



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 2018**

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 2018**

	Note	3 months ended			9 months ended		
		30.09.2018 (RM'000)	30.09.2017 (RM'000)	Changes %	30.09.2018 (RM'000)	30.09.2017 (RM'000)	Changes %
Revenue	10	11,619	15,072	(23)	47,839	35,795	34
Cost of sales		(7,331)	(11,624)	(37)	(36,084)	(29,850)	21
Gross profit		4,288	3,448	24	11,755	5,945	98
Other income	8	2,678	1,885	42	6,657	6,219	7
Administrative expenses		(7,433)	(5,836)	27	(19,428)	(18,366)	6
Selling and marketing expenses		(288)	(280)	3	(906)	(820)	10
Other expenses	9	(390)	(713)	(45)	(1,118)	(1,998)	(44)
Operating gain/(loss)		(1,145)	(1,496)	(23)	(3,040)	(9,020)	(66)
Finance costs		(1,775)	(1,730)	3	(5,739)	(5,321)	8
Share of profit of associates		-	-	-	-	-	-
Profit/(loss) before taxation		(2,920)	(3,226)	(9)	(8,779)	(14,341)	(39)
Income tax (expense)/credit	19	3	2,445	(100)	(70)	2,186	(103)
Profit/(loss) for the year representing total comprehensive gain/(loss) for the year		(2,917)	(781)	273	(8,849)	(12,155)	(27)
Total comprehensive gain/(loss) attributable to:							
Equity holders of the Company		(2,710)	(714)	280	(8,014)	(11,712)	(32)
Non-controlling interests		(207)	(67)	209	(835)	(443)	88
		(2,917)	(781)	273	(8,849)	(12,155)	(27)
Earnings/(loss) per share attributable to equity holders of the Company (sen)							
- Basic	25	(0.84)	(0.23)		(2.50)	(3.76)	
- 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 30 SEPTEMBER 2018

	Note	As At 30.09.2018 RM'000 (Unaudited)	As At 31.12.2017 RM'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	68,202	78,196
Investment properties		193,103	193,103
Land use rights		250	292
Finance lease receivables		12,538	12,538
Intangible assets		35	-
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		32,090	32,039
		<u>357,615</u>	<u>367,565</u>
Current assets			
Inventories		16,884	16,548
Trade and other receivables		21,971	28,126
Finance lease receivables		181	725
Other current assets		759	1,251
Cash and bank balances		7,424	6,175
		<u>47,219</u>	<u>52,825</u>
Total assets		<u>404,834</u>	<u>420,390</u>
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital		316,112	311,362
Accumulated losses		(75,350)	(67,336)
		<u>240,762</u>	<u>244,026</u>
Non-controlling interests		<u>2,147</u>	<u>2,982</u>
Total equity		<u>242,909</u>	<u>247,008</u>
Non-current liabilities			
Deferred income		5,628	6,363
Loans and borrowings	22	34,799	40,680
Deferred tax liabilities		10,754	10,754
		<u>51,181</u>	<u>57,797</u>
Current liabilities			
Trade and other payables		53,736	53,871
Deferred income		1,546	3,258
Loans and borrowings	22	51,337	52,050
Tax payable		4,125	6,406
		<u>110,744</u>	<u>115,585</u>
Total liabilities		<u>161,925</u>	<u>173,382</u>
Total equity and liabilities		<u>404,834</u>	<u>420,390</u>
Net assets per share (RM)		0.77	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 30 SEPTEMBER 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
Issuance of shares:						
- On Conversion of Redeemable of Convertible Notes	4,750	4,750	4,750	-	-	-
Total comprehensive income/(expense)	(8,849)	(8,014)	-	-	(8,014)	(835)
At 30 September 2018	242,909	240,762	316,112	-	(75,350)	2,147
At 1 January 2017	265,617	261,838	311,362	46	(49,570)	3,779
Total comprehensive income/(expense)	(12,155)	(11,712)	-	-	(11,712)	(443)
At 30 September 2017	253,462	250,126	311,362	46	(61,282)	3,336

