



EDEN INC. BERHAD

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2018**

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2018**

	Note	3 months ended			3 months ended		
		31.03.2018 (RM'000)	31.03.2017 (RM'000)	Changes %	31.03.2018 (RM'000)	31.03.2017 (RM'000)	Changes %
Revenue	10	21,808	9,910	120	21,808	9,910	120
Cost of sales		(17,928)	(8,588)	109	(17,928)	(8,588)	109
Gross profit		3,880	1,322	193	3,880	1,322	193
Other income	8	1,613	1,502	7	1,613	1,502	7
Administrative expenses		(5,842)	(6,107)	(4)	(5,842)	(6,107)	(4)
Selling and marketing expenses		(300)	(273)	10	(300)	(273)	10
Other expenses	9	(413)	(630)	(34)	(413)	(630)	(34)
Operating gain/(loss)		(1,062)	(4,186)	(75)	(1,062)	(4,186)	(75)
Finance costs		(1,995)	(1,904)	5	(1,995)	(1,904)	5
Share of profit of associates		-	-	-	-	-	-
Profit/(loss) before taxation		(3,057)	(6,090)	(50)	(3,057)	(6,090)	(50)
Income tax (expense)/credit	19	(20)	(22)	(9)	(20)	(22)	(9)
Profit/(loss) for the year representing total comprehensive gain/(loss) for the year		(3,077)	(6,112)	(50)	(3,077)	(6,112)	(50)
Total comprehensive gain/(loss) attributable to:							
Equity holders of the Company		(2,820)	(6,199)	(55)	(2,820)	(6,199)	(55)
Non-controlling interests		(257)	87	(395)	(257)	87	(395)
		(3,077)	(6,112)	(50)	(3,077)	(6,112)	(50)
Earnings/(loss) per share attributable to equity holders of the Company (sen)							
- Basic	25	(0.91)	(1.99)		(0.91)	(1.99)	
- 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 2017 and the accompanying explanatory notes attached to these interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Note	As At 31.03.2018 RM'000 (Unaudited)	As At 31.12.2017 RM'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	75,154	78,196
Investment properties		193,103	193,103
Land use rights		250	292
Finance lease receivables		12,538	12,538
Investment in associates		40	40
Other investments		8	8
Trade and other receivables		50,072	50,072
Other asset		1,277	1,277
Deferred tax assets		32,039	32,039
		<u>364,481</u>	<u>367,565</u>
Current assets			
Inventories		17,850	16,548
Trade and other receivables		26,821	28,126
Finance lease receivables		544	725
Other current assets		1,934	1,251
Cash and bank balances		3,194	6,175
		<u>50,343</u>	<u>52,825</u>
Total assets		<u>414,824</u>	<u>420,390</u>
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital		311,362	311,362
Accumulated losses		(70,156)	(67,336)
		<u>241,206</u>	<u>244,026</u>
Non-controlling interests		<u>2,725</u>	<u>2,982</u>
Total equity		<u>243,931</u>	<u>247,008</u>
Non-current liabilities			
Deferred income		7,969	6,363
Loans and borrowings	22	30,820	40,680
Deferred tax liabilities		10,730	10,754
		<u>49,519</u>	<u>57,797</u>
Current liabilities			
Trade and other payables		55,121	53,871
Deferred income		2,684	3,258
Loans and borrowings	22	57,642	52,050
Tax payable		5,927	6,406
		<u>121,374</u>	<u>115,585</u>
Total liabilities		<u>170,893</u>	<u>173,382</u>
Total equity and liabilities		<u>414,824</u>	<u>420,390</u>
Net assets per share (RM)		0.78	0.79

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 2017 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 31 MARCH 2018

Note	----- Attributable to owners of the parent -----					
	Equity, total RM'000	Equity, attributable to the parent total RM'000	Share capital RM'000	Other Reserves RM'000	Accumulated losses RM'000	Non- controlling Interest RM'000
At 1 January 2018	247,008	244,026	311,362	-	(67,336)	2,982
Total comprehensive income/(expense)	(3,077)	(2,820)	-	-	(2,820)	(257)
At 31 March 2018	243,931	241,206	311,362	-	(70,156)	2,725
At 1 January 2017	265,617	261,838	311,362	46	(49,570)	3,779
Total comprehensive income/(expense)	(6,112)	(6,199)	-	-	(6,199)	87
At 31 March 2017	259,505	255,639	311,362	46	(55,769)	3,866

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 2017 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 31 MARCH 2018**

