cost totaling to RM Nil (2017: RM0.3m).

GREEN & SMART HOLDINGS plc
CONSOLIDATED STATEMENT OF CASH FLOW
For the

	Note	15-MONTH PERIOD ENDED 31.12.2018 RM'000	12-MONTH PERIOD ENDED 30.09.2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(13,653)	(2,698)
Adjustments for:			
Amortisation of intangible assets		68	55
Depreciation of equipment		1,654	1,029
Impairment on investment in associates		-	26
Impairment on amount owing by associates		-	5,197
Impairment on other receivables		-	114
Government grant income		(16)	(13)
Gain on disposal of investment		-	(250)
Interest expenses	**20**	1,966	795
Cash flow from operating activities before working capital changes		**(9,981)**	**4,255**
Increase in trade and other receivables		(3,423)	(918)
(Decrease) /increase in trade and other payables		(17,251)	13,198
Decrease / (increase) in amount owing from related parties		20,550	(17,632)
Cash flow used in/(from) operating activities		**(10,105)**	**(1,097)**
Tax paid		(11)	(1)
Interest paid	**20**	(1,966)	(795)
NET CASH FLOW USED FROM OPERATING ACTIVITIES		**(12,082)**	**(1,893)**
CASH FLOW FOR INVESTING ACTIVITIES			
Investment in associates		-	(1,000)
Purchase of plant and equipment	**6**	(6,746)	(9,933)
NET CASH FLOW USED IN INVESTING ACTIVITIES		**(6,746)**	**(10,933)**
CASH FLOW FOR FINANCING ACTIVITIES			
Issuance of new ordinary shares	**11**	17,098	2,809
Issuance of redeemable convertible preference shares	**11**	-	6,000
Advances from related parties		1,417	-
Advances from directors		2,165	830
Repayment of hire purchase obligations		(83)	(82)
Drawdown of short-term loans		-	1,493
Repayment of term loans		(1,785)	(282)
NET CASH FLOW FROM FINANCING ACTIVITIES		**18,812**	**10,768**
Net decrease in cash and cash equivalents		**(16)**	**(2,058)**
Effects of foreign exchange translation		**392**	**-**
Cash and cash equivalents at the beginning of the period		**95**	**2,153**
Cash and cash equivalents at the end of the period	**10**	**471**	**95**

The notes to the financial statements form an integral part of these financial statements.

GREEN & SMART HOLDINGS plc

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

Green & Smart Holdings plc ("the Company") was incorporated as a public limited company in Jersey with registration number 119200 on 7 August 2015. The registered office of the Company is 12 Castle Street, St. Helier, Jersey JE2 3RT, Channel Islands.

Pursuant to a resolution ratified at the Annual General Meeting of the Company on 25 October 2018,

the Group's financial year was changed from 30 September to 31 December 2018.

The Company is listed on the AIM market of the London Stock Exchange. The Company's nature of operations is to act as the holding company of a group of subsidiaries that are involved in research and development, provision of professional engineering consultancy and process design services in the areas of industrial biotechnology, pollution control and renewable energy; and engineering, procurement and construction of various waste treatment plants/systems; development, commercialisation, operation and maintenance of renewable energy plants.

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries (the "Group") as follows:

Name	Place of incorporation	Registered address	Principal activity	Effective interest	
				31.12.2018	30.09.2017
Green & Smart Ventures Sdn Bhd	Malaysia	Note 1	Holding company	100%	100%
Green & Smart Sdn Bhd	Malaysia	Note 1	IPP & EPCC contractor	100%	100%
Our Energy Group (M) Sdn Bhd	Malaysia	Note 2	IPP	51%	51%

Note 1 – registered address: 3-2, 3rd Mile Square, No.151, Jalan Kelang Lama, Batu 3 ½, 58100 Kuala Lumpur.

Note 2 – registered address: 54B Damai Complex, Jalan Lumut, 50400 Kuala Lumpur.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") issued by the International Accounting Standards Board ("IASB"), including related interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

As permitted by Companies (Jersey) Law 1991 only the consolidated financial statements are presented.

The financial statements are presented in RM unless otherwise stated, and is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand ringgit ("RM'000") except where otherwise indicated.

The results for 31 December 2018 are prepared for a 15 month period and therefore the comparative amounts are not entirely comparable.

2. BASIS OF PREPARATION (CONT'D)

GOING CONCERN

The financial statements are required to be prepared on the going concern basis unless it is inappropriate to do so.

The Directors, having considered "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies" issued by The Financial Reporting Council in 2016, consider the going concern basis of preparation to be appropriate in preparing the financial statements. The key conclusions are summarised below.

The Group made a loss for the period of RM13.65m (2017: RM2.70m) and recorded a net cash outflow from operating activities of RM12.08m (2017: RM1.89m). At the reporting date the Group held cash and cash equivalents of RM0.47m (2017: RM0.09m) and had current liabilities of RM40.18m (2017: RM59.30m).

As described in note 7, amounts of RM17.91m (2017: RM24.3m) is due to the Group from Concord Green Energy Sdn Bhd ("CGE"). Further debts arose during the financial period of approximately RM Nil (2017: RM19.47m) from CGE. During the period, a repayment schedule was undertaken with CGE who committed to a monthly repayment of RM2.0m until full and final settlement of outstanding debts. A total of RM6.48m was collected during the financial period and a further RM6.0m was collected post period end.

As described in note 8, amounts of RM38.33m (2017: RM51.15m) is due to the Group from Megagreen Energy Sdn Bhd ("MGE"). Further debts arose during the financial period of approximately RM1.27m (2017: RM28.43m) from MGE. During the period, a repayment schedule was undertaken with MGE who committed to a monthly repayment of RM3.0m until full and final settlement of outstanding debts. A total of RM14.09m was collected during the financial period. Post period end, RM3.0m was collected but the repayment plan was paused whilst re-negotiations are taking place.