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 30 SEPTEMBER 2018**

	9 months ended	
	30.09.2018 RM'000	30.09.2017 RM'000
Cash flow from operating activities		
Profit/(loss) before taxation	(8,779)	(14,341)
Adjustment for:		
Interest income	(2,815)	(590)
Interest expense	5,739	5,321
Depreciation and amortisation	10,326	9,130
Amortisation of deferred income	(2,447)	(3,305)
Share of profit of associates	-	-
Operating cash flows before changes in working capital	2,024	(3,785)
<u>Changes in working capital</u>		
Decrease/(increase) in inventories	(336)	108
Decrease/(increase) in trade and other receivables	7,440	5,524
Increase/(decrease) in trade and other payables	(1,869)	(506)
Net movement in related companies	(848)	734
Cash generated from operating activities	6,411	2,075
Taxation paid	(70)	2,187
Interest paid	(5,739)	(5,321)
Net cash generated from/(used in) operating activities	602	(1,059)
Cash flows from investing activities		
Purchase of property, plant and equipments	(325)	677
Interest received	2,815	590
Net cash generated from/(used in) investing activities	2,490	1,267
Cash flows from financing activities		
Increase/(decrease) of deposit with licensed banks and financial institution	(3,444)	6,750
Proceeds from issuance of RCN	9,000	-
Net repayment of loans and borrowings	(20,927)	(14,622)
Net changes in bankers acceptances, trust receipts and bill purchase	-	(5,410)
Net cash used in from financing activities	(15,371)	(13,282)
Net decrease in cash and cash equivalents	(12,279)	(13,074)
Cash and cash equivalent at beginning of year	1,968	(1,923)
Cash and cash equivalents at end of period	(10,311)	(14,997)
Cash and cash equivalents comprise the following:		
Cash and bank balances	7,424	1,550
Deposits with licensed banks and financial institution	(4,631)	(426)
Bank overdraft	(13,104)	(16,121)
	(10,311)	(14,997)

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 30 SEPTEMBER 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 30 September 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.

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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	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Interest income:				
Holding company	760	-	2,240	-
Fixed deposits	21	11	28	15
Finance lease interest	182	192	547	575
	<u>963</u>	<u>203</u>	<u>2,815</u>	<u>590</u>
Other income:				
Rental income	254	242	739	725
Amortisation of deferred income	569	855	1,708	2,565
Miscellaneous income	892	585	1,394	2,339
	<u>1,715</u>	<u>1,682</u>	<u>3,842</u>	<u>5,629</u>
	<u>2,678</u>	<u>1,885</u>	<u>6,657</u>	<u>6,219</u>

9. OTHER EXPENSES

	3 months ended		9 months ended	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Depreciation	330	653	947	1,858
Miscellaneous expenses	60	60	171	140
	<u>390</u>	<u>713</u>	<u>1,118</u>	<u>1,998</u>

10. SEGMENTAL INFORMATION

Segmental results by business activities:

RESULTS FOR THE QUARTER

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	30.09.2018 RM'000	30.09.2017 RM'000	Changes %	30.09.2018 RM'000	30.09.2017 RM'000	Changes %	30.09.2018 RM'000	30.09.2017 RM'000	Changes %	30.09.2018 RM'000	30.09.2017 RM'000	Changes %	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000	Changes %
Revenue																	
Sales to external customers	3,039	4,074	(25)	5,393	5,751	(6)	3,186	5,247	(39)	-	-	-	-	-	11,618	15,072	(23)
Inter-segment sales	450	450	-	-	-	-	-	-	-	535	535	-	(984)	(985)	1	-	-
Total segment revenue	3,489	4,524	(23)	5,393	5,751	(6)	3,186	5,247	(39)	535	535	-	(984)	(985)	11,619	15,072	(23)
Results																	
Other income	1,519	1,054	44	940	634	48	(8)	(20)	(60)	1,732	2,029	(15)	(1,505)	(1,812)	2,678	1,885	42
Segment profit/(loss)	(3,004)	(5,196)	(42)	2,271	1,422	60	(521)	(84)	520	(1,672)	576	(390)	6	56	(2,920)	(3,226)	(9)