	3 months ended	
	31.03.2018	31.03.2017
	RM'000	RM'000
Cash flow from operating activities		
Profit/(loss) before taxation	(3,057)	(6,090)
Adjustment for:		
Interest income	(187)	(195)
Interest expense	1,995	1,904
Depreciation and amortisation	3,989	3,027
Share of profit of associates	-	-
Operating cash flows before changes in working capital	<u>3,772</u>	<u>(2,458)</u>
Changes in working capital		
Decrease/(increase) in inventories	(1,302)	58
Decrease/(increase) in trade and other receivables	633	3,655
Increase/(decrease) in trade and other payables	26	125
Net movement in related companies	(15)	4
Cash generated from operating activities	<u>3,114</u>	<u>1,384</u>
Taxation paid	(20)	(22)
Interest paid	<u>(1,995)</u>	<u>(1,904)</u>
Net cash generated from/(used in) operating activities	<u>1,099</u>	<u>(542)</u>
Cash flows from investing activities		
Purchase of property, plant and equipments	-	(3)
Interest received	187	195
Net cash generated from/(used in) investing activities	<u>187</u>	<u>192</u>
Cash flows from financing activities		
Increase/(decrease) of deposit with licensed banks and financial institution	761	(149)
Net repayment of loans and borrowings	(14,315)	(12,811)
Net changes in bankers acceptances, trust receipts and bill purchase	-	(5,024)
Net cash used in from financing activities	<u>(13,554)</u>	<u>(17,984)</u>
Net decrease in cash and cash equivalents	(12,268)	(18,334)
Cash and cash equivalent at beginning of year	1,968	(1,923)
Cash and cash equivalents at end of period	<u>(10,300)</u>	<u>(20,257)</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	3,194	3,058
Deposits with licensed banks and financial institution	(426)	(7,325)
Bank overdraft	(13,068)	(15,990)
	<u>(10,300)</u>	<u>(20,257)</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 2017 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 31 MARCH 2018**

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 2017.

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 2017.

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 2017.

The adoption of the Amendments to MFRSs and Issues Committee (IC) that came into effect on 1 January 2018 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 31 March 2018.

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		3 months ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Interest income:				
Fixed deposits	5	21	5	21
Finance lease interest	182	174	182	174
	<u>187</u>	<u>195</u>	<u>187</u>	<u>195</u>
Other income:				
Net gain from fair value adjustments of investment properties	-	179		179
Rental income	240	242	240	242
Amortisation of deferred income	569	855	569	855
Miscellaneous income	617	31	617	31
	<u>1,426</u>	<u>1,307</u>	<u>1,426</u>	<u>1,307</u>
	<u>1,613</u>	<u>1,502</u>	<u>1,613</u>	<u>1,502</u>

9. OTHER EXPENSES

	3 months ended		3 months ended	
	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000
Depreciation	357	603	357	603
Miscellaneous expenses	56	27	56	27
	<u>413</u>	<u>630</u>	<u>413</u>	<u>630</u>

10. SEGMENTAL INFORMATION

Segmental results by business activities:

RESULTS FOR THE QUARTER

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	31.03.2018 RM'000	31.03.2017 RM'000	Changes %	31.03.2018 RM'000	31.03.2017 RM'000	Changes %	31.03.2018 RM'000	31.03.2017 RM'000	Changes %	31.03.2018 RM'000	31.03.2017 RM'000	Changes %	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000	Changes %
Revenue																	
Sales to external customers	12,894	(331)	(3,995)	5,713	6,278	(9)	3,201	3,963	(19)	-	-	-	-	-	21,808	9,910	120
Inter-segment sales	450	450	-	-	-	-	-	-	-	535	535	-	(985)	(985)	-	-	-
Total segment revenue	13,344	119	11,113	5,713	6,278	(9)	3,201	3,963	(19)	535	535	-	(985)	(985)	21,808	9,910	120
Results																	
Other income	757	1,030	(27)	687	250	175	(43)	8	(638)	1,667	1,938	(14)	(1,455)	(1,724)	1,613	1,502	7
Segment profit/(loss)	(3,933)	(7,178)	(45)	2,100	1,378	52	(669)	(586)	14	(570)	64	(991)	15	232	(3,057)	(6,090)	(50)

