Green & Smart

Annual Report and Accounts

for the year ended 30 September 2016

Independent power producer generating renewable energy from biogas captured through the treatment of POME

CONTENTS

Directors, Secretary & Advisers

Directors

Datuk Haji Radzali Bin Hassan – Non-Executive Chairman
Saravanan Rasaratnam – Group Managing Director
Navindran Balakrishnan – Group Executive Director
Sivadas Kumar – Group Chief Executive Officer & Finance Director
Martin David Howard Bloom – Non-Executive Director
Dato' Dr. Sivamohan S Namasivayam – Non-Executive Director

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St Bride's House, 10 Salisbury Square, London, EC4Y 8EH

Registrar

Capita Secretaries Limited
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Principal Bankers

Malayan Banking Berhad, UK
CIMB Bank, Malaysia

Financial Summary

Revenue increased 260% to RM67.38m (FY 2015: RM18.70m)

Operating profit increased 169% to RM10.13m (FY 2015: RM3.77m)

Cash and cash equivalents at 30 September 2016 were RM2.2m (31 March 2016: RM5.2m); as of 14 March 2017, the balance was RM3.0m

Gross profit increased 236% to RM17.06m (FY 2015: RM5.07m)

Profit before tax increased 181% to RM9.9m (FY 2015: RM3.5m)

Raised gross proceeds of £4.0m through an IPO on AIM in May 2016

Net profit increased 181% to RM9.9m (FY 2015: RM3.5m) – adjusted net profit, excluding AIM listing cost of RM1.9m, was RM11.8m

Post period, raised RM6m through the issue of new ordinary shares to Malaysian Technology Development Corporation Sdn Bhd

At 30 September 2016, the Group was owed RM55.3m by CGE and MGE – current total outstanding amounts to RM52.3m

Operational Summary

Green & Smart Projects

Completed first fully-owned biogas power plant at Kahang, which is transmitting power to the national grid and generating revenue

Significantly progressed the Malpom project, with the completion, post period, of construction, installation of the biogas system and commencement of commissioning

Post period, advanced the Minyak and Liziz projects, including expanding the palm oil mill effluent capture facilities, with completion expected in the first half of calendar year 2017

Megagreen Energy ("MGE") Projects

Completed construction of first three biogas power plants (Seberang Perak, Nasaruddin and Melikai) owned by Megagreen Energy Sdn Bhd under Phase 1 MGE contracts

Delivered variation order for Phase 1 projects to provide additional works to improve the purity of the effluent at the final discharge pond

Subsequent to the period end, the Group also completed construction of the MGE Phase 2 plants at Labis in Johor and Maran in Pahang

Concord Green Energy ("CGE") Projects

CGE awarded RM63.5m Engineering, Procurement and Construction Contractor ("EPCC") contract to Green & Smart for four greenfield biogas-based power generation plants to be constructed within the sites of the four specified palm oil mills owned by Felda Palm Industries Sdn Bhd

Post period end work commenced on these projects – expected to complete in coming months

The Company remains in discussions with CGE in relation to its pipeline of brownfield sites and will provide further updates as appropriate

Chairman's Statement

It is with great pleasure that I present our maiden Annual Report and Accounts following our listing on AIM in May 2016.

Datuk Haji Radzali Bin Hassan
Non-Executive Chairman

It has been a milestone year for Green & Smart on several counts – marked by approximately 260% revenue growth, building biogas plants and connecting our fully-owned biogas plant in Kahang to the grid, thereby becoming an independent power producer.

In the relatively short period since becoming a public company, we have continued to implement our growth strategy outlined at the time of our IPO and, though we have encountered some project delays, we are pleased with the significant progress that the business has made.

Green & Smart Group and Associated Companies

Green & Smart Holdings plc operates in the renewable energy sector in Malaysia, focusing on the generation of power from biogas captured through the treatment of palm oil mill effluent (POME). The Group utilises its longstanding experience as an EPCC contractor to provide a solution to palm oil mill owners for the financing, construction and management of biogas power plants at the mill owners' sites. Under this business model Green & Smart will own the power plants outright with the palm oil mill owner receiving a share of power sales revenue.

The Group has also taken minority equity stakes in Megagreen Energy Sdn Bhd ("Megagreen" or "MGE") and Concord Green Energy Sdn Bhd ("Concord" or "CGE") (together, the "Associated Companies"), in which it has a 15% and 25% equity stake respectively. These Associated Companies having been established by their owners to own biogas power plants at palm oil mills owned by large palm oil mill businesses. The Company, through its subsidiaries and Associated Companies, is an independent power producer through the construction, operation and ownership of biogas power plants providing electricity to the Malaysian National Grid.

Malaysian Government Regulatory Measurements Encourages Production of Renewable Energy

The Group operates in a fast-growing market underpinned by Government legislation to reduce greenhouse gases and increase contribution of renewable energy (RE) in Malaysia.

Key regulatory measures introduced by the Malaysian government include the establishment of a Feed-In-Tariff mechanism, under which power produced from biogas and other renewable energy sources attracts a premium to market price over a long-term contract (typically 16 years in the case of biogas), along with the requirement for certain palm oil mills to provide for the capture of methane and other waste gases. The Malaysian government aims to achieve the installation of biogas facilities in all palm oil mills in Malaysia by 2020.

Until now, only a fraction of the palm oil mills have installed these facilities, which is a huge opportunity for Green & Smart to further its already leading market position to become a dominant player in this market.

Leading Position in Biogas Power Generation Industry

The principal operating company in the Group, Green & Smart Sdn Bhd, has an established track record in delivering waste water solutions to the palm oil industry. Over the last 30 years, it has delivered numerous projects in Asia, including a World Bank-funded project and four biogas capture facilities for Felda Palm Industries Sdn Bhd, a subsidiary of Felda Global Ventures, which is the world's largest crude palm oil producer.

The Group has developed a standalone integrated facility for processing POME to capture biogas, and has an established portfolio of intellectual property comprising two registered patents.

The Group and its Associated Companies have secured approximately 25% of the currently available Malaysia government Feed-in-Tariff allocation, placing them in a leading position in the biogas power generation industry in Malaysia.

As a result, we look to the future with great excitement and confidence. I would like to thank our clients, partners and shareholders for their continued support. Above all, I would like to thank all of our employees for their hard work and enthusiasm, which have enabled such excellent progress during 2016 and have positioned Green & Smart for a strong 2017 and beyond.

Datuk Haji Radzali Bin Hassan
Non-Executive Chairman

29 March 2017

Operational Review

This year has been transformational for Green & Smart as we positioned ourselves to become an independent power producer.

Left: *Saravanan Rasaratnam – Group Managing Director*
Right: *Navindran Balakrishnan – Group Executive Director*

The year to 30 September 2016 has been a transformational year for the Group as it built more biogas plants than in any year previous and positioned itself to become an independent power producer through the grid connection of its flagship biogas plant located in Kahang, Johor. This resulted in increased revenue to RM67.38m from RM 18.70m in the year to 30 September 2015, an increase of approximately 260%. Also, in May 2016 Green & Smart was successfully listed on the AIM market of the London Stock Exchange.

Green & Smart designs and builds biogas power generation plants. The plants capture greenhouse gasses from palm oil mill waste in Malaysia, which in turn is converted to electricity typically to be sold under 16-year electricity Feed-in-Tariffs ("FiT"). The Group works with major crude palm oil producers, including the world's largest producer FELDA Berhad (FELDA), and operates two business models: build, own, operate (BOO) and that of engineering, construction & commissioning (EPCC) contractor for third parties.

Fully-owned Plants

Green & Smart has established a pipeline of projects that it will build, own and operate. Through the BOO structure, the Group builds, owns and operates biogas power plants situated on land in close proximity to palm oil mills. Under this model, the Group contracts with mill owners to finance and build plants for the generation and sale of electricity to electric utilities – Tenaga Nasional Berhad ("TNB"), a government-controlled company and largest electric utility in Malaysia, or Sabah Electricity Sdn Bhd ("SESB"), the local utility in the Sabah state of Malaysia – under the FiT regime using waste from the mills made available by the mill owners.

The first fully-owned plant, the 2.0 megawatt Kahang biogas plant located in the state of Johor, was completed on schedule in September 2016. The Group completed testing of the biogas production system and live testing of power generation from the plant was undertaken by the Sustainable Energy Development Authority of Malaysian (SEDA) and Malaysia's main utility company, TNB. G&S commenced recording revenues as power generated for transmission over the national grid during the testing period was sold to TNB.

Subsequent to the period end, the Group received an initial operation certificate (IOD) from the authorities for the Kahang plant and expects to receive the formal commercial operation certificate (COD), which will allow the Group to sell power to the national utility at the full tariff rate.

Also, post period end, Green & Smart completed construction of the 2.0 megawatt Malpom plant in Nibong Tebal, Penang. The biogas system has been completed with commissioning work underway and the Group is currently awaiting receipt of the IOD that will allow for the initial sales of power from the plant. In 2017, the Group advanced the Minyak and Liziz projects, including expanding the palm oil mill effluent capture facilities, with completion expected during the first half of calendar year 2017.