RESULTS FOR YEAR-TO-DATE

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	30.09.2018 RM'000	30.09.2017 RM'000	Changes %	30.09.2018 RM'000	30.09.2017 RM'000	Changes %	30.09.2018 RM'000	30.09.2017 RM'000	Changes %	30.09.2018 RM'000	30.09.2017 RM'000	Changes %	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000	Changes %
Revenue																	
Sales to external customers	22,192	4,147	435	16,535	17,718	(7)	9,112	13,930	(35)	-	-	-	-	-	47,839	35,795	34
Inter-segment sales	1,350	1,350	-	-	-	-	-	-	-	1,605	1,605	-	(2,955)	(2,955)	-	-	-
Total segment revenue	23,542	5,497	328	16,535	17,718	(7)	9,112	13,930	(35)	1,605	1,605	-	(2,955)	(2,955)	47,839	35,795	34
Results																	
Other income	4,508	3,148	43	1,561	1,284	22	(69)	(7)	886	5,134	7,099	(28)	(4,477)	(5,305)	6,657	6,219	7
Segment profit/(loss)	(9,427)	(19,390)	(51)	5,832	4,047	44	(2,165)	(1,027)	111	(3,038)	1,744	(274)	19	285	(8,779)	(14,341)	(39)
Segment assets	222,880	252,969	(12)	127,640	100,602	27	15,105	19,940	(24)	370,235	374,268	(1)	(331,026)	(310,078)	404,834	437,702	(8)
Segment liabilities	215,535	240,587	(10)	64,245	44,364	45	6,689	7,569	(12)	152,963	159,641	(4)	(277,507)	(265,370)	161,925	186,791	(13)

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 30 September 2018 and 31 December 2017 are as follows:

	As at 30.09.2018 RM'000	As at 31.12.2017 RM'000
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	2,537	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) 3Q 2018 vs. 3Q 2017

There was an improvement in the performance of the Group for the current quarter ended 30 September 2018 ("3Q 2018") where the Group recorded lower Loss Before Tax ("LBT") of RM2.92 million as compared to the LBT of RM3.23 million in the corresponding quarter ended 30 September 2017 ("3Q 2017"). The positive improvement was mainly due to lower cost of sales and higher other income.

Energy Sector: The sector, despite recording lower revenue by RM1.03million,registered significantly lower losses by 42% quarter-on-quarter. LBT recorded at RM3.0 million as compared to RM5.19 million in 3Q 2017. The significant decrease in LBT was contributed by lower cost of sales.

Food & Beverage and Tourism Sector: The sector recorded PBT of RM2.27 million in 3Q 2018 as compared to Profit Before Tax ("PBT") of RM1.42 million in 3Q 2017. Despite a lower revenue recorded in 3Q 2018 by RM0.36million, PBT had improved by RM0.85 million arising from savings in operating expenses due to closure of non-profitable outlets in 2Q 2017.

Manufacturing Sector: The sector recorded LBT of RM0.52 million in 3Q 2018 as compared to LBT of RM0.08 million in 3Q 2017 mainly due to lower revenue from both export and domestic sales.

(b) YTD 2018 vs. YTD 2017

For the year to date ended 30 September 2018 ("YTD 2018"), the Group recorded LBT of RM8.78 million against the LBT of RM14.34 million in the corresponding period in 2017 ("YTD 2017"). The positive variance was mainly due to higher revenue generated from Energy sector.

Energy Sector: The sector recorded revenue and LBT of RM22.19 million and RM9.43 million respectively in YTD 2018 as compared to revenue and LBT of RM4.15 million and RM19.39 million respectively in YTD 2017. The significant improvement in revenue was attributed by 75% completion of re-commissioning of both power plants.

Food & Beverage and Tourism Sector: The sector recorded revenue and PBT of RM16.53 million and RM5.83 million respectively in YTD 2018 as compared to YTD 2017 of RM17.72 million and RM4.05 million respectively. Despite recorded lower revenue in YTD 2018, PBT had improved by RM1.78 million due to savings in operating expenses.

