

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

30 September 2019

Green & Smart Holdings plc
(“Green & Smart” or “the Company” or “the Group”)

Half Year Results

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 interim results for the six months ended 30 June 2019.

Financial Summary*

- Revenue increased 5% to RM1.9m (H1 2018: RM1.8m)
- Gross loss was reduced to RM0.12m (H1 2018: RM0.72m loss)
- Loss before tax was reduced to RM4.4m (H1 2018: RM5.7m loss)
- Cash and cash equivalents at 30 June 2019 were RM0.06m (31 March 2018: RM0.01m)

* Due to the Company changing its financial year end during 2018, the comparative period is for the six months to 31 March 2018

Operational Summary

- The Group’s 2.0MW Malpom biogas power plant continued to perform well, with power being sold to the national utility at the full tariff rate
- Construction progressed on the 2.7MW Minyak plant, which will be the Group’s largest fully-owned biogas power plant to date
- Upgrading works and construction of a bio-polishing facility at the Group’s 2.0MW Kahang plant continued
- Recommended pursuing new EPCC opportunities

Mr. Saravanan Rasaratnam, Chief Executive Officer of Green & Smart, said:

“We made good progress during the period with our Malpom biogas power plant selling power to the grid at the full tariff rate, enabling increased revenue, and with works advancing on our Kahang and Minyak plants. We were also active in pursuing EPCC opportunities and expect to be awarded a contract by year end, which will further support our cashflows. As a result, and combined with Kahang scheduled to resume power sales in the second half, we remain confident of reporting significantly higher revenue for full year 2019 compared with 2018.”

Enquiries

Green & Smart Holdings plc

Saravanan Rasaratnam, Chief Executive Officer
Navindran Balakrishnan, Chief Operations Officer

+603 2095 0024

Beaumont Cornish (Nominated Adviser)

Roland Cornish, Felicity Geidt

+44 20 7628 3396

Optiva Securities (Broker)

Vishal Balasingham

+44 20 3137 1903

Luther Pendragon (Financial PR Adviser)

Claire Norbury, Rachel So

+44 20 7618 9100

Operational Review

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

During the period, the Group’s second fully-owned biogas power plant, the 2.0MW Malpom plant in Penang, continued to perform well, converting POME to power at what management believes is industry-leading efficiency levels, and with power being sold to the national utility at the full tariff rate. The plant is the Group’s first specialised self-contained covered lagoon-based system, which is developed for mills with space constraints that prevents the setting up of a conventional biogas facility.

The Group also continued to progress construction work at its third fully-owned biogas power plant, the 2.7MW Minyak plant in Perak. As this plant will be a lagoon-based system, the Group has been able to leverage its experience in constructing the Malpom plant. With a capacity of 2.7MW, this will be Green & Smart’s largest plant to date, and it is currently expected that construction will be completed in H1 2020.

At the Group’s 2.0MW Kahang plant in Johor, which is its first fully-owned plant, construction progressed on the bio-polishing facility to enable the reuse of wastewater and upgrading work to enhance the efficiency of the gas production process continued. The Group is conducting intermittent flaring to test the levels of gases produced, with production and full operations of the plant now expected to recommence in H2 2019.

During the period, the Group recommenced pursuing new EPCC opportunities, which, if successful, will further support its cashflow. The Group is in discussions with potential customers and expects to be awarded a contract by year end.

Financial Review

Revenue for the six months ended 30 June 2019 increased by 5% to RM1.9m (H1 2018: RM1.8m). The revenue recognised in the period was generated from the sale of power at the Group’s fully-owned Malpom biogas power plant whereas revenue in the prior period was primarily based on work under EPCC contracts.

Operating loss was reduced to RM3.7m (H1 2018: RM4.6m loss) due to lower cost of sales and operating expenses. Loss before tax was reduced to RM4.4m (H1 2018: RM5.7m) due to the lower operating loss and lower finance costs. The Group was not subject to tax due it being lossmaking and, therefore, loss after tax was also RM4.4m (H1 2018: RM5.7m loss).

On a consolidated level, the Group’s loss per share for the six-month period ended 30 June 2019 was reduced to RM0.01, based on the weighted number of ordinary shares (H1 2018: RM0.02 loss per share).

Cash and cash equivalents at 30 June 2019 were RM0.06m (31 March 2018: RM0.01m). Towards the end of the period, the Group entered into an agreement for a 12-month interest free loan of £1.6m to be received in tranches: £0.9m was received during the period and a further £0.6m post period, with £0.1m still available.

At 30 June 2019, the Group was owed a gross amount of RM47.5m by Megagreen Energy Sdn Bhd (“MGE”) and Concord Green Energy Sdn Bhd (“CGE”). During the interim reporting period, the Group received collectively RM10.4m in relation to outstanding receivables from MGE and CGE, of which RM3.0m was a direct payment by MGE to suppliers to the Group. As previously stated, the Directors of Green & Smart are actively monitoring the MGE and CGE receivables and, having received assurance

from MGE and CGE in relation to the timing of payments, consider the amounts owing to be recoverable in full and that the outstanding receivable position will be progressively rectified.

