



EDEN INC. BERHAD

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

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

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

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

	Note	3 months ended			9 months ended		
		30.09.2017 (RM'000)	30.09.2016 (RM'000)	Changes %	30.09.2017 (RM'000)	30.09.2016 (RM'000)	Changes %
Revenue	10	15,072	12,753	18	35,795	38,817	(8)
Cost of sales		(11,624)	(12,254)	(5)	(29,850)	(34,404)	(13)
Gross profit		3,448	499	591	5,945	4,413	35
Other income	8	1,885	6,218	(70)	6,219	23,911	(74)
Administrative expenses		(5,836)	(7,258)	(20)	(18,366)	(21,197)	(13)
Selling and marketing expenses		(280)	(363)	(23)	(820)	(1,057)	(22)
Other expenses	9	(713)	(682)	5	(1,998)	(2,155)	(7)
Operating profit/(loss)		(1,496)	(1,586)	(6)	(9,020)	3,915	(330)
Finance costs		(1,730)	(2,018)	(14)	(5,321)	(5,958)	(11)
Share of profit of associates		-	-	-	-	-	-
Profit/(loss) before taxation		(3,226)	(3,604)	(10)	(14,341)	(2,043)	602
Income tax expense	19	2,445	(68)	(3,696)	2,186	(508)	(530)
Profit/(loss) net of tax		(781)	(3,672)	(79)	(12,155)	(2,551)	376
Profit/(loss) attributable to:							
attributable to:							
Owners of the parent		(714)	(4,718)	(85)	(11,712)	(3,325)	252
Non-controlling interests		(67)	1,046	(106)	(443)	774	(157)
		(781)	(3,672)	(79)	(12,155)	(2,551)	376
Earnings/(loss) per share attributable to equity holders of the							
Company (sen per share)							
- Basic	25	(0.23)	(1.52)		(3.76)	(1.07)	
- 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 SEPTEMBER 2017**

	3 months ended			9 months ended		
	30.09.2017 (RM'000)	30.09.2016 (RM'000)	Changes %	30.09.2017 (RM'000)	30.09.2016 (RM'000)	Changes %
Profit/(loss) net of tax	(781)	(3,672)	(79)	(12,155)	(2,551)	376
Other comprehensive income/(expense):						
Foreign currency translation reserve	-	-	-	-	-	-
Total comprehensive income/(expense) for the year	(781)	(3,672)	(79)	(12,155)	(2,551)	376
Total comprehensive income/(expense) attributable to:						
Owners of the parent	(714)	(4,718)	(85)	(11,712)	(3,325)	252
Non-controlling interests	(67)	1,046	(106)	(443)	774	(157)
	(781)	(3,672)	(79)	(12,155)	(2,551)	376

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 SEPTEMBER 2017

	Note	As At 30.09.2017 RM'000 (Unaudited)	As At 31.12.2016 RM'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	85,521	95,328
Investment properties		193,296	193,296
Land use rights		333	333
Finance lease receivables		12,720	13,264
Investment in associates		52	52
Other investments		8	8
Deferred tax assets		35,702	35,920
		<u>327,632</u>	<u>338,201</u>
Current assets			
Inventories		17,951	18,059
Trade and other receivables		88,740	94,410
Finance lease receivables		716	688
Other current assets		1,113	1,482
Cash and bank balances		1,550	8,242
		<u>110,070</u>	<u>122,881</u>
Total assets		<u>437,702</u>	<u>461,082</u>
Equity and liabilities			
Current liabilities			
Trade and other payables		54,065	54,475
Loans and borrowings	22	41,361	36,194
Deferred income		1,831	4,400
Tax payable		7,079	7,695
		<u>104,336</u>	<u>102,764</u>
Net current assets		<u>5,734</u>	<u>20,117</u>
Non-current liabilities			
Deferred income		11,170	11,906
Loans and borrowings	22	59,545	71,614
Deferred tax liabilities		11,740	11,732
		<u>82,455</u>	<u>95,252</u>
Total liabilities		<u>186,791</u>	<u>198,016</u>
Net assets		<u>250,911</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		(63,833)	(52,121)
		<u>247,575</u>	<u>259,287</u>
Non-controlling interests		<u>3,336</u>	<u>3,779</u>
Total equity		<u>250,911</u>	<u>263,066</u>
Total equity and liabilities		<u>437,702</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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 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)	(12,155)	(11,712)		-	-	(11,712)	(443)
At 30 September 2017	250,911	247,575		311,362	46	(63,833)	3,336
At 1 January 2016	279,742	275,475		311,362	(136)	(35,751)	4,267
Total comprehensive income/(expense)	(2,544)	(3,316)		-	8	(3,324)	772
At 30 September 2016	277,198	272,159		311,362	(128)	(39,075)	5,039