The Directors consider the amounts owing to be recoverable in full.

On 19 July 2018 the Company announced that it had raised approximately RM17.09m (£3.2m) via the subscription for 51,806,000 new common shares by Serba Dinamik International Ltd, at a price of approximately 6.19 pence (RM0.33) per share (the "Subscription"). The net proceeds of the Subscription will be used to advance the development of the Company's third fully-owned biogas power plant at Minyak and for working capital purposes.

The Directors have prepared financial projections and plans for a period of at least 12 months from the date of approval of these financial statements, taking into account the proceeds of the Subscription, and have considered the mitigating actions that could be taken in the event that the anticipated receipts from Megagreen Energy and Concord Green Energy are not forthcoming in accordance with the assurances provided to the Directors by management of those undertakings.

Based on their review of those financial projections and plans, the Directors consider the going concern basis of preparation to be appropriate.

NEW STANDARDS, AMENDMENTS TO AND INTERPRETATIONS OF PUBLISHED STANDARDS NOT YET IN EFFECT

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective.

IFRS 9 is not expected to impact the measurement of financial instruments, whilst IFRS 15 may have an impact on revenue recognition relating to construction contracts. IFRS 16 will impact the treatment of operating leases and their presentation.

The Group plans to adopt these new standards on the required effective date. In the case of IFRS 15 this will be in the financial year ending 31 December 2019. The majority of the Group's revenue is expected to be driven by contract revenue. The Group currently recognises revenue from contracts on a percentage completion basis. The Directors are reviewing current and pipeline contracts in order to assess the potential impact of IFRS 15 and developing appropriate systems, internal controls, policies and procedures necessary to collect information for the purpose of disclosure as required by IFRS 15. Revenue from the sale of power is currently recognised on delivery and IFRS 15 is not expected to result in a material change to this.

The adoption of IFRS 16 is expected to have a material impact on the Group's reported results in the following financial year. The total future minimum lease payments under the non-cancellable operating leases is approximately RM13.06m (2017: RM14.90m) (see note 28).

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial information of the Company and its subsidiaries made up to the end of the reporting period. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements present the results of the Company and its subsidiaries and joint arrangements as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full. The financial information of subsidiaries is included in the Group's financial statements from the date that control commences until the date that control ceases.

On 6 May 2016, the Company entered into agreements with all of the shareholders of Green & Smart Ventures Sdn Bhd ("G&S Venture") for a share for share exchange regarding the ordinary shares in Green & Smart Holdings plc and ordinary shares in G&S Venture. As a result of this transaction, the ultimate shareholders in the Company received shares in Green & Smart Holdings plc in direct proportion to their original shareholdings in G&S Venture.

The acquisition of G&S Venture by the Company was that of a re-organisation of entities which were under common control. As such, that combination also falls outside the scope of IFRS 3 'Business Combinations' (Revised 2008). The Directors have, therefore, decided that it is appropriate to reflect the combination using the merger basis of accounting in order to give a true and fair view. No fair value adjustments were made as a result of that combination.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below: -

a) Impairment of assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

b) Impairment of trade and other receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivable financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

As described in note 7, amounts of RM17.91m (2017: RM24.3m) is due to the Group from Concord Green Energy Sdn Bhd ("CGE"). Further debts arose during the financial period of approximately RM Nil (2017: RM19.47m) from CGE. During the period, a repayment schedule was undertaken with CGE who committed to a monthly repayment of RM2.0m until full and final settlement of outstanding debts. A total of RM6.48m was collected during the financial period. A further RM6.0m was collected post period end.

As described in note 8, amounts of RM38.33m (2017: RM51.15m) is due to the Group from Megagreen Energy Sdn Bhd ("MGE"). Further debts arose during the financial period of approximately RM1.27m (2017: RM28.43m) from MGE. During the period, a repayment schedule was undertaken with MGE who committed to a monthly repayment of RM3.0m until full and final settlement of outstanding debts. A total of RM14.09m was collected during the financial period. Post period end, RM3.0m was collected but the repayment plan was paused whilst re-negotiations are taking place.

c) Construction contracts

As described in note 4.13, the Group's accounting approach reflects a sound judgement as potential losses on contract are being considered and reflected with its probability immediately upon occurrence while contract revenue which cannot be estimated reliably is realised only after confirmed by written agreement. The carrying amounts of the Group's construction contracts due from/(to) customers at the end of the reporting period/year are disclosed in note 9 including any allowance for impairment if there is a material uncertainty to fully recover costs of each contract.

4.2 FUNCTIONAL AND FOREIGN CURRENCIES

a) Transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

b) Foreign operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates approximating those ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the foreign exchange translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

4.3 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.

4.3.1 Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate. The Group currently holds financial assets as:

a) Loans and receivables financial assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets, using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

4.3.2 Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

4.3.3 Equity Instruments

Instrument classified as equity are measured at cost and are not remeasured subsequently.

a) Ordinary shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

4.3.4 Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.4 PROPERTY, PLANT AND EQUIPMENT

a) Owned Assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use.

b) Depreciation

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line basis to write off the depreciable amount of the assets net of the estimated residual values over their estimated useful lives. Assets under construction is depreciated from the date it is ready to use. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

	Estimated Useful Lives
Office equipment	5 -10 years
Furniture and fittings	5 -10 years
Plant & machinery	20 years
Renovation	5 -10 years
Industrial building	50 years
Motor vehicle	5 years

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

c) Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from de-recognition of the asset is recognised in profit or loss.

4.5 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses (note 5). The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial period / year end.