RESULTS FOR YEAR-TO-DATE

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	31.03.2018 RM'000	31.03.2017 RM'000	Changes %	31.03.2018 RM'000	31.03.2017 RM'000	Changes %	31.03.2018 RM'000	31.03.2017 RM'000	Changes %	31.03.2018 RM'000	31.03.2017 RM'000	Changes %	31.03.2018 RM'000	31.03.2017 RM'000	31.03.2018 RM'000	31.03.2017 RM'000	Changes %
Revenue																	
Sales to external customers	12,894	(331)	(3,995)	5,713	6,278	(9)	3,201	3,963	(19)	-	-	-	-	-	21,808	9,910	120
Inter-segment sales	450	450	-	-	-	-	-	-	-	535	535	-	(985)	(985)	-	-	-
Total segment revenue	13,344	119	11,113	5,713	6,278	(9)	3,201	3,963	(19)	535	535	-	(985)	(985)	21,808	9,910	120
Results																	
Other income	757	1,030	(27)	687	250	175	(43)	8	(638)	1,667	1,938	(14)	(1,455)	(1,724)	1,613	1,502	7
Segment profit/(loss)	(3,933)	(7,178)	(45)	2,100	1,378	52	(669)	(586)	14	(570)	64	(991)	15	232	(3,057)	(6,090)	(50)
Segment assets	227,429	259,210	(12)	123,561	99,431	24	19,695	21,345	(8)	368,888	370,331	(0)	(324,749)	(301,259)	414,824	449,058	(8)
Segment liabilities	223,750	235,235	(5)	63,847	45,886	39	10,010	8,528	17	153,897	154,628	(0)	(280,611)	(252,171)	170,893	192,106	(11)

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 2017.

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 31 March 2018 and 31 December 2017 are as follows:

	As at 31.03.2018 RM'000	As at 31.12.2017 RM'000
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	2,862	2,862

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) 1Q 2018 vs. 1Q 2017

There was an improvement in the performance of the group for the current quarter ended 31 March 2018 ("1Q2018") where the group recorded Loss Before Tax ("LBT") of RM3.06 million as compared to the LBT of RM6.09 million in the corresponding quarter ended 31 March 2017 ("1Q2017"). The positive improvement was mainly due to the improvement in generation of both power plants which had partially re-commenced their operations since second half of 2017 and lower operating expenses in 1Q 2018.

Energy Sector: The sector recorded a positive variance quarter-on-quarter as the sector recorded revenue and LBT of RM12.89 million and RM3.93 million respectively in 1Q 2018 as compared to (RM0.33) million and RM7.18 million respectively in 1Q 2017. The increase in revenue and decrease in LBT was contributed by the increase in generation for both power plants which had re-commenced half of its installed capacity (40MW out of 80MW) 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 RM5.71 million and RM2.1 million respectively in 1Q 2018 as compared to the corresponding quarter 1Q 2017 of RM6.28 million and RM1.38 million respectively. Despite a lower revenue recorded in 1Q 2018 due to the cessation of the non-profitable outlets in 1Q 2017, PBT had improved by RM0.72 million arising from savings in operating expenses and higher other income in 1Q 2018.

Manufacturing Sector: The sector recorded revenue of RM3.2 million and LBT of RM0.67 million respectively as compared to the corresponding quarter of RM3.96 million and RM0.59 million respectively. Lower financial expenses incurred during the quarter mitigated the lower revenue achieved in 1Q 2018. The lower revenue resulted from lower domestic and export sales and delay in securing of LED sales.

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

	Quarter Ended		
	31.03.2018 RM'000	31.12.2017 RM'000	Changes %
Revenue	21,808	16,135	35
Cost of sales	(17,928)	(16,040)	12
Gross profit	3,880	95	3,984
Other income	1,613	9,961	(84)
Administrative expenses	(5,842)	(4,814)	21
Selling and marketing expenses	(300)	(697)	(57)
Other expenses	(413)	(1,085)	(62)
Operating profit/(loss)	(1,062)	3,460	(131)
Finance costs	(1,995)	(1,720)	16
Profit/(loss) before taxation	(3,057)	1,740	(276)

As compared to the preceding quarter ended 31 December 2017 (4Q 2017), the Group recorded an improvement in revenue mainly from the Energy Sector as well as lower operating expenses incurred in 1Q 2018. This had reduced the losses arising from lower other income recognised mainly from the interest income and realisation of deferred income by the Energy Sector.

17. COMMENTARY ON PROSPECTS

Despite the challenging economic landscape and the post effect of the general election, the Group expects its performance to be driven by the improvement in performance by the Energy Sector.

With the two power plants expected to be fully operational in later part of 2018, the Group expects significant improvements in its performance. Maintenance and rectification works are ongoing to ensure that both power plants will be fully recommissioned to enable the Energy Sector to contribute significantly and positively to the Group.

With the expected 36 tourist events to be held in 2018 with Langkawi Development Authority (LADA), we expect the Tourism business under F&B and Tourism Sector to continue to contribute positively to the performance of the Group.

