



EDEN INC. BERHAD

Registration No. 197701005144 (36216-V)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019**

EDEN INC. BERHAD (197701005144 (36216-V))
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019**

	Note	3 months ended			12 months ended		
		31.12.2019 (RM'000)	31.12.2018 (RM'000)	Changes %	31.12.2019 (RM'000)	31.12.2018 (RM'000)	Changes %
Revenue	10	23,362	14,392	62	68,307	63,021	8
Cost of sales		(13,686)	(6,944)	97	(38,745)	(43,028)	(10)
Gross profit		9,676	7,448	30	29,562	19,993	48
Other income	8	886	2,771	(68)	7,909	8,638	(8)
Administrative expenses		(6,222)	(5,863)	6	(22,909)	(25,290)	(9)
Selling and marketing expenses		(270)	(205)	32	(1,042)	(1,111)	(6)
Other expenses	9	(387)	(3,660)	(89)	(1,596)	(4,778)	(67)
Operating gain/(loss)		3,683	491	650	11,924	(2,548)	(568)
Finance costs		(1,088)	(1,828)	(40)	(5,537)	(7,567)	(27)
Profit/(loss) before taxation		2,595	(1,337)	(294)	6,387	(10,115)	(163)
Income tax (expense)/credit	19	(851)	1,156	(174)	(1,568)	1,086	(244)
Profit/(loss) for the year representing total comprehensive gain/(loss) for the year		1,744	(181)	(1,064)	4,819	(9,029)	(153)
Total comprehensive gain/(loss) attributable to:							
Equity holders of the Company		1,853	127	1,359	5,786	(7,886)	(173)
Non-controlling interests		(109)	(308)	(65)	(967)	(1,143)	(15)
		1,744	(181)	(1,064)	4,819	(9,029)	(153)
Earnings/(loss) per share attributable to equity holders of the Company (sen)							
- Basic	25	0.46	0.04		1.43	(2.39)	
- Diluted	25	0.23	0.02		0.73	(1.06)	

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 31 DECEMBER 2019**

	Note	As At 31.12.2019 RM'000 (Unaudited)	As At 31.12.2018 RM'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	66,506	67,172
Investment properties		192,013	192,293
Land use rights		208	250
Finance lease receivables		10,965	11,772
Investment in associates		40	40
Other investments		8	8
Other receivables		63,805	63,805
Other asset		1,413	1,383
Deferred tax assets		28,651	28,775
		<u>363,609</u>	<u>365,498</u>
Current assets			
Inventories		8,921	12,473
Trade and other receivables		10,351	9,837
Finance lease receivables		807	765
Other current assets		455	450
Cash and bank balances		8,059	11,285
		<u>28,593</u>	<u>34,810</u>
Total assets		<u>392,202</u>	<u>400,308</u>
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital		324,862	321,762
Accumulated losses		(70,439)	(76,225)
		<u>254,423</u>	<u>245,537</u>
Non-controlling interests		<u>872</u>	<u>1,839</u>
Total equity		<u>255,295</u>	<u>247,376</u>
Non-current liabilities			
Deferred income		2,124	3,105
Loans and borrowings	22	41,958	30,486
Deferred tax liabilities		3,926	3,926
		<u>48,008</u>	<u>37,517</u>
Current liabilities			
Trade and other payables		54,453	54,575
Loans and borrowings	22	29,443	50,912
Deferred income		981	3,258
Tax payable		4,022	6,670
		<u>88,899</u>	<u>115,415</u>
Total liabilities		<u>136,907</u>	<u>152,932</u>
Total equity and liabilities		<u>392,202</u>	<u>400,308</u>
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.



EDEN INC. BERHAD (197701005144 (36216-V))
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 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
As at 1 January 2019	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)	-	5,786	5,786	5,786	(967)	4,819
As at 31 December 2019	324,862	(70,439)	254,423	254,423	872	255,295
As at 1 January 2018	311,362	(67,336)	244,026	244,026	2,982	247,008
MFRS transitional adjustment	-	(1,003)	(1,003)	(1,003)	-	(1,003)
As at 1 January 2018 (Restated)	311,362	(68,339)	243,023	243,023	2,982	246,005
Conversion of Redeemable of Convertible Notes	10,400	-	10,400	10,400	-	10,400
Total comprehensive income/(expense)	-	(7,886)	(7,886)	(7,886)	(1,143)	(9,029)
As at 31 December 2018	321,762	(76,225)	245,537	245,537	1,839	247,376

