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16 August 2018

Green & Smart Holdings plc
("Green & Smart" or "the Company" or "the Group")

Interim 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 31 March 2018.

Financial Summary

- Revenue was RM1.8m (H1 2017: RM25.8m)
- Gross loss was RM0.7m (H1 2017: profit of RM6.9m)
- Loss before tax was RM5.7m (H1 2017: profit of RM3.8m)
- Cash and cash equivalents at 31 March 2018 were RM0.011m (31 March 2017: RM0.515m)
- Post period, raised c.RM17.0m from Serba Dinamik International Ltd by way of a private placement

Operational Summary

Fully-owned Power Producing Projects

- Secured the certificate of initial operation date ("IOD") for the Group's second fully-owned biogas power plant, the 2.0MW Malpom plant, and the Group continues to expect to secure the certificate of commercial operation date ("COD") that will allow the Group to sell power to the national utility at the full tariff rate
- Green & Smart's first fully-owned biogas power plant at Kahang continued to sell power to the national utility and is expected to generate approximately c.RM104m over the remaining term of its contract
- As previously stated, due to financial constraints, progress was slower than initially expected on the other five fully-owned biogas power plants, but these will now be accelerated following the recent fundraising

EPCC Projects

- Continued to deliver the EPCC contract of RM12.85m awarded by Megagreen Energy Sdn Bhd ("MGE") in FY 2017 for the construction and maintenance of bio-polishing facilities at the five biogas power plants previously constructed by the Group on MGE sites
- Work on the four Concord Green Energy Sdn Bhd ("CGE") greenfield biogas-based power generation plants was temporarily suspended and is expected to recommence upon an arrangement being finalised with CGE

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

"We have made significant strides in advancing our strategy to become the leading provider of biogas-based renewable energy in Malaysia. We are proud that Green & Smart is the only company in Malaysia with two biogas power plants operating two different systems and running under the Feed-in-Tariff mechanism, and one of only a few fully-integrated providers and operators.

"As we stated previously, our ability to grow and deliver on our projects is dependent on funding. Thanks to our recent fundraising, we can now commence work on our third fully-owned plant as well as progress our other fully-owned plants. As a result, and with the underlying drivers of the business showing no sign of abating, the Board is confident of returning to growth next year and of delivering shareholder value in the long-term."

Enquiries

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Operational Review

During the period, Green & Smart achieved a significant milestone with the receipt of the IOD for its second fully-owned biogas power generation plant. It is now the only company in Malaysia with two biogas plants operating two different power production systems under the Feed-in-Tariff (“FiT”) mechanism. The Group also progressed work under its engineering, procurement, construction & commissioning (“EPCC”) contract with MGE. While development of its other projects has been slower than initially expected due to financial constraints, the recent success in raising c. RM17.0m from Serba Dinamik International Ltd will enable Green & Smart to accelerate the fully-owned projects going forward.

Fully-owned Power Producing Projects

Green & Smart has established a pipeline of biogas power generation plants that it will build, own and operate (“BOO”). Through the BOO structure, the Group builds, owns and operates biogas power plants situated on land within or in close proximity to palm oil mills. As the mill operators generate palm oil mill effluent (“POME”) from their palm processing mills on a continuous basis, Green & Smart’s biogas operations are built to ensure that they can treat the POME and capture methane from which to generate electricity also on a continuous basis. 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 16-year electricity FiT regime using waste from the mills made available by the mill owners.

The Group’s first fully-owned plant, the 2.0MW Kahang biogas plant located in the state of Johor, continued to sell power to the national utility after having received its COD in FY 2017. During the period, the Group secured the IOD for its second fully-owned plant, the 2.0MW Malpom plant located in Nibong Tebal, Penang, which has allowed the Group to generate initial revenues from this plant. The Group’s management remains confident of receiving the COD for this plant, which will allow the Group to sell power at the full tariff rate. Green & Smart is now the only company in Malaysia with biogas power plants operating with two different systems: the Kahang plant utilises a tank tower system while the Malpom plant utilises a lagoon system.

As previously stated, due to financial constraints, progress was slower than initially expected on the other five fully-owned biogas power plants, but these will now be accelerated following the recent raising of c.RM17.0m through the subscription of new shares by Serba Dinamik International Ltd.