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 SEPTEMBER 2017**

	9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000
Cash flow from operating activities		
Profit/(loss) before taxation	(14,341)	(2,043)
Adjustment for:		
Interest income	(590)	(604)
Interest expense	5,321	5,958
Depreciation and amortisation	9,130	12,916
Amortisation of deferred income	(3,305)	(4,152)
Gain on disposal of property, plant and equipment	-	(4,547)
Operating cash flows before changes in working capital	<u>(3,785)</u>	<u>7,528</u>
<u>Changes in working capital</u>		
Decrease/(increase) in inventories	108	3,482
Decrease/(increase) in trade and other receivables	5,524	(1,970)
Increase/(decrease) in trade and other payables	(506)	6,874
Net movement in related companies	734	(618)
Cash generated from operating activities	<u>2,075</u>	<u>15,296</u>
Taxation paid	2,187	(509)
Interest paid	<u>(5,321)</u>	<u>(5,958)</u>
Net cash generated from/(used in) operating activities	<u>(1,059)</u>	<u>8,829</u>
Cash flows from investing activities		
Purchase of property, plant and equipments	677	(303)
Interest received	590	608
Net cash generated from/(used in) investing activities	<u>1,267</u>	<u>305</u>
Cash flows from financing activities		
Increase/(decrease) of deposit with licensed banks and financial institution	6,750	4,775
Net repayment of loans and borrowings	(14,622)	(13,842)
Net changes in bankers acceptances, trust receipts and bill purchase	(5,410)	730
Net cash used in from financing activities	<u>(13,282)</u>	<u>(8,337)</u>
Net decrease in cash and cash equivalents	(13,074)	797
Cash and cash equivalent at beginning of year	(1,923)	(5,826)
Cash and cash equivalents at end of period	<u>(14,997)</u>	<u>(5,029)</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	1,550	11,900
Deposits with licensed banks and financial institution	(426)	(8,774)
Bank overdraft	(16,121)	(8,155)
	<u>(14,997)</u>	<u>(5,029)</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 SEPTEMBER 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 2016 did not have any material impact on the condensed consolidated interim financial statements upon their initial application.

3. 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.

4. 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 September 2017.

5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

6. 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.

7. DIVIDENDS PAID

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

8. OTHER INCOME

	3 months ended		9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Interest income:				
Fixed deposits	11	5	15	56
Finance lease interest	192	183	575	548
	<u>203</u>	<u>188</u>	<u>590</u>	<u>604</u>
Other income:				
Rental income	242	222	725	706
Amortisation of deferred income	855	1,139	2,565	3,416
Gain on land acquisition by JKR	-	-	-	8,422
Recovery of other receivables previously written off	-	-	1,150	5,000
Written-off of payables	-	950	-	950
Miscellaneous income	585	3,719	1,189	4,813
	<u>1,682</u>	<u>6,030</u>	<u>5,629</u>	<u>23,307</u>
	<u>1,885</u>	<u>6,218</u>	<u>6,219</u>	<u>23,911</u>

9. OTHER EXPENSES

	3 months ended		9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Depreciation	654	658	1,858	2,062
Miscellaneous expenses	59	24	140	93
	<u>713</u>	<u>682</u>	<u>1,998</u>	<u>2,155</u>

10. SEGMENTAL INFORMATION

Segmental results by business activities:

RESULTS FOR THE QUARTER

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	30.09.2017 RM'000	30.09.2016 RM'000	Changes %	30.09.2017 RM'000	30.09.2016 RM'000	Changes %	30.09.2017 RM'000	30.09.2016 RM'000	Changes %	30.09.2017 RM'000	30.09.2016 RM'000	Changes %	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000	Changes %
Revenue																	
Sales to external customers	4,074	1,529	166	5,751	6,841	(16)	5,247	4,382	20	-	-	-	-	-	15,072	12,752	18
Inter-segment sales	450	450	-	-	-	-	-	-	-	535	547	(2)	(985)	(996)	-	1	-
Total segment revenue	4,524	1,979	129	5,751	6,841	(16)	5,247	4,382	20	535	547	(2)	(985)	(996)	15,072	12,753	18
Results																	
Other income	1,054	1,386	(24)	634	62	923	(20)	4,574	(100)	2,029	1,877	8	(1,812)	(1,681)	1,885	6,218	(70)
Segment profit/(loss)	(5,196)	(8,242)	(37)	1,422	1,522	(7)	(84)	3,522	(102)	576	(408)	(241)	56	2	(3,226)	(3,604)	(10)

