



**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 2019**

**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 2019**

	Note	3 months ended			9 months ended		
		30.09.2019 (RM'000)	30.09.2018 (RM'000)	Changes %	30.09.2019 (RM'000)	30.09.2018 (RM'000)	Changes %
<b>Revenue</b>	10	18,629	11,902	57	44,945	48,629	(8)
Cost of sales		(10,072)	(7,331)	37	(25,059)	(36,084)	(31)
<b>Gross profit</b>		<b>8,557</b>	<b>4,571</b>	<b>87</b>	<b>19,886</b>	<b>12,545</b>	<b>59</b>
Other income	8	2,119	2,395	(12)	7,023	5,867	20
Administrative expenses		(4,979)	(7,433)	(33)	(16,687)	(19,428)	(14)
Selling and marketing expenses		(320)	(288)	11	(772)	(906)	(15)
Other expenses	9	(361)	(390)	(7)	(1,209)	(1,118)	8
<b>Operating gain/(loss)</b>		<b>5,016</b>	<b>(1,145)</b>	<b>(538)</b>	<b>8,241</b>	<b>(3,040)</b>	<b>(371)</b>
Finance costs		(1,493)	(1,775)	(16)	(4,448)	(5,739)	(22)
Share of profit of associates		-	-	-	-	-	-
<b>Profit/(loss) before taxation</b>		<b>3,523</b>	<b>(2,920)</b>	<b>(221)</b>	<b>3,793</b>	<b>(8,779)</b>	<b>(143)</b>
Income tax (expense)/credit	19	(676)	3	(22,633)	(717)	(70)	924
<b>Profit/(loss) for the year representing total comprehensive gain/(loss) for the year</b>		<b>2,847</b>	<b>(2,917)</b>	<b>(198)</b>	<b>3,076</b>	<b>(8,849)</b>	<b>(135)</b>
<b>Total comprehensive gain/(loss) attributable to:</b>							
Equity holders of the Company		3,085	(2,710)	(214)	3,934	(8,014)	(149)
Non-controlling interests		(238)	(207)	15	(858)	(835)	3
		<b>2,847</b>	<b>(2,917)</b>	<b>(198)</b>	<b>3,076</b>	<b>(8,849)</b>	<b>(135)</b>
<b>Earnings/(loss) per share attributable to equity holders of the Company (sen)</b>							
- Basic	25	0.76	(0.87)		0.97	(2.57)	
- Diluted	25	0.40	(0.87)		0.52	(2.57)	

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 2018 and the accompanying explanatory notes attached to these interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2019**

	Note	As At 30.09.2019 RM'000 (Unaudited)	As At 31.12.2018 RM'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	64,996	67,172
Investment properties		193,313	192,293
Land use rights		208	250
Finance lease receivables		11,198	11,772
Investment in associates		40	40
Other investments		8	8
Trade and other receivables		66,181	63,805
Other asset		1,373	1,383
Deferred tax assets		28,651	28,775
		<u>365,968</u>	<u>365,498</u>
<b>Current assets</b>			
Inventories		12,174	12,473
Trade and other receivables		11,066	9,837
Finance lease receivables		765	765
Other current assets		489	450
Cash and bank balances		4,523	11,285
		<u>29,017</u>	<u>34,810</u>
<b>Total assets</b>		<b><u>394,985</u></b>	<b><u>400,308</u></b>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		324,862	321,762
Accumulated losses		(72,291)	(76,225)
		<u>252,571</u>	<u>245,537</u>
<b>Non-controlling interests</b>		981	1,839
<b>Total equity</b>		<u>253,552</u>	<u>247,376</u>
<b>Non-current liabilities</b>			
Deferred income		2,370	3,105
Loans and borrowings	22	42,502	30,486
Deferred tax liabilities		3,861	3,926
		<u>48,733</u>	<u>37,517</u>
<b>Current liabilities</b>			
Trade and other payables		59,282	54,575
Loans and borrowings	22	30,594	50,912
Deferred income		585	3,258
Tax payable		2,239	6,670
		<u>92,700</u>	<u>115,415</u>
<b>Total liabilities</b>		<u>141,433</u>	<u>152,932</u>
<b>Total equity and liabilities</b>		<b><u>394,985</u></b>	<b><u>400,308</u></b>
Net assets per share (RM)		0.78	0.76

