



EDEN INC. BERHAD

(Co. No. 36216-V)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2017**



EDEN INC. BERHAD (36216-V)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2017**

	Note	3 months ended		6 months ended	
		30.06.2017 (RM'000)	30.06.2016 (RM'000)	30.06.2017 (RM'000)	30.06.2016 (RM'000)
Revenue	3	10,814	14,189	20,723	26,064
Cost of sales		(9,639)	(11,584)	(18,226)	(22,150)
Gross profit		1,175	2,605	2,497	3,914
Other income	4	2,832	7,635	4,334	17,693
Administrative expenses		(6,423)	(6,654)	(12,530)	(13,939)
Selling and marketing expenses		(267)	(327)	(540)	(694)
Other expenses	5	(651)	(735)	(1,283)	(1,472)
Operating profit/(loss)		(3,334)	2,524	(7,522)	5,502
Finance costs		(1,687)	(1,964)	(3,591)	(3,939)
Share of profit of associates		-	-	-	-
Profit/(loss) before taxation		(5,021)	560	(11,113)	1,563
Income tax expense	19	(236)	(244)	(259)	(440)
Profit/(loss) net of tax		(5,257)	316	(11,372)	1,123
Profit/(loss) attributable to:					
attributable to:					
Owners of the parent		(4,793)	353	(10,995)	1,396
Non-controlling interests		(464)	(37)	(377)	(273)
		(5,257)	316	(11,372)	1,123
Earnings/(loss) per share attributable to equity holders of the					
Company (sen per share)					
- Basic	24	(1.54)	0.11	(3.53)	0.45
- Diluted		N/A	N/A	N/A	N/A

The above Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.



EDEN INC. BERHAD (36216-V)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2017**

	3 months ended		6 months ended	
	30.06.2017 (RM'000)	30.06.2016 (RM'000)	30.06.2017 (RM'000)	30.06.2016 (RM'000)
Profit/(loss) net of tax	(5,257)	316	(11,372)	1,123
Other comprehensive income/(expense):				
Foreign currency translation reserve	-	-	-	-
Total comprehensive income/(expense) for the year	<u>(5,257)</u>	<u>316</u>	<u>(11,372)</u>	<u>1,123</u>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	(4,793)	353	(10,995)	1,396
Non-controlling interests	(464)	(37)	(377)	(273)
	<u>(5,257)</u>	<u>316</u>	<u>(11,372)</u>	<u>1,123</u>

The above Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Note	As At 30.06.2017 RM'000 (Unaudited)	As At 31.12.2016 RM'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	10	89,249	95,328
Investment properties		193,296	193,296
Land use rights		333	333
Finance lease receivables		12,901	13,264
Investment in associates		52	52
Other investments		8	8
Deferred tax assets		35,920	35,920
		<u>331,759</u>	<u>338,201</u>
Current assets			
Inventories		17,237	18,059
Trade and other receivables		88,607	94,410
Finance lease receivables		706	688
Other current assets		1,905	1,482
Cash and bank balances		2,953	8,242
		<u>111,408</u>	<u>122,881</u>
Total assets		<u>443,167</u>	<u>461,082</u>
Equity and liabilities			
Current liabilities			
Trade and other payables		55,861	54,475
Loans and borrowings	21	42,693	36,194
Deferred income		2,686	4,400
Tax payable		7,695	7,695
		<u>108,935</u>	<u>102,764</u>
Net current assets		<u>2,473</u>	<u>20,117</u>
Non-current liabilities			
Deferred income		11,416	11,906
Loans and borrowings	21	59,390	71,614
Deferred tax liabilities		11,732	11,732
		<u>82,538</u>	<u>95,252</u>
Total liabilities		<u>191,473</u>	<u>198,016</u>
Net assets		<u>251,694</u>	<u>263,066</u>
Equity attributable to equity holders of the Company			
Share capital		311,362	311,362
Other reserves		46	46
Accumulated losses		(63,116)	(52,121)
		<u>248,292</u>	<u>259,287</u>
Non-controlling interests		<u>3,402</u>	<u>3,779</u>
Total equity		<u>251,694</u>	<u>263,066</u>
Total equity and liabilities		<u>443,167</u>	<u>461,082</u>
Net assets per share (RM)		0.81	0.84

The above Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.