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 31 DECEMBER 2019**

	12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000 (Audited)
Cash flow from operating activities		
Profit/(loss) before taxation	6,387	(10,115)
Adjustment for:		
Interest income	(798)	(3,794)
Interest expense	5,537	7,567
Impairment loss on financial assets	-	113
Net fair value adjustment on investment properties	-	810
Depreciation and amortisation	4,987	11,810
Impairment loss on property, plant and equipment	-	23
Amortisation of deferred income	(2,277)	(2,277)
Net gain on disposal of subsidiaries	-	(9)
Net gain on disposal of property, plant and equipment	(201)	(611)
Net gain on disposal of investment property	(20)	-
Gain on recognition of livestock	(2,877)	-
Impairment of inventories	-	1,836
Unrealised gain on foreign exchange	-	(114)
Operating cash flows before changes in working capital	10,738	5,239
<u>Changes in working capital</u>		
Changes in inventories	3,552	2,238
Changes in trade and other receivables	(421)	(6,151)
Changes in trade and other payables	(3,808)	(10,682)
Changes in related parties movement	(8)	13,140
Cash generated from operating activities	10,053	3,784
Net income tax paid	(1,568)	(674)
Interest paid	(5,536)	-
Net cash generated from/(used in) operating activities	2,949	3,110
Cash flows from investing activities		
Purchase of property, plant and equipments	(377)	(709)
Proceeds from disposal of property, plant and equipments	-	553
Proceeds from disposal of investment property	300	-
Proceeds from disposal of subsidiary	-	74
Net repayment of amount due from holding company	-	1,400
Interest received	798	1,506
Net cash generated from/(used in) investing activities	721	2,824
Cash flows from financing activities		
Increase/(decrease) of deposit with licensed banks and financial institution	6,275	(7,241)
Proceeds from issuance of RCN	2,500	10,400
Drawdown of term loan	45,000	-
Net repayment of loans and borrowings	(44,323)	(21,294)
Net cash generated from/(used in) financing activities	9,452	(18,135)
Net decrease in cash and cash equivalents	13,122	(12,201)
Cash and cash equivalent at beginning of year	(10,233)	1,968
Cash and cash equivalents at end of period	2,889	(10,233)
Cash and cash equivalents comprise the following:		
Cash and bank balances	8,059	11,285
Deposits with licensed banks and financial institution	(2,145)	(8,420)
Bank overdraft	(3,025)	(13,098)
	2,889	(10,233)

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 31 DECEMBER 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 31 December 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.

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		12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Interest income:				
Holding company	(2,376)	772	-	3,012
Fixed deposits	39	25	117	53
Finance lease interest	164	182	681	729
	<u>(2,173)</u>	<u>979</u>	<u>798</u>	<u>3,794</u>
Other income:				
Rental income	404	254	1,340	993
Amortisation of deferred income	569	569	2,277	2,277
Gain on disposal of subsidiary		9	-	9
Gain on disposal of investment property	20	-	20	-
Gain on disposal of property, plant and equipment	201	611	201	611
Fair value adjustments of investment property	(1,020)	-	-	-
Gain on recognition of livestock	2,877	-	2,877	-
Miscellaneous income	8	349	396	954
	<u>3,059</u>	<u>1,792</u>	<u>7,111</u>	<u>4,844</u>
	<u>886</u>	<u>2,771</u>	<u>7,909</u>	<u>8,638</u>

9. OTHER EXPENSES

	3 months ended		12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Depreciation	416	639	1,537	1,586
Fair value adjustment on investment properties	-	810	-	810
Impairment of inventories	-	1,835	-	1,836
Miscellaneous expenses	(29)	376	59	546
	<u>387</u>	<u>3,660</u>	<u>1,596</u>	<u>4,778</u>

10. SEGMENTAL INFORMATION

Segmental results by business activities:

RESULTS FOR THE QUARTER

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000	Changes %
Revenue																	
Sales to external customers	13,782	3,946	249	7,523	7,494	0	2,058	2,952	(30)	-	-	-	-	-	23,363	14,392	62
Inter-segment sales	-	450	(100)	-	-	-	-	-	-	423	535	(21)	(424)	(985)	(1)	-	-
Total segment revenue	13,782	4,396	214	7,523	7,494	0	2,058	2,952	(30)	423	535	(21)	(424)	(985)	23,362	14,392	62
Results																	
Other income	(1,616)	2,326	(169)	2,956	527	461	318	113	181	857	2,292	(63)	(1,629)	(2,487)	886	2,771	(68)
Segment profit/(loss)	(1,471)	(2,594)	(43)	5,520	1,878	194	(244)	(600)	(59)	(1,927)	(33,290)	(94)	717	33,269	2,595	(1,337)	(294)