Outlook

The Group has continued to progress construction and upgrade works at its fully-owned biogas power plant projects in the second half of 2019 and Malpom is performing well, with power being sold to the grid at the full tariff rate. The Group is also in negotiations to secure EPCC projects, locally and regionally, and management expect to be awarded a contract by year end, which would further support cashflows. Management believe that this represents a significant market opportunity for Green & Smart as one of the few fully-integrated providers and operators of biogas plants in Malaysia as well as experience in delivering both tank- and lagoon-based systems.

With Malpom continuing to generate revenues as expected, Kahang due to resume power sales by year end and negotiations regarding EPCC contracts progressing, the Board remains confident that revenue generation in 2019 will be materially higher than for the 15 months ended 31 December 2018.

GREEN AND SMART HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | Unaudited 30-6-2019 RM'000 | Unaudited 31-3-2018 RM'000 | Audited 31-12-2018 RM'000 |
|--------------------------------------|------|----------------------------------|----------------------------------|---------------------------------|
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Intangible assets | 9 | 804 | 872 | 831 |
| Investment in associates | | - | - | - |
| Property, plant and equipment | 10 | 40,713 | 37,262 | 41,636 |
| Total non-current assets | | <u>41,517</u> | <u>38,134</u> | <u>42,467</u> |
| CURRENT ASSETS | | | | |
| Trade and other receivables | 11 | 16,282 | 2,245 | 21,775 |
| Amount owing by contract customers | 12 | 401 | 401 | 401 |
| Amount owing by related parties | 13 | 31,660 | 71,953 | 34,635 |
| Cash and cash equivalents | 14 | 55 | 11 | 471 |
| Total current assets | | <u>48,398</u> | <u>74,610</u> | <u>57,282</u> |
| Total assets | | <u>89,915</u> | <u>112,744</u> | <u>99,749</u> |
| EQUITY | | | | |
| Stated capital | 15 | 61,052 | 43,954 | 61,052 |
| Foreign translation reserve | | (2,421) | (2,723) | (2,499) |
| Retained loss | | (7,754) | 4,569 | (3,350) |
| Merger reserve | | (4,028) | (4,028) | (4,028) |
| Total shareholders' equity | | 46,849 | 41,772 | 51,175 |
| Non-controlling interests | | 41 | 44 | 41 |
| Total equity | | <u>46,890</u> | <u>41,816</u> | <u>51,216</u> |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 16 | 21,036 | 50,464 | 30,888 |
| Short-term borrowings | 17 | 11,949 | 10,966 | 9,287 |
| Total current liabilities | | <u>32,985</u> | <u>61,430</u> | <u>40,175</u> |
| NON-CURRENT LIABILITY | | | | |
| Government grant income | | 102 | 117 | 108 |
| Amount owing to related parties | 13 | 4,199 | 5,759 | 3,972 |
| Long-term borrowings | 17 | 341 | 438 | 387 |
| Amount owing to directors | | 5,398 | 3,184 | 3,891 |
| Total non-current liabilities | | <u>10,040</u> | <u>9,498</u> | <u>8,358</u> |
| Total liabilities | | <u>43,025</u> | <u>70,928</u> | <u>48,533</u> |
| Total liabilities and equity | | <u>89,915</u> | <u>112,744</u> | <u>99,749</u> |

GREEN AND SMART HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended

| | Note | Unaudited 30-6-2019 RM'000 | Unaudited 31-3-2018 RM'000 |
|---|------|----------------------------------|----------------------------------|
| Revenue | | 1,907 | 1,820 |
| Cost of sales | | (2,026) | (2,541) |
| Gross loss | | (119) | (721) |
| Other income | | - | 6 |
| Less: operating expenses | | (3,554) | (3,871) |
| Administrative expenses | | (2) | (1) |
| Other expenses | | (3,556) | (3,872) |
| Operating loss | | (3,675) | (4,587) |
| Finance cost | | (729) | (1,115) |
| Loss before taxation | | (4,404) | (5,742) |
| Income tax expense | | - | - |
| Loss for the period | | (4,404) | (5,742) |
| Other comprehensive income/(loss) | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange difference on translation of foreign operations | | 78 | 264 |
| Total comprehensive loss | | (4,326) | (5,478) |
| Loss for the period attributable to: - | | | |
| - Owners of the company | | (4,404) | (5,742) |
| - Non-controlling interest | | - | - |
| | | (4,404) | (5,742) |
| Total comprehensive loss attributable to: - | | | |
| - Owners of the company | | (4,326) | (5,478) |
| - Non-controlling interest | | - | - |
| | | (4,326) | (5,478) |
| Loss per share: | | | |
| Basic (RM, cents) | 18 | (1.28) | (1.96) |
| Diluted (RM, cents) | 18 | (1.28) | (1.96) |