Work is scheduled to commence shortly on the Dupont and Veetar plants and is expected to complete in the first half of next financial year. The completion date move from the current financial year to the next financial year is due to the allocation of funds towards current projects and completion of third-party EPCC contracts.

Associated Companies

The Associated Companies have been established to own biogas power plants at palm oil mills owned by large palm oil businesses under a build-partially own-operate structure. Through its equity stakes in the Associated Companies, the Group has an ongoing interest in the performance of the plants in addition to revenue from the initial EPCC contracts for building the biogas power plants to be owned by these Associated Companies.

Megagreen Energy

The Group contracted with Megagreen to provide EPCC services in respect of MGE's pipeline of five FiT-approved biogas power plants to be installed alongside mills owned by FELCRA Berhad (FELCRA) with a total installed capacity of 6.0MW. The momentum gained in the second half of the previous financial year was continued with the Group completing the construction of the first three Megagreen Phase 1 projects, which include 1.0MW projects at Kilang Sawit Nasaruddin in Bota, Perak and Kilang Sawit Sg Melikai in Mersing, Johor respectively, and a 2.0MW project in Kilang Sawit Seberang Perak.

Operational Review *continued*

In June 2016, the Group received a variation order from MGE covering additional works to be undertaken on the Phase 1 projects to improve the purity of the effluent at the final discharge pond, prior to release into the river basin, in order to meet the more stringent requirements of the Department of Environment Malaysia (DOE). For this, the Group is due to receive additional contract payments of approximately RM9.9m (approx. £1.8m). Subsequent to the period end, the Group has also completed construction of the MGE Phase 2 plants at Labis in Johor and Maran in Pahang.

The Company understands that Megagreen is currently progressing application for the IODs for the first three completed plants and will start to generate revenue when received.

Concord Green Energy

In June 2016, CGE appointed the Group as the EPCC project contractor for four greenfield biogas-based power generation plants to be constructed within the sites of four specified palm oil mills owned by Felda Palm Industries Sdn Bhd commencing from 1 July 2016. Green & Smart expects be paid a total of RM63.5m (c. £11.7m) under the contract and recognised approximately 30% of these revenues during the year to 30 September 2016 with the remaining 70% expected during the financial year ending 30 September 2017. The Group expects to complete construction of the CGE plants in the next few months with the process of applying for IOD and COD on these plants by CGE to follow.

The Company remains in discussions with CGE in relation to its pipeline of brownfield sites and will provide further updates as appropriate.

Outlook

The Group has continued to make progress with the development of its pipeline of wholly-owned and associated projects. Green & Smart anticipates continued revenue growth for 2017 as more EPCC contracts are completed and the Group's fully-owned biogas power plants provide power to the grid at full tariff rate.

In respect of its Kahang project, revenue is currently being earned from power sales and the Group expects power to be sold to the national utility at the full tariff rate once the formal COD is received during the first half of the 2017 calendar year. The Group also expects to receive the IOD for its completed Malpom project in the first half of the 2017 calendar year, which will enable it to commence earning revenue from power sales.

The Group has the largest market share of contracts awarded to a biogas-to-power company generating power from biogas captured through the treatment of palm oil mill effluent in Malaysia. However, the maintenance of market dominance is very much dependent on the availability of adequate funding and financing and accordingly the Company is focused on the collection of outstanding funds due from completed EPCC contracts and securing long-term financing facilities.

While remaining focused on progressing its existing pipeline of biogas power plants, the Group continues to evaluate further opportunities to implement its BOO model in Malaysia and is also considering potential opportunities to export its business model to the large Indonesian market. The Board looks forward to providing further updates as more EPCC contracts are completed and the Group's fully-owned biogas power plants commence the provision of power to the grid at full tariff rate. As a result, the Board is confident of delivering sustained long-term growth and shareholder value.

Saravanan Rasaratnam
Group Managing Director

Navindran Balakrishnan
Group Executive Director

29 March 2017

Financial Review

The financial period to 30 September 2016 has seen the Group grow from strength to strength in business performance with significant growth in revenue, gross profit and EBITDA.

Sivadas Kumar
Group CEO & Finance Director

RM'million	2016	2015	%
Revenue	67.37	18.70	+260
Gross Profit	17.06	5.07	+236
Profit After Tax	9.93	3.52	+182
Operating profit	10.13	3.77	+169
EBITDA	10.18	3.61	+182
EPS (in RM cent)	8.93	3.17	+182
Cash	2.15	12.20	-82
Net Assets	41.51	8.17	+408

Revenue

Revenue increased significantly by 260% to RM67.38m (2015: RM18.70m), contributed principally from completion of EPCC contracts for its Associated Companies, although cash collection has been disappointing.

The Group derives its revenue from three principle sources: from sale of power from its fully-owned biogas power plants; from EPCC contracts with customers; and long-term recurring income from Operation & Maintenance contracts on completed third-party owned power plants.

Gross Profit

Gross profit increased significantly by 236% to RM17.06m (2015: RM5.07m), due to better management of construction cost and from increased sales.

Profit and EBITDA

Operating profit improved by 169% to RM10.13m (2015: RM3.77m) and EBITDA increased 182% to RM10.18m (2015: RM3.61m). Operating profit and EBITDA levels reflect the higher revenue recognised arising from projects completed during the financial period.

As reflected in the accompanying consolidated statement of comprehensive income and Note 12 to the financial statements, IPO expenses of RM1.9m were charged as expenses. As a result, adjusted net profit, excluding AIM listing cost of RM1.9m, amounted to RM11.8m.

Earnings Per Share

On a consolidated level, the Group's EPS for the financial period ended 30 September 2016 was RM0.0893, based on the weighted number of ordinary shares (2015 EPS: RM0.0317).

Taxation

Green & Smart Sdn Bhd is a BioNexus Status Company, granted by the Malaysian Bioeconomy Development Corporation Sdn Bhd (formerly known as Biotechnology Corporation Sdn Bhd). The Company is entitled to income tax exemption of 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. Thereafter the Company is subject to a concessionary tax rate of 20% for the following 10 years on its taxable profits.

Cash Flow

Cash and cash equivalents at 30 September 2016 were RM2.2m (31 March 2016: RM5.2m), reflecting the use of monies towards the building of fully-owned biogas plants.

The Group secured its first long-term debt financing at the end of 2014 to finance the construction of its first fully-owned biogas power plant with construction completing in August 2016 following progressive release of the loan, whilst funding for its second fully-owned biogas power plant completed in October 2016 was via a combination of IPO proceeds and receivables from third-party EPCC projects.

Continuing delays in finalising the receipt of government grants and other funding by Megagreen Energy and Concord Green Energy have had a consequential impact on the Group as substantial receivables due to G&S remain uncollected. At 30 September 2016, monies owed to G&S amounted to RM55m. However, post period, the Group has started receiving payments in instalments. This has, in turn, impacted the Group's short-term working capital position. The directors are actively monitoring the Megagreen

Financial Review *continued*

Energy and Concord Green Energy receivables. The Group is a shareholder in each of Megagreen Energy and Concord Green Energy and exercises significant influence over those entities. Having reviewed the third-party funding arrangements now in place for both Megagreen Energy and Concord Green Energy and having received assurances from the management of Megagreen Energy in relation to the timing of payments, the directors consider the amounts owing to be recoverable in full and that the outstanding receivable position will be progressively rectified over the remainder of 2017. In the meantime, the directors believe that the short-term working capital requirements of the Group can be managed without adversely impacting the Group's business plans.

Post period end, in December 2016, the Company received a further investment of RM6m (approx. £1.14 m at RM5.25 to 1GBP conversion rate) through the issue of new ordinary shares to the Malaysian Technology Development Corporation Sdn Bhd ("MTDC"), a company wholly-owned by the sovereign wealth fund of the Government of Malaysia that was established to promote and support the commercialisation of technology in Malaysia.

