



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 MARCH 2020**

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 MARCH 2020**

	Note	Quarter ended			Year ended		
		31.03.2020 (RM'000)	31.03.2019 (RM'000)	Changes %	31.03.2020 15 months (RM'000)	31.12.2018 12 months (RM'000)	Changes %
Revenue	10	11,848	10,896	9	80,154	63,021	27
Cost of sales		(5,392)	(5,773)	(7)	(44,137)	(43,028)	3
Gross profit		6,456	5,123	26	36,017	19,993	80
Other income	8	11,396	3,140	263	19,306	8,638	124
Administrative expenses		(7,301)	(6,144)	19	(30,210)	(25,290)	19
Selling and marketing expenses		(164)	(255)	(36)	(1,206)	(1,111)	9
Other expenses	9	(296)	(442)	(33)	(1,892)	(4,778)	(60)
Operating gain/(loss)		10,091	1,422	610	22,015	(2,548)	(964)
Finance costs		(932)	(1,315)	(29)	(6,468)	(7,567)	(15)
Profit/(loss) before taxation		9,159	107	8,460	15,547	(10,115)	(254)
Income tax (expense)/credit	19	(829)	(31)	2,574	(2,397)	1,086	(321)
Profit/(loss) for the year representing total comprehensive gain/(loss) for the year		8,330	76	10,861	13,150	(9,029)	(246)
Total comprehensive gain/(loss) attributable to:							
Equity holders of the Company		8,428	411	1,951	14,215	(7,886)	(280)
Non-controlling interests		(98)	(335)	(71)	(1,065)	(1,143)	(7)
		8,330	76	10,861	13,150	(9,029)	(246)
Earnings/(loss) per share attributable to equity holders of the Company (sen)							
- Basic	25	2.09	0.12		3.52	(2.39)	
- Diluted	25	1.07	0.06		1.80	(1.06)	

On 30 January 2020, The Company announced to change the financial year from 31 December to 30 June. The current reporting financial period will be for a period of 3 months and 15 months, made up from 1 January 2020 to 31 March 2020 and from 1 January 2019 to 31 March 2020, respectively.

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 MARCH 2020**

	Note	As At 31.03.2020 RM'000 (Unaudited)	As At 31.12.2018 RM'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	65,278	67,172
Investment properties		186,237	192,293
Land use rights		208	250
Finance lease receivables		10,966	11,772
Investment in associates		40	40
Other investments		8	8
Other receivables		58,805	63,805
Other asset		1,332	1,383
Deferred tax assets		28,651	28,775
		<u>351,525</u>	<u>365,498</u>
Current assets			
Inventories		5,461	12,473
Trade and other receivables		12,023	9,837
Finance lease receivables		605	765
Other current assets		507	450
Cash and bank balances		9,325	11,285
		<u>27,921</u>	<u>34,810</u>
Total assets		<u>379,446</u>	<u>400,308</u>
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital		324,862	321,762
Accumulated losses		(62,010)	(76,225)
		<u>262,852</u>	<u>245,537</u>
Non-controlling interests		<u>774</u>	<u>1,839</u>
Total equity		<u>263,626</u>	<u>247,376</u>
Non-current liabilities			
Deferred income		899	3,105
Loans and borrowings	22	40,963	30,486
Deferred tax liabilities		3,926	3,926
		<u>45,788</u>	<u>37,517</u>
Current liabilities			
Trade and other payables		52,225	54,575
Loans and borrowings	22	13,937	50,912
Deferred income		981	3,258
Tax payable		2,889	6,670
		<u>70,032</u>	<u>115,415</u>
Total liabilities		<u>115,820</u>	<u>152,932</u>
Total equity and liabilities		<u>379,446</u>	<u>400,308</u>
Net assets per share (RM)		0.81	0.76

On 30 January 2020, The Company announced to change the financial year from 31 December to 30 June. The current reporting financial period will be for a period of 3 months and 15 months, made up from 1 January 2020 to 31 March 2020 and from 1 January 2019 to 31 March 2020, respectively.

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 MARCH 2020**

	-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)	-	14,215	14,215	14,215	(1,065)	13,150
As at 31 March 2020	324,862	(62,010)	262,852	262,852	774	263,626
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

On 30 January 2020, The Company announced to change the financial year from 31 December to 30 June. The current reporting financial period will be for a period of 3 months and 15 months, made up from 1 January 2020 to 31 March 2020 and from 1 January 2019 to 31 March 2020, respectively.