EPCC Projects

Green & Smart is also an engineering, procurement, construction & commissioning (“EPCC”) contractor on biogas projects developed by MGE and CGE, and additionally will provide operational and maintenance support for the first sixteen years of the project’s life.

During the period, the Group progressed delivery of its RM12.85m contract with MGE, which management expects to complete in this financial year. The contract is for the construction of bio-polishing facilities at five plants previously built by the Group. Following the completion of this contract, MGE will progress application for the IOD and COD for these FiT-approved plants and the Group will start to receive revenue under its operations & maintenance contracts when the IODs are received.

Work under the Group’s EPCC contract with CGE on four biogas-based power generation plants, which commenced during FY 2017, has been temporarily suspended, awaiting the Company finalising an arrangement with CGE. The Company remains confident in reaching an agreement.

Financial Review

Revenues for the six months ended 31 March 2018 were RM1.8m (H1 2017: RM25.8m). This revenue was generated primarily through the provision of EPCC services to MGE, and from the sale of power from the Group’s fully-owned Kahang biogas power plant. While revenue from the sale of power increased compared with H1 2017, this was offset by the reduction in revenue generated under the EPCC contracts with MGE and CGE as a result of the financial constraints, as previously mentioned.

Operating loss was RM4.6m (H1 2017: profit of RM3.8m), with the reduction due to the lower revenue. Due to the Group’s BioNexus Status that exempts it from tax, loss before and after tax was RM5.7m (H1 2017: profit of RM3.8m).

On a consolidated level, the Group’s loss per share for the six-month period ended 31 March 2018 was RM0.02, based on the weighted number of ordinary shares (H1 2017: earnings per share of RM0.013).

Cash and cash equivalents at 31 March 2018 were RM0.011m (31 March 2017: RM0.515m).

At 31 March 2018, the Group had debtors, net of impairment, of RM74.6m (31 March 2017: RM78.9m) including the gross amounts owed by MGE and CGE of RM77.1m (31 March 2017: RM75.1m). As previously stated, the Directors of Green & Smart are actively monitoring the MGE and CGE receivables. Post period, further payments of RM9.0m were received from these parties in addition to a direct payment of RM3.0m being made by MGE to suppliers of the Company. The Directors of Green & Smart consider the amounts owing to be recoverable in full and that the outstanding receivable position will be progressively rectified. However, considering the age profile of the receivable amounts, the Directors decided to provide for RM5.2m for impairment of receivables and investments.

On 19 July 2018, the Group entered into a subscription agreement with Serba Dinamik International Ltd, who subscribed for 51,806,000 shares in Green & Smart Holdings plc for a cash consideration of c.RM17.0m (c. £3.21m).

Outlook

The ability of the Group to advance its pipeline of fully-owned projects is very much dependent on the availability of adequate funding and financing. Post-period, the Group raised c.RM17.0m (approximately £3.21m) gross via a subscription from Serba Dinamik International Ltd, a wholly-owned subsidiary of Serba Dinamik Holdings Berhad, a Malaysia-based investment holding company with a market value of approximately £1bn. However, the Group was expecting this investment in the early part of 2018 and, as a result of the delay, it had to slow down the pace of its operations to a minimum. This had a direct impact on the Group's ability to complete the connection of its second fully-owned plant and commence generating material revenues from it. Consequently, the Group expects to report materially reduced revenues and profit in the current financial year.

The economics of the Malpom plant remain robust. In 2019, it is expected to be running at full capacity and generating revenues at the full tariff rate of approximately c.RM570,000 per month, with a total of c.RM112m over the full term of its 16-year contract under the FiT mechanism. The Group's first biogas plant is generating revenues and is expected to generate approximately c.RM104m over the remaining term of its contract.

With the Malpom plant due to commence selling power to the national grid at the full tariff rate, alongside the Kahang plant, and the positive developments regarding the Group's financing, the Board remains confident of returning growth next year. Looking further ahead, with the underlying growth drivers of the business showing no sign of abating, the Board is confident of delivering sustained long-term growth and shareholder value.