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 2018 and the accompanying explanatory notes attached to these interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2019**

	-Non-Distributable-	<Distributable>				
	Share capital RM'000	Accumulated losses RM'000	Total RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total equity RM'000
<b>At 1 January 2019</b>	321,762	(76,225)	245,537	245,537	1,839	247,376
Conversion of Redeemable of Convertible Notes	3,100	-	3,100	3,100	-	3,100
Total comprehensive income/(expense)	-	3,934	3,934	3,934	(858)	3,076
<b>At 30 September 2019</b>	<b>324,862</b>	<b>(72,291)</b>	<b>252,571</b>	<b>252,571</b>	<b>981</b>	<b>253,552</b>
<b>At 1 January 2018</b>	311,362	(49,570)	261,792	261,792	3,779	265,571
Total comprehensive income/(expense)	-	(8,014)	(8,014)	(8,014)	(835)	(8,849)
<b>At 30 September 2018</b>	<b>311,362</b>	<b>(57,584)</b>	<b>253,778</b>	<b>253,778</b>	<b>2,944</b>	<b>256,722</b>

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 2018 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 2019**

	<b>9 months ended</b>	
	<b>30.09.2019 RM'000</b>	<b>30.09.2018 RM'000</b>
<b>Cash flow from operating activities</b>		
Profit/(loss) before taxation	3,793	(8,779)
Adjustment for:		
Interest income	(2,971)	(2,815)
Interest expense	4,448	5,739
Net fair value adjustment on investment properties	(1,020)	-
Depreciation and amortisation	3,718	10,326
Amortisation of deferred income	(3,408)	(2,447)
Operating cash flows before changes in working capital	<u>4,560</u>	<u>2,024</u>
<u>Changes in working capital</u>		
Changes in inventories	299	(336)
Changes in trade and other receivables	(1,128)	7,440
Changes in trade and other payables	(37)	(1,869)
Changes in related parties movement	(2,384)	(848)
Cash generated from operating activities	<u>1,310</u>	<u>6,411</u>
Net income tax paid	(717)	(70)
Interest paid	(4,448)	(5,739)
<b>Net cash generated from/(used in) operating activities</b>	<u>(3,855)</u>	<u>602</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipments	(676)	(325)
Interest received	2,971	2,815
<b>Net cash generated from/(used in) investing activities</b>	<u>2,295</u>	<u>2,490</u>
<b>Cash flows from financing activities</b>		
Increase/(decrease) of deposit with licensed banks and financial institution	3,789	(3,444)
Proceeds from issuance of RCN	2,500	9,000
Drawdown of term loan	45,000	-
Net repayment of loans and borrowings	(42,603)	(20,927)
<b>Net cash generated from/(used in) financing activities</b>	<u>8,686</u>	<u>(15,371)</u>
Net decrease in cash and cash equivalents	7,126	(12,279)
Cash and cash equivalent at beginning of year	(10,233)	1,968
<b>Cash and cash equivalents at end of period</b>	<u><b>(3,107)</b></u>	<u><b>(10,311)</b></u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	4,523	7,424
Deposits with licensed banks and financial institution	(4,631)	(4,631)
Bank overdraft	(2,999)	(13,104)
	<u><b>(3,107)</b></u>	<u><b>(10,311)</b></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 2018 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 2019**

**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 2018.

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 2018.

**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 2018.

The adoption of the Amendments to MFRSs and Issues Committee (IC) that came into effect on 1 January 2019 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 2019.

**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**

- 1) During the quarter the Company issued 8,333,332 new ordinary shares due to the conversion of Redeemable Convertible Notes ("RCN").
- 2) Other than above, there are no cancellation, repurchase, resale and repayment of debt and equity securities during the financial year-to-date.