The amortisation expense on intangible assets with finite useful lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

a) Trademark

Trademarks are stated at cost less accumulated amortisation and any impairment losses (note 5). Trademarks are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash generating unit level. Trademarks are amortised over a period of ten (10) years.

b) Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Such development expenditure is capitalised if, and only if an entity can demonstrate all of the following:

(i) its ability to measure reliably the expenditure attributable to the asset under development;
(ii) the product or process is technically and commercially feasible;
(iii) its future economic benefits are probable;
(iv) its intention to complete and the ability to use or sell the developed assets; and
(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line-method over its expected useful life when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

4.6 IMPAIRMENT

a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, 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 through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which IAS 36: Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.7 INCOME TAXES

Income tax for the period comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period/year and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period/year when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period/year.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.9 EMPLOYEE BENEFITS

a) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period/year in which the associated services are rendered by employees of the Group.

b) Defined contribution plans

The Group's contribution to defined contribution plans are recognised in profit or loss in the period/year to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.10 REVENUE AND OTHER INCOME

(i) Revenue from construction contracts

Revenue from construction contracts is recognised based on the methods as described in note 4.14(i).

(ii) Sale of goods

Revenue from the sale of goods is recognised upon delivery of products and customers' acceptance, if any.

(iii) Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related costs which they are intended to compensate for.

Grants that compensate the Group for the costs of assets are recognised in profit or loss on a systematic basis over the expected life of the related asset.

(iv) Revenue from Sale of Electricity

Revenue from the sale of electricity generated from the renewable energy plant is recognised as and when the electricity is delivered to the off-taker, based on the invoiced value of sale of electricity, computed at a predetermined rate. Accrued unbilled revenues are reversed in the following month when actual billing occurs.

4.11 BORROWING COSTS

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset, are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred. No interest costs were capitalised during the period.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4.12 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.13 CONSTRUCTION CONTRACTS

(i) Contract revenue

Contract revenue is recognised on the percentage of completion method based on works performed. The stage of completion is measured by reference to the actual cost incurred to date to estimated total cost for each contract.

Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(ii) Amount due from / (to) customer for contract work

Amount due from / (to) customer for contract work is the net amount of cost incurred for construction and contract-in-progress plus profit attributable to contract-in-progress less foreseeable losses, if any, and progress billings. Contract cost incurred to date include costs directly related to the contract or attributable to contract activities in general and costs specifically chargeable to the customer under the terms of the contract.

5. INTANGIBLE ASSETS

	Trademarks RM'000	Patents RM'000	Total RM'000
Cost			
At 1 October 2016	1,319	8	1,327
Addition	-	-	-
At 30 September 2017	1,319	8	1,327
Addition	-	-	-
At 31 December 2018	1,319	8	1,327

	Trademarks RM'000	Patents RM'000	Total RM'000
Accumulated depreciation			
At 1 October 2016	369	4	373
Charge for the year	54	1	55
At 30 September 2017	423	5	428
Charge for the period	67	1	68
At 31 December 2018	490	6	496
Net book value			
At 31 December 2018	829	2	831
At 30 September 2017	896	3	899

(a) Trademark

The trademarks "GRASS", "POME-MAS" and "GREENPAK" are registered in Malaysia in respect of patented wastewater and bio-waste treatment technologies. These trademarks have been granted for an indefinite period, however, they are being amortised over ten (10) years in line with Management's best estimate of their expected useful life.

The remaining amortisation period of trademarks is between one (1) to four (4) years, the remaining amortisation period of patents is between seven (7) to thirteen (13) years.

6. PLANT AND EQUIPMENT

	Furniture & Fittings RM'000	Renovation RM'000	Office Equipment RM'000	Assets under Construction RM'000	Industrial Building RM'000	Motor Vehicle RM'000	Total RM'000
At Cost							
At 1 October 2017	159	344	167	14,672	21,587	807	37,736
Addition	-	-	-	6,746	-	-	6,746
At 31 December 2018	159	344	167	21,418	21,587	807	44,482
Less: Accumulated Depreciation							
At 1 October 2017	32	58	52	-	810	240	1,192
Charge for the period	21	44	38	-	1,349	202	1,654
At 31 December 2018	53	102	90	-	2,159	442	2,847
Carrying Amount							
At 31 December 2018	106	242	77	21,418	19,428	365	41,636

	Furniture & Fittings RM'000	Renovation RM'000	Office Equipment RM'000	Assets under Construction RM'000	Industrial Building RM'000	Motor Vehicle RM'000	Total RM'000
At Cost							
At 1 October 2016	163	456	141	26,371	-	732	27,863
Additions	-	18	31	9,888	-	75	10,012
Adjustments	(4)	(130)	(5)	-	-	-	(139)
Reclassification	-	-	-	(21,587)	21,587	-	-
At 30 September 2017	159	344	167	14,672	21,587	807	37,736
Less: Accumulated Depreciation							
At 1 October 2016	15	35	26	-	-	87	163
Charge for the year	17	23	26	-	810	153	1,029
At 30 September 2017	32	58	52	-	810	240	1,192
Carrying Amount							
At 30 September 2017	127	286	115	14,672	20,777	567	36,544

6. PLANT AND EQUIPMENT (CONT'D)

a) Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM0.37m (2017: RM0.57m), which were acquired under hire purchase terms.

b) Assets under construction represents biogas power plant under construction. It is subject to depreciation only when completed and ready for use. No interest was capitalised during the financial year, but total interest capitalised to date included in the Asset under construction amounts to RM0.54m (2017: RM0.54m).

c) Industrial building with carrying amount of approximately RM19.43m (2017: RM20.78m) and Assets under construction with carrying amount of approximately RM21.42m (2017: RM14.67m) are pledged against the banking facility (note 16).