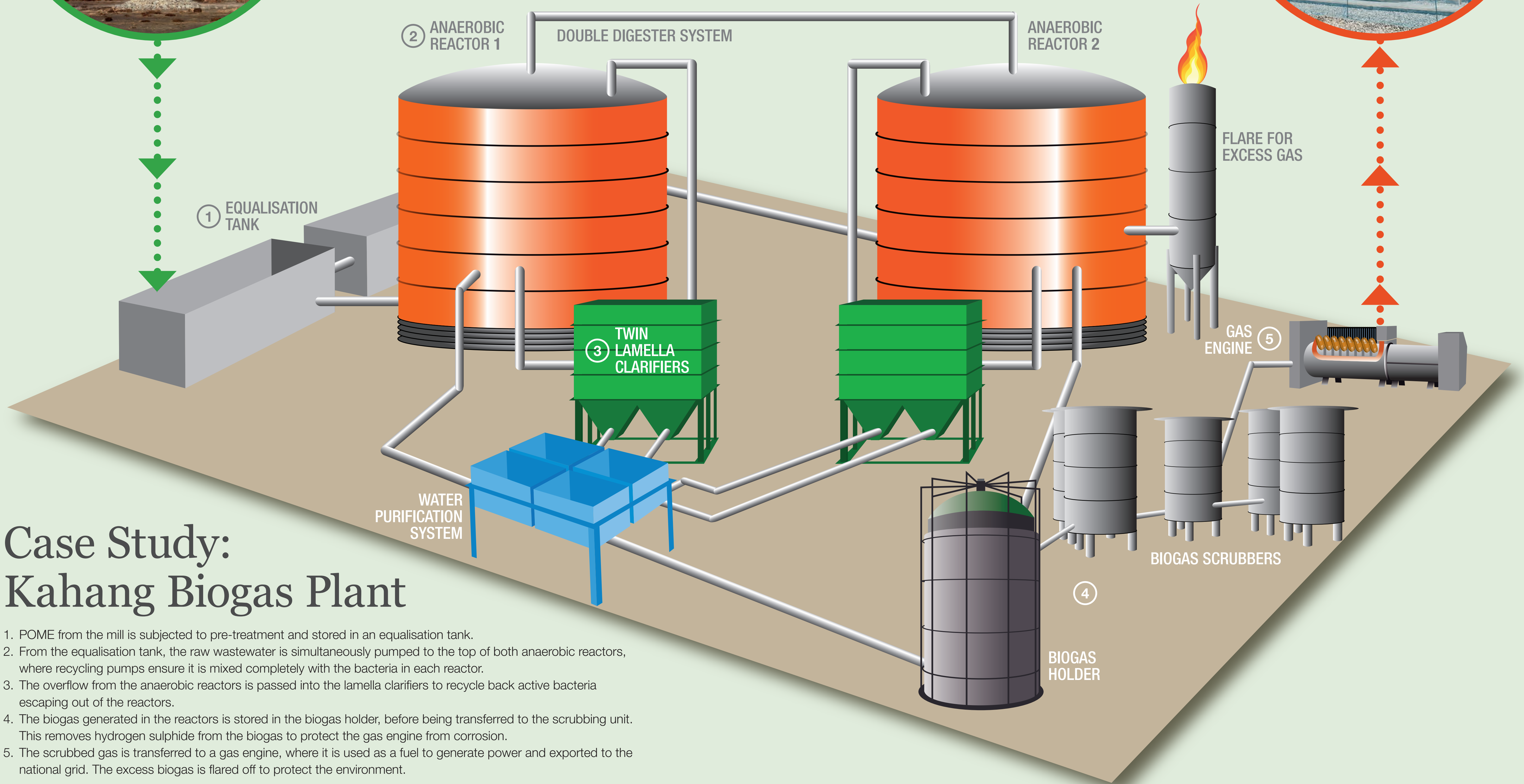
Admission to AIM

In May 2016, Green & Smart successfully completed its IPO on AIM, a market operated by the London Stock Exchange plc, raising £4.0m before expenses.

The directors of Green & Smart believe that Admission to AIM enhanced the Group's credibility and profile as well as allowing the Group to access equity capital cost effectively. This provides the Group with the financial flexibility to deliver its current projects and further develop its pipeline of opportunities.

Sivadas Kumar
Group CEO & Finance Director

29 March 2017



Case Study: Kahang Biogas Plant

1. POME from the mill is subjected to pre-treatment and stored in an equalisation tank.
2. From the equalisation tank, the raw wastewater is simultaneously pumped to the top of both anaerobic reactors, where recycling pumps ensure it is mixed completely with the bacteria in each reactor.
3. The overflow from the anaerobic reactors is passed into the lamella clarifiers to recycle back active bacteria escaping out of the reactors.
4. The biogas generated in the reactors is stored in the biogas holder, before being transferred to the scrubbing unit. This removes hydrogen sulphide from the biogas to protect the gas engine from corrosion.
5. The scrubbed gas is transferred to a gas engine, where it is used as a fuel to generate power and exported to the national grid. The excess biogas is flared off to protect the environment.

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 DiPertuan 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

Group Managing Director

Mr. Saravanan has a BA in Business Administration from the National University of Malaysia. He has over 18 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 which was mandated to promote biotechnology commercialisation activities in Malaysia.

Navindran Balakrishnan

Group Executive Director

Mr. Navindran holds a Bachelor of Science (Microbiology) from University of Malaya and has over nine 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-fertilisers 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.

Sivadas Kumar

Group Chief Executive Officer & Finance Director

Mr. Sivadas has over 25 years of corporate experience with varied industries including audit, transportation, engineering, textile, palm oil specialty fats, rubber and bio technology. He is a Fellow with the Association of Chartered Certified Accountants UK, a Chartered Accountant with the Malaysian Institute of Accountants and with an MBA (Marketing Major) from the University of New England, New South Wales, Australia.

Mr. Sivadas played a significant role in the public listing of his previous employer Premium Nutrients Berhad onto the Kuala Lumpur Stock Exchange in 2003, where as Chief Accountant he was responsible for all aspects of banking, finance, accounting, commercial-warehousing-port operations, preparation/compilation of Board papers and, eventually, the public listing. Mr. Sivadas was subsequently head hunted by Rubberflex (M) Sdn Bhd, the world's largest manufacturer of rubber threads as Group General Manager. Two months into employment, Mr. Sivadas was made a Director of the Group.

Upon leaving Rubberflex and after a short business sabbatical in Vietnam where he was invited to help establish a new business venture with a Vietnamese Conglomerate and just prior to joining Green & Smart Sdn Bhd, Mr. Sivadas was engaged with a company in the green packaging business as its Chief Financial Officer, where his principle role was advising on all matters of finance, banking, cost accounting, factory operations, management and human resource.

Martin David Howard Bloom

Non-Executive Director

Mr. Bloom has a wealth of experience in the renewable energy sector and has significant listed company experience. Mr. Bloom has worked with Asian institutions and government organisations as well as with global corporations throughout his career. Mr. Bloom has over 40 years of experience in providing strategic advice to a number of businesses in a wide range of sectors. Mr. Bloom has focussed particularly on commercialisation of technology. Mr. Bloom has built a number of successful businesses in Asia, Europe and North America, and currently serves on the Board of a number of listed companies as detailed below:

- Director and former Chairman of Renesola Ltd. Assisted with the AIM admission in 2006 of Renesola and its listing on the New York Stock Exchange in 2008. Revenues grew from $5m to over $1 billion in 5 years.
- Group Chairman of AIM listed Malaysian Company, MayAir Group plc, the second largest air purification company in China, which was admitted to trading on 7 May 2015.
- Director of Intelligent Energy plc, a British hydrogen fuel cell company listed on the Main Market of the London Stock Exchange in July 2014.

Dato' Dr. Sivamohan S Namasivayam

Non-Executive Director

Dato' Dr. Sivamohan is currently the PIC/ Medical Director of KPJ Klang Specialist Hospital which is part of KPJ Healthcare Berhad, the largest healthcare group of Malaysia. He sits on the Board of KPJ Klang Specialist Hospital. In addition, for the past five years, he has also served as Board member of the Association of Private Hospitals Malaysia (APHM).

Dato' Dr. Sivamohan qualified as a doctor (MBBS) from University of Mysore in 1981 and obtained his post graduate degree (MRCOG) from Royal College of Obstetricians & Gynaecologists, in 1999. He then went on to sub-specialise in Gynae–Oncology under the Commonwealth Fellowship Foundation Scholarship in the UK. Dato' Dr. Sivamohan's keen interest in hospital management led him to obtain a M.Sc. in Healthcare Management from the University of Wales in 2000 focusing on Healthcare Financing in Malaysia.

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Company and the Group for the financial period ended 30 September 2016. Green & Smart Holdings plc was incorporated on 7 August 2015 and admitted to trading on AIM, a market operated by the London Stock Exchange plc, on 12 May 2016. This is the Company's first annual report.

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 are engaged in research and development, provision of professional engineering consultancy, and process design services in the area of industrial biotechnology, pollution control and renewable energy; and engineering, procurement and construction of various waste water treatment plants/systems; and 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 year.

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, declared or recommended since the date of incorporation of the Group and the Directors do not recommend the payment of dividends for the financial period ended 30 September 2016.

Nevertheless, the Directors take cognisance of the Group's profitability and availability of cash and distributable reserves to meet its further growth and to finance the development and expansion of the business.

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 4-9 together with this Director's 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, at which time 44,444,445 new Ordinary Shares were placed to raise gross proceeds of approximately £4.0 million. Further information relating to movements in share capital is set out in Note 12 to the consolidated financial statements on pages 40-41.

Directors

The Directors who served for the period ended 30 September 2016 (unless otherwise stated) are as follows:

- Saravanan Rasaratnam (24 November 2015 - present)
- Navindran Balakrishnan (24 November 2015 - present)
- Sivadas P E S Kumar (24 November 2015 - present)
- Datuk Radzali Bin Hassan (12 May 2016 - present)
- Dato' Dr. Sivamohan S Namasivayam (12 May 2016 - present)
- Martin David Howard Bloom (12 May 2016 - present)

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 year are as follows:

		Number of Ordinary Shares			
		As at date of incorporation (07 Aug 2015)	Bought	Sold	As at 30 Sept 2016
Saravanan Rasaratnam	Direct	1	11,843,333	-	11,843,334
	Indirect*	-	146,857,334	-	146,857,334
Navindran Balakrishnan	Direct	1	11,843,333	-	11,843,334
	Indirect*	-	146,857,334	-	146,857,334
Sivadas P E S Kumar	Direct	-	7,512,838	-	7,512,838
Dato' Dr. Sivamohan Namasivayam	Direct	-	555,556	-	555,556

* 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 146,857,334 shares.