GREEN AND SMART HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Note | Share capital RM'000 | Foreign translation reserve RM'000 | Merger reserve RM'000 | Retained profit RM'000 | Attributable to owners of the company RM'000 | Non- controlling interest RM'000 | Total equity RM'000 |
|--|-------------------------|---|-----------------------------|------------------------------|---|---|---------------------------|
| Balance as at 1 October 2017 | 43,954 | (2,987) | (4,028) | 10,311 | 47,250 | 44 | 47,294 |
| Loss for the year | - | - | - | (13,661) | (13,661) | (3) | (13,664) |
| Other comprehensive income | | | | | | | |
| Translation of foreign operations | - | 488 | - | - | 488 | - | 488 |
| Total comprehensive loss | - | (488) | - | (13,661) | (13,173) | (3) | (13,176) |
| <i>Transactions with owners</i> | | | | | | | |
| Issuance of shares on group reconstruction | - | - | - | - | - | - | - |
| Issuance of placing shares | 17,098 | - | - | - | 17,098 | - | 17,098 |
| Balance at 31 December 2018 | 61,052 | (2,499) | (4,028) | (3,350) | 51,175 | 41 | 51,216 |
| Loss for the period | - | - | - | (4,404) | (4,404) | - | (4,404) |
| Other comprehensive income | | | | | | | |
| Translation of foreign operations | - | 78 | - | - | 78 | - | 78 |
| Total comprehensive loss | - | 78 | - | (4,404) | (4,326) | - | (4,326) |
| Balance at 30 June 2019 | 61,052 | (2,421) | (4,028) | (7,754) | 46,849 | 41 | 46,890 |

GREEN AND SMART HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended

| | Note | Unaudited 30-6-2019 RM'000 | Unaudited 31-3-2018 RM'000 |
|---|-----------|----------------------------------|----------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Loss before taxation | | (4,404) | (5,742) |
| Adjustments for: | | | |
| Amortisation of intangible assets | | 27 | 27 |
| Depreciation of equipment | | 1,007 | 663 |
| Government grant income | | (6) | (7) |
| Interest expenses | | 724 | 1,120 |
| Cash flow from operating activities before working capital changes | | (2,652) | (3,939) |
| Decrease/(Increase) in trade and other receivables | | 5,493 | (370) |
| (Decrease)/Increase in trade and other payables | | (10,103) | 2,533 |
| Decrease in amount owing by related parties | | 2,975 | 2,913 |
| Cash flow used in/(from) operating activities | | (4,287) | 1,137 |
| Interest paid | | (7) | (1,120) |
| NET CASH FLOW USED IN/(FROM) OPERATING ACTIVITIES | | (4,294) | 17 |
| CASH FLOW FOR INVESTING ACTIVITIES | | | |
| Purchase of plant and equipment | | (113) | (1,381) |
| NET CASH FLOW USED IN INVESTING ACTIVITIES | | (113) | (1,381) |
| CASH FLOW FOR FINANCING ACTIVITIES | | | |
| Issuance of new ordinary shares | | - | - |
| Advances from related parties | | 227 | - |
| Advances from directors | | 1,507 | 1,458 |
| Drawdown of short-term loans | | 4,800 | - |
| Repayment of hire purchase | | (43) | (37) |
| Repayment of term loans | | (2,500) | (141) |
| NET CASH FLOW FROM FINANCING ACTIVITIES | | 3,991 | 1,280 |
| Net decrease in cash and cash equivalents | | (416) | (84) |
| Cash and cash equivalents at the beginning of the period | | 471 | 95 |
| Cash and cash equivalents at the end of the period | 14 | 55 | 11 |

GREEN AND SMART HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENT
For the six months ended 30 June

1. GENERAL INFORMATION

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

Pursuant to a resolution ratified at the Annual General Meeting of the Company on 25 October 2018, the Group’s financial year end was changed from 30 September to 31 December. Therefore, the half yearly period end changed from 31 March to 30 June.

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 information includes the financial information of the Company and its controlled subsidiaries (the “Group”) as follows:

| Name | Place of incorporation | Registered address | Principal activity | Effective interest | |
|--------------------------------|------------------------|--------------------|-----------------------------------|--------------------|------|
| | | | | 2019 | 2018 |
| Green & Smart Ventures Sdn Bhd | Malaysia | Note 1 | Holding company | 100% | 100% |
| Green & Smart Sdn Bhd | Malaysia | Note 1 | EPCC contractor | 100% | 100% |
| Our Energy Group (M) Sdn Bhd | Malaysia | Note 2 | Own & operate Biogas Power Plants | 51% | 51% |

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

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

2. BASIS OF PREPARATION

The consolidated financial information for the six-month period ended 30 June 2019 has been prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial information is unaudited and does not constitute statutory financial statements. The interim financial information has been prepared on a historical cost basis, and fair value method will be used if it is relevant.

Due to a change in the financial year end from September to December during 2018, the comparative amounts for the first half of 2018 cover the six-month period ended 31 March 2018 and therefore are not entirely comparable with the current six-month period under review.