GREEN AND SMART HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March

	Note	Unaudited 31-Mar-2018 RM'000	Unaudited 31-Mar-2017 RM'000	Audited Year ended 2017 RM'000
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	9	872	927	899
Investment in associates		-	26	-
Property, plant and equipment	10	37,262	32,966	36,544
Total non-current assets		<u>38,134</u>	<u>33,919</u>	<u>37,443</u>
CURRENT ASSETS				
Trade and other receivables		2,245	2,638	1,875
Amount owing by contract customers	11	401	551	401
Amount owing by related parties	12	71,953	75,707	71,662
Cash and cash equivalents		11	515	95
Total current assets		<u>74,610</u>	<u>79,411</u>	<u>74,033</u>
Total assets		<u>112,744</u>	<u>113,330</u>	<u>111,476</u>
EQUITY				
Stated capital	13	43,954	41,142	43,954
Foreign translation reserve		(2,723)	(3,169)	(2,987)
Retained profit		4,569	16,826	10,311
Merger reserve		(4,028)	(4,028)	(4,028)
Total shareholders' equity		41,772	50,771	47,250
Non-controlling interests		44	47	44
Total equity		<u>41,816</u>	<u>50,818</u>	<u>47,294</u>
CURRENT LIABILITIES				
Trade and other payables	14	50,464	50,420	48,140
Amount owing to contract customers	11	-	150	-
Short-term borrowings	15	10,966	1,941	11,161
Total current liabilities		<u>61,430</u>	<u>52,511</u>	<u>59,301</u>
NON-CURRENT LIABILITY				
Government grant income		117	130	124
Amount owing to related parties	12	5,759	-	2,555
Long-term borrowings	15	438	8,508	476
Amount owing to directors		3,184	1,363	1,726
Total non-current liabilities		<u>9,498</u>	<u>10,001</u>	<u>4,881</u>
Total liabilities		<u>70,928</u>	<u>62,512</u>	<u>64,182</u>
Total liabilities and equity		<u>112,744</u>	<u>113,330</u>	<u>111,476</u>

GREEN AND SMART HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 March

	Note	Unaudited 31-Mar-2018 RM'000	Unaudited 31-Mar-2017 RM'000
Revenue		1,820	25,797
Cost of sales		(2,541)	(18,920)
Gross (loss) / profit		(721)	6,877
Other income		6	20
Less: operating expenses			
Administrative expenses		(3,871)	(3,058)
Other expenses		(1)	(9)
		(3,872)	(3,067)
Operating (loss)/profit		(4,587)	3,830
Finance cost		(1,155)	(11)
(Loss)/profit before taxation		(5,742)	3,819
Income tax expense		-	-
(Loss)/profit for the period		(5,742)	3,819
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of foreign operations		264	(512)
Total comprehensive (loss)/income		(5,478)	3,307
(Loss)/profit for the period attributable to: -			
- Owners of the company		(5,742)	3,819
- Non-controlling interest		-	-
		(5,742)	3,819
Total comprehensive (loss)/income attributable to: -			
- Owners of the company		(5,478)	3,307
- Non-controlling interest		-	-
		(5,478)	3,307
(Loss)/earnings per share:			
Basic (RM, cents)	16	(1.96)	1.35
Diluted (RM, cents)	16	(1.96)	1.34

GREEN AND SMART HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 31 March

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 2016	35,142	(2,657)	(4,028)	13,007	41,464	47	41,511
Loss for the year	-	-	-	(2,696)	(2,696)	(3)	(2,699)
Other comprehensive income							
Translation of foreign operations	-	(330)	-	-	(330)	-	(330)
Total comprehensive loss	-	(330)	-	(2,696)	(3,026)	(3)	(3,029)
<i>Transactions with owners</i>							
Issuance of placing shares	8,812	-	-	-	8,812	-	8,812
Balance at 30 September 2017	43,954	(2,987)	(4,028)	10,311	47,250	44	47,294
Loss for the period	-	-	-	(5,742)	(5,742)	-	(5,742)
Other comprehensive income							
Translation of foreign operations	-	264	-	-	264	-	264
Total comprehensive loss	-	264	-	(5,742)	(5,478)	-	(5,478)
Balance at 31 March 2018	43,954	(2,723)	(4,028)	4,569	41,772	44	41,816

