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 RNS Number : 9518A
 Green & Smart Holdings plc
 30 March 2017

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Green & Smart Holdings plc
 ("Green & Smart" or "G&S" or "the Group")

Final Results for the Year ended 30 September 2016

Green & Smart Holdings plc (AIM: GSH), a renewable energy company generating power from biogas captured through the treatment of palm oil mill effluent (POME) in Malaysia, announces its final audited results for the year ended 30 September 2016.

The financial information in this announcement covers the financial period ended 30 September 2016, an accounting period that began prior to the listing of the Group on AIM and completion of the group reorganisation comprising the acquisition by 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 to form the Green & Smart group of companies as it is currently constituted and the admission to trading on AIM of the share capital of Green & Smart Holdings plc.

On 6 May 2016 Green & Smart Holdings plc completed the group reorganisation by way of share for share exchanges and the share capital of Green & Smart Holdings plc was admitted to trading on AIM.

Financial Summary

- Revenue increased 260% to RM67.38m (FY 2015: RM18.70m)
- Gross profit increased 236% to RM17.06m (FY 2015: RM5.07m)
- Operating profit increased 169% to RM10.13m (FY 2015: RM3.77m)
- Profit before tax increased 181% to RM9.9m (FY 2015: RM3.5m)
- Net profit increased 181% to RM9.9m (FY 2015: RM3.5m)
- Adjusted net profit, excluding AIM listing cost of RM1.9m amounted to RM11.8m
- Raised gross proceeds of £4.0m through an initial public offering ("IPO") on AIM in May 2016
- 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
- At 30 September 2016, the Group was owed RM55.3m by CGE and MGE - current total outstanding amounts to RM52.3m
- Post period, raised RM6m through the issue of new ordinary shares to Malaysian Technology Development Corporation Sdn Bhd

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

Mr. Saravanan Rasaratnam, Group Managing Director of Green & Smart, said: "It has been a transformational year, one in which Green & Smart moved from being an EPCC contractor to an independent power producer, producing energy by cleaning up the environmentally-damaging effluent produced by palm oil mills. In the past 15 months, the Group has successfully built a total seven biogas plants and has commenced generating revenues from its wholly-owned Kahang plant that has been connected to the grid.

"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. We look 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."

Enquiries

Green & Smart Holdings plc	
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A copy of this announcement, along with the annual report and accounts for the year ended 30 September 2016, is available on the Group's website at www.greenandsmart.net. The annual report will be posted to shareholders on 31 March 2017.

Operational Summary

The year to 30 September 2016 has been transformational 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 Malaysia (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 Group completing 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.

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 to 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 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.

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.

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 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.

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. 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.

GREEN AND SMART HOLDINGS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September

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

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:

GREEN AND SMART HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September

		Audited	Pro-forma
		Year ended	Year ended
		30 September 2016	30 September 2015
	Note	RM'000	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.

GREEN AND SMART HOLDINGS PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 September

	Note	Share capital	Foreign translation reserve	Merger reserve	Retained profit	Attributable to owners of the company	Non-controlling interest	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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.

GREEN AND SMART HOLDINGS PLC
CONSOLIDATED STATEMENT OF CASH FLOW
For the year ended 30 September

	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.

GREEN AND SMART HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENT
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 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:

Name	Place of incorporation	Principal activity	Effective interest	
			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.

2. BASIS OF PREPARATION (CONT'D)

GOING CONCERN

The financial statements have been prepared on the going concern basis, which assumes the group will continue to be 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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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;
- (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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INTANGIBLE ASSETS (CONT'D)

b) Research and development expenditure (cont'd)

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

4.14 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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
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	1010

(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	2015	
	RM'000	RM'000	
<u>At Cost</u>			
Concord Green Energy Sdn Bhd	-	167	
Megagreen Energy Sdn Bhd	26	15	
	26	182	
<u>Name of associate</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Equity interest</u>
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.

	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
<hr/>				
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
<hr/>				
Group's share of interest (%)	15%	15%	25%	25%
Carrying amount of Group's interest in this associate	102	96	(189)	27
<hr/>				
Financial year ended 30 September				
Revenue	4,247	-	-	-
Profit/(loss) for the financial period	72	(558)	(861)	(330)
<hr/>				
Group's share of profit/(loss) for the period	11	(135)	(215)	(83)

7. PLANT AND EQUIPMENT

	Furniture and Fittings	Renovation	Office Equipment	Capital Work in Progress	Motor Vehicle	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	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

7. PLANT AND EQUIPMENT (CONT'D)

	Furniture and Fittings	Renovation	Office Equipment	Capital Work in Progress	Motor Vehicle	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	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

7. PLANT AND EQUIPMENT (CONT'D)

- (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)	
	<hr/>	<hr/>
Cash paid to acquire property, plant and equipment	15,260	11,025
	<hr/>	<hr/>

8. TRADE AND OTHER RECEIVABLES

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

- 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	-
		<hr/>	<hr/>
		55,422	12,097
		<hr/>	<hr/>

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	-
	<u>55,290</u>	<u>12,097</u>

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.