The principal accounting policies used in preparing the interim results are the same as those applied in the Group's financial statements as at and for the year ended 31 December 2018, which 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"). The auditors' report on those accounts was unqualified but did contain an emphasis of matters paragraph in respect of the recoverability of amounts owing by related parties and going concern.

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

A copy of the audited consolidated financial statements for the year ended 31 December 2018 is available on the Company's website.

The interim financial information for the six months ended 30 June 2019 was approved by the Directors on 27 September 2019.

Going Concern

The interim financial information has been prepared on the going concern basis unless it is inappropriate to do so.

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

The Group made a loss for the period of RM4.4m (H1 2018: loss of RM5.7m) and recorded a net cash outflow from operating activities of RM4.3m (H1 2018: inflow of RM0.017m). At 30 June 2019, the Group held cash and cash equivalents of RM0.06m (H1 2018: RM0.01m) and had current liabilities of RM33.0m (H1 2018: RM61.0m).

At 30 June 2019, the Group was owed gross amount of RM47.5m by MGE and CGE. As previously stated, the Directors of Green & Smart are actively monitoring the MGE and CGE receivables. During the interim reporting period, the Group has received collectively RM10.4m in relation to outstanding receivables.

Having received assurances from MGE and CGE 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.

In addition, the Company is in negotiations to secure new EPCC projects to construct biomass plants locally and regionally, which, if awarded, would support the Group's cash flow.

Based on the above, the Directors consider the going concern basis of preparation to be appropriate.

3. SEASONAL OR CYCLICAL FACTORS

There are no seasonal factors that materially affect the operations of any company in the Group.

4. ITEMS OF AN UNUSUAL NATURE

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 June 2019.

5. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

The preparation of unaudited interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses for the current and its corresponding financial period under review. Actual results may differ from these estimates.

In preparing the unaudited interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent as those applied to the 2018 Audited Financial Statements.

There were no changes in estimates of amounts of the Group that may have a material effect on the financial period ended 30 June 2019.

6. DIVIDENDS

No interim dividend was recommended by the Directors during the financial period under review.

7. SEGMENTAL REPORTING

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

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

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

| Business Segments | Consulting & contract RM'000 | Power RM'000 | Head office RM'000 | Total RM'000 |
|----------------------------------|---|-------------------------|-------------------------------|-------------------------|
| 30-6-2019 | | | | |
| Contract revenues | - | - | - | - |
| Power sold | - | 1,907 | - | 1,907 |
| Group revenues | - | 1,907 | - | 1,907 |
| Gross Loss | - | (119) | - | (119) |
| Net Loss | - | (4,404) | - | (4,404) |
| Segment Assets | 34,195 | 52,035 | 3,685 | 89,915 |
| Segment Liabilities | 5,431 | 12,206 | 25,388 | 43,025 |
| Capital Expenditure | - | 113 | - | 113 |
| Depreciation and amortisation | - | 885 | 149 | 1,034 |

| Business Segments | Consulting & contract RM'000 | Power RM'000 | Head office RM'000 | Total RM'000 |
|----------------------------------|---|-------------------------|-----------------------------------|-------------------------|
| 31-3-2018 | | | | |
| Contract revenues | 1,058 | - | - | 1,058 |
| Power sold | - | 762 | - | 762 |
| Group revenues | 1,058 | 762 | - | 1,820 |
| Gross Loss | (632) | (89) | - | (721) |
| Net Loss | (3,007) | (2,735) | - | (5,742) |
| Segment Assets | 72,498 | 37,829 | 2,417 | 112,744 |
| Segment Liabilities | 36,289 | 16,327 | 18,312 | 70,928 |
| Capital Expenditure | - | 1,381 | - | 1,381 |
| Depreciation and amortisation | - | 540 | 150 | 690 |

| Business Segments | Consulting & contract RM'000 | Power RM'000 | Head office RM'000 | Total RM'000 |
|----------------------------------|---|-------------------------|-------------------------------|-------------------------|
| 31-12-2018 | | | | |
| Contract revenues | 1,058 | - | 1,058 | |
| Power sold | - | 866 | - | 866 |
| Group revenues | 1,058 | 866 | - | 1,924 |
| Gross Profit/(Loss) | 222 | (2,061) | - | (1,839) |
| Net Loss | (6,282) | (7,382) | - | (13,664) |
| Segment Assets | 51,547 | 43,957 | 4,245 | 99,749 |
| Segment Liabilities | 15,965 | 16,875 | 15,695 | 48,535 |
| Capital Expenditure | - | 6,746 | - | 6,746 |
| Depreciation and amortisation | - | 1,418 | 304 | 1,722 |

8. TAXATION

The Company is regarded as resident for tax purposes in Jersey and on the basis that the Company is neither a financial service company nor a utility company for the purpose of the

Income Tax (Jersey) Law 1961, as amended, the Company is subject to income tax in Jersey at a rate of zero per cent.