Directors' remuneration

The Directors' remuneration is set out in the Remuneration Committee 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 15 March 2017, 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*	146,857,334	51.09
Beaufort Nominess Limited	24,197,306	8.42
Malaysian Technology Development Corporation	19,476,367	6.78
Innvotec Nominees Ltd	12,777,778	4.45
Navindran Balakrishnan**	11,843,334	4.12
Saravanan Rasaratnam**	11,843,334	4.12
Simon Peter	10,554,949	3.67
Kaminy Velayudhan	10,554,949	3.67

* 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 146,857,334 shares.

Research and development

As a BioNexus status company, conferred by the Ministry of Science, Innovation and Technology, the Group continues to invest in Research & Development on its three existing in-house developed Intellectual Proprieties and the policy of amortisation of R&D cost through the Consolidated Statement of Comprehensive Income continues.

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 research and development and the continued emphasis on training of existing personnel, enhancing their know-how and technical capability is critical to the Group success for 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 research and development. 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 research & development.

Protection of Intellectual Property

The Group has Intellectual Properties and trademarks and whilst Management believes 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 & 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

Directors' Report *continued*

vendors are overseas. Fluctuations in exchange rate 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

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 and have considered the mitigating actions which 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 the associated undertakings.

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

Based on its current order book of projects for the next couple of years complemented by its fully-owned power plants coming online, and after a detailed and through assessment of its revenue, profitability and cashflow from these contracts, the Directors believe that the Group has adequate resources to continue to operate in the foreseeable future.

This is further strengthened following the directive from the Government requiring all existing and new palm oil mills to have in place a biogas facility by year 2020, potentially translating into additional business for the Group.

Annual General Meeting

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

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' 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 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
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company 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.

The Directors are responsible for the maintenance and integrity of the Company's 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.

Crowe Clark Whitehill LLP has been appointed as the auditor of the Company during the year and indicated their willingness to be reappointed. A resolution for the re-appointment of Crowe Clark Whitehill LLP 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 2017

Corporate Governance Report

The Corporate Governance Code, which was updated in September 2014 (with effect for financial years commencing on or after 1 October 2014), applies to companies on the premium segment of the Official List and companies whose shares are admitted to trading on AIM are not required to comply with it. In addition, there is no applicable regime of corporate governance to which the directors of a Jersey company must adhere, over and above the general fiduciary duties and duties of care, skill and diligence imposed on such directors under Jersey law. However, the Directors recognise the importance of sound corporate governance and intend that the Group will comply with the provisions of the QCA Guidelines, insofar as they are appropriate given the Group's size, stage of development, and resources.

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 consists of three Executive Directors and three Non-Executive Directors. The Executive Directors are Saravanan Rasaratnam (Group Managing Director), Navindran Balakrishnan (Group Executive Director) and Sivadas Kumar (Group Chief Executive Officer and Finance Director). The Non-Executive Directors comprise an Independent Non-Executive Chairman (Datuk Haji Radzali Bin Hassan), a Non-Independent Non-Executive Director (Dato' Dr. Sivamohan S Namasivayam) and an Independent Non-Executive Director (Martin David Howard Bloom). The Board met on one occasion during the period subsequent to the Group's admission to AIM in May 2016 and the financial period end on 30 September 2016. All Directors attended this meeting.

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 30 September 2016 and attendance of each Director:

	Board meetings	Audit Committee meetings
Executive Directors		
Saravanan Rasaratnam	1/1	-
Navindran Balakrishnan	1/1	-
Sivadas P E S Kumar	1/1	-
Non-Executive Directors		
Datuk Radzali Bin Hassan	1/1	1/1
Dato' Dr. Sivamohan S Namasivayam	1/1	1/1
Martin David Howard Bloom	1/1	1/1

Board Committees

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. Members of the Audit Committee are Martin David Howard Bloom, who acts as chairman of the committee, and Datuk Haji Radzali Bin Hassan and Dato' Dr. Sivamohan S Namasivayam.

The Audit Committee meets with the external auditor without the Executive Directors being present at least twice a year. In the period under review, two meetings have been scheduled to coincide with the period for the announcement of the Company's annual results. Moving forward as per the audit planning cycle, a minimum of two meetings will be scheduled for review of the interim results and full year results of the Company.

Remuneration Committee

Dato' Dr. Sivamohan S Namasivayam is the Chairman of the Remuneration Committee and its other members are Datuk Radzali Bin Hassan and Martin David Howard Bloom. 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, no Remuneration Committee meeting was held.

AIM Compliance Committee

The AIM Compliance Committee is chaired by Martin David Howard Bloom and its other members are Datuk Radzali Bin Hassan and Dato' Dr. Sivamohan S Namasivayam.

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.

Corporate Governance Report *continued*

Nomination Committee

The Nomination Committee is chaired by Datuk Radzali Bin Hassan and its other members are Dato' Dr. Sivamohan S Namasivayam and Martin David Howard Bloom.

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.

Investor relations

Meetings with the analysts and institutional shareholders of the Group following the 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.greenandsmart.net 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 are 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:

- 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 jurisdiction 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.

Remuneration Committee Report

As an AIM listed company, Green & Smart Holdings plc attempts to follow the best practice outlined in the QCA Remuneration Committee Guide for Smaller Quoted Companies wherever possible given the size and nature of the Company.

Remuneration Committee

The Remuneration Committee comprises three members. 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.

Remuneration policy

The objective of the proposed remuneration policy is to attract, retain and motivate high caliber 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.

Detailed below are the remuneration packages for the Executive Directors:

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 apportionments are to continue unless terminated by either party giving to the other six months' written notice.

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

Directors' remuneration and fees

	Remuneration and related costs FY 2016	Fees and related costs FY 2016	Total
Executive Directors			
Saravanan Rasaratnam	RM337,240	GBP15,000.00	RM417,643
Navindran Balakrishnan	RM309,740	GBP15,000.00	RM390,143
Sivadas P E S Kumar	RM230,220	GBP15,000.00	RM310,623
Non-Executive Directors			
Datuk Radzali Bin Hassan		GBP15,000.00	RM80,403
Dato' Dr. Sivamohan S Namasivayam		GBP15,000.00	RM80,403
Martin David Howard Bloom		GBP15,000.00	RM80,403

Consolidated Financial Statements

for the year ended 30 September 2016

Independent Auditor's Report to the members of Green & Smart Holdings plc

We have audited the financial statements of Green & Smart Holdings plc for the year ended 30 September 2016 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and their related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 30 September 2016 and of the group's profit 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.

Emphasis of matters – recoverability of amounts owing by related parties and going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 2, 4 and 9 of the financial statements concerning the recoverability of amounts owing by related parties and the impact thereof on the group's ability to continue as a going concern.

As described in notes 4 and 9 to the financial statements, at 30 September 2016 the group was owed RM55.3 million by its associated entities, Megagreen Energy and Concord Green Energy, such amounts having arisen from the provision of services by the group to those entities in connection with biogas power plant projects. Amounts of RM 35.1 million were past due at the reporting date and of the aggregate amounts owing of RM 55.3 million at 30 September 2016, RM3.0 million had been received at the date of approval of the financial statements. A material uncertainty therefore exists over recoverability of those amounts receivable.

The uncollected receivables led to a net cash outflow from operating activities of RM 19.6 million in the year ended 30 September 2016 which, together with capital expenditure of RM15.3 million in the period, led to a requirement for additional working capital at the balance sheet date. As set out in note 34, the company raised further finance of RM 6 million after the reporting date. However, in the event that the aggregate amounts of RM 55.3 million owing from associated entities remain substantially uncollected the group will require additional working capital finance in order to meet its trade and other liabilities. These conditions indicate the existence of material uncertainties which may cast significant doubt about the group's ability to collect the amounts due to it and, consequently, its ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the group was unable to collect the receivables due from Megagreen Energy and Concord Green Energy or if the group was unable to continue as a going concern.