Manufacturing Sector: The sector recorded revenue and LBT of RM9.11 million and RM2.16 million respectively in YTD 2018 as compared to revenue and LBT of RM13.93 million RM1.03 million respectively in YTD 2017. The higher LBT by the sector was due to lower revenue resulting from lower domestic and export sales.

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

	Quarter Ended		
	30.09.2018 RM'000	30.06.2018 RM'000	Changes %
Revenue	11,619	14,413	(19)
Cost of sales	(7,331)	(10,826)	(32)
Gross profit	4,288	3,587	20
Other income	2,678	2,365	13
Administrative expenses	(7,433)	(6,153)	21
Selling and marketing expenses	(288)	(318)	(9)
Other expenses	(390)	(315)	24
Operating profit/(loss)	(1,145)	(834)	37
Finance costs	(1,775)	(1,969)	(10)
Profit/(loss) before taxation	(2,920)	(2,803)	4

As compared to the preceding quarter ended 30 June 2018 (2Q 2018), despite significant lower revenue and higher administrative expenses recorded by the Group, the LBT slightly lower primarily attributed to lower cost of sales mainly from the Energy Sector.

17. COMMENTARY ON PROSPECTS

The Kenerong hydro plant which has successfully re-commissioned its four (4) turbines is contributing positively to the group performance. However, the disruption in the existing fuel supply arrangement and the delay in finalising the new fuel supply arrangement had caused the delay in the full re-commissioning of the Libaran Plant. Nevertheless, we expect the new arrangement to be finalised before year end.

The performance of the F&B and Tourism Sector has continued to be the main contributor to the Group. The tourism segment in particular is expected to continue its outstanding performance until year end in view of the coming long school holidays.

The Manufacturing Sector will focus more on the opportunities in the LED market due to the competitive environment of the existing switchgears business. The company is currently evaluating its involvement in the existing low-voltage switchgears business to re-strategize its market re-positioning.

Based on the above, the Group expects to perform better for the current financial year primarily driven by the positive contribution of the tourism segment and the improved generation of both 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		
30.09.2018	30.09.2017	30.09.2018	30.09.2017	
RM'000	RM'000	RM'000	RM'000	
Current tax:				
Malaysian income tax	3	2,294	(70)	2,186
Deferred tax	-	151	-	-
Total income tax expense	3	2,445	(70)	2,186

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

Since the last quarter report ended 30 June 2018, the following are the changes:

Redeemable Convertible Notes ("RCN")

As at the date of reporting, the Company has issued forty-four (44) Sub-Tranches under Tranche 1 of the RCN amounting to RM11.0 million of which RM5.0 million was issued in August 2018; RM4.0 million was issued in September 2018 and RM2.0 million was issued in November 2018. Following the aforesaid issuance, RCNs of RM8.9 million were converted into a total of 54,098,317 new ordinary shares of the Company.

As at the date of this report, the status of the utilisation of the proceeds which summarised under three (3) broad purposes from the RCN is as follows:

Purpose		Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
1)	Repayment of the Group's borrowings	24,000	-	Within three (3) years
2)	Finance the working capital requirements and/or capital expenditure requirements of the Group	30,100	9,263	Within two (2) and three (3) years
3)	Defray fees and expenses in connection to the issuance of the Notes	5,900	1,737	Within three (3) years
TOTAL		60,000	11,000	

20. CORPORATE PROPOSALS (cont'd.)

Redeemable Convertible Notes ("RCN") (cont'd.)

The salient terms of the RCN are as follows:

Issue Instrument :	1.0% redeemable convertible notes due in 2021
Issue size :	Up to RM60,000,000 nominal value in aggregate, divided in four (4) tranches, namely:
(i)	(Tranches 1 Notes of RM20.0 million comprising 80 equal sub-tranches of RM250,000 each;
(ii)	(Tranches 2 Notes of RM15.0 million comprising 30 equal sub-tranches of RM500,000 each;
(iii)	(Tranches 3 Notes of RM15.0 million comprising 30 equal sub-tranches of RM500,000 each;
(iv)	(Tranches 4 Notes of RM10.0 million comprising 10 equal sub-tranches of RM1,000,000 each;

The issuance of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes shall be at the option of the Company, in accordance to the terms and conditions of the Subscription Agreement.