In the Manufacturing Sector the LED business will be the main area of focus for future growth. This segment will increase its contribution to the sector revenue. Management will continue to pursue and secure opportunities in the LED market in 2018.

Based on the above, the Group expects to show a marked improvement in its performance in 2018 primarily driven by the improved and continuous 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		3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(20)	(22)	(20)	(22)
Deferred tax	-	-	-	-
Total income tax expense	(20)	(22)	(20)	(22)

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.

In accordance with paragraph 9.33(i)(a) of the Main Market Listing Requirements of Bursa Securities, Eden is required to submit the draft circular in relation to the Proposals ("Draft Circular") to Bursa Securities within two (2) months from the date of the Announcement.

On 15 December 2017 and 15 March 2018, the application has been submitted to Bursa Securities to seek an extension of time for the submission of Draft Circular to Bursa Securities.

On 9 January 2018 and 21 March 2018, Bursa Securities had granted the Company an Extension of Time until 31 March 2018 and 30 April 2018 respectively, to submit the Draft Circular in relation to the Proposals.

On 4 April 2018, the Company announced that the additional listing application in relation to the Proposals have been submitted to Bursa Securities.

On 30 April 2018, the Company, AOF I, and ACPAM ("Parties") had on 30 April 2018 entered into a supplemental letter to amend the date for the Parties to fulfil the conditions precedent to the closing of the first sub-tranche of Tranche 1 Notes of the Subscription Agreement.

21. TRADE RECEIVABLES

	As at 31.03.2018 RM'000	As at 31.12.2017 RM'000
Trade receivables	23,551	25,097
Less: Allowance for impairment	<u>(11,432)</u>	<u>(12,042)</u>
	<u>12,119</u>	<u>13,055</u>

The ageing analysis of the Group's trade receivables as at 31 March 2018 is as follows:

Neither past due nor impaired	3,877	8,958
1 to 30 days past due not impaired	5,096	2,315
31 to 60 days past due not impaired	813	1,006
61 to 90 days past due not impaired	848	433
More than 91 days past due not impaired	1,485	343
	8,242	4,097
Impaired	11,432	12,042
	<u>23,551</u>	<u>25,097</u>

22. LOANS AND BORROWINGS

Group loans and borrowings as at 31 March 2018 and 31 December 2017 denominated in Ringgit Malaysia were:

	As at 31.03.2018 RM'000	As at 31.12.2017 RM'000
Current		
Secured:		
Bank overdraft	13,068	3,020
Bank-Guaranteed Sukuk Musharakah	10,000	10,000
Bridging loan	6,170	6,170
Bank loans	27,958	32,474
Obligation under finance lease	446	386
	<u>57,642</u>	<u>52,050</u>
Non-current		
Secured:		
Bank-Guaranteed Sukuk Musharakah	30,000	40,000
Bank loans	-	32
Obligation under finance lease	820	648
	<u>30,820</u>	<u>40,680</u>
Total loans and borrowings		
Bank overdraft	13,068	3,020
Bank-Guaranteed Sukuk Musharakah	40,000	50,000
Bridging loan	6,170	6,170
Bank loans	27,958	32,506
Obligation under finance lease	1,266	1,034
	<u>88,462</u>	<u>92,730</u>

23. CHANGES IN MATERIAL LITIGATION

The Company, had on 13 February 2018 received a winding-up petition ("the Petition") dated 6 February 2018 initiated by the Government of Malaysia ("GoM") for an amount owing to the Inland Revenue Board of Malaysia ("IRB").

The claim under the Petition, is for an amount of RM3,193,142.81 allegedly owing by the Company to the GoM, comprising Income Tax debt due to the Government for Year of Assessments 2013 and 2014 relating to:-

- i) The Notices of Assessment dated 15 August 2014 and 28 August 2015, respectively; and
- ii) Increase pursuant to section 142(1) of the Income Tax Act 1967 for non-payment of item (i).

The filing of the Petition was unexpected as the Company has been actively negotiating the payment terms with IRB, and have been making progressive payment to settle the alleged Income Tax debt and has made RM1,154,833.00 payment to date.

On 14 February 2018, the Company's solicitor sent an appeal letter to IRB, proposing a revised repayment plan for the Tax Payable and to seek IRB's consideration to withdraw the Petition against the Company.

On 27 April 2018, the Company paid RM3,086,827 to the IRB as full and final settlement for the above Tax Payable. Pursuant to the above settlement, the Company had received a letter dated 14 May 2018 from the IRB stating the IRB had received full settlement from the Company for the Income Tax Debt due with regards to the Petition and had withdrawn the Petition against the Company on 8 May 2018.