Matters on which we are required to report by exception

We have nothing to report to you in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company; or
- proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Stephen Bullock
Senior Statutory Auditor
For and on behalf of Crowe Clark Whitehill LLP
Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

29 March 2017

Consolidated statement of financial position

For the period ended 30 September 2016

	Note	Audited 2016 RM'000	Pro-forma 2015 RM'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	**5**	954	1,009
Investment in associates	**6**	26	182
Property, plant and equipment	**7**	27,700	11,750
Total non-current assets		**28,680**	**12,941**
CURRENT ASSETS			
Trade and other receivables	**8**	1,071	1,936
Amount owning by contract customers	**10**	551	91
Amount owing by related parties	**9**	55,422	12,097
Cash and cash equivalents	**11**	2,153	12,198
Total current assets		**59,197**	**26,322**
Total assets		**87,877**	**39,263**
EQUITY			
Stated capital	**12**	35,142	–
Foreign translation reserve		(2,657)	–
Retained profit		13,007	3,078
Merger reserve		(4,028)	5,041
Total shareholders' equity		41,464	8,119
Non-controlling interests		47	48
Total equity		**41,511**	**8,167**
CURRENT LIABILITIES			
Trade and other payables	**13**	34,676	20,144
Amount owing to contract customers	**10**	150	1,763
Short-term borrowings	**14**	1,930	–
Total current liabilities		**36,756**	**21,907**
NON-CURRENT LIABILITY			
Government grant income	**18**	136	149
Long-term borrowings	**17**	8,578	8,495
Amount owing to directors	**23**	896	545
Total non-current liabilities		**9,610**	**9,189**
Total liabilities		**46,366**	**31,096**
Total liabilities and equity		**87,877**	**39,263**

The financial statements were approved by the Board of Directors and authorized for issue on 29 March 2017 and were signed on its behalf by:

Saravanan Rasaratnam   Navindran Balakrishnan

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

Consolidated statement of comprehensive income

For the period ended 30 September 2016

	Note	Audited Year ended 30 September 2016 RM'000	Pro-forma Year ended 30 September 2015 RM'000
Revenue	**19**	67,375	18,702
Cost of sales		(50,318)	(13,632)
Gross profit		**17,057**	**5,070**
Other income		197	13
Less: operating expenses			
Listing costs		(1,936)	–
Administrative expenses		(5,070)	(1,298)
Other expenses		(119)	(15)
		(7,125)	(1,313)
Operating profit		**10,129**	**3,770**
Finance cost	**20**	(45)	(37)
Share of result in associate undertakings, net of tax	**6**	(156)	(218)
Profit before taxation	**21**	**9,928**	**3,515**
Income tax expense	**22**	–	–
Profit for the year		**9,928**	**3,515**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		(2,657)	–
Total comprehensive income		**7,271**	**3,515**
Profit for the year attributable to:–			
– Owners of the company		9,929	3,526
– Non-controlling interest		(1)	(11)
		9,928	3,515
Total comprehensive income attributable to:–			
– Owners of the company		7,272	3,526
– Non-controlling interest		(1)	(11)
		7,271	3,515
Earnings per share:			
Basic (RM, cents)	**24**	**8.93**	**3.17**
Diluted (RM, cents)	**24**	**8.89**	**3.16**

The notes to the financial statements form an integral part of these financial statements.
All amounts are derived from continuing operations.

Consolidated statement of changes in equity

For the period ended 30 September 2016

	Note	Share capital RM'000	Foreign translation reserve RM'000	Merger reserve RM'000	Retained profit RM'000	Attributable to owners of the company RM'000	Non-controlling interest RM'000	Total equity RM'000
Pro-forma balance as at 1 October 2014		–	–	5,041	(448)	4,593	59	4,652
Profit for the year		–	–	–	3,526	3,526	(11)	3,515
Total comprehensive income		–	–	–	**3,526**	**3,526**	**(11)**	**3,515**
Balance at 30 September 2015		–	–	**5,041**	**3,078**	**8,119**	**48**	**8,167**
Profit for the year		–	–	–	9,929	9,929	(1)	9,928
Other comprehensive income								
Translation of foreign operations		–	(2,657)	–	–	(2,657)	_	(2,657)
Total comprehensive income		–	**(2,657)**	–	**9,929**	**7,272**	**(1)**	**7,271**
Transactions with owners								
Issuance of shares on group reconstruction	**12**	13,069	–	(9,069)	–	4,000	–	4,000
Issuance of placing shares	**12**	22,073	–	-	–	22,073	–	22,073
Balance at 30 September 2016		**35,142**	**(2,657)**	**(4,028)**	**13,007**	**41,464**	**47**	**41,511**

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

Consolidated statement of cash flow

For the period ended 30 September 2016

	Note	2016 RM'000	2015 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		9,928	3,515
Adjustments for:			
Amortisation of intangible assets		55	55
Depreciation of equipment		147	7
Government grant income		(13)	(13)
Share of loss of associate		156	218
Interest expenses		9	7
Cash flow from operating activities before working capital changes		**10,282**	**3,789**
Decrease/(increase) in trade and other receivables		1,180	(11,971)
Increase in trade and other payables		14,219	20,482
(Increase)/decrease in amount owing by/to contract customers		(2,072)	1,671
Increase in amount owing by associates		(43,215)	–
Cash flow used in/(from) operating activities		(19,606)	13,971
Interest paid		(9)	(7)
NET CASH FLOW USED IN/ (FROM) OPERATING ACTIVITIES		(19,615)	13,964
CASH FLOW FOR INVESTING ACTIVITIES			
Additional development expenditure for patents		–	(59)
Investment in associates		–	(250)
Purchase of plant and equipment		(15,260)	(10,969)
NET CASH FLOW USED IN INVESTING ACTIVITIES		(15,260)	(11,278)
CASH FLOW FOR FINANCING ACTIVITIES			
Issuance of new ordinary shares		19,416	–
Issuance of redeemable convertible preference shares		4,000	–
Advances to K2M Ventures		–	(25)
Advances from directors		–	530
Repayment of hire purchase obligations		(42)	–
Drawdown of term loans		1,921	8,496
Repayment of term loans		(465)	–
NET CASH FLOW FROM FINANCING ACTIVITIES		24,830	9,001
Net (decrease)/increase in cash and cash equivalents		**(10,045)**	**11,687**
Cash and cash equivalents at the beginning of the year		**12,198**	**511**
Cash and cash equivalents at the end of the year	**12**	**2,153**	**12,198**

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

Notes to the consolidated financial statements

For the period ended 30 September 2016

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.

The Company has its primary listing 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 involved in research and development, provision of professional engineering consultancy and process design services in the area of industrial biotechnology, pollution control and renewable energy; and engineering, procurement and construction of various waste treatment plants/systems; and development, commercialisation, operation and maintenance of renewable energy plants.

The consolidated financial statements includes the financial statements of the Company and its controlled subsidiaries (the "Group") are as follow:

	Place of incorporation	Principal activity	Effective interest	
Name			**2016**	**2015**
Green & Smart Venture Sdn Bhd	Malaysia	Holding company	100%	100%
Green & Smart Sdn Bhd	Malaysia	EPCC contractor	100%	100%
Our Energy Group (M) Sdn Bhd	Malaysia	Owned & operated Biogas Power Plants	51%	51%

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 report is presented in RM unless otherwise stated, which 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.

GOING CONCERN

The financial statements have been prepared on the going concern basis, which assumes the group will continue to able to meet its liabilities as they fall due for the foreseeable future.

The group is profitable and raised RM 23.4 million of net new finance in the year ended 30 September 2016. However, as described in note 9, amounts of RM 55.3 million due to the group from associated undertakings comprise uncollected balances due from Megagreen Energy and Concord Green Energy. Amounts of RM 35.1 million were past due at the reporting date and of the aggregate amounts owing of RM 55.3 million at 30 September 2016, RM3.0 million had been received at the date of approval of the financial statements. Although the directors consider the amounts owing to be recoverable in full, the uncollected receivables have led to a net cash outflow from operating activities of RM 19.6 million which, together with capital expenditure of RM15.3 million in the period, led to a requirement for additional working capital at the balance sheet date. As set out in note 34, the company raised further finance of RM 6 million in December 2016. However, in the event that the aggregate amounts of RM 55.3 million owing from associated entities remain substantially uncollected the group will require additional working capital finance.

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 and have considered the mitigating actions which 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 the associated 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 TO PUBLISHED STANDARDS NOT YET EFFECT

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 will impact the treatment of an operating leases and its presentation. At this point it is not practicable for the directors to provide a reasonable estimate of the effect of IFRS 9, IFRS 15 and IFRS 16 as their detailed review of these standards is still ongoing.

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

3. BASIS OF CONSOLIDATION

This financial statements of Green & Smart Sdn. Bhd covers the year ended 30 September 2016, following completion on 6 May 2016 of the group reorganisation comprising the acquisition by the Green & Smart Holdings Plc of Green & Smart Sdn. Bhd, Green & Smart Ventures Sdn Bhd and 51% of the share capital of Our Energy Group (M) Sdn Bhd (together the "Subsidiaries") to form the Green & Smart group of companies (the "Group") as it is currently constituted and the admission to trading on AIM of the share capital of Green & Smart Holdings Plc.

The directors consider the substance of the acquisition of the Subsidiaries by Green & Smart Holdings Plc, by way of share for share exchange regarding the ordinary shares in the Subsidiaries and ordinary shares in the Company, is that of a combination of entities under common control and therefore it fell outside the scope of IFRS 3 (revised 2008).

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, in developing an appropriate accounting policy, the Directors have considered the pronouncements of other standard setting bodies and specifically looked to accounting principles generally accepted in the United Kingdom ("UK GAAP") for guidance (FRS 102) which does not conflict with IFRS and reflects the economic substance of the transaction.

Under UK GAAP, the assets and liabilities of both entities are recorded at book value, not fair value. Intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer in accordance within applicable IFRS. No goodwill is recognised, any expenses of the combination are written off immediately to the income statement and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented.

Therefore, although the Group reconstruction completed in May 2016, the consolidated financial statements are presented as if the Group structure has always been in place, including the activity from incorporation of the Group's principal subsidiaries. All entities had the same management as well as controlling shareholders. Accordingly, the comparative amounts for the year ended 30 September 2015 are presented on a proforma basis.