RESULTS FOR YEAR-TO-DATE

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000	Changes %
Revenue																	
Sales to external customers	37,761	26,138	44	25,169	24,819	1	5,378	12,064	(55)	-	-	-	-	-	68,308	63,021	8
Inter-segment sales	-	1,800	(100)	-	-	-	-	-	-	1,694	2,140	(21)	(1,695)	(3,940)	(1)	-	-
Total segment revenue	37,761	27,938	35	25,169	24,819	1	5,378	12,064	(55)	1,694	2,140	(21)	(1,695)	(3,940)	68,307	63,021	8
Results																	
Other income	3,091	6,834	(55)	3,285	1,298	153	520	44	1,082	7,353	7,425	(1)	(6,340)	(6,963)	7,909	8,638	(8)
Segment profit/(loss)	(1,659)	(12,021)	(86)	10,661	7,709	38	(2,427)	(2,765)	(12)	(1,260)	(36,328)	(97)	1,072	33,290	6,387	(10,115)	(163)
Segment assets	227,216	222,880	2	118,483	127,640	(7)	10,366	15,105	(31)	330,321	370,235	(11)	(294,184)	(335,552)	392,202	400,308	(2)
Segment liabilities	219,280	215,535	2	82,347	64,245	28	6,307	6,689	(6)	105,909	152,963	(31)	(276,936)	(286,500)	136,907	152,932	(10)

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 31 December 2019 and 31 December 2018 are as follows:

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	5,778	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) 4Q 2019 vs. 4Q 2018

The Group has maintained its profitability by recording a significant Profit Before Tax ("PBT") of RM2.6 million for the current quarter ended 31 December 2019 ("4Q 2019") compared to the Loss Before Tax ("LBT") of RM1.34 million recorded in the corresponding quarter ended 31 December 2018 ("4Q 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 significant higher revenue of RM13.78 million and a LBT of RM1.47 million as compared to 4Q 2018 of RM3.95 million RM2.59 million respectively. This significant improvement by 43% was contributed by the higher revenue from the operations of its both power plants and supported by lower operating expenses.

Food & Beverage and Tourism Sector: The sector recorded revenue and Profit Before Tax ("PBT") of RM7.52 million and RM5.52 million respectively as compared to 4Q 2018 of RM7.49 million and RM1.88 million respectively. The increase in PBT was mainly due to the higher other income recognised during the quarter due to one off gain on recognition of livestock and lower operating expenses.

Manufacturing Sector: The sector recorded LBT of RM0.24 million as compared to RM0.6 million in 4Q 2018. This was mainly due to the lower operating expenses arising from the scaling down of its switchgear business.

(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 31 December 2019. The Group recorded PBT of RM6.39M against LBT of RM10.11M million in the corresponding period in 2018 ("YTD 2018"). The turnaround of 163% in profitability was attributed to higher revenue from the Energy Sector, lower cost of sales, savings in operating expenses and lower financial expenses.

Energy Sector: The sector recorded revenue and LBT of RM37.76 million and RM1.66 million respectively in YTD 2019 as compared to revenue and LBT of RM26.14 million and RM12.02 million respectively in YTD 2018. The significantly lower LBT recorded was due to higher revenue by both power plants and lower operating expenses and offsetted by lower other income.

Food & Beverage and Tourism Sector: The sector recorded revenue and PBT of RM25.17 million and RM10.66 million respectively in YTD 2019 as compared to YTD 2018 of RM24.82 million and RM7.71 million respectively. The increase in PBT by 38% was mainly due to the higher other income arising from the gain on recognition of livestock and lower operating expenses incurred in YTD 2019.

Manufacturing Sector: The sector recorded revenue and LBT of RM5.38 million and RM2.43 million respectively in YTD 2019 as compared to YTD 2018 of RM12.06 million and RM2.76 million respectively. The lower losses recorded was due to lower operating expenses arising from the scaling down of its switchgear business and higher other income.