RESULTS FOR YEAR-TO-DATE

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	30.09.2017 RM'000	30.09.2016 RM'000	Changes %	30.09.2017 RM'000	30.09.2016 RM'000	Changes %	30.09.2017 RM'000	30.09.2016 RM'000	Changes %	30.09.2017 RM'000	30.09.2016 RM'000	Changes %	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000	Changes %
Revenue																	
Sales to external customers	4,147	4,646	(11)	17,718	20,693	(14)	13,930	13,477	3	-	-	-	-	-	35,795	38,816	(8)
Inter-segment sales	1,350	1,350	-	-	-	-	-	-	-	1,605	1,650	(3)	(2,955)	(2,999)	-	1	-
Total segment revenue	5,497	5,996	(8)	17,718	20,693	(14)	13,930	13,477	3	1,605	1,650	(3)	(2,955)	(2,999)	35,795	38,817	(8)
Results																	
Other income	3,148	5,020	(37)	1,284	238	439	(7)	4,607	(100)	7,099	19,098	(63)	(5,305)	(5,052)	6,219	23,911	(74)
Segment profit/(loss)	(19,390)	(20,705)	(6)	4,047	3,724	9	(1,027)	2,868	(136)	1,744	12,063	(86)	285	7	(14,341)	(2,043)	602
Segment assets	252,969	239,315	6	100,602	61,081	65	19,940	35,869	(44)	374,268	347,393	8	(310,078)	(243,987)	437,702	439,672	(0)
Segment liabilities	240,587	231,066	4	44,364	28,442	56	7,569	20,400	(63)	159,804	138,918	15	(265,533)	(212,708)	186,791	206,118	(9)

11. 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.

12. 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 September 2017 and 31 December 2016 are as follows:

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	2,237	2,549

13. CHANGES IN COMPOSITION OF THE GROUP

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

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

(a) 3Q 2017 vs. 3Q 2016

For the current quarter ended 30 September 2017 ("3Q 2017"), the Group recorded Loss Before Tax ("LBT") of RM3.23 million, as compared to the LBT of RM3.6 million in the corresponding quarter ended 30 September 2016 ("3Q 2016"). The variance was primarily due to higher revenue registered by Energy Sector and Manufacturing Sector as well as lower operating expenses. This was offsetted by recognition of gain on disposal of land and building in 3Q 2016.

Energy Sector: The sector recorded revenue and LBT of RM4.07M and RM5.2M respectively in 3Q 2017 as compared to RM1.53M and RM8.24M respectively. The increase in revenue was contributed by both power plants which resulted in the lower losses recorded. The power plants had recommenced its operations since 16 June 2017 and 16 July 2017 for hydro power plant and diesel power plant respectively.

Food & Beverage and Tourism Sector: The sector recorded revenue and PBT of RM5.75 million and RM1.42 million as compared to the corresponding quarter of RM6.84 million and RM1.52 million respectively. The marginal decrease in PBT was due to the lower ticketing revenue from the tourism segment due to 13% lower number of visitors.

Manufacturing Sector: The sector recorded revenue of RM5.25 million and LBT of RM0.08 million as compared to the corresponding quarter of RM4.38 million and PBT of RM3.52 million respectively. The higher revenue achieved was due to the higher export sales. The negative variance on PBT was due to the recognition of gain on disposal of land and building in 3Q 2016.

(b) 9 Months 2017 vs. 9 Months 2016

For the nine months ended 30 September 2017 ("9M 2017"), the Group recorded LBT of RM14.34 million against the LBT of RM2.04 million in the corresponding period in 2016 ("9M 2016"). The variance was mainly due to the one-off other income recognised in 9M 2016.

Energy Sector: The sector recorded revenue and LBT of RM4.14 million and RM19.39 million in 9M 2017 as compared to revenue and LBT of RM4.65 million and RM20.71 million in 9M 2016 respectively. Despite the lower revenue achieved in 9M 2017, LBT had improved by RM1.31 million mainly arising from the lower depreciation of power plant assets as impairment was made in 2016.

Food & Beverage and Tourism Sector: The sector recorded revenue and PBT of RM17.72 million and RM4.04 million in 9M 2017 as compared to 9M 2016 of RM20.69 million and RM3.72 million respectively. Despite the lower revenue recorded in 9M 2017 arising from the cessation of the unprofitable restaurants, PBT had improved by RM0.32 million due to savings in operating expenses and higher other income recognised from the sales of livestock.

Manufacturing Sector: The sector recorded revenue of RM13.93 million and LBT of RM1.03 million in 9M 2017 as compared to revenue of RM13.48 million and PBT of RM2.87 million in 9M 2016. The negative variance in profitability was mainly due to the recognition of gain on disposal of land and building in 9M 2016.