GREEN AND SMART HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
For the six months ended 31 March

	Note	Unaudited 31-Mar-2018 RM'000	Unaudited 31-Mar-2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		(5,742)	3,819
Adjustments for:			
Amortisation of intangible assets		27	27
Depreciation of equipment		663	383
Government grant income		(7)	(6)
Interest expenses		1,120	8
Cash flow from operating activities before working capital changes		(3,939)	4,231
Increase in trade and other receivables		(370)	(1,567)
Increase in trade and other payables		2,533	15,757
Increase/(decrease) in amount owing by related parties		2,913	(20,285)
Cash flow used in/(from) operating activities		1,137	(1,864)
Interest paid		(1,120)	(8)
NET CASH FLOW USED IN/ (FROM) OPERATING ACTIVITIES		17	(1,872)
CASH FLOW FOR INVESTING ACTIVITIES			
Purchase of plant and equipment		(1,381)	(5,375)
NET CASH FLOW USED IN INVESTING ACTIVITIES		(1,381)	(5,375)
CASH FLOW FOR FINANCING ACTIVITIES			
Issuance of new ordinary shares		-	6,000
Advances from directors		1,458	-
Repayment of hire purchase		(37)	-
Repayment of term loans		(141)	(391)
NET CASH FLOW FROM FINANCING ACTIVITIES		1,280	5,609
Net decrease in cash and cash equivalents		(84)	(1,638)
Cash and cash equivalents at the beginning of the period		95	2,153
Cash and cash equivalents at the end of the period		11	515

GREEN AND SMART HOLDINGS PLC
NOTES TO THE FINANCIAL STATEMENT
For the six months ended 31 March 2018

1. GENERAL INFORMATION

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

The Company is listed on the AIM market of the London Stock Exchange. The Company’s nature of operations is to act as the holding company of a group of subsidiaries that are involved in research and development, provision of professional engineering consultancy and process design services in the areas of industrial biotechnology, pollution control and renewable energy; and engineering, procurement and construction of various waste treatment plants/systems; 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	
				2018	2017
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 periods ended 31 March 2018 and 31 March 2017 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.

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 30 September 2017, 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 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 30 September 2017 is available on the Company's website.

The interim financial information for the six months ended 31 March 2018 was approved by the Directors on 15 August 2018.

Going Concern

The interim financial information has been prepared on the going concern basis.

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 RM5.7m (H1 2017: profit of RM3.8m) and recorded a net cash outflow from operating activities of RM0.017m (H1 2017: inflow of RM1.87m). At the reporting date the Group held cash and cash equivalents of RM0.011m (H1 2017: RM0.515m) and had current liabilities of RM61.5m (H1 2017: RM52.5m).

At 31 March 2018, the Group was owed a gross amount of RM77.1m by MGE and CGE. As previously stated, the Directors of Green & Smart are actively monitoring the MGE and CGE receivables. However, considering the age profile of the receivable amounts, the Directors have provided RM5.2m for impairment of receivables. After the end of the reporting period, the Group has received post-dated cheques of RM9.0m in relation to outstanding receivables and a direct payment of RM3.0m has been made to suppliers of the Group by MGE.

On 19 July 2018, the Company announced that it had raised approximately RM17m (£3.2m) via the subscription for 51,806,000 new common shares by Serba Dinamik International Ltd, at a price of approximately 6.19 pence per share (the "Subscription"). The net proceeds of the Subscription will be used to advance the development of the Company's third fully-owned biogas power plant at Minyak and for working capital purposes.

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

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

3. SEASONAL OR CYCLICAL FACTORS

The Group's financial performance for the six months to 31 March 2018 was mixed as revenue was derived from sale of power from the Kahang biogas power plant and from EPCC contract income from MGE. Financial constraints continued to impact the ability of the Group to progress certain projects to completion that would have enabled the generation of anticipated revenue.

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 31 March 2018.

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 with those applied to the 2017 Audited Financial Statements.

There were no changes in estimates of amounts of the Group that may have a material effect on financial period ended 31 March 2018.

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 by its chief operating decision maker in order to allocate resources to segments and to assess their performance. Currently Green & Smart Sdn Bhd operates under two operating segments providing consulting and contract services to customers in the renewable energy sector and those requiring wastewater treatment.