EDEN INC. BERHAD (36216-V)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2017

Note	Equity, total RM'000	----- Attributable to owners of the parent -----		Share capital RM'000	Other Reserves RM'000	Accumulated losses RM'000	Non- controlling Interest RM'000
		Equity, attributable to the parent total RM'000	----- Non-distributable -----				
At 1 January 2017	263,066	259,287		311,362	46	(52,121)	3,779
Total comprehensive income/(expense)	(11,372)	(10,995)		-	-	(10,995)	(377)
At 30 June 2017	251,694	248,292		311,362	46	(63,116)	3,402
At 1 January 2016	279,742	275,475		311,362	(136)	(35,751)	4,267
Total comprehensive income/(expense)	1,130	1,405		-	8	1,397	(275)
At 30 June 2016	280,872	276,880		311,362	(128)	(34,354)	3,992

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2017**

	6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000
Cash flow from operating activities		
Profit/(loss) before taxation	(11,113)	1,563
Adjustment for:		
Interest income	(387)	(417)
Interest expense	3,591	3,939
Depreciation and amortisation	6,052	8,642
Amortisation of deferred income	(2,204)	(2,768)
Operating cash flows before changes in working capital	<u>(4,061)</u>	<u>10,959</u>
Changes in working capital		
Decrease/(increase) in inventories	822	2,584
Decrease/(increase) in trade and other receivables	5,377	(14,935)
Increase/(decrease) in trade and other payables	1,727	9,080
Net movement in related companies	4	(557)
Cash generated from operating activities	<u>3,869</u>	<u>7,131</u>
Taxation paid	(258)	(441)
Interest paid	<u>(3,591)</u>	<u>(3,939)</u>
Net cash generated from/(used in) operating activities	<u>20</u>	<u>2,751</u>
Cash flows from investing activities		
Purchase of property, plant and equipments	27	(260)
Interest received	387	417
Net cash generated from/(used in) investing activities	<u>414</u>	<u>157</u>
Cash flows from financing activities		
Increase/(Decrease) of deposit with licensed banks and financial institution	6,750	4,801
Net repayment of loans and borrowings	(13,523)	(10,404)
Net changes in bankers acceptances, trust receipts and bill purchase	(5,273)	1,057
Net cash used in from financing activities	<u>(12,046)</u>	<u>(4,546)</u>
Net decrease in cash and cash equivalents	(11,612)	(1,638)
Cash and cash equivalent at beginning of year	(1,923)	(5,826)
Cash and cash equivalents at end of period	<u>(13,535)</u>	<u>(7,464)</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	2,953	9,443
Deposits with licensed banks and financial institution	(426)	(8,748)
Bank overdraft	(16,062)	(8,159)
	<u>(13,535)</u>	<u>(7,464)</u>

The above Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to these interim financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2017**

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2016.

The adoption of the Amendments to MFRSs and Issues Committee (IC) that came into effect on 1 January 2017 did not have any material impact on the condensed consolidated interim financial statements upon their initial application.

3. SEGMENT INFORMATION

3 months ended		6 months ended	
30.06.2017	30.06.2016	30.06.2017	30.06.2016
RM'000	RM'000	RM'000	RM'000

Segment Revenue

Revenue from continuing operations:

Energy Sector	404	2,169	73	3,117
F&B and Tourism Sector	5,691	6,473	11,967	13,853
Manufacturing Sector	4,719	5,548	8,683	9,095
Investment Sector	535	640	1,070	1,103
Total revenue including inter-segment sales	11,349	14,830	21,793	27,168
Elimination of inter-segment sales	(535)	(641)	(1,070)	(1,104)
Total	10,814	14,189	20,723	26,064