**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	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Interest income:				
Holding company	815	760	2,376	2,240
Fixed deposits	23	21	78	28
Finance lease interest	172	182	517	547
	<u>1,010</u>	<u>963</u>	<u>2,971</u>	<u>2,815</u>
Other income:				
Rental income	428	254	936	739
Amortisation of deferred income	569	569	1,708	1,708
Gain on fair value adjustments of investment properties	-	-	1,020	-
Miscellaneous income	112	609	388	605
	<u>1,109</u>	<u>1,432</u>	<u>4,052</u>	<u>3,052</u>
	<u>2,119</u>	<u>2,395</u>	<u>7,023</u>	<u>5,867</u>

**9. OTHER EXPENSES**

	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Depreciation	361	330	1,121	947
Miscellaneous expenses	-	60	88	171
	<u>361</u>	<u>390</u>	<u>1,209</u>	<u>1,118</u>

## 10. SEGMENTAL INFORMATION

Segmental results by business activities:

### RESULTS FOR THE QUARTER

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	30.09.2019 RM'000	30.09.2018 RM'000	Changes %	30.09.2019 RM'000	30.09.2018 RM'000	Changes %	30.09.2019 RM'000	30.09.2018 RM'000	Changes %	30.09.2019 RM'000	30.09.2018 RM'000	Changes %	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000	Changes %
<b>Revenue</b>																	
Sales to external customers	12,775	3,039	320	5,330	5,676	(6)	525	3,186	(84)	-	-	-	-	-	18,630	11,901	57
Inter-segment sales	-	450	(100)	-	-	-	-	-	-	423	535	(21)	(423)	(985)	-	-	-
Total segment revenue	12,775	3,489	266	5,330	5,676	(6)	525	3,186	(84)	423	535	(21)	(423)	(985)	18,630	11,901	57
<b>Results</b>																	
Other income	1,559	1,519	3	114	657	(83)	199	(8)	(2,588)	1,879	1,732	8	(1,632)	(1,504)	2,119	2,396	(12)
Segment profit/(loss)	2,418	(3,004)	(180)	1,494	2,271	(34)	(579)	(521)	11	135	(1,672)	(108)	56	7	3,524	(2,919)	(221)

### RESULTS FOR YEAR-TO-DATE

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	30.09.2019 RM'000	30.09.2018 RM'000	Changes %	30.09.2019 RM'000	30.09.2018 RM'000	Changes %	30.09.2019 RM'000	30.09.2018 RM'000	Changes %	30.09.2019 RM'000	30.09.2018 RM'000	Changes %	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000	Changes %
<b>Revenue</b>																	
Sales to external customers	23,979	22,192	8	17,646	17,324	2	3,321	9,112	(64)	-	-	-	-	-	44,946	48,628	(8)
Inter-segment sales	-	1,350	(100)	-	-	-	-	-	-	1,271	1,605	(21)	(1,272)	(2,954)	(1)	1	-
Total segment revenue	23,979	23,542	2	17,646	17,324	2	3,321	9,112	(64)	1,271	1,605	(21)	(1,272)	(2,954)	44,945	48,629	(8)
<b>Results</b>																	
Other income	4,707	4,508	4	329	771	(57)	202	(69)	(393)	6,496	5,134	27	(4,711)	(4,477)	7,023	5,867	20
Segment profit/(loss)	(188)	(9,427)	(98)	5,141	5,832	(12)	(2,182)	(2,165)	1	668	(3,038)	(122)	354	19	3,793	(8,779)	(143)
Segment assets	227,216	222,880	2	118,483	127,640	(7)	10,366	15,105	(31)	330,321	370,235	(11)	(291,401)	(331,026)	394,985	404,834	(2)
Segment liabilities	219,280	215,535	2	82,347	64,245	28	6,307	6,689	(6)	105,909	152,963	(31)	(272,410)	(277,507)	141,433	161,925	(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 2018.