Information on geographical segments is not presented as Green & Smart Sdn Bhd operates wholly in Malaysia where all of its assets and liabilities are located.

8. TAXATION

Business Segments	Consulting & contract RM'000	Power RM'000	Others RM'000	Total RM'000
At 31 March 2018				
Consulting and 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)	(2,734)	-	(5,741)
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	87	602	-	690

Business Segments	Consulting & contract RM'000	Power RM'000	Others RM'000	Total RM'000
At 31 March 2017				
Consulting and contract revenues	25,435	-	-	25,435
Power sold	-	362	-	362
Group revenues	25,435	362	-	25,797
Gross profits	6,721	156	-	6,877
Net profits	3,776	54	-	3,830
Segment assets	76,258	31,729	5,343	113,330
Segment liabilities	47,941	12,031	2,410	62,382
Capital expenditure	-	5,649	-	5,649
Depreciation and amortisation	117	266	-	383

Green & Smart Sdn Bhd was granted BioNexus Status by the Government of Malaysia resulting in it being entitled to tax exemption on its statutory business income derived from approved activities over five consecutive years of assessment commencing from the first year in which it generates statutory income from relevant approved activities. Except for this, the average corporate tax rate for the subsidiaries is 24%.

9. INTANGIBLE ASSETS

Intangible assets comprise trademarks and patents, registered in Malaysia in respect of patented wastewater and bio-waste treatment technologies, which are amortised over their expected useful life. No addition or disposal occurred during the period and the amortisation charge for the period was approximately RM27,000.

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 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 2016	163	456	141	26,371	-	732	27,863
Addition	-	9	17	5,623	-	-	5,649
Reclassified to Industrial Building	-	-	-	(21,217)	21,217	-	-
At 31 March 2017	163	465	158	10,777	21,217	732	33,512
Accumulated Depreciation							
At 1 October 2016	15	35	26	-	-	87	163
Charge for the period	9	23	13	-	265	73	383
At 31 March 2017	24	58	39	-	265	160	546
Carrying Amount							
At 31 March 2017	139	407	119	10,777	20,952	572	32,966

Renovation

Total

	Furniture & Fittings		Office Equipment	Capital Work in Progress	Industrial Building	Motor Vehicle	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At Cost							
At 1 October 2016	163	456	141	26,371	-	732	27,863
Addition	-	19	32	9,888	-	75	10,014
Adjustment	(4)	(131)	(6)	-	-	-	(141)
Reclassified to Industrial Building	-	-	-	(21,587)	21,587	-	-
At 30 September 2017	159	344	167	14,672	21,587	807	37,736
Accumulated Depreciation							
At 1 October 2016	15	35	26	-	-	87	163
Charge for the year	17	23	26	-	810	153	1,029
At 30 September 2017	32	58	52	-	810	240	1,192
Carrying Amount							
At 30 September 2017	127	286	115	14,672	20,777	567	36,544

Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM486,000 (31 March 2017: RM572,000), which were acquired under hire purchase terms.

Industrial building with carrying amount of RM20,238,000 (31 March 2017: RM20,952,000) and Capital Work in Progress with carrying amount of RM16,053,000 (31 March 2017: RM10,777,000) are pledged against the banking facility (Note 15).

11. AMOUNT OWING BY/ TO CONTRACT CUSTOMERS

	Unaudited 31-Mar-2018 RM'000	Unaudited 31-Mar-2017 RM'000	Audited Year ended 2017 RM'000
Aggregate cost incurred to date	53,515	83,145	52,669
Add: attributable profits	18,598	28,729	18,386
	<u>72,113</u>	<u>111,874</u>	<u>71,055</u>
Less: progress billings	(71,712)	(111,473)	(70,654)
	<u>401</u>	<u>401</u>	<u>401</u>
Represented by:			
Amounts owing by contract customers	401	551	401
Amounts owing to contract customers	-	(150)	-