3. SEGMENT INFORMATION (CONT'D.)

	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Segment Results				
Results from continuing operations:				
Energy Sector	(7,016)	(4,939)	(14,194)	(12,463)
F&B and Tourism Sector	1,247	566	2,624	2,202
Manufacturing Sector	(357)	(55)	(943)	(654)
Investment Sector	1,104	4,989	1,168	12,471
	(5,022)	561	(11,345)	1,556
Elimination	1	(1)	232	7
Total	(5,021)	560	(11,113)	1,563

4. OTHER INCOME

	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Interest income	2	14	3	52
Finance lease interest	209	183	384	365
Rental income	242	242	484	484
Amortisation of deferred income	855	1,139	1,710	2,278
Gain on land acquisition by JKR	-	-	-	8,422
Recovery of other receivables previously written off	1,150	5,000	1,150	5,000
Written-off of payables	-	950	-	950
Miscellaneous income	374	107	603	142
	2,832	7,635	4,334	17,693

5. OTHER EXPENSES

	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Depreciation	600	691	1,204	1,404
Miscellaneous expenses	51	44	79	68
	651	735	1,283	1,472

6. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2017.

7. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect in the current quarter results.

8. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

There were no seasonal or cyclical effects for the Energy and Manufacturing Sector. However, the performance of Food & Beverages and Tourism Sector is affected positively by the major festivals and school holidays.

9. DIVIDENDS PAID

There was no dividend paid to the shareholders for the current financial period to date.

10. CARRYING AMOUNT OF REVALUED ASSETS

The carrying amount of property, plant and equipment is recorded at cost and has been brought forward without amendment from the financial statements for the year ended 31 December 2016.

11. DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury in the current quarter.

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter under review.

13. CAPITAL COMMITMENTS

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2017 and 31 December 2016 are as follows:

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	2,237	2,549

14. MATERIAL EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There were no material events subsequent to the end of the interim period reported which have not been reflected in the financial statements.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15. PERFORMANCE REVIEW

For the current quarter ended 30 June 2017 ("2Q 2017"), the Group recorded Loss Before Tax ("LBT") of RM5.0 million, as compared to the Profit Before Tax ("PBT") of RM0.56 million in the corresponding quarter ended 30 June 2016 ("2Q 2016"). The variance was primarily due to the one off other income recognised in 2Q 2016.

Energy Sector: The sector recorded revenue and LBT of RM0.4 million and RM7.02 million in 2Q 2017 as compared to RM2.17 million and RM4.94 million respectively. The higher losses was mainly due to lower revenue from both the power plants. The hydro power plant was not operational in 2Q 2017 because of the additional repair works required after the January 2017 floods. The diesel power plant was partially operational for one month in this quarter as opposed to the plant being available for most of 2Q 2016.

Food & Beverage and Tourism Sector: The sector recorded revenue and PBT of RM5.69 million and RM1.25 million as compared to the corresponding quarter of RM6.47 million and RM0.57 million. An improved PBT was recorded despite the reduction in revenue due to lower operating expenses, as a result of the cessation of non-profitable operations.

Manufacturing Sector: The sector recorded revenue of RM4.72 million and LBT of RM0.36 million as compared to the corresponding quarter of RM5.55 million and RM0.6 million respectively. The higher losses recorded was mainly due to lower revenue especially the local sales (including LED) generated in 2Q 2017.

16. COMMENT ON METRIAL CHANGE IN LOSS BEFORE TAXATION OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

The Group recorded a LBT of RM5.02 million for the current quarter under review, compared to the LBT of RM6.09 million for the preceding quarter ending 31 March 2017 ("1Q 2017"). The lower losses was due to the bad debts recovered.

17. COMMENTARY ON PROSPECTS

Currently, both the power plants are partially operational and rectification and major maintenance works are ongoing to be able to fully recommission the power plants before year end.

The F&B and Tourism Sector is expected to continue to contribute positively in the second half of the year primarily from the continuous good performance of the Tourism Sector in view of the coming school holidays and year end festivities.

The LED segment is the main area focus for future growth by the Manufacturing Sector. Despite the sales of LED recorded a lower revenue compared to the corresponding quarter, the management remains committed to pursue targeted projects.