d) Acquisition of plant and equipment: -

	31.12.2018 RM'000	30.09.2017 RM'000
Cash paid to acquire property, plant and equipment	6,746	9,933

7. TRADE AND OTHER RECEIVABLES

	31.12.2018 RM'000	30.09.2017 RM'000
Trade receivables	20,152	104
Less: allowance for impairment loss	(1,575)	-
	18,577	104
Other receivables & deposits	3,701	2,185
Less: allowance for impairment loss	(503)	(414)
	3,198	1,771
	21,775	1,875
Allowance for impairment losses		
Opening balance	(414)	(300)
Reclassification (Note c)	(1,435)	-
Additions during the year	(229)	(114)
Closing balance	(2,078)	(414)

a) The Group's normal credit terms range from 90 to 120 days (2017: 90 to 120 days). Other credit terms are assessed and varied on a case-by-case basis.

b) Trade and other receivables that are individually determined to be impaired relate to customers that have defaulted on payments or the amount due from third parties considered irrecoverable.

c) Include in the Trade Receivables is an amount of RM17.91m (2017: RM24.3m) due from CGE. CGE was previously classified as a Related Party (Note 8). During the financial period, a repayment arrangement was structured with CGE for a monthly payment of RM2.0m and total monies received during the financial period was RM6.49m. Due to reclassification, the comparative amounts are not entirely comparable.

8. AMOUNTS OWING BY / (TO) RELATED PARTIES

Party	Relationship	Trade Receivables RM'000	Other Receivables RM'000	Other Payables RM'000	Total RM'000
31.12.2018					
Megagreen Energy Sdn Bhd	Related party	34,088	4,243	-	38,331
Less: Allowance for impairment loss		(3,762)	-	-	(3,762)
		30,326	4,243	-	34,569
Makmur Hidro Sdn Bhd.	Related party	-	66	-	66
		30,326	4,309	-	34,635
K2M Ventures Sdn Bhd	Ultimate holding co.	-	-	(3,972)	(3,972)
		30,326	4,309	(3,972)	30,663

Party	Relationship	Trade Receivables RM'000	Other Receivables RM'000	Other Payables RM'000	Total RM'000
30.9.2017					
Megagreen Energy Sdn Bhd	Related party	48,660	2,485	-	51,145
Concord Green Energy Sdn Bhd	Related party	24,398	1,250	-	25,648
		73,058	3,735	-	76,793
Less: Allowance for impairment loss		(5,197)	-	-	(5,197)
		67,861	3,735	-	71,596
Makmur Hidro Sdn Bhd.	Related party	-	66	-	66
		67,861	3,801	-	71,662
K2M Ventures Sdn Bhd	Ultimate holding co.	-	-	(2,555)	(2,555)
		67,861	3,801	(2,555)	69,107

	31.12.2018 RM'000	30.09.2017 RM'000
Allowance for impairment losses		
Opening balance	5,197	-
Reclassification (*)	(1,435)	-
Movement for the year	-	5,197
Closing balance	3,762	5,197

* For the financial period to 31 December 2018, Concord Green Energy Sdn Bhd ("CGE") is no longer classified as a related party following the Group's disposal of its interest in the Company. The outstanding amount is now reflected as a Trade Receivable (Note 7).

Amounts owing by related parties principally comprise trade debts due from Megagreen Energy Sdn Bhd ("MGE"). The amounts due are collectible in cash, have arisen in the ordinary course of the business of the Group and are subject to credit terms of 30 days. The amounts owing are analysed as follows:

	31.12.2018 RM'000	30.09.2017 RM'000
Not past due	-	47,041
Past due by less than 3 months	-	-
Past due by less than 3 – 6 months	-	-
Past due by 6 months and above	34,088	26,017
	34,088	73,058

During the financial period, a repayment arrangement was structured with MGE for a monthly payment of RM3.0m and they have continued to meet their payment obligation. Total monies received during the financial period was RM14.09m. Post period end, RM3.0m was collected but the repayment plan was paused whilst re-negotiations are taking place.

9. DUE FROM/ (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	31.12.2018 RM'000	30.09.2017 RM'000
Aggregate cost incurred to date	52,669	52,669
Add: attributable profits	18,386	18,386
	71,055	71,055
Less: progress billings	(70,654)	(70,654)
	401	401
Represented by:		
Amounts owing from contract customers	401	401
Amounts owing to contract customers	-	-

10. CASH AND CASH EQUIVALENTS

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

	31.12.2018 RM'000	30.09.2017 RM'000
Cash and bank balances	471	95

11. STATED CAPITAL

	No. of shares	RM'000
Issued and Fully Paid-Up at no par value		
1 October 2015	2	-
Issuance of shares:		
On 20 January 2016	100	-
On 6 May 2016 – share exchange agreement	232,222,120	13,069
On 6 May 2016 – on AIM admission	44,444,445	24,531
Less: transaction costs	-	(2,458)
30 September 2016	276,666,667	35,142
Issuance of shares:		
On 19 December 2016	10,761,367	6,000
On 19 June 2017	6,141,778	3,083
Less: transaction costs	-	(271)
30 September 2017	293,569,812	43,954
Issuance of shares:		
On 19 July 2018	51,806,000	17,098
Less: transaction costs	-	
31 December 2018	345,375,812	61,052

On 19 December 2016, the Company issued 10,761,367 Ordinary Shares at a subscription price of 10.62 pence per Subscription Share pursuant to a Share Swap Agreement dated the same to MTDC. This followed the conversion by MTDC of 6,000,000 Preference Shares in Green & Smart Sdn Bhd, acquired pursuant to an Investment Agreement dated 16 December 2016. At that date of the share issuance, MTDC held 19,476,367 shares in the Company, amounting to 6.78% of the enlarged issued share capital of the Company, which stood at 287,428,034.