On this basis, the Directors have decided that it is appropriate to reflect the combination using merger accounting principles as a group reconstruction under FRS 102 in order to give a true and fair view. No fair value adjustments have been made as a result of the combination.

The consolidated financial statements comprise the financial information of the Company and its subsidiaries (the "Group") 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.

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) **Depreciation of property, plant and equipment**
The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

b) **Income taxes**
There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

c) **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.

d) **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 9, amounts of RM 55.3 million due to the group from associated undertakings comprise uncollected balances due from Megagreen Energy and Concord Green Energy including amounts of RM 35.1 million which were past due at the reporting date and the aggregate amounts owing of RM 55.3 million remain substantially uncollected at the date of approval of the financial statements. The group is a shareholder in each of Megagreen Energy and Concord Green Energy and exercises significant influence over those entities. Having reviewed the third party funding arrangements now in place for both Megagreen Energy and Concord Green Energy and having received assurances from the management of Megagreen Energy in relation to the timing of payments in the remainder of 2017, the directors consider the amounts owing to be recoverable in full.

e) **Construction contracts**
As described in the note 4.15, 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 are disclosed in note 10 including any allowance for impairment. There is a material uncertainty to fully recover costs of each contract.

4.2 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For a non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into Level 1 to Level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.3 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.

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (continued)

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.

4.4 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

4.4.1 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.

4.4.2 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.

4.4.3 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. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.4 FINANCIAL INSTRUMENTS (continued)

4.4.3 Equity Instruments *(continued)*

b) Redeemable convertible preference shares ("RCPS")

The redeemable convertible preference shares are regarded as compound financial instruments, consisting of a liability component and an equity component. The component of redeemable convertible preference shares that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares are recognised as interest expense in profit or loss using the effective interest method.

On issuance of the redeemable convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability in accordance with the Group's accounting policy.

The residual amount, after deducting the fair value of the liability component, is the equity component and is included in equity, net of transaction costs. The equity component is not remeasured subsequent to initial recognition.

Transaction costs are apportioned between the liability and equity components of the redeemable convertible preference shares in proportion to their initial carrying amounts.

4.4.4 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.

4.5 INVESTMENT IN ASSOCIATE UNDERTAKINGS

An associate is an entity in which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying value of the investments in associates are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

4.6 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.

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.6 PROPERTY, PLANT AND EQUIPMENT (continued)

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. Capital work in progress 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
Renovation	5 -10 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. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4.7 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 year end/period.

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 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.

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;

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.7 INTANGIBLE ASSETS (continued)

b) Research and development expenditure *(continued)*

(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.

4.8 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.

4.9 INCOME TAXES

Income tax for the year/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.

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

4. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.9 INCOME TAXES (continued)

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 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 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.

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.

4.10 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.

4.11 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 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 to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.12 REVENUE AND OTHER INCOME

(i) Revenue from construction contracts

Revenue from construction contracts is recognised based on the methods as described in Note 4.16 (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.

4.13 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.

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. SIGNIFICANT ACCOUNTING POLICIES *continued*

4.14 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.

4.15 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 2014	1,260	7	1,267
Addition	59		59
At 30 September 2015	1,319	7	1,326
Addition	–	–	–
At 30 September 2016	1,319	7	1,326

	Trademarks RM'000	Patents RM'000	Total RM'000
Accumulated depreciation			
At 1 October 2014	261	2	263
Charge for the year	54	1	55
At 30 September 2015	315	3	318
Charge for the year	54	1	55
At 30 September 2016	369	4	373
Net book value			
At 30 September 2016	950	3	953
At 30 September 2015	1,005	5	1,010

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

5. INTANGIBLE ASSETS *continued*

(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.

(b) **Patent and/or Product/Technology development expenditure**
The Group has a continuous program of development initiatives for wastewater and bio-waste treatment systems/technologies. Development expenditure are capitalised as patent and amortised over a twenty (20) year period which commensurate with the availability of the sales or use of the developed products/technologies.

The Group's capitalisation policy for patents and any other development expenditure requires the periodic review of the carrying values to determine if there has been impairment in value-based expected future cash flows. If it is determined that the carrying value exceeds the recoverable amount, the carrying value of the asset is written down to the recoverable amount.

6. INVESTMENT IN ASSOCIATES

	2016 RM'000	2015 RM'000
At Cost		
Concord Green Energy Sdn Bhd	–	167
Megagreen Energy Sdn Bhd	26	15
	26	182

Name of associate	Principal activity	Country of incorporation	Equity interest
Concord Green Energy Sdn Bhd (CGE)	Owned & operated Bio-gas power plants	Malaysia	25%
Megagreen Energy Sdn. Bhd. (MGE)	Owned & operated Bio-gas power plants	Malaysia	15%

On 11 November 2014, the Group entered into a Shareholder's Agreement with MGE which entitled a director of the Group to be appointed to the Board of MGE. As a result it is deemed that from this point G&S can exert significant influence on the financial and operating policies of MGE, and therefore MGE has been accounted for as an associate despite an interest of less than 20%. A G&S director is also on the board of CGE.

6. INVESTMENT IN ASSOCIATES *continued*

	MGE		CGE	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At 30 September				
Non-current assets	68,377	29,581	20,376	173
Current assets	9,737	3,542	172	176
Non-current liabilities	(36,807)	(17,424)	–	–
Current liabilities	(40,626)	(15,060)	(21,302)	(242)
Net assets	**681**	**639**	**(754)**	**107**
Reconciliation to carrying amount				
Opening net assets at 1 October	639	1,197	107	437
Profit/(loss) for the period	72	(558)	(861)	(330)
Closing net assets	**681**	**639**	**(754)**	**107**
Group's share of interest (%)	15%	15%	25%	25%
Carrying amount of Group's interest in this associate	102	96	(189)	27
Financial year ended 30 September				
Revenue	4,247	–	–	–
Profit/(loss) for the financial period	72	(558)	(861)	(330)
Group's share of profit/(loss) for the period	11	(135)	(215)	(83)

7. PLANT AND EQUIPMENT

	Furniture and Fittings RM'000	Renovation RM'000	Office Equipment RM'000	Capital Work in Progress RM'000	Motor Vehicle RM'000	Total RM'000
At Cost						
At 1 October 2015	75	124	25	11,542	–	11,766
Addition	88	332	116	14,829	732	16,097
At 30 September 2016	163	456	141	26,371	732	27,863
Less: Accumulated Depreciation						
At 1 October 2015	3	4	9	–	–	16
Addition	12	31	17	–	87	147
At 30 September 2016	15	35	26	–	87	163
Carrying Amount						
at 30 September 2016	148	421	115	26,371	645	27,700

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

7. PLANT AND EQUIPMENT *continued*

	Furniture and Fittings RM'000	Renovation RM'000	Office Equipment RM'000	Capital Work in Progress RM'000	Motor Vehicle RM'000	Total RM'000
At Cost						
At 1 October 2014	9	5	9	–	–	23
Addition	66	119	16	11,542	–	11,743
At 30 September 2015	75	124	25	11,542	–	11,766
Less: Accumulated Depreciation						
At 1 October 2014	–	–	8	–	–	8
Addition	3	4	1	–	–	8
At 30 September 2015	3	4	9	–	–	16
Carrying Amount						
at 30 September 2015	72	120	16	11,542	–	11,750
Net Book Value						
As at September 2016	148	421	115	26,371	645	27,700
As at September 2015	72	120	16	11,542	–	11,750

(a) Included in the assets of the Company at the end of the reporting period were motor vehicles with a total net book value of RM645,100 (2015 - Nil), which were acquired under hire purchase terms.

(b) Capital work-in-progress represents biogas power plant under construction. It is subject to depreciation only when completed and ready for use. Total capitalised interest included in the work-in-progress amounts to RM376,637 (2015 – RM277,067).

(c) The capital work-in-progress with carrying amount of RM26,316,942 (2015 – RM 11,487,209) is pledged against the banking facility (Note 19).

(d) Acquisition of plant and equipment:–

	2016 RM'000	2015 RM'000
Aggregate cost of property, plant and equipment	16,097	11,743
Unpaid balance included in other payables (Note 15)	(237)	(718)
Amount financed through hire purchase	(600)	
Cash paid to acquire property, plant and equipment	15,260	11,025

8. TRADE AND OTHER RECEIVABLES

	2016 RM'000	2015 RM'000
Other receivables	622	496
Less: allowance for impairment loss	(300)	(300)
	322	196
Prepayment	376	1,462
Deposit	373	278
	1,071	1,936
Less: allowance for impairment losses		
Opening balance	(300)	(300)
Addition during the year/period	–	–
Closing balance	(300)	(300)

a) The Group's normal credit terms range from 90 to 120 days (2015: 90 to 120 days). Other credit terms are assessed and varied on a case-by-case basis.

b) Trade receivables that are individually determined to be impaired relate to customers that have defaulted on payments. In 2016, the Group has trade amounts owing by the associated undertakings amounted to approximately RM 55,290,000 (2015: RM 12,075,000).