Based on the above and despite the ongoing challenging environment, the Group expects to better its performance primarily driven by the improved generation of both the power plants.

18. PROFIT FORECAST OR PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee in the current quarter under review.

19. INCOME TAX EXPENSE

	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Current tax:				
Malaysian income tax	(86)	(94)	(109)	(140)
Deferred tax	(150)	(150)	(150)	(300)
Total income tax expense	<u>(236)</u>	<u>(244)</u>	<u>(259)</u>	<u>(440)</u>

The effective tax rate for the year was higher than the statutory tax rate of 25% principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

20. CORPORATE PROPOSALS

There were no corporate proposals in the current quarter under review.

21. LOANS AND BORROWINGS

Group loans and borrowings as at 30 June 2017 and 31 December 2016 denominated in Ringgit Malaysia were:

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Current		
Secured	42,693	36,194
Non-current		
Secured	59,390	71,614
Total loans and borrowings	<u>102,083</u>	<u>107,808</u>

Included in the short term borrowings are bank overdrafts amounting to RM16.06 million (31 December 2016: RM2.99 million).

22. CHANGES IN MATERIAL LITIGATION

There are no material litigation as at the reporting date.

23. DIVIDEND PAYABLE

No dividend has been declared for the quarter under review.

24. EARNINGS/(LOSS) PER SHARE

(a) Basic

The basic earnings/(loss) per share of the Group was calculated by dividing the net profit for the period attributable to the owners of the parent by the weighted average number of ordinary shares in issue to the public as follows:

	3 months ended		6 months ended	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Profit/(loss) attributable to owners of the parent	(4,793)	353	(10,995)	1,396
Weighted average number of ordinary shares in issues	311,362	311,362	311,362	311,362
Basic earnings/(loss) per share (sen)	(1.54)	0.11	(3.53)	0.45

(b) Diluted

There is no dilution in loss per share.

25. RETAINED EARNINGS/(ACCUMULATED LOSSES)

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Total accumulated losses of the Company and subsidiaries		
Realised	(209,148)	(234,618)
Unrealised	122,355	122,356
	(86,793)	(112,262)
Total shares of retained earnings of associates		
Realised	(246)	(246)
Unrealised	(1)	(1)
	(247)	(247)
Consolidation adjustments	23,924	60,388
Total Group accumulated losses	(63,116)	(52,121)

26. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors have expressed unqualified opinion of the financial statements for the year ended 31 December 2016 and that their opinion is not modified in respect of the material uncertainty related to going concern.

- a) The material uncertainty disclosed in the preceding Annual Financial Statements are as follows:

"We draw attention to Note 2.1 to the financial statements. The Group and the Company reported loss after tax of approximately RM22.96 million and RM18.46 million respectively for the financial year ended 31 December 2016. In addition, the Group reported negative operating cashflow of RM870,326.

These factor indicate the existence of material uncertainties which may cast significant of doubt on the Group's and the Company's ability to continue as a going concern. Therefore, the Group and the Company may not able to realise its assets and discharge its liabilities in the normal course of business. The ability of the Group and of the Company to continue as a going concern is dependent on the timely and successful re-commissioning of the two power plants, the recovery of the amount due from holding company, Zil Enterprise Sdn Bhd ("ZESB") and the timely completion of the planned disposal of lands of the Company."

- b) The Group has started the process of addressing the key audit matters that relate to the material uncertainty related to going concern, as follows:
- (i) Currently, both the power plants are partially operational and rectification works are ongoing to be able to fully recommission the power plants before year end; and
 - (ii) The recoverability of amount due from ZESB is targeted to materialise by end of the year. This exercise is dependent on the completion of the planned disposal of lands and subsidiary of ZESB, whereby ZESB has assigned its rights to the net proceeds from the said disposal as settlement of the amount owing to the Group.

27. AUTHORISATION FOR ISSUE

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 28 August 2017.

By order of the Board.

Date: 28 August 2017