During the financial year on 19 June 2017, the Company issued 6,141,778 Ordinary Shares (representing approximately 2.1% of the Company's issued share capital as enlarged by the Shares) at 9p per Ordinary Share to raise approximately RM3.12 million (£552,759, at an exchange rate of RM5.6461 to £1) and 5,848,664 five-year warrants (exercisable at 9.25 pence per share) to subscribe in aggregate up to 5,848,664 Shares.

During the financial period on 19 July 2018, the Company issued a further 51,806,000 Ordinary Shares (representing approximately 15% of the Company's issued share capital as enlarged by the Shares) at 6.19p per Ordinary Share to raise approximately RM17.09m (£3.12, at an exchange rate of RM5.4487 to £1).

At 31 December 2018, the Company's issued share capital was 345,375,812 ordinary shares.

12. TRADE AND OTHER PAYABLES

	31.12.2018 RM'000	30.09.2017 RM'000
Trade payable	13,797	15,016
Other payables and accruals	17,091	33,124
	30,888	48,140

The normal credit terms granted to the Group by the suppliers are 90 days (2017: 90 days) from invoice date.

13. SHORT-TERM BORROWINGS

	31.12.2018 RM'000	30.09.2017 RM'000
Mezzanine loan	1,509	1,412
Hire purchase payables (note 14)	87	81
Term loans (note 16)	7,691	9,668
	9,287	11,161

14. HIRE PURCHASE PAYABLES

	31.12.2018 RM'000	30.09.2017 RM'000
Minimum hire purchase payments:		
- not later than one year	110	110
- later than one year and not later than five years	406	440
- later than five years	26	133
	542	683
Less: Future finance charges	(68)	(126)
	474	557
Current		
Not later than one year (note 13)	87	81
Non-current (note 17)		
Later than one year and not later than five years	362	421
Later than five years	25	55
	387	476
	474	557

The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 5.20% to 5.36% (2017: 5.20% - 5.36%).

15. DEFERRED GRANT INCOME

The Group received a government grant in financial years 2007 and 2008 which was provided for the project "Greenpak", to develop a new individual septic tank using Upflow Anaerobic Sludge Blanket principle. The grant income is amortised on a systematic basis over the useful life of the related patent.

During the financial period ended 31 December 2018, an amortised amount of RM15,625 was recognised (12 months of 2017: RM12,500) as other income in profit or loss.

16. TERM LOAN

	31.12.2018 RM'000	30.09.2017 RM'000
Current (note 13)		
Not later than one year	7,691	9,668

The term loans are secured against: -

(i) Capital work-in-progress as disclosed in note 7(c) to the financial statement;

(ii) Fixed and floating charge over present and future assets;

(iii) A guarantee by Credit Guarantee Corporation Berhad ("CGC");

(iv) Corporate guarantee from holding company; and

(v) Joint and several guarantees by the directors.

During the previous financial year, due to delayed repayment and the lender being in a position to declare the term loan outstanding as immediately due and payable, the entire term loan was reclassified as a current liability. On 17 October 2017, the Group received a supplemental letter of offer from the lender to vary the terms & conditions of the facility & reschedule the repayment period.

17. LONG TERM BORROWINGS

	31.12.2018 RM'000	30.09.2017 RM'000
Hire purchase payables (note 14)	387	476

18. AMOUNT OWING TO DIRECTORS

The amounts owing to directors are unsecured, interest free and have no fixed terms of repayment.

19. REVENUE

Revenue represents contract revenue recognised based on percentage of completion method and the net invoiced value of powers sold, after allowances for returns and trade discounts. All revenues are derived from Malaysia.

	31.12.2018 RM'000	30.09.2017 RM'000
Contract revenue recognised based on percentage of completion method	1,058	44,378
Net invoiced value of power sold	866	966
	1,924	45,344

20. FINANCE COSTS

	31.12.2018 RM'000	30.09.2017 RM'000
Bank charges	10	5
Bank guarantee charges	30	-
Hire purchase interest	59	18
Short-term loan interest	1,124	155
Term loan interest	783	622
	1,966	795
	2,006	800

21. PROFIT / (LOSS) BEFORE TAXATION

	31.12.2018 RM'000	30.09.2017 RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):-		
Auditors' remuneration		
Fees payable to Company's auditor and its associates for the audit of the consolidated financial statements	136	337
Non-audit fees payable to Company's auditor relating to the transaction services	-	15
Allowance for impairment losses: -		
Investment in associates	-	26
Amount owing by associates	-	5,197
Other receivables	-	114
Amortisation of intangible assets	68	55
Depreciation of plant and equipment	1,654	1,029
Rental of premises	173	152
Rental of equipment	12	8
Rental of motor vehicles	268	243
Unrealised (gain) /loss on foreign exchange	(19)	86
Realised gain on foreign exchange	(88)	(13)
Waiver of debt	-	(506)
Government grant income	(16)	(13)
Employees Provident Fund	433	321

22. INCOME TAX EXPENSE

The Company is regarded as resident for tax purposes in Jersey and on the basis that the Company is neither a financial service company nor a utility company for the purpose of the Income Tax (Jersey) Law 1961, as amended, the Company is subject to income tax in Jersey at a rate of zero per cent.

Green & Smart Sdn Bhd ("G&S") is granted BioNexus status by a government agency, namely Malaysian Bioeconomy Development Corporation Sdn Bhd (previously known as Malaysian Biotechnology Corporation Sdn. Bhd). Therefore, G&S is entitled to tax exemption on the statutory business income derived from approved activities over five consecutive years of assessment commencing from the first year in which G&S generates statutory income from the relevant approved activities. The tax exemption expired in the financial period ended 31 December 2018.