12. AMOUNTS OWING BY RELATED PARTIES

Party	Relationship	Trade Receivables RM'000	Other Receivables RM'000	Other Payables RM'000	Total RM'000
2018					
Megagreen Energy Sdn Bhd	Related party	47,863	3,573	-	51,436
Concord Green Energy Sdn Bhd	Related party	24,398	1,250	-	25,648
		<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	-	-	(5,759)	(5,759)
K2M Ventures Sdn Bhd	holding co.				
		<u>-</u>	<u>-</u>	<u>(5,759)</u>	<u>(5,759)</u>
At 31 March 2018		<u>67,064</u>	<u>4,889</u>	<u>(5,759)</u>	<u>66,194</u>
2017					
Megagreen Energy Sdn Bhd	Related party	49,439	-	-	49,439
Concord Green Energy Sdn Bhd	Related party	25,696	-	-	25,696
		<u>75,135</u>	<u>-</u>	<u>-</u>	<u>75,135</u>
Makmur Hidro Sdn Bhd.	Related party	-	66	-	66
	Ultimate				
K2M Ventures Sdn Bhd	holding co.	-	34	-	34
Kompos Alam Sdn Bhd	Related party	-	168	-	168
Mega Hijau Makmur Sdn Bhd	Related party	-	1	-	1
Smart Hydro Sdn Bhd	Related party	-	165	-	165
Touch Makmur Sdn Bhd	Related party	-	87	-	87
Enviropack International Sdn Bhd	Related party	-	16	-	16

Saravanan Rasaratnam	Director	-	35	-	35
At 31 March 2017		<u>75,135</u>	<u>572</u>	<u>-</u>	<u>75,707</u>

Party	Relationship	Trade Receivables RM'000	Other Receivables RM'000	Other Payables RM'000	Total RM'000
2017					
Megagreen Energy Sdn Bhd	Related party	48,660	2,485	-	51,145
Concord Green Energy Sdn Bhd	Related party	24,398	1,250	-	25,648
		<u>73,058</u>	<u>3,735</u>	<u>-</u>	<u>76,793</u>
Less: Allowance for impairment loss		(5,197)	-	-	(5,197)
		<u>67,861</u>	<u>3,735</u>	<u>-</u>	<u>71,596</u>
Makmur Hidro Sdn Bhd.	Related party	-	66	-	66
		<u>67,861</u>	<u>3,801</u>	<u>-</u>	<u>71,662</u>
	Ultimate holding co.	-	-	(2,555)	(2,555)
K2M Ventures Sdn Bhd		<u>-</u>	<u>-</u>	<u>(2,555)</u>	<u>(2,555)</u>
		<u>67,861</u>	<u>3,801</u>	<u>(2,555)</u>	<u>69,107</u>
At 30 September 2017					

Amounts owing by related parties comprise uncollected balances due from Megagreen Energy and Concord Green Energy. The Group is a shareholder in Megagreen Energy and the Directors consider the amounts owing to be recoverable in full. Post period, the Group has received payments of RM9.0m and a direct payment of RM3.0m was made by MGE to suppliers of the Company. However, having considered the age profile of the receivable amounts, the Directors have decided to provide RM5.2m for impairment of receivables and investments.

13. STATED CAPITAL

	No. of shares	RM'000
Issued and Fully Paid		
1 October 2016	276,666,667	35,142
Issuance of shares:		
On 19 December 2016	10,761,367	6,000
On 19 June 2017	6,141,778	3,083
Less: transaction costs	-	(271)
30 September 2017	<u>293,569,812</u>	<u>43,954</u>
31 March 2018	<u>293,569,812</u>	<u>43,954</u>

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

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

At 31 March 2018, the Company's issued share capital was 293,569,812 ordinary shares.

14. TRADE AND OTHER PAYABLES

	Unaudited 31-Mar-2018 RM'000	Unaudited 31-Mar-2017 RM'000	Audited Year ended 2017 RM'000
Trade payable	15,107	34,220	15,016
GST payables	2,655	-	2,612
Contract cost	30,295	15,676	29,399
Net wages	224	6	187
Other payable and accruals	2,183	518	926
	<u>50,464</u>	<u>50,420</u>	<u>48,140</u>