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	<u>22,159</u>	<u>5,102</u>
	86,077	18,702
Less: progress billings	<u>(85,676)</u>	<u>(20,374)</u>
	<u>401</u>	<u>(1,672)</u>
Represented by:		
Amounts owing by contract customers	551	91
Amounts 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	<u>2,153</u>	<u>12,198</u>

12. STATED CAPITAL

	No. of shares	RM'000
Issued and Fully Paid-Up		
On incorporation	<u>2</u>	<u>-</u>
30 September 2015	<u>2</u>	<u>-</u>
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		<u>(2,458)</u>
30 September 2016	<u>276,666,667</u>	<u>35,142</u>

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.

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
	<u>34,676</u>	<u>20,144</u>

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 (Note 16)	<u>1,860</u>	<u>-</u>
	<u>1,930</u>	<u>-</u>

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	<u>185</u>	<u>-</u>
	676	-
Less: Future finance charges	<u>(118)</u>	<u>-</u>
	<u>558</u>	<u>-</u>
<u>Current</u>		
Not later than one year (Note 14)	70	-
Non-current (Note 17)		
Later than one year and not later than five years	<u>321</u>	<u>-</u>
Later than five years	<u>167</u>	<u>-</u>
	488	-
	<u>558</u>	<u>-</u>

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).

16. TERM LOAN

	2016 RM'000	2015 RM'000
<u>Current (Note 14)</u>		

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	2015
	RM'000	RM'000
Hire purchase payables (Note 15)	488	-
Term loans (Note 16)	8,090	8,495
	<u>8,578</u>	<u>8,495</u>

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	2015
	RM'000	RM'000
Contract revenue recognised based on percentage of completion method	67,375	18,702
	<u>67,375</u>	<u>18,702</u>

20. FINANCE COSTS

	2016	2015
	RM'000	RM'000
Other loan	-	6
Bank charges	7	2
Bank guarantee charges	29	29
Hire purchase interest	9	-
	<u>45</u>	<u>37</u>

21. PROFIT / (LOSS) BEFORE TAXATION

	2016	2015
	RM'000	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	236	21
of the consolidated financial statements		
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	2015
	RM'000	RM'000
Profit before taxation	9,928	3,515
Tax at the statutory tax rate of 24% (2015:25%)	2,383	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	2015
	RM	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

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
	<u>488</u>	<u>650</u>
Included in the total key management personnel compensation are:-		
Directors' remuneration	757	353
Executive Directors Fees	269	-
	<u>1,026</u>	<u>353</u>

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
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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
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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.

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
	<u>3,135</u>	<u>3,458</u>

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	<u>67,375</u>	<u>18,702</u>
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	-
	<u>67,375</u>	<u>18,702</u>

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
	<hr/> 58,270	<hr/> 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
	<hr/> 46,080	<hr/> 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.

32.1.1 MARKET RISK

(a) Foreign Currency Risk

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

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1.1 MARKET RISK (CONT'D)

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

	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 (CONT'D)

32.1.1 MARKET RISK (CONT'D)

	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)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1.1 MARKET RISK (CONT'D)

- (a) Foreign Currency Risk (cont'd)

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

	<u>Increase / (decrease)</u>	
	2016	2015
	RM'000	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.

(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.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1.2 CREDIT RISK

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 on-going 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 (CONT'D)

32.1.3 LIQUIDITY RISK

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

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

	Effective interest rate RM	Carrying Amount RM'000	Contractual undiscounted 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. FINANCIAL INSTRUMENTS (CONT'D)

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	-	-	-	-	8,441	-	8,441	8,495
Amount owing to directors	-	-	-	-	-	475	475	545

32. FINANCIAL INSTRUMENTS (CONT'D)

32.4 FAIR VALUES MEASUREMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE

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

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

	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	2015
	RM'000	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.

Application has been made for the Subscription Shares to be admitted to trading on AIM and admission is expected to take place on or around 23 December 2016. Following admission, MTDC will hold 19,476,367 shares in the Company, amounting to 6.78% of the enlarged issued share capital of the Company.

5/6/2019

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