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

	Quarter Ended		
	31.12.2019 RM'000	30.09.2019 RM'000	Changes %
Revenue	23,362	18,629	25
Cost of sales	(13,686)	(10,072)	36
Gross profit	9,676	8,557	13
Other income	886	2,119	(58)
Administrative expenses	(6,222)	(4,979)	25
Selling and marketing expenses	(270)	(320)	(16)
Other expenses	(387)	(361)	7
Operating profit/(loss)	3,683	5,016	(27)
Finance costs	(1,088)	(1,493)	(27)
Profit/(loss) before taxation	2,595	3,523	(26)

As compared to the preceding quarter ended 30 September 2019 ("3Q 2019"), the Group recorded lower PBT mainly due to lower other income and higher operating expenses. This was mitigated by higher revenue generated from all sectors.

17. COMMENTARY ON PROSPECTS

Moving into 2020, growth, particularly in the first quarter of the year, will be affected by the coronavirus outbreak. The impact will be felt largely in tourism-related sectors, and to a certain extent, in the manufacturing sector through disruptions within the global supply chain and the expected slowdown in PR China.

Despite the challenges, the Group will continue its effort to ensure all strategies are implemented accordingly to mitigate the effects in business environment.

The F&B and Tourism Sector particularly the tourism segment is expected to continue contributing towards the positive results for the sector due to the Visit Malaysia Year 2020 and the increase in promotional activities that will be taking place in 2020.

The two business operation under the Energy Sector will pursue its relevant strategies in providing the profitability to the Group. Musteq Hydro's Sungai Kenerong Hydro Power Plant is expected to optimise the revenue from its operations given the availability of all its four turbines. While Stratavest's Libaran Power Plant Station will be ready to recommence its operations as soon as the process for the concession period extension is completed.

For the Manufacturing Sector, the sector will focus more on the LED business of which they have secured a project to date. The sector expects to secure several other projects throughout the year.

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		12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Current tax:				
Malaysian income tax	(851)	(2,355)	(1,568)	(2,425)
Deferred tax	-	3,511	-	3,511
Total income tax expense	(851)	1,156	(1,568)	1,086

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 September 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
TOTAL		60,000	13,500	

21. TRADE RECEIVABLES

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Trade receivables	16,429	18,902
Less: Allowance for impairment	(11,432)	(12,908)
	<u>4,997</u>	<u>5,994</u>

The ageing analysis of the Group's trade receivables as at 31 December 2019 is as follows:

	3,216	545
Current		
More than 30 days past due	778	1,477
More than 60 days past due	500	1,916
More than 90 days past due	85	2,056
More than 120 days past due	418	-
	<u>1,781</u>	<u>5,449</u>
Impaired	11,432	12,908
	<u>16,429</u>	<u>18,902</u>

22. LOANS AND BORROWINGS

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

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
Current		
Secured:		
Bank overdraft	3,025	13,098
Bank-Guaranteed Sukuk Musharakah	-	10,000
Bridging loan	-	556
Bank loans	25,663	26,392
Obligation under finance lease	755	266
Redeemable Convertible Notes	-	600
	<u>29,443</u>	<u>50,912</u>
Non-current		
Secured:		
Bank-Guaranteed Sukuk Musharakah	-	30,000
Bank loans	41,500	-
Obligation under finance lease	458	486
	<u>41,958</u>	<u>30,486</u>
Total loans and borrowings current and non-current		
Bank overdraft	3,025	13,098
Bank-Guaranteed Sukuk Musharakah	-	40,000
Bridging loan	-	556
Bank loans	67,163	26,392
Obligation under finance lease	1,213	752
Redeemable Convertible Notes	-	600
	<u>71,401</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		12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Profit/(loss) attributable to to owners of the Company	1,853	127	5,786	(7,886)
	Number of shares ('000)			
Weighted average number of ordinary shares in issue	403,402	330,414	403,402	330,414
Basic earnings/(loss) per share (sen)	0.46	0.04	1.43	(2.39)

(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		12 months ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Profit/(loss) attributable to to owners of the Company	1,853	127	5,786	(7,886)
	Number of shares ('000)			
Weighted average number of ordinary shares as at 31 December (basic)	403,402	330,414	403,402	330,414
Effect of conversion of convertible notes	387,500	413,333	387,500	413,333
Weighted average number of ordinary shares as at 31 December (basic)	790,902	743,747	790,902	743,747
Diluted loss per ordinary shares (sen)	0.23	0.02	0.73	(1.06)

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 27 February 2020.

By order of the Board.

Date: 27 February 2020