15. BORROWINGS

	Unaudited 31-Mar-2018 RM'000	Unaudited 31-Mar-2017 RM'000	Audited Year ended 2017 RM'000
Mezzanine loan	1,358	-	1,412
Hire purchase payables	519	517	557
Term loans	9,527	9,932	9,668
	<u>11,404</u>	<u>10,449</u>	<u>11,637</u>
Short-term borrowings			
Mezzanine loan	1,358	-	1,412
Hire purchase payables	81	81	81
Term loans	9,527	1,860	9,668
	<u>10,966</u>	<u>1,941</u>	<u>11,161</u>
Long-term borrowings			
Hire purchase payables	438	436	476
Term loans	-	8,072	-
	<u>438</u>	<u>8,508</u>	<u>476</u>

On 25 April 2017, the Group procured a 12-month mezzanine loan of approximately RM1.4m (£250,000) with a UK-based lender at an interest of 1% per month for working capital purposes. As at period end, the principle remains outstanding.

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 2017: 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 Directors.

During the financial year 2017, 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 RM9,668,127 as immediately due and payable as at 30 September 2017, the entire term loans was reclassified as a current liability. On 17 October 2017, the Group received a supplemental letter of offer from the lender to vary the terms and conditions of the facility and reschedule the repayment period.

16. EARNINGS PER SHARE

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

	Unaudited 31-Mar-2018	Unaudited 31-Mar-2017
(Loss)/profit attributable to the owners of the company (RM'000)	(5,742)	3,819
Weighted average shares in issue for basic earnings per share	293,569,812	282,875,148
Adjustment for: Warrants instruments	7,232,013	1,383,333
Weighted average shares in issue for diluted earnings per share	300,801,825	284,258,481
Basic (loss) / earnings per share (RM - cent)	(1.96)	1.35
Diluted (loss) / earnings per share (RM - cent)	(1.96)	1.34

Diluted EPS amounts are calculated by dividing the profit or loss for the period 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. The potential ordinary shares are anti-dilutive and therefore the diluted loss per share has not been calculated.

17. CONTINGENCIES

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 the Group under the guarantee to be limited to approximately RM14.1m.

18. RELATED PARTY TRANSACTIONS

In addition to the information detailed in note 12, the Group also carried out the following significant transactions with the related parties during the financial period:

	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Megagreen Energy Sdn. Bhd.		
- Contract revenue	1,058	16,560
- Amounts owing by related parties	47,863	49,439
Concord Green Energy Sdn. Bhd.		
- Contract revenue	-	8,875
- Amounts owing by related parties	24,398	25,696
Amount owing (to) K2M Ventures Sdn. Bhd	(5,759)	34
Amount owing from Makmur Hidro	66	66
Net amount owing (to) Saravanan Rasaratnam	(932)	(222)
Amount owing (to) Navindran Balakrishnan	(1,218)	(454)

19. WARRANT INSTRUMENTS

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

No warrant was granted or exercised during the reporting period and there were 7,232,013 warrants outstanding at 31 March 2018.

20. SUBSEQUENT EVENTS

On 19 July 2018, the Company announced that it had raised approximately RM17m (£3.2m) via the subscription for 51,806,000 new shares by Serba Dinamik International Ltd ("SDIL"), at a price of approximately 6.19 pence per share (the "Subscription").

The net proceeds of the Subscription will be used to advance the development of the Company's third fully-owned biogas power plant at Minyak and for working capital purposes. Payment to the Company has been made in Malaysian Ringgit and calculated in accordance with the rate of exchange for Pounds Sterling from Ringgit, quoted by Bank Negara Malaysia (Central Bank of Malaysia) at 9.00 a.m. (Malaysia time) on the date of payment. SDIL is a wholly-owned subsidiary of a Malaysia-based investment holding company, Serba Dinamik Holdings Berhad, which is focused on the energy services industry and is listed on Bursa Malaysia (ticker: SDH:MK) and has a market value of approximately £1bn.

Following the Subscription, SDIL holds 51,806,000 Common Shares, representing approximately 15.0% of the enlarged issued share capital of the Company.

Under the terms of the subscription agreement, SDIL is entitled to appoint one executive Director to the Company's Board of Directors for as long as SDIL holds at least 15% of the Company's issued share capital. The appointment of the nominated executive Director will be subject to the usual regulatory requirements for an AIM listed company.