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows: -

	31.12.2018 RM'000	30.09.2017 RM'000
Loss before taxation	(13,653)	(2,698)
Tax at the statutory tax rate of 24% (2017:24%)	(3,276)	(647)
Tax effect of:		
Non-deductible expenses	3,438	2,420
Tax exempt income	(207)	(4,470)
Under provision of income tax in the previous financial year	11	-
Income tax expenses for the period/year	11	1

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial period.

Subject to the agreement of the Inland Revenue Board, at 31 December 2018, the Group has deferred tax assets not recognised in the financial statements for the following item under the liability method:-

	31.12.2018 RM'000	30.09.2017 RM'000
Unabsorbed tax losses	1,264	1,260

No deferred tax assets are recognised in the financial statements for the above item as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised. The unused tax losses do not expire under current tax legislation. The availability of unused tax losses for offsetting against future taxable profits in Malaysia are subject to there being no substantial changes in shareholdings of the subsidiary undertakings under the Income Tax Act 1967 and the application of guidelines issued by the tax authorities.

23. RELATED PARTY TRANSACTIONS

a) Identities of Related Parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Company has related party relationships with its directors, key management personnel and entities within the same group of companies.

b) Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial period: -

	31.12.2018 RM'000	**30.09.2017 RM'000**
Megagreen Energy Sdn. Bhd.		
- Contract revenue	-	25,060
- Amounts owing by related parties	34,569	47,383
Amount owing to K2M Ventures Sdn. Bhd	(3,972)	(2,555)
Amount owing from Makmur Hidro Sdn, Bhd.	66	66
Net amount owing to Saravanan Rasaratnam	(1,204)	(396)
Amount owing to Navindran Balakrishnan	(1,428)	(593)
Amount due to Serba Dinamik Sdn. Bhd.	(460)	-

c) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the period are as follows: -

	31.12.2018 RM'000	**30.09.2017 RM'000**
Short-term employee benefits	2,355	1,673
Defined contribution plan (EPF)	183	167
	2,538	1,840
Included in the total key management personnel compensation are:-		
Directors' remuneration	1,336	1,077
Executive Directors' Fees	426	455
Non-Executive Directors' Fees	445	455
	2,207	1,987

The key management personnel are those personnel having authority and responsibility for planning, directing and controlling the activities within the Group, either directly or indirectly.

The payment of emoluments to the director is disclosed in the remuneration report.

24. EARNINGS PER SHARE

The calculation of earnings per share is based on the following earnings and number of shares:

	31.12.2018	30.09.2017
Loss attributable to the owners of the company (RM'000)	(13,163)	(2,696)
Weighted average shares in issue for basic earnings per share	315,155,645	286,273,137
Adjustment for:		
Warrants instruments	7,232,013	2,845,503
Weighted average shares in issue for diluted earnings per share	322,387,658	289,118,640
Basic earnings per share (RM - cent)	(4.33)	(0.94)
Diluted earnings per share (RM - cent)	(4.33)	(0.94)

Diluted EPS amounts are calculated by dividing the profit or loss for the year attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares and issued warrants into ordinary shares. The potential ordinary shares are anti-dilutive and therefore the diluted loss per share has not been calculated.

25. RESERVES

a) Foreign currency translation reserves

The foreign exchange translation reserves arose from the translation of the financial information of foreign subsidiaries and are not distributable by way of dividends.

b) Merger reserves

The accounting treatment for Group reorganisation is scoped out of IFRS 3. Accordingly, as required under IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Group has referred to current UK GAAP to assist its judgement in identifying a suitable accounting policy. The introduction of the new holding company has been accounted for as a capital reorganisation using the merger accounting principles prescribed under current UK GAAP. Therefore, the consolidated financial statements of Green & Smart Holdings plc are presented as if the Company has always been the holding company for the Group.

The use of merger accounting principles has resulted in a balance on Group capital and reserves that have been classified as a merger reserve and included in the Group's shareholders' funds. The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date.

26. CONTINGENCIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	31.12.2018 RM'000	30.09.2017 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to a related party	**32,729**	**33,446**

The Group has provided Megagreen Energy with a corporate guarantee in support of a loan facility. As the Group has only a 15% interest in Megagreen, it has no effective control over whether any claim may be made under this guarantee. Credit Guarantee Corporation Malaysia Berhad has confirmed that repayment of the 60% of the amount borrowed by Megagreen under the facility is guaranteed by Credit Guarantee Corporation Malaysia Berhad up to June 2025 pursuant to the Green Technology Financing Scheme – established by the Malaysian government. On that basis, the Directors expect the exposure of G&S under the guarantee to be limited to approximately RM14.1m (2017: RM14.1m).

27. CAPITAL COMMITMENTS

At 31 December, the Group had the following capital commitments in respect to plant & equipment:

	31.12.2018 RM'000	30.09.2017 RM'000
Approved and contracted for construction of plant and equipment	17,064	11,880

28. OPERATING LEASE COMMITMENT

The Company leases a number of office premises, motor vehicles, equipment and land under non-cancellable operating leases. The future minimum lease payments under the non-cancellable operating leases are as follows: -

	31.12.2018 RM'000	30.09.2017 RM'000
Not later than one year	1,293	1,302
Later than one year and not later than five years	4,124	4,747
Later than five years	7,638	8,841
	13,055	14,890

29. OPERATING SEGMENTS

(a) Operating segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. Currently the Group operates under two operating segments providing consulting and contract services to customers in the renewable energy sector and the supply of power to National Grid.

Information on geographical segments is not presented as the Group operates wholly in Malaysia where all of its assets and liabilities are located.