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		3 months ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to owners of the parent	(2,820)	(6,199)	(2,820)	(6,199)
Weighted average number of ordinary shares in issues	311,362	311,362	311,362	311,362
Basic earnings/(loss) per share (sen)	(0.91)	(1.99)	(0.91)	(1.99)

(b) Diluted

There is no dilution in loss per share.

26. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors has expressed unqualified opinion of the financial statements for the year ended 31 December 2017 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, which indicates that the Group reported loss after tax of approximately RM18.56 million for the financial year ended 31 December 2017 and, as of that date, the current liabilities of the Group and the Company exceeded the current assets by RM62.76 million and RM97.19 million respectively. In addition, the Group and the Company reported operating cash outflows of RM10.99 million and RM78,213 respectively.

These factor indicate the existence of material uncertainties that may cast significant of doubt on the Group's and the Company's ability to continue as going concern. Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis. The ability of the Group and of the Company to continue as going concern are dependent on the continued support of its lenders and creditors, the timely and successful re-commissioning of the remaining components of two power plants as well as the sustainability and profitability of the entire power plants in the future, the timely collection of the amount due from its holding company, Zil Enterprise Sdn. Bhd. ("ZESB") as disclosed in Note 22, the timely completion of the Proposed issuance of Redeemable Convertible Notes ("RCN"), and the timely completion of the planned disposal of lands of the Company."

- b) The Group has taken the necessary steps to address the Key Audit Matters that related to the material uncertainty related to going concern which depends on the following:

(i) Re-commissioning of the Group's power plants

Currently, both the power plants are partially operational and have achieved more than half of its installed capacity. However, the rectification works are ongoing to be able to fully recommission the power plants by second and third quarter of 2018 for the hydro power plant and diesel power plant respectively.

The Group expects the full re-commissioning of the Sungai Kenerong Plant and Libaran Plant during the second quarter of 2018 and third quarter of 2018 to contribute positively to the Group's financial performance for the FYE 31 December 2018.

(ii) Recovery of amount due from ZESB

As at 31 December 2017, the total amount owing from ZESB is recorded at RM62.19 million, after the repayment of approximately RM21.34 million had been made by ZESB in 2017. ZESB will continue to reduce the amount owing by monetising its assets.

On 25 April 2017, the Group had entered into a Deed of Assignment with ZESB, whereby ZESB assigned its rights to the net sale proceeds from the following:

- (a) planned disposal of certain identified lands of ZESB; and
- (b) planned disposal of a subsidiary of ZESB, as settlement of the amount owing to Stratavest. The disposal had been completed in December 2017 and ZESB had made a repayment of RM20.61 million from the proceeds of the said disposal.

26. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS (CONT'D.)

(iii) Proposed issuance of Free Warrants and RCN

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Free Warrants and the first sub-tranche of Tranche 1 RCN are expected to be issued in the Third quarter of 2018.

(iv) Planned disposal of lands of the Company

JKPTG, had on 21 December 2017 gazetted the notice under Section 4 of Land Acquisition Act 1960 advising the likelihood of the Company's land to be acquired for the development of East Coast Rail Link ("ECRL") project, whereby the Company's land under Lot 8907 and Lot 8911 will be affected. Lot 8907 and Lot 8911 are currently vacant industrial land.

On 5 April 2018, the JKPTG published gazette under section 8 of the Land Acquisition Act 1960 for Phase 1A mainly for the construction of the rail link line affecting only Lot. 8911 with estimated area of 15.79 acres. For the avoidance of doubt, the compensation consideration has not been determined at this juncture. However, the Group intends to repay their existing borrowers and creditors with the potential proceeds received from the disposal of the lands. Following therefrom, the Group expects the financial position and profits to improve following the decrease in its liabilities, gearing levels and interest borrowings.

The Group had been advised by JKPTG, that the above acquisition of lands is mainly for the rail link line. However the acquisition of the remaining lands for the Phase 2 (two) development, which is mainly for building the depot and maintenance centre has yet to be announced and gazetted at this juncture.

(v) Continued support of the Group's lenders and creditors

As at 31 December 2017, the Company has recorded total loans and borrowings; and trade and other payables of RM 92.73 million and RM53.87 million, respectively.

With the expected fully recommissioning of the power plants, recovery of amount due from ZESB, proposed issuance of RCN and planned disposal of lands, the Company will be able to continually repay its outstanding borrowings/loans and creditors. This will reduce the current liabilities of the Company. The Group's cash flow position and liquidity is expected to improve and the going concern issue of the Group will be addressed.

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 30 May 2018.

By order of the Board.

Date: 30 May 2018