#### **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 2019 and 31 December 2018 are as follows:

	<b>As at 30.09.2019 RM'000</b>	<b>As at 31.12.2018 RM'000</b>
<b>Capital expenditure</b>		
Approved but not contracted for:		
Property, plant and equipment	5,479	6,155

#### **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 2019 vs. 3Q 2018**

The Group has maintained its profitability by recording a significant Profit Before Tax ("PBT") of RM3.52 million for the current quarter ended 30 September 2019 ("3Q 2019") compared to the Loss Before Tax ("LBT") of RM2.92 million recorded in the corresponding quarter ended 30 September 2018 ("3Q 2018"). The performance of the Group had significantly improved driven by the higher revenue registered by the Energy Sector and lower operating expenses.

**Energy Sector:** During this quarter the sector recorded significantly higher revenue of RM12.78 million and a PBT of RM2.42 million as compared to 3Q 2018 of RM3.04 million and LBT of RM3.0 million respectively. This significant improvement by 180% was contributed by the higher revenue from the operations of its both power plants and lower cost of sales.

**Food & Beverage and Tourism Sector:** The sector recorded revenue and Profit Before Tax ("PBT") of RM5.33 million and RM1.49 million respectively as compared to 3Q 2018 of RM5.68 million and RM2.27 million respectively. The decrease in PBT was mainly due to the lower other income recognised during the quarter due to one off gain on disposal recorded in 3Q 2018 and a slightly lower revenue from catering post Hari Raya period.

**Manufacturing Sector:** The sector recorded LBT of RM0.58 million as compared to RM0.52 million in 3Q 2018. This was mainly due to the lower revenue arising from the scaling down of its switchgear business which was mitigated by lower operating costs in 3Q 2019.

**(b) YTD 2019 vs. YTD 2018**

After going through challenging periods in past years, the Group has recorded profit for the year-to-date ended 30 September 2019. The Group recorded PBT of RM3.79 million against the LBT of RM8.78 million in the corresponding period in 2018 ("YTD 2018"). The turnaround of 143% in profitability was attributed to higher revenue from the Energy and Tourism Sectors, lower cost of sales, saving in operating expenses in the Manufacturing Sector and higher other income.

**Energy Sector:** The sector recorded revenue and LBT of RM23.98 million and RM0.19 million respectively in YTD 2019 as compared to revenue and LBT of RM22.19 million and RM9.43 million respectively in YTD 2018. The lower losses was recorded attributed to the higher revenue and lower cost of sales during the year.

**Food & Beverage and Tourism Sector:** The sector recorded revenue and PBT of RM17.65 million and RM5.14 million respectively in YTD 2019 as compared to YTD 2018 of RM17.32 million and RM5.83 million respectively. The decrease in PBT by 12% was mainly due to the lower other income and higher operating expenses incurred in YTD 2019.

**Manufacturing Sector:** The sector recorded revenue and LBT of RM3.32 million and RM2.18 million respectively in YTD 2019 as compared to YTD 2018 of RM9.11 million and RM2.16 million respectively. The losses recorded was due to lower revenue arising from the scaling down of its switchgear business.

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

	Quarter Ended		
	30.09.2019 RM'000	30.06.2019 RM'000	Changes %
<b>Revenue</b>	18,629	15,420	21
Cost of sales	(10,072)	(9,214)	9
<b>Gross profit</b>	8,557	6,206	38
Other income	2,119	1,764	20
Administrative expenses	(4,979)	(5,564)	(11)
Selling and marketing expenses	(320)	(196)	63
Other expenses	(361)	(406)	(11)
<b>Operating profit</b>	5,016	1,804	178
Finance costs	(1,493)	(1,640)	(9)
<b>Profit before taxation</b>	3,523	164	2,048

As compared to the preceding quarter ended 30 June 2019 ("2Q 2019"), the Group recorded a significant improvement in profitability mainly attributed to higher revenue generated by the Energy Sector due to the full recommissioning of its hydro power plant and supported by higher other income.

**17. COMMENTARY ON PROSPECTS**

The Group expects to show an improvement in its 2019 performance primarily driven by the improved and continuous generation from the Energy Sector.

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

As for the Manufacturing Sector it will focus more on the LED business and it has scaled down the switchgear business.