Green & Smart Sdn Bhd (“G&S”) is granted BioNexus status by a government agency, namely Malaysian Bioeconomy Development Corporation Sdn Bhd (previously known as Malaysian Biotechnology Corporation Sdn. Bhd). Therefore, G&S is entitled to tax exemption on the statutory business income derived from approved activities over five consecutive years of assessment commencing from the first year in which G&S generates statutory income from the relevant approved activities. The tax exemption expired in the financial period ended 31 December 2018 and thereafter a tax rate of 24% will be applied.

9. INTANGIBLE ASSETS

| | Trademarks RM'000 | Patents RM'000 | Total RM'000 |
|---------------------------------|------------------------------|---------------------------|-------------------------|
| Cost | | | |
| At 1 October 2017 | 1,319 | 8 | 1,327 |
| Addition | - | - | - |
| At 31 March 2018 | 1,319 | 8 | 1,327 |
| Addition | - | - | - |
| At 31 December 2018 | 1,319 | 8 | 1,327 |
| Addition | - | - | - |
| At 30 June 2019 | 1,319 | 8 | 1,327 |
| Accumulated depreciation | | | |
| At 1 October 2017 | 423 | 5 | 428 |
| Charge for the period | 27 | - | 27 |
| At 31 March 2018 | 450 | 5 | 455 |
| Charge for the period | 40 | 1 | 41 |
| At 31 December 2018 | 490 | 6 | 496 |
| Charge for the period | 27 | - | 27 |
| At 30 June 2019 | 517 | 6 | 523 |
| Net book value | | | |
| At 31 March 2018 | 869 | 3 | 872 |
| At 31 December 2018 | 829 | 2 | 831 |
| At 30 June 2019 | 802 | 2 | 804 |

Trademark

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

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

10. PROPERTY, PLANT AND EQUIPMENT

| | Furniture & Fittings RM'000 | Renovation RM'000 | Office Equipment RM'000 | Capital Work in Progress RM'000 | Industrial Building RM'000 | Motor Vehicle RM'000 | Total RM'000 |
|---------------------------------|--|------------------------------|------------------------------------|--|---------------------------------------|---------------------------------|-------------------------|
| At Cost | | | | | | | |
| At 1 January 2019 | 159 | 344 | 167 | 21,418 | 21,587 | 807 | 44,482 |
| Addition | - | - | - | 113 | - | - | 113 |
| Adjustment | - | - | - | (29) | - | - | (29) |
| Reclassification | - | - | - | (13,847) | 13,847 | - | - |
| At 30 June 2019 | 159 | 344 | 167 | 7,655 | 35,434 | 807 | 44,566 |
| Accumulated Depreciation | | | | | | | |
| At 1 January 2019 | 53 | 102 | 90 | - | 2,159 | 442 | 2,846 |
| Charge for the period | 8 | 17 | 15 | - | 886 | 81 | 1,007 |
| At 30 June 2019 | 61 | 119 | 105 | - | 3,045 | 523 | 3,853 |
| Carrying Amount | | | | | | | |
| At 30 June 2019 | 98 | 225 | 62 | 7,655 | 32,389 | 284 | 40,713 |

| | Furniture & Fittings RM'000 | Renovation RM'000 | Office Equipment RM'000 | Capital Work in Progress RM'000 | Industrial Building RM'000 | Motor Vehicle RM'000 | Total RM'000 |
|---------------------------------|--|------------------------------|------------------------------------|--|---------------------------------------|---------------------------------|-------------------------|
| At Cost | | | | | | | |
| At 1 October 2017 | 159 | 344 | 167 | 14,672 | 21,587 | 807 | 37,736 |
| Addition | - | - | - | 1,381 | - | - | 1,381 |
| At 31 March 2018 | 159 | 344 | 167 | 16,053 | 21,587 | 807 | 39,117 |
| Accumulated Depreciation | | | | | | | |
| At 1 October 2017 | 32 | 58 | 52 | - | 810 | 240 | 1,192 |
| Charge for the period | 8 | 20 | 15 | - | 539 | 81 | 663 |
| At 31 March 2018 | 40 | 78 | 67 | - | 1,349 | 321 | 1,855 |
| Carrying Amount | | | | | | | |
| At 31 March 2018 | 119 | 266 | 100 | 16,053 | 20,238 | 486 | 37,262 |

| | Furniture & Fittings RM'000 | Renovation RM'000 | Office Equipment RM'000 | Capital Work in Progress RM'000 | Industrial Building RM'000 | Motor Vehicle RM'000 | Total RM'000 |
|---------------------------------|--|------------------------------|------------------------------------|--|---------------------------------------|---------------------------------|-------------------------|
| At Cost | | | | | | | |
| At 1 October 2017 | 159 | 344 | 167 | 14,672 | 21,587 | 807 | 37,736 |
| Addition | - | - | - | 6,746 | - | - | 6,746 |
| At 31 December 2018 | 159 | 344 | 167 | 21,418 | 21,587 | 807 | 44,482 |
| Accumulated Depreciation | | | | | | | |
| At 1 October 2017 | 32 | 58 | 52 | - | 810 | 240 | 1,192 |
| Charge for the year | 21 | 44 | 38 | - | 1,349 | 202 | 1,654 |
| At 31 December 2018 | 53 | 102 | 90 | - | 2,159 | 442 | 2,846 |
| Carrying Amount | | | | | | | |
| At 31 December 2018 | 106 | 242 | 77 | 21,418 | 19,428 | 365 | 41,636 |