9. AMOUNTS OWING BY RELATED PARTIES

	Note	2016 RM'000	2015 RM'000
Amounts owing by associated undertakings	**23**	55,290	12,075
Amounts owing by related parties	**23**	97	22
Amounts owing by directors	**23**	35	–
		55,422	12,097

Amounts owing by associated undertakings comprise uncollected balances due from Megagreen Energy and Concord Green Energy. 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:

	2016 RM'000	2015 RM'000
Not past due	20,221	177
Past due by less than 3 months	18,126	11,898
Past due by less than 3 – 6 months	8,016	-
Past due by 6 months and above	8,927	-
	55,290	12,097

Of the above amounts approximately RM 52 million remains uncollected at the date of approval of the financial statements.

The group is a shareholder in each of Megagreen Energy and Concord Green Energy and exercises significant influence over those entities and the directors consider the amounts owing to be recoverable in full.

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

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

	2016 RM'000	2015 RM'000
Aggregate cost incurred to date	63,918	13,600
Add: Attributable profits	22,159	5,102
	86,077	18,702
Less: progress billings	(85,676)	(20,374)
	401	(1,672)
Represented by:		
Amount owing by contract customers	551	91
Amount owing to contract customers	(150)	(1,763)

11. CASH AND CASH EQUIVALENT

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

	2016 RM'000	2015 RM'000
Cash and bank balances	2,153	12,198

12. STATED CAPITAL

Issued and Fully Paid-Up	No. of shares	RM'000
On incorporation	2	–
30 September 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

The Company was incorporated on 7 August 2015 with an unlimited authorised share capital of no par value, of which two (2) ordinary shares ("Ordinary Shares") were issued fully paid to the subscribers, with one (1) Ordinary Share each being issued to Capita Nominees Limited and Capita Secretaries Limited.

On 24 November, 2015, by resolution of the Board, the Board approved the transfer of the two (2) subscriber shares to Saravanan Rasaratnam and Navindran Balakrishnan respectively.

Pursuant to a resolution of the Board which form part of the Group's restructuring exercise in preparation for the Company's listing on the AIM market London Stock Exchange, the Company had on 20 January, 2016 acquired the complete interest in Green & Smart Ventures Sdn Bhd via the issuance of 100 Ordinary Shares

Pursuant to a resolution of the Board and in accordance with the terms as specified in the Share Exchange Agreement dated 6 May, 2016, which form part of the Group's restructuring exercise in preparation for the Company's listing on the AIM market London Stock Exchange, the Company on 6 May, 2016 completed the share exchange exercise by issuing and allotting 232,222,120 Ordinary Shares.

On 6 May 2016, the Company issued a further 44,444,445 Ordinary Shares (representing 16.06% of the Company's enlarged share capital) at 9 pence per Ordinary Share to raise GBP4,000,000, in conjunction with the Admission to AIM of the Company's enlarged share capital. The costs associated with the share issue, amounting to GBP424,518 have been deducted from the Company's stated capital. As at 30 September 2016, the Company's issued share capital is 276,666,667 Ordinary Shares.

12. STATED CAPITAL *continued*

Redeemable convertible preference shares ("RCPS")

During the year, Green & Smart Sdn Bhd issued 4,000,000 redeemable convertible preference shares of RM1.00 each. On 6 May 2016, to pursuant the Share Exchange Agreement, these redeemable convertible preference shares were then converted into the equity of Green & Smart Sdn Bhd prior its share swapped with the equity of Green & Smart Holdings Plc.

13. TRADE AND OTHER PAYABLES

	2016 RM'000	2015 RM'000
Trade payable	33,857	10,786
Other payable and accruals	819	1,580
Amounts owing to associate undertaking	–	1
Advance from customer	–	6,430
Other taxes	–	1,347
	34,676	20,144

The normal credit terms granted to the Group by the suppliers are 90 days (2015: 90 days) from invoice date.

Included in sundry payable is an amount of RM237,246 (2015: RM718,000) payable for purchase of plant & equipment (Note 7(d)).

14. SHORT TERM BORROWINGS

	2016 RM'000	2015 RM'000
Hire purchase payables (Note 15)	70	–
Term loans (Notes 16)	1,860	–
	1,930	–

15. HIRE PURCHASE PAYABLES

	2016 RM'000	2015 RM'000
Minimum hire purchase payments:		
– not later than one year	98	–
– later than one year and not later than five years	393	–
– later than five years	185	–
	676	–
Less: Future finance charges	(118)	–
	558	–
Current		
Not later than one year (Note 14)	70	–
Non-current (Note 17)		
Later than one year and not later than five years	321	–
Later than five years	167	–
	488	–
	558	–

The hire purchase payables of the Company at the end of the reporting period bore effective interest rates ranging from 5.20% to 5.36% (2015 – Nil).

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

16. TERM LOAN

	2016 RM'000	2015 RM'000
Current (Note 14)		
Not later than one year	1,860	
Non-Current (Note 17)		
Later than 1 year and not later than 2 years	1,860	
Later than 2 years and not later than 5 years	5,580	
Later than 5 years	650	8,495
	8,090	8,495
	9,950	8,495

The term loans are secured against: –
(i) Capital work-in-progress as disclosed in Note 6(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.

17. LONG TERM BORROWINGS

	2016 RM'000	2015 RM'000
Hire purchase payables (Note 15)	488	–
Term loans (Note 16)	8,090	8,495
	8,578	8,495

18. 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 year ended 30 September 2016, an amortised amount of RM 12,500 was recognised (2015: RM 12,500) as other income in profit or loss.

19. REVENUE

Revenue represents contract revenue recognised based on percentage of completion method and the net invoiced value of goods sold, after allowances for returns and trade discounts.

	2016 RM'000	2015 RM'000
Contract revenue recognised based on percentage of completion method	67,375	18,702
	67,375	18,702

20. FINANCE COSTS

	2016 RM'000	2015 RM'000
Other loan	–	6
Bank charges	7	2
Bank guarantee charges	29	29
Hire purchase interest	9	–
	45	37

21. PROFIT / (LOSS) BEFORE TAXATION

	2016 RM'000	2015 RM'000
Profit 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	236	21
Non audit fees payable to company's auditor relating to the transaction services	600	–
Amortisation of intangible assets	55	55
Depreciation of equipment	147	7
Rental of premises	156	28
Rental of equipment	13	–
Rental of motor vehicles	229	23
Government grant income	(13)	(13)
Realised gain on foreign exchange	(175)	–

22. INCOME TAX EXPENSES

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 the 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.

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:-

	2016 RM'000	2015 RM'000
Profit before taxation	9,928	3,515
Tax at the statutory tax rate of 24% (2015: 25%)	2,838	879
Tax effect of:		
Non-deductible expenses	111	–
Unrelieved tax losses	39	240
Tax rate differential	762	–
Tax exempt income	(3,295)	(1,119)
Income tax expenses for the year	–	–

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015 - 25%) of the estimated assessable profit for the financial year.

Subject to the agreement of the Inland Revenue Board, at 30 September 2016, the Group has deferred tax assets not recognised in the financial statements for the following item under the liability method:–

	2016 RM	2015 RM
Unabsorbed tax losses	1,260,000	1,260,000

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. However, the availability of unused tax losses for offsetting against future taxable profits are subject to no substantial changes in shareholdings of the subsidiary undertakings under the Income Tax Act 1967 and guidelines issued by the tax authority.

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

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 Company also carried out the following significant transactions with the related parties during the financial year:–

	2016 RM'000	2015 RM'000
Associate – Megagreen Energy Sdn. Bhd.		
– Contract revenue	47,154	18,702
– Rental	–	9
– Amounts owing by associated undertakings	39,796	12,075
Associate – Concord Green Energy Sdn. Bhd.		
– Contract revenue	20,221	–
– Amounts owing by associated undertakings	19,076	–
Amount owing from K2M Ventures Sdn. Bhd	34	22
Amount owing from Makmur Hidro	63	-
Net amount owing (to) Saravanan Rasaratnam	(219)	(174)
Amount owing (to) Navindran Balakrishnan	(451)	(371)

(c) Compensation of key management personnel

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

	2016 RM'000	2015 RM'000
Short-term employee benefits	397	587
Defined contribution plan (EPF)	91	63
	488	650
Included in the total key management personnel compensation are:-		
Directors' remuneration	757	353
Executive Directors Fees	269	–
	1,026	353

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

24. EARNINGS PER SHARE

The financial statements represents the financial information of Green & Smart Sdn. Bhd. prior to the group reorganisation on as described above in the basis of preparation in Note 1, whereby Green & Smart Holdings Plc became the new parent company of the Group. It is of limited significance to calculate earnings per share on the historical equity of the companies forming the Group prior to the reorganisation. Accordingly, a pro forma earnings per share has been included based on the relevant number of shares in Green & Smart Holdings Plc following the group reorganisation. The calculation of earnings per share is based on the following earnings and number of shares:

	2016	2015
Profit attributable to the owners of the company (RM'000)	9,929	3,526
Weighted average shares in issue for basic earnings per share	111,147,571	111,147,571
Adjustment for:		
Warrants instruments	536,702	536,702
Weighted average shares in issue for diluted earnings per share	111,684,274	111,684,274
Basic earnings per share (RM - cent)	8.93	3.17
Diluted earnings per share (RM - cent)	8.89	3.16

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 into ordinary shares.