The information provided to management for the reportable segments during each period/year are as follows:

Business Segments	**Consulting & contract RM'000**	**Power RM'000**	**Head office RM'000**	**Total RM'000**
31.12.2018				
Contract revenues	1,058	-	-	1,058
Power sold	-	866	-	866
Group revenues	1,058	866	-	1,924
Gross Profit/(Loss)	222	(2,061)	-	(1,839)
Net Loss	(6,282)	(7,382)	-	(13,664)
Segment Assets	51,547	43,957	4,245	99,749
Segment Liabilities	15,965	16,875	15,695	48,535
Capital Expenditure	-	6,746	-	6,746
Depreciation and amortisation	-	1,418	304	1,722

Business Segments	**Consulting & contract RM'000**	**Power RM'000**	**Head office RM'000**	**Total RM'000**
30.09.2017				
Contract revenues	44,378	-	-	44,378
Power sold	-	966		966
Group revenues	44,378	966	-	45,344
Gross Profit/(Loss)	12,491	(1,326)	-	11,165
Net Loss	(1,186)	(1,510)	-	(2,696)
Segment Assets	72,097	36,704	2,675	111,476
Segment Liabilities	36,809	15,347	12,026	64,182
Capital Expenditure	-	9,872	-	9,872
Depreciation and amortisation	-	810	219	1,029

(b) Information about major customers

During the financial period, the following customers contributed more than 10% of the revenue for the Group:

	31.12.2018 RM'000	**30.09.2017 RM'000**
Megagreen Green Sdn Bhd	-	25,060
Felcra Processing & Engineering Sdn Bhd	1,058	-
Tenaga Nasional Berhad	866	-
Concord Green Energy Sdn Bhd	-	19,318
	1,924	44,378

30. WARRANT INSTRUMENTS

	31.12.2018 Average exercise price per warrants	**31.12.2018** Number of warrants	**30.09.2017** Average exercise price per warrants	**30.09.2017** Number of warrants
At 1 October	0.092p	7,232,013	0.09p	1,383,333
Granted during the period/year	-	-	0.0925p	5,848,680
Exercised during the period/year	-	-	-	-
Forfeited during the period/year	-	-	-	-
As at 31 December	0.092p	7,232,013	0.092p	7,232,013

On 6 May 2016, the Company granted 1,383,333 warrants to S.P. Angel Corporate Finance LLP, the Company's nominated adviser, at the exercise price of 9 pence each with an expiring date of 5 years.

On 19 June and 28 June 2017, the Company issued 5,848,680 warrants to subscribers to a private placing arranged by Charles Street Securities Europe LLP ("CSS") and to CSS as part of the fee arrangements for arranging the placement. Of the total warrants issued, 2,777,778 were issued to CSS as fees payable in connection with that placement. The warrants issued to subscribers are outside the scope of IFRS2. In accordance with IFRS2 the fair value of the warrants issued as fees for the placement services provided has been estimated as RM220,000. This has been recognised within the stated capital component of equity as the costs were directly incurred in raising the related equity funds.

31. ULTIMATE CONTROLLING PARTIES

Although K2M Ventures Sdn Bhd held 32.52% of the Company's share capital at the reporting date, as that entity is jointly controlled by Saravanan Rasaratnam and Navindran Balakrishnan, the Directors consider there is no ultimate controlling party.

32. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risks and liquidity risks. The Group's overall financial risk management policy focuses on the unpredictability of finance market and seek to minimise potential adverse effects on the Group's financial performance by having in place adequate financial resources for the development of the Group's business whilst managing its market risk, credit risk and liquidity risk.

The Group holds the following financial instruments:

	31.12.2018 RM'000	30.09.2017 RM'000
Financial Assets		
Trade receivables	18,577	104
Other receivables and deposits	3,198	1,771
Amount owing by contract customers	401	401
Amount owing by related parties	34,635	71,662
Cash and bank balances	471	95
	57,282	74,033
Financial Liabilities		
Trade payables	13,797	15,016
Other payables and accruals	17,091	33,124
Amount owing to related parties	3,972	2,555
Amount owing to directors	3,891	1,726
Hire purchase payables	474	557
Term loans	9,200	11,080
	48,425	64,058

32.1 FINANCIAL RISK MANAGEMENT POLICIES

The following sections provide details on the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

32.1.1 MARKET RISK

(a) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than functional currency. The currencies giving rise to this risk are primarily the United States Dollar ("USD") and Great British Pound ("GBP"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level. At the end of the reporting period, the Group does not have any derivative financial instruments used to hedge foreign currency risk.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1.1 MARKET RISK (CONT'D)

The Group exposure to foreign currency risk, based on the carrying amounts at the reporting date is as follows:

31.12.2018	USD RM'000	GBP RM'000	RM RM'000	TOTAL RM'000
Financial Assets				
Trade receivables	-	-	18,577	18,577
Other receivables and deposit	-	-	3,198	3,198
Amount owing by contract customers	-	-	401	401
Amount owing by related parties	-	-	34,635	34,635
Cash and bank balance	13	-	458	471
	13	-	57,269	57,282
Financial Liabilities				
Trade payables	936	-	12,861	13,797
Other payables and accruals	-	1,774	15,317	17,091
Amount owing to related parties	-	1,938	2,034	3,972
Amount owing to directors	-	1,986	1,905	3,891
Hire purchases	-	-	474	474
Term loans	-	1,509	7,691	9,200
	936	7,207	40,282	48,425
Net financial assets/(liabilities)	(923)	(7,207)	16,987	8,857
Less: Net financial liabilities denominated in the Company's functional currency	-	-	(16,987)	(16,987)
Currency exposure	(923)	(7,207)	-	(8,130)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1.1 MARKET RISK (CONT'D)