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

	Quarter Ended		
	30.09.2017 RM'000	30.06.2017 RM'000	Changes %
Revenue	15,072	10,814	39
Cost of sales	(11,624)	(9,639)	21
Gross profit	3,448	1,175	193
Other income	1,885	2,832	(33)
Administrative expenses	(5,836)	(6,423)	(9)
Selling and marketing expenses	(280)	(267)	5
Other expenses	(713)	(651)	10
Operating profit/(loss)	(1,496)	(3,334)	(55)
Finance costs	(1,730)	(1,687)	3
Profit/(loss) before taxation	(3,226)	(5,021)	(36)

The revenue and LBT of the Group has improved in the current quarter as compared to the preceding quarter mainly arising from the increase in revenue contributed by the Energy Sector and Manufacturing Sector.

17. COMMENTARY ON PROSPECTS

Both power plants are partially operational and are contributing positively to the Group's revenue. The rectification and major maintenance works are ongoing and the plant is expected to be fully recommissioned by the first quarter 2018.

The performance of F&B and Tourism Sector, particularly from the tourism segment, is expected to perform better for the year end and will contribute positively to the Group's performance due to school holidays and year end festivities.

The LED segment is the main area focus for future growth by the Manufacturing Sector. However, the sales of LED recorded a lower revenue compared to the corresponding quarter, which is due to protracted negotiations in securing the projects.

Based on the above, 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		9 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	2,295	82	2,186	(58)
Deferred tax	150	(150)	-	(450)
Total income tax expense	<u>2,445</u>	<u>(68)</u>	<u>2,186</u>	<u>(508)</u>

The effective tax rate for the year was higher than the statutory tax rate of 24% 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

New Issue Of Securities (Chapter 6 Of Listing Requirements) - Combination Of New Issue Of Securities

On 1 November 2017, the Board of Directors of Eden announce that the Company proposes to undertake the followings:

- (i) proposed issuance of up to 155,681,135 Free Warrants Issue in Eden to the existing shareholders of Eden on the basis of one (1) Free Warrant for every two (2) existing ordinary shares in Eden held on an entitlement date to be determined and announce later; and
- (ii) proposed issuance of redeemable convertible commercial papers and/or redeemable convertible medium notes with an aggregate principal amount of up to RM60 million under a redeemable convertible notes programme, which will mature on the date falling 36 months from the closing date of the 1st sub-tranche of the Tranche 1 Notes.

21. TRADE RECEIVABLES

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
Trade receivables	21,971	19,110
Less: Allowance for impairment	(11,432)	(11,432)
	<u>10,539</u>	<u>7,678</u>

The ageing analysis of the Group's trade receivables as at 30 September 2017 is as follows:

	3,190	5,776
Neither past due nor impaired	2,954	733
1 to 30 days past due not impaired	1,760	196
31 to 60 days past due not impaired	807	192
61 to 90 days past due not impaired	1,828	781
More than 91 days past due not impaired	7,349	1,902
Impaired	11,432	11,432
	<u>21,971</u>	<u>19,110</u>

22. LOANS AND BORROWINGS

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

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
Current		
Secured:		
Bank overdraft	16,121	2,990
Bankers acceptances	-	744
Trust receipts	-	4,666
Bank-Guaranteed Sukuk Musharakah	10,000	10,000
Bank loans	15,058	17,467
Obligation under finance lease	182	327
	<u>41,361</u>	<u>36,194</u>
Non-current		
Secured:		
Bank-Guaranteed Sukuk Musharakah	40,000	50,000
Bank loans	18,603	20,563
Obligation under finance lease	942	1,051
	<u>59,545</u>	<u>71,614</u>
Total loans and borrowings		
Bank overdraft	16,121	2,990
Bankers acceptances	-	744
Trust receipts	-	4,666
Bank-Guaranteed Sukuk Musharakah	50,000	60,000
Bank loans	33,661	38,030
Obligation under finance lease	1,124	1,378
	<u>100,906</u>	<u>107,808</u>

23. CHANGES IN MATERIAL LITIGATION

There are no material litigation as at the reporting date.

24. DIVIDEND PAYABLE

No dividend has been declared for the quarter under review.

25. 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		9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Profit/(loss) attributable to to owners of the parent	(714)	(4,718)	(11,712)	(3,325)
Weighted average number of ordinary shares in issues	311,362	311,362	311,362	311,362
Basic earnings/(loss) per share (sen)	(0.23)	(1.52)	(3.76)	(1.07)

(b) Diluted

There is no dilution in loss per share.

26. RETAINED EARNINGS/(ACCUMULATED LOSSES)

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
Total accumulated losses of the Company and subsidiaries		
Realised	(209,639)	(234,618)
Unrealised	122,129	122,356
	(87,510)	(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	(63,833)	(52,121)

27. 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 and the plant is expected to be fully recommissioned 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.

28. 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 November 2017.

By order of the Board.

Date: 28 November 2017