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 is 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

	2016 RM'000	2015 RM'000
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:–		
Unsecured		
Corporate guarantee given to licensed banks for credit facilities granted to an associate	36,807	35,250

The Group has provided associate company Megagreen Energy Sdn Bhd a corporate guarantee in support of its 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 RM14.1 million.

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

27. CAPITAL COMMITMENT

At 30 September, the Group has the following capital commitments in respect to plant & equipment:

	2016 RM'000	2015 RM'000
Approved and contracted for construction of plant and equipment	21,024	5,140

28. OPERATING LEASE COMMITMENT

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

	2016 RM'000	2015 RM'000
Not later than one year	323	398
Later than one year and not later than five years	1,291	1,291
Later than five years	1,521	1,769
	3,135	3,458

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 one operating segment providing consulting and contract services to customers in the renewable energy sector and those requiring waste water treatment.

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 year is as follows:-

Business Segments	2016 RM'000	2015 RM'000
Consulting and contract revenues	67,375	18,702
Group revenues	67,375	18,702
Gross Profit/(Loss)	17,057	5,070
Net Profits/(Loss)	9,880	3,515
Segment Assets	87,877	39,263
Segment Liabilities	46,366	31,097
Investment in associates	26	182
Capital Expenditure	16,097	11,687
Depreciation and amortization	147	7

(b) Information about major customers

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

	2016 RM'000	2015 RM'000
Megagreen Green Sdn Bhd	47,154	18,702
Concord Green Energy Sdn Bhd	20,221	–
	67,375	18,702

30. WARRANTS INSTRUMENTS

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 expiring date of 5 years. The directors have used Black Scholes model as recommended under IFRS 2 in valuing the share based payment charge. The fair value of the services received in consideration for the issue of the warrants was measured at the date of grant was approximately RM 100,000. These warrant instruments were not recognised in the financial statements as their fair value was not considered material.

The principal inputs into the model were as follows:

- Stock price: 9 pence
- Exercise price: 9 pence
- Risk free rate: 0.5%
- Volatility: 15%
- Time to maturity: 5 years

The expected volatility was determined by reference to similar entities trading on the AIM market. No expected dividends have been used in the option pricing model.

31. ULTIMATE CONTROLLING PARTIES

The directors consider there is no ultimate controlling party.

32. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. 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:

	2016 RM'000	2015 RM'000
Financial Assets		
Loans and receivables		
Other receivables and deposits	695	474
Amount owing by related parties	97	22
Amount owing by associate undertakings	55,290	12,075
Amount owing by directors	35	-
Cash and bank balances	2,153	12,198
	58,270	24,769
Financial Liabilities		
Other financial liabilities		
Trade payables	33,857	10,786
Other payables and accruals	819	9,357
Amount owing to associate undertakings	–	1
Amount owing to directors	896	545
Hire purchase payables	558	–
Term loans	9,950	8,495
	46,080	29,184

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.

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

32. FINANCIAL INSTRUMENTS *continued*

32.1 FINANCIAL RISK MANAGEMENT POLICIES (continued)

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.

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

	USD RM'000	GBP RM'000	EURO RM'000	RM RM'000	TOTAL RM'000
2016					
Financial Assets					
Other receivables and deposit	–	–	–	695	695
Amount owing by related parties	–	–	–	97	97
Amount owing by associates	–	–	–	55,290	55,290
Amount owing by directors	–	–	–	35	35
Cash and bank balance	1	1,874	–	278	2,153
	1	1,874	–	56,395	58,270
Financial Liabilities					
Trade payables	3,639	–	4,308	25,910	33,857
Other payables and accruals	–	–	–	819	819
Amount owing to directors	–	–	–	896	896
Hire purchase payables	–	–	–	558	558
Term loans	–	–	–	9,950	9,950
	3,639	–	4,308	38,133	46,080
Net financial assets/(liabilities)	(3,638)	1,874	(4,308)	18,262	12,190
Less : Net financial assets/(liabilities) denominated in the Company's functional currency	–	–	–	18,262	18,262
Currency exposure	(3,638)	1,874	(4,308)	–	(6,072)

32. FINANCIAL INSTRUMENTS *continued*

32.1 FINANCIAL RISK MANAGEMENT POLICIES (continued)

32.1.1 Market Risk (continued)

(a) Foreign Currency Risk *(continued)*

	USD RM'000	GBP RM'000	EURO RM'000	RM RM'000	TOTAL RM'000
2015					
Financial Assets					
Other receivables and deposits	–	–	–	474	474
Amount owing by related parties	–	–	–	22	22
Amount owing by associate undertakings	–	–	–	12,075	12,075
Amount owing by directors	–	–	–	–	–
Cash and bank balance	–	–	–	12,198	12,198
	–	–	–	24,769	24,769
Financial Liabilities					
Trade payables	2,696	–	–	8,090	10,786
Other payables and accruals	–	401	–	8,956	9,357
Amount owing to an associate	–	–	–	1	1
Amount due to directors	–	–	–	545	545
Term loans	–	–	–	8,495	8,495
	2,696	401	–	26,087	29,184
Net financial liabilities	(2,696)	(401)	–	(1,318)	(4,415)
Less : Net financial liabilities denominated in the Company's functional currency	–	–	–	1,318	1,318
Currency exposure	(2,696)	(401)	–	–	(3,097)

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)	
	2016 RM'000	**2015 RM'000**
Effects on Profit After Taxation		
USD/RM		
– strengthened by 1%	28	22
– weakened by 1%	(28)	(22)
GBP/RM		
– strengthened by 1%	116	3
– weakened by 1%	(116)	3
EUR/RM		
– strengthened by 1%	35	–
– weakened by 1%	(35)	–

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.

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

32. FINANCIAL INSTRUMENTS *continued*

32.1 FINANCIAL RISK MANAGEMENT POLICIES (continued)

32.1.1 Market Risk (continued)

(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.

32.1.2 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 26 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 ongoing basis.

Credit risk concentration profile

The Group's major concentration of credit risks relates to the amount owing by 2 (2015: 2) customers which constitutes approximately 100% (2015: 100%) 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 periods is disclosed in note 9.

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

32. FINANCIAL INSTRUMENTS *continued*

32.1 FINANCIAL RISK MANAGEMENT POLICIES (continued)

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 RM	Carrying amount RM'000	Contractual undisclosed cashflow RM'000	Within 1 year RM'000	1-5 years RM'000
2016					
Trade payables	–	33,857	33,857	33,857	–
Other payables and accruals	–	819	819	819	–
Amount owing to directors	–	896	896	–	896
Hire purchase payables	5.2-5.4	558	558	70	488
Term loans	5.0-8.0	9,950	9,950	1,860	8,090
		46,080	46,080	36,606	9,474
2015					
Trade payables	–	10,786	10,786	10,786	–
Other payables and accruals	–	9,357	9,357	9,357	–
Amount owing to an associate	–	1	1	1	–
Amount owing to directors	–	545	545	–	545
Term loans	5.0-8.0	8,495	8,495	–	8,495
		29,184	29,184	20,144	9,040

32.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

32.4 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 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
2016								
Term loans	–	–	–	–	9,950	–	9,950	9,950
Hire purchase payables	–	–	–		558	–	558	558
Amount owing to directors	–	–	–	–	–	807	807	896
2015								
Term loans	–	–	–	–	8,841	–	8,841	8,495
Amount owing to directors	–	–	–	–	–	475	475	545

Notes to the consolidated financial statements *(continued)*

For the period ended 30 September 2016

32. FINANCIAL INSTRUMENTS *continued*

32.4 FAIR VALUES MEASUREMENTS (continued)

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:-

	2016 %	2015 %
Hire purchase payables	5.2	–
Term loan (fixed interest rate)	5.0	5.0

(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 year/period.

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

	2016 RM'000	2015 RM'000
Hire purchase payables	558	–
Term loans	9,950	8,495
Less: Cash and bank balances	(2,153)	(12,198)
Net debt	10,229	–
Total equity	41,464	8,119
Debt-to-equity ratio	0.38	–

34. SUBSEQUENT EVENTS

On 16 December 2016, pursuant to the execution of an Investment Agreement dated the same day, MTDC subscribed for an addition 6,000,000 units of Redeemable Convertible Preference Shares of RM1.00 each in Green & Smart Sdn Bhd. This thus resulted in the creation of a Share Premium of RM5.4 million in the books of Green & Smart Sdn Bhd.

MTDC initially acquired 6,000,000 redeemable convertible preference shares of RM1.00 each ("RCPS") in a wholly-owned subsidiary of the Company, Green & Smart Sdn Bhd. Following the issue, the RCPS were converted into 10,761,367 new ordinary shares in the Company pursuant to a share swap agreement also dated 19 December 2016 entered into between the Company, Green & Smart Ventures Sdn Bhd and MTDC.

The Company has issued, conditional on admission, 10,761,367 new ordinary shares ("Subscription Shares") at a subscription price of 10.62 pence per Subscription Share (the "Subscription"), being the closing price on 16 December 2016. On admission, the Subscription Shares will rank pari passu in all respects with the existing ordinary shares.

The Subscription Shares were admitted to trading on AIM on 23 December 2016. Following admission, MTDC holds 19,476,367 shares in the Company, amounting to 6.78% of the enlarged issued share capital of the Company.

GREEN & SMART

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