21. TRADE RECEIVABLES

	As at 30.09.2018 RM'000	As at 31.12.2017 RM'000
Trade receivables	18,039	25,097
Less: Allowance for impairment	<u>(11,432)</u>	<u>(12,042)</u>
	<u>6,607</u>	<u>13,055</u>

The ageing analysis of the Group's trade receivables as at 30 September 2018 is as follows:

Neither past due nor impaired	2,879	8,958
1 to 30 days past due not impaired	1,628	2,315
31 to 60 days past due not impaired	888	1,006
61 to 90 days past due not impaired	945	433
More than 91 days past due not impaired	267	343
	3,728	4,097
Impaired	11,432	12,042
	<u>18,039</u>	<u>25,097</u>

22. LOANS AND BORROWINGS

Group loans and borrowings as at 30 September 2018 and 31 December 2017 denominated in Ringgit Malaysia were:

	As at 30.09.2018 RM'000	As at 31.12.2017 RM'000
Current		
Secured:		
Bank overdraft	13,104	3,020
Bank-Guaranteed Sukuk Musharakah	10,000	10,000
Bridging loan	1,670	6,170
Bank loans	26,336	32,474
Obligation under finance lease	227	386
	<u>51,337</u>	<u>52,050</u>
Non-current		
Secured:		
Bank-Guaranteed Sukuk Musharakah	30,000	40,000
Bank loans	15	32
Redeemable Convertible Notes	4,250	-
Obligation under finance lease	534	648
	<u>34,799</u>	<u>40,680</u>
Total loans and borrowings		
Bank overdraft	13,104	3,020
Bank-Guaranteed Sukuk Musharakah	40,000	50,000
Bridging loan	1,670	6,170
Bank loans	26,351	32,506
Redeemable Convertible Notes	4,250	-
Obligation under finance lease	761	1,034
	<u>86,136</u>	<u>92,730</u>

23. CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group 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	
	30.09.2018 RM'000	30.09.2017 RM'000	30.09.2018 RM'000	30.09.2017 RM'000
Profit/(loss) attributable to owners of the parent	(2,710)	(714)	(8,014)	(11,712)
Weighted average number of ordinary shares in issues	316,112	311,362	316,112	311,362
Basic earnings/(loss) per share (sen)	(0.86)	(0.23)	(2.54)	(3.76)

(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") as disclosed in Note 38, and the timely completion of the planned disposal of lands of the Company."

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

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

The Kenerong hydro plant which has successfully re-commissioned its four (4) turbines is contributing positively to the group performance. However, the disruption in the existing fuel supply arrangement and the delay in finalising the new fuel supply arrangement had caused the delay in the full re-commissioning of the Libaran Plant. Nevertheless, we expect the new arrangement to be finalised before year end.

(ii) Recovery of amount due from ZESB

As at 30 September 2018, the total amount owing from ZESB is recorded at RM63.03 million, after the repayment of approximately RM1.40 million made by ZESB during April 2018. ZESB will continue to reduce the amount owing by monetising its assets.

(iii) Proposed issuance of Free Warrants and RCN

As at the date of reporting, the Company has issued forty-four (44) Sub-Tranches under Tranche 1 of the RCN amounting to RM11.0 million. The utilisation of the proceeds are reflected in Note 20.

(iv) Planned disposal of lands of the Company

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. As at the reporting date, there was no further development to the Proposed Land Acquisition.

The Group had been advised by JKPTG, that the above Proposed Land Acquisition 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.

The land hearing was on 15 May 2018, however no decision has been made and we await for an official notice from JKPTG with regards to the status of the ECRL project.

(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 27 November 2018.

By order of the Board.

Date: 27 November 2018