## 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	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Current tax:				
Malaysian income tax	(676)	3	(717)	(70)
Deferred tax	-	-	-	-
Total income tax expense	(676)	3	(717)	(70)

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 2019, the following are the changes:

#### Redeemable Convertible Notes ("RCN")

As at the date of reporting, the Company has issued fifty-four (54) Sub-Tranches under Tranche 1 of the RCN amounting to RM2.5 million of which RM1.0 million was issued in January 2019; RM0.25 million was issued in March 2019, RM0.25 million was issued in April 2019, RM0.5 million was issued in July 2019 and RM0.5 million was issued in August 2019. Following the aforesaid issuance, RCNs of RM3.1 million were converted into a total of 25,833,330 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	11,596	Within two (2) and three (3) years
3)	Defray fees and expenses in connection to the issuance of the Notes	5,900	1,904	Within three (3) years
<b>TOTAL</b>		<b>60,000</b>	<b>13,500</b>	

## 21. TRADE RECEIVABLES

	As at 30.09.2019 RM'000	As at 31.12.2018 RM'000
Trade receivables	17,380	18,902
Less: Allowance for impairment	(11,432)	(12,908)
	<u>5,948</u>	<u>5,994</u>

The ageing analysis of the Group's trade receivables as at 30 September 2019 is as follows:

	3,710	545
Current		
More than 30 days past due	491	1,477
More than 60 days past due	518	1,916
More than 90 days past due	291	2,056
More than 120 days past due	938	-
	<u>2,238</u>	<u>5,449</u>
Impaired	11,432	12,908
	<u>17,380</u>	<u>18,902</u>

## 22. LOANS AND BORROWINGS

Group loans and borrowings as at 30 September 2019 and 31 December 2018 denominated in Ringgit Malaysia were:

	As at 30.09.2019 RM'000	As at 31.12.2018 RM'000
<b>Current</b>		
Secured:		
Bank overdraft	2,999	13,098
Bank-Guaranteed Sukuk Musharakah	-	10,000
Bridging loan	-	556
Bank loans	27,150	26,392
Obligation under finance lease	445	266
Redeemable Convertible Notes	-	600
	<u>30,594</u>	<u>50,912</u>
<b>Non-current</b>		
Secured:		
Bank-Guaranteed Sukuk Musharakah	-	30,000
Bank loans	42,000	-
Obligation under finance lease	502	486
	<u>42,502</u>	<u>30,486</u>
<b>Total loans and borrowings</b>		
Bank overdraft	2,999	13,098
Bank-Guaranteed Sukuk Musharakah	-	40,000
Bridging loan	-	556
Bank loans	69,150	26,392
Obligation under finance lease	947	752
Redeemable Convertible Notes	-	600
	<u>73,096</u>	<u>81,398</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 is calculated by dividing the net profit/(loss) for the period attributable to the owners of the Company by the weighted average number of ordinary shares in issue to the public as follows:

	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Profit/(loss) attributable to to owners of the Company	3,085	(2,710)	3,934	(8,014)
	Number of shares ('000)			
Weighted average number of ordinary shares in issue	405,213	311,362	405,213	311,362
Basic earnings/(loss) per share (sen)	0.76	(0.87)	0.97	(2.57)

#### (b) Diluted

The calculation of diluted profit/(loss) per ordinary share for the period was based on profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	3 months ended		9 months ended	
	30.09.2019 RM'000	30.09.2018 RM'000	30.09.2019 RM'000	30.09.2018 RM'000
Profit/(loss) attributable to to owners of the Company	3,085	(2,710)	3,934	(8,014)
	Number of shares ('000)			
Weighted average number of ordinary shares as at 31 March (basic)	405,213	311,362	405,213	311,362
Effect of conversion of convertible notes	358,333	-	358,333	-
Weighted average number of ordinary shares as at 31 March (basic)	763,546	311,362	763,546	311,362
Diluted loss per ordinary shares (sen)	0.40	(0.87)	0.52	(2.57)

## 26. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors has expressed unqualified opinion of the financial statements for the year ended 31 December 2018 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(e) to financial statements, which indicates that the Group reported loss after tax of approximately RM9.03 million for the financial year ended 31 December 2018 and, as of that date, the current liabilities of the Group and Company exceeded the current assets by RM80.61 million and RM106.50 million respectively. In addition, the Company reported operating cash outflows of RM10.91 million.