- a) Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM0.28m which were acquired under hire purchase terms.
- b) Assets under construction represents biogas power plant under construction. It is subject to depreciation only when completed and ready for use. No interest was capitalised during the period, but total interest capitalised to date included in the Asset under construction amounts to RM0.54m.
- c) Industrial building with carrying amount of approximately RM21.5m are pledged against the banking facility (note 17).
- d) Acquisition of plant and equipment: -

| | Unaudited 30.6.2019 RM'000 | Unaudited 31.3.2018 RM'000 | Audited 31.12.2018 RM'000 |
|--|---|---|--|
| Cash paid to acquire property, plant and equipment | 113 | 1,381 | 6,746 |

11. TRADE AND OTHER RECEIVABLES

| | Unaudited 30.6.2019 RM'000 | Unaudited 31.3.2018 RM'000 | Audited 31.12.2018 RM'000 |
|--|----------------------------------|----------------------------------|---------------------------------|
| Trade receivables | 14,652 | 247 | 20,152 |
| Less: allowance for impairment loss | <u>(1,575)</u> | <u>-</u> | <u>(1,575)</u> |
| | <u>13,077</u> | <u>247</u> | <u>18,577</u> |
| Other receivables & deposits | 3,708 | 2,298 | 3,701 |
| Less: allowance for impairment loss | <u>(503)</u> | <u>(300)</u> | <u>(503)</u> |
| | <u>3,205</u> | <u>1,998</u> | <u>3,198</u> |
| | <u>16,282</u> | <u>2,245</u> | <u>21,775</u> |
| Allowance for impairment losses | | | |
| Opening balance | (2,078) | (300) | (414) |
| Reclassification (Note c) | - | - | (1,435) |
| Additions during the year | <u>-</u> | <u>-</u> | <u>(229)</u> |
| Closing balance | <u>(2,078)</u> | <u>(300)</u> | <u>(2,078)</u> |

- a) The Group's normal credit terms range from 90 to 120 days (H1 2018: 90 to 120 days). Other credit terms are assessed and varied on a case-by-case basis.
- b) Trade and other receivables that are individually determined to be impaired relate to customers that have defaulted on payments or the amount due from third parties considered irrecoverable.
- c) Included in the Trade Receivables is an amount of RM14.65m due from CGE. During the period, total payments of RM7.4m were received from CGE. In 2018, CGE was reclassified to no longer be a related party following the Group's disposal of its interest in the company. Thereafter, the outstanding amount owing from CGE is reflected as a trade receivable. Due to this reclassification, the amounts for the six-month periods ended 30 June 2019 and 31 March 2018 are not entirely comparable.

12. AMOUNT OWING BY CONTRACT CUSTOMERS

| | Unaudited 30-6-2019 RM'000 | Unaudited 31-3-2018 RM'000 | Audited 31-12-2018 RM'000 |
|---------------------------------|----------------------------------|----------------------------------|---------------------------------|
| Aggregate cost incurred to date | 52,669 | 53,515 | 52,669 |
| Add: attributable profits | <u>18,386</u> | <u>18,598</u> | <u>18,386</u> |
| | 71,055 | 72,113 | 71,055 |
| Less: progress billings | <u>(70,654)</u> | <u>(71,712)</u> | <u>(70,654)</u> |
| | <u>401</u> | <u>401</u> | <u>401</u> |

13. AMOUNTS OWING BY/(TO) RELATED PARTIES

| Party | Relationship | Trade Receivables RM'000 | Other Receivables RM'000 | Other Payables RM'000 | Total RM'000 |
|-------------------------------------|----------------------|---|---|--------------------------------------|-------------------------|
| 30.6.2019 | | | | | |
| Megagreen Energy Sdn Bhd | Related party | 31,087 | 4,269 | - | 35,356 |
| Less: Allowance for impairment loss | | (3,762) | - | - | (3,762) |
| | | <u>27,325</u> | <u>4,269</u> | <u>-</u> | <u>31,594</u> |
| Makmur Hidro Sdn Bhd | Related party | - | 66 | - | 66 |
| | | <u>27,325</u> | <u>4,335</u> | <u>-</u> | <u>31,660</u> |
| | Ultimate holding co. | - | - | (4,199) | (4,199) |
| K2M Ventures Sdn Bhd | | - | - | (4,199) | (4,199) |
| | | <u>27,325</u> | <u>4,335</u> | <u>(4,199)</u> | <u>27,461</u> |
| At 30 June 2019 | | | | | |