30.09.2017	USD RM'000	GBP RM'000	EURO RM'000	RM RM'000	TOTAL RM'000
Financial Assets					
Trade receivables	-	-	-	104	104
Other receivables and deposits	-	26	-	1,745	1,771
Amount owing by contract customers	-	-	-	401	401
Amount owing by related parties	-	-	-	71,662	71,662
Cash and bank balance	1	13	-	81	95
	1	39	-	73,993	74,033
Financial Liabilities					
Trade payables	3,153	1,586	3,332	6,945	15,016
Other payables and accruals	-	334	-	32,790	33,124
Amount owing to related parties	2,005	-	-	550	2,555
Amount owing to directors	-	1,217	-	509	1,726
Hire purchase	-	-	-	557	557
Term loans	-	1,412	-	9,668	11,080
	5,158	4,549	3,332	51,019	64,058
Net financial assets/(liabilities)	(5,157)	(4,510)	(3,332)	22,974	9,975
Less: Net financial liabilities denominated in the Company's functional currency	-	-	-	(22,974)	(22,974)
Currency exposure	(5,157)	(4,510)	(3,332)	-	(12,999)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1.1 MARKET RISK (CONT'D)

(a) Foreign Currency Risk (cont'd)

The following details the sensitivity analysis of the Group's profit after tax to a reasonably possible change in the foreign currencies at the end of the reporting period with all other variables held constant:

	Increase/(Decrease)	
	31.12.2018	**30.09.2017**
	RM	**RM**
Effects on Profit After Taxation		
USD/RM		
- strengthened by 1%	(9)	(51)
- weakened by 1%	9	51
GBP/RM		
- strengthened by 1%	(72)	45
- weakened by 1%	72	(45)
EUR/RM		
- strengthened by 1%	-	33
- weakened by 1%	-	(33)

A weakening of the above currencies against Ringgit Malaysia at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, with all other variables held constant.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The sensitivity analysis is not presented as the sensitivity impact is immaterial because the loan has a fixed interest rate which is subsequently rolled-up into the principal.

(c) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1.2 CREDIT RISK

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Group provided a financial guarantee to financial institutions for credit facilities granted to an associate undertaking, as disclosed in note 27 to the financial statements. The Group monitors its exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis.

Credit risk concentration profile

The Group's major concentration of credit risks relates to the amount owing by 2 (2017: 2) customers which constitutes approximately 90% (2017: 98%) of its trade & other receivables at the end of the reporting period.

The ageing analysis of receivables (including amount owing by associates and amount owing by affiliates) and at the end of the reporting period is disclosed in note 9.

At the end of the reporting period, trade receivables that are individually impaired were those with significant long outstanding obligations. These receivables are not secured by any collateral or credit enhancement, but have nevertheless demonstrated that they are meeting their obligations though payments have been protracted.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1.3 LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure as far as possible, that they will have sufficient liquidity to meet its liabilities when they fall due.

The following table sets out the maturity profile of the financial liabilities at the reporting date based on contractual undiscounted cash flows:

	Effective interest rate %	Carrying amount RM'000	Contractual undiscounted cashflow RM'000	Within 1 year RM'000	1-5 years RM'000
31.12.2018					
Trade payables		13,797	13,797	13,797	-
Other payables and accruals		17,091	17,091	17,091	-
Amount owing to related parties		3,972	3,972	3,972	-
Amount owing to directors		3,891	3,891	-	3,891
Hire purchase payables	6.4-6.9	474	474	87	387
Term loans	5.0-8.0	9,200	9,200	9,200	-
		48,425	48,425	44,147	4,278
30.09.2017					
Trade payables		15,016	15,016	15,016	-
Other payables and accruals		33,124	33,124	33,124	-
Amount owing to related parties		2,555	2,555	2,555	-
Amount owing to directors		1,726	1,726	-	1,726
Hire purchase payables	6.4 - 6.9	557	557	81	476
Term loans	5.0 - 8.0	11,080	11,080	11,080	-
		64,058	64,058	61,856	2,202

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1.4 FAIR VALUES MEASUREMENTS

The fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

	Fair Value of Financial Instrument Carried at Fair Value			Fair Value of Financial Instrument Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2018								
Term loans	-	-	-	-	9,200	-	9,200	9,200
Hire purchase payables	-	-	-	-	474	-	474	474
Amount owing to directors	-	-	-	-	-	3,891	3,891	3,891
30.09.2017								
Term loans	-	-	-	-	11,080	-	11,080	11,080
Hire purchase payables	-	-	-	-	557	-	557	557
Amount owing to directors	-	-	-	-	-	1,726	1,726	1,726

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1.4 FAIR VALUES MEASUREMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair value of term loan with fixed interest rate is determined by discounting the relevant cash flows using current market interest rate for similar instruments at the end of the reporting period. The interest rate (per annum) used to discount the estimated cash flows is as follows:-

	31.12.2018	30.09.2017
	%	%
Hire purchase payables	6.4-6.9	6.4-6.9
Term loan (fixed interest rate)	5.0-8.0	5.0-8.0

(ii) The carrying amount of term loan with variable interest rate approximates its fair value.

(iii) The fair value of amount owing to directors (non-current) is determined by discounting the relevant cash flows using current market interest rates for similar instruments at rates of 4.5% per annum.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

There was no change in the Group's approach to capital management during the financial period.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	31.12.2018 RM'000	30.09.2017 RM'000
Hire purchase payables	474	557
Term loans	9,200	11,079
Less: Cash and bank balances	(471)	(95)
Net debt	9,203	11,541
Total shareholders' equity	51,175	47,250
Debt-to-equity ratio	0.18	0.24

34. SIGNIFICANT EVENT OCCURING AFTER THE REPORTING PERIOD

None.