These factor indicates the existence of significant material uncertainties that may cast significant doubt of the Group's and Company's ability to continue as going concerns. 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 concerns are dependent on the continued support of its lenders and creditors, the timely and successful recommissioning of the 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 21 to the financial statements, and the timely completion of the planned disposal of lands of the Company.

During the year the Company has issued Redeemable Convertible Notes ("RCN") as disclosed in Note 31 to the financial statements. The Company would have available fund to improve its profitability and cash flows of the Company to continue as going concern."

- 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 as well as sustainability and profitability of the power plants in the future

The Sungai Kenerong Hydro Power Plant had executed its full revival exercise following the damages due to the major flood. With the required repair and maintenance work performed on the civil, mechanical and electrical components of the plant which includes works on the intake stations, penstock, transmission lines, substations, turbines, generators and control rooms, all four units are operational and expects to continue its generations similar to the pattern prior to the unfortunate incidents.

Continuous maintenance activities had been planned for the plant in line with its requirement to ensure the profitability and sustainability of the plants operations. In addition, the plant will embark into an exercise to renew, refurbish and replace the relevant electronic components of the plant so as to ensure that it conforms with the latest technology and would ease its operations and maintenance ("O&M") activities for the remaining period of the concession.

As for the Libaran Power Station, the immediate partial recommissioning involving two out of the four diesel engines had been seen as the immediate optimum solution for the requirements of the Sabah State Grid. In the process the company is optimizing its available resources required to support the operations with expenditure required for the fuel, lubricants and other related O&M expenses.

The ability to continuously operate on half of the capacity will open the path towards the negotiation on the renewal of the concession which in turn would ascertain the plant's profitable and sustainable operations.

## **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: (cont'd.)

(ii) Recovery of amount due from ZESB

ZESB has paid approximately RM1.40 million and RM21.34 million in 2018 and 2017 respectively which has reduced the amount owing from ZESB to the Group. ZESB will continue to reduce the amount owing by monetizing its assets in its investment properties. The Group had entered into Deed of Assignment, whereby ZESB assigned its right in and to the net sale proceeds from the planned disposal of certain identified land of ZESB as settlement of the amount to Stratavest Sdn. Bhd. ("STV"). As an assurance and commitment to the Group, ZESB has agreed and consented to the lodgement of a private caveat of four (4) identified lands by STV which was duly lodged on 28 July 2012.

(iii) Planned disposal of lands of the Company

Ketua Pengarah Tanah dan Galian Persekutuan ("JKPTG"), had on 5 April 2018 published a gazette under section 8 of the Land Acquisition Act 1960 for Phase 1A mainly for the construction of the rail link line affecting Company's land under Lot 8911 with estimated area of 15.79 acres. However, the proposed acquisition of the remaining land for Phase 2 development, which is mainly for building the depot and maintenance centre has yet to be announced and gazetted at this juncture.

On 12 April 2019, Malaysia Rail Link Sdn. Bhd. (MRL) and China Communications Construction Company Ltd. (CCCC) had signed a Supplementary Agreement that will pave way for the resumption of the ECRL project after suspension and lengthy negotiations between both parties.

The agreement also saw changes to the route from Kota Bharu in Kelantan to Port Klang in Selangor, with the length reduced by 40km to 648km. However, the realignment will not affect the Company's Proposed Land Acquisition as the adjusted route will divert the rail track only after Mentakan in Pahang to Negeri Sembilan, bypassing Bentong in Pahang and Gombak in Selangor as planned earlier.

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

As at 31 December 2018, the Group has recorded loans and borrowings and trade and other payables of RM81.40 million and RM54.57 million respectively.

With the expected recommissioning of the power plants, recovery of amount due from ZESB, positive news on the planned disposal of lands related to ECRL project and issuance of RCN, the Group will be able to continually repay its outstanding borrowings/loans and creditors. This will reduce the current liabilities of the Group. 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 28 November 2019.

By order of the Board.

Date: 28 November 2019