| Party | Relationship | Trade Receivables RM'000 | Other Receivables RM'000 | Other Payables RM'000 | Total RM'000 |
|-------------------------------------|----------------------|---|---|--------------------------------------|-------------------------|
| 31.3.2018 | | | | | |
| Megagreen Energy Sdn Bhd | Related party | 47,863 | 3,573 | - | 51,436 |
| Concord Green Energy Sdn Bhd | Related party | 24,398 | 1,250 | - | 25,468 |
| | | <u>72,261</u> | <u>4,823</u> | <u>-</u> | <u>77,084</u> |
| Less: Allowance for impairment loss | | (5,197) | - | - | (5,197) |
| | | <u>67,064</u> | <u>4,823</u> | <u>-</u> | <u>71,887</u> |
| Makmur Hidro Sdn Bhd | Related party | - | 66 | - | 66 |
| | | <u>67,064</u> | <u>4,889</u> | <u>-</u> | <u>71,953</u> |
| | Ultimate holding co. | - | - | (5,759) | (5,759) |
| K2M Ventures Sdn Bhd | | - | - | (5,759) | (5,759) |
| | | <u>67,064</u> | <u>4,889</u> | <u>(5,759)</u> | <u>66,194</u> |
| At 31 March 2018 | | | | | |

| Party | Relationship | Trade Receivables RM'000 | Other Receivables RM'000 | Other Payables RM'000 | Total RM'000 |
|-------------------------------------|-------------------------|---|---|--------------------------------------|-------------------------|
| 31.12.2018 | | | | | |
| Megagreen Energy Sdn Bhd | Related party | 34,088 | 4,243 | - | 38,331 |
| Less: Allowance for impairment loss | | (3,762) | - | - | (3,762) |
| | | <u>30,326</u> | <u>4,243</u> | <u>-</u> | <u>34,569</u> |
| Makmur Hidro Sdn Bhd | Related party | - | 66 | - | 66 |
| | | <u>30,326</u> | <u>4,309</u> | <u>-</u> | <u>34,635</u> |
| | Ultimate holding co. | - | - | (3,972) | (3,972) |
| K2M Ventures Sdn Bhd | | <u>-</u> | <u>-</u> | <u>(3,972)</u> | <u>(3,972)</u> |
| At 31 December 2018 | | <u>30,326</u> | <u>4,309</u> | <u>(3,972)</u> | <u>30,663</u> |

Amounts owing by associated undertakings comprise uncollected balances due from Megagreen Energy. The group is a shareholder in Megagreen Energy and the Directors consider the amounts owing to be recoverable in full. During the period, a direct payment of RM3.0m was made to the Group's suppliers on behalf of the Company by Megagreen Energy.

14. CASH AND CASH EQUIVALENTS

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

| | Unaudited 30.6.2019 RM'000 | Unaudited 31.3.2018 RM'000 | Audited 31.12.2018 RM'000 |
|------------------------|----------------------------------|----------------------------------|---------------------------------|
| Cash and bank balances | 55 | 11 | 471 |

15. STATED CAPITAL

| | No. of shares | RM'000 |
|---------------------------------|--------------------|---------------|
| Issued and Fully Paid-Up | | |
| 1 January 2019 | 345,375,812 | 61,052 |
| Issuance of shares | - | - |
| Less: transaction costs | - | - |
| 30 June 2019 | <u>345,375,812</u> | <u>61,052</u> |

There was no issuance of shares during the period.

16. TRADE AND OTHER PAYABLES

| | Unaudited 30-6-2019 RM'000 | Unaudited 31-3-2018 RM'000 | Audited 31-12-2018 RM'000 |
|----------------------------|----------------------------------|----------------------------------|---------------------------------|
| Trade payable | 12,134 | 15,107 | 13,797 |
| Other payable and accruals | 8,902 | 35,357 | 17,091 |
| | <u>21,036</u> | <u>50,464</u> | <u>30,888</u> |

The normal credit terms granted to the Group by the suppliers are 90 days (H1 2018: 90 days) from invoice date.

17. BORROWINGS

| | Unaudited 30-6-2019 RM'000 | Unaudited 31-3-2018 RM'000 | Audited 31-12-2018 RM'000 |
|------------------------------|----------------------------------|----------------------------------|---------------------------------|
| Mezzanine loan | 6,668 | 1,358 | 1,412 |
| Hire purchase payables | 430 | 519 | 557 |
| Term loans | 5,192 | 9,527 | 9,668 |
| | <u>12,290</u> | <u>11,404</u> | <u>11,637</u> |
| Short-term borrowings | | | |
| Mezzanine loan | 6,668 | 1,358 | 1,509 |
| Hire purchase payables | 89 | 81 | 87 |
| Term loans | 5,192 | 9,527 | 7,691 |
| | <u>11,949</u> | <u>10,966</u> | <u>9,287</u> |
| Long-term borrowings | | | |
| Hire purchase payables | 341 | 438 | 387 |
| Term loans | - | - | - |
| | <u>341</u> | <u>438</u> | <u>387</u> |

On 23 May 2019, the Group procured a 12-month mezzanine loan of approximately RM8.4m (£1.6m) with no interest charged, for working capital purposes. The drawdown is in tranches and as at the end of the reporting period, amounts of RM4.8m had been received.

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% (H1 2018: 5.20% - 5.36%).

The term loans are secured against: -

- (i) Capital work-in-progress as disclosed in note 10 to the financial statements;
- (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 Executive Directors.

During the period, due to financial constraints the Group delayed its repayment on the term loans. Because the lender is in a position to declare the term loans outstanding of RM5.192m as immediately due and payable as at 30 June 2019, the entire term loans was reclassified as a current liability.

18. EARNINGS PER SHARE

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

| | Unaudited 30-6-2019 | Unaudited 31-3-2018 | Audited 31-12-2018 |
|---|--------------------------------|--------------------------------|-------------------------------|
| Loss attributable to the owners of the company (RM'000) | (4,404) | (5,742) | (13,163) |
| Weighted average shares in issue for basic earnings per share | 345,375,812 | 293,569,812 | 315,155,645 |
| Adjustment for: | | | |
| Warrants instruments | 7,232,013 | 7,232,013 | 7,232,013 |
| Weighted average shares in issue for diluted earnings per share | <u>352,607,825</u> | <u>300,801,825</u> | <u>322,387,658</u> |
| Basic earnings per share (RM, cents) | <u>(1.28)</u> | <u>(1.96)</u> | <u>(4.33)</u> |
| Diluted earnings per share (RM, cents) | <u>(1.28)</u> | <u>(1.96)</u> | <u>(4.33)</u> |

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

19. CONTINGENCIES

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

| | Unaudited 30-6-2019 RM'000 | Unaudited 31-3-2018 RM'000 | Audited 31-12-2018 RM'000 |
|--|---|---|--|
| Corporate guarantee given to licensed banks for credit facilities granted to a related party | <u>32,883</u> | <u>32,608</u> | <u>32,729</u> |

The Group has provided Megagreen Energy with a corporate guarantee in support of a loan facility. As the Group has only a 15% interest in Megagreen, it has no effective control over whether any claim may be made under this guarantee. Credit Guarantee Corporation Malaysia Berhad has confirmed that repayment of the 60% of the amount borrowed by Megagreen under the facility is guaranteed by Credit Guarantee Corporation Malaysia Berhad up to June 2025 pursuant to the Green Technology Financing Scheme – established by the Malaysian government. On that basis, the Directors expect the exposure of G&S under the guarantee to be limited to approximately RM13m.

20. RELATED PARTY TRANSACTIONS

In addition to the information detailed in note 13, the Group also carried out the following significant transactions with the related parties during the period:

| | Unaudited 30-6-2019 RM'000 | Unaudited 31-3-2018 RM'000 | Audited 31-12-2018 RM'000 |
|--|---|---|--|
| Megagreen Energy Sdn. Bhd. | | | |
| - Contract revenue | | 1,058 | - |
| - Amounts owing by related parties | 31,594 | 47,863 | 34,569 |
| Amount owing to K2M Ventures Sdn Bhd | (4,199) | (5,759) | 3,972 |
| Amount owing from Makmur Hidro | 66 | 66 | 66 |
| Net amount owing to Saravanan Rasaratnam | (3,084) | (932) | (1,204) |
| Amount owing to Navindran Balakrishnan | (1,369) | (1,218) | (1,428) |
| Amount owing to Syed Nazim Syed Faisal | (4,847) | - | - |
| Amount due to Serba Dinamik Sdn Bhd | (460) | - | (460) |

21. WARRANT INSTRUMENTS

| | Average exercise price per warrants | Number of warrants |
|-----------------------------|-------------------------------------|--------------------|
| At 1 January | 0.092p | 7,232,013 |
| Granted during the period | - | - |
| Exercised during the period | - | - |
| Forfeited during the period | - | - |
| As at 30 June | <u>0.092p</u> | <u>7,232,013</u> |

The warrants issued to subscribers are outside the scope of IFRS2. In accordance with IFRS2 the fair value of the warrants issued as fees for the placement services provided has been estimated as RM220,000. This has been recognised within the stated capital component of equity as the costs were directly incurred in raising the related equity funds.

No warrant was granted or exercised during the reporting period and there were 7,232,013 warrants outstanding as at 30 June 2019.

22. SUBSEQUENT EVENTS

Management is not aware of any significant events that occurred subsequent to the consolidated balance sheet date but prior to the filing of this report that would have a material impact on the consolidated financial statements.

23. COMPRATIVE FIGURES

The Company has changed its financial year end from 30 September to 31 December. Due to this change, the comparative amounts for the first half of 2018 cover the six-month period ended 31 March 2018 and therefore are not entirely comparable with the current six-month period under review.