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 MARCH 2020**

	31.03.2020 RM'000	31.12.2018 RM'000 (Audited)
Cash flow from operating activities		
Profit/(loss) before taxation	15,547	(10,115)
Adjustment for:		
Interest income	(1,038)	(3,794)
Interest expense	6,468	7,567
Impairment loss on financial assets	-	113
Net fair value adjustment on investment properties	-	810
Depreciation and amortisation	5,439	11,810
Impairment loss on property, plant and equipment	-	23
Amortisation of deferred income	(3,502)	(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	(10,955)	-
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	<u>8,881</u>	<u>5,239</u>
<u>Changes in working capital</u>		
Changes in inventories	7,012	2,238
Changes in trade and other receivables	(2,063)	(6,151)
Changes in trade and other payables	(6,967)	(10,682)
Changes in related parties movement	(9)	13,140
Cash generated from operating activities	<u>6,854</u>	<u>3,784</u>
Net income tax paid	(2,397)	(674)
Interest paid	(6,468)	-
Net cash generated from/(used in) operating activities	<u>(2,011)</u>	<u>3,110</u>
Cash flows from investing activities		
Purchase of property, plant and equipments	399	(709)
Proceeds from disposal of property, plant and equipments	-	553
Proceeds from disposal of investment property	17,011	-
Proceeds from disposal of subsidiary	-	74
Net repayment of amount due from holding company	5,000	1,400
Interest received	1,038	1,506
Net cash generated from/(used in) investing activities	<u>23,448</u>	<u>2,824</u>
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	(60,819)	(21,294)
Net cash generated from/(used in) financing activities	<u>(7,044)</u>	<u>(18,135)</u>
Net decrease in cash and cash equivalents	14,393	(12,201)
Cash and cash equivalent at beginning of year	(10,233)	1,968
Cash and cash equivalents at end of period	<u>4,160</u>	<u>(10,233)</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	9,325	11,285
Deposits with licensed banks and financial institution	(2,145)	(8,420)
Bank overdraft	(3,020)	(13,098)
	<u>4,160</u>	<u>(10,233)</u>

On 30 January 2020, The Company announced to change the financial year from 31 December to 30 June. The current reporting financial period will be for a period of 3 months and 15 months, made up from 1 January 2020 to 31 March 2020 and from 1 January 2019 to 31 March 2020, respectively.

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 MARCH 2020

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 March 2020.

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

	Quarter ended		Year ended	
	31.03.2020	31.03.2019	31.03.2020	31.12.2018
	RM'000	RM'000	15 months RM'000	12 months RM'000
Interest income:				
Holding company	-	770	-	3,012
Fixed deposits	9	44	187	53
Finance lease interest	162	172	851	729
	<u>171</u>	<u>986</u>	<u>1,038</u>	<u>3,794</u>
Other income:				
Rental income	245	254	1,585	993
Amortisation of deferred income	-	569	2,277	2,277
Gain on disposal of subsidiary	-	-	-	9
Gain on disposal of investment property	10,934	-	10,934	-
Gain on disposal of property, plant and equipment	-	-	205	611
Fair value adjustments of investment property	-	1,020	-	-
Gain on recognition of livestock	-	-	2,877	-
Miscellaneous income	46	311	390	954
	<u>11,225</u>	<u>2,154</u>	<u>18,268</u>	<u>4,844</u>
	<u>11,396</u>	<u>3,140</u>	<u>19,306</u>	<u>8,638</u>

9. OTHER EXPENSES

	Quarter ended		Year ended	
	31.03.2020	31.03.2019	31.03.2020	31.12.2018
	RM'000	RM'000	15 months RM'000	12 months RM'000
Depreciation	494	398	2,031	1,586
Fair value adjustment on investment properties	-	-	-	810
Impairment of inventories	-	-	-	1,836
Miscellaneous expenses	(198)	44	(139)	546
	<u>296</u>	<u>442</u>	<u>1,892</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		
	31.03.2020 RM'000	31.03.2019 RM'000	Changes %	31.03.2020 RM'000	31.03.2019 RM'000	Changes %	31.03.2020 RM'000	31.03.2019 RM'000	Changes %	31.03.2020 RM'000	31.03.2019 RM'000	Changes %	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000	Changes %
Revenue																	
Sales to external customers	4,428	2,911	52	4,210	6,422	(34)	3,211	1,562	106	-	-	-	-	-	11,849	10,895	9
Inter-segment sales	-	-	-	-	-	-	-	-	-	286	424	(33)	(287)	(423)	(1)	1	-
Total segment revenue	4,428	2,911	52	4,210	6,422	(34)	3,211	1,562	106	286	424	(33)	(287)	(423)	11,848	10,896	9
Results																	
Other income	172	1,553	(89)	62	169	(63)	11	2	450	11,356	2,894	292	(205)	(1,478)	11,396	3,140	263
Segment profit/(loss)	1,868	(2,210)	(185)	13	2,140	(99)	(192)	(883)	(78)	7,485	1,022	632	(15)	38	9,159	107	8,460

RESULTS FOR YEAR-TO-DATE

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	31.03.2020 RM'000	31.12.2018 RM'000	Changes %	31.03.2020 RM'000	31.12.2018 RM'000	Changes %	31.03.2020 RM'000	31.12.2018 RM'000	Changes %	31.03.2020 RM'000	31.12.2018 RM'000	Changes %	31.03.2020 RM'000	31.12.2018 RM'000	31.03.2020 RM'000	31.12.2018 RM'000	Changes %
Revenue																	
Sales to external customers	42,189	26,138	61	29,379	24,819	18	8,586	12,064	(29)	-	-	-	-	-	80,154	63,021	27
Inter-segment sales	-	1,800	(100)	-	-	-	-	-	-	1,980	2,140	(7)	(1,980)	(3,940)	-	-	-
Total segment revenue	42,189	27,938	51	29,379	24,819	18	8,586	12,064	(29)	1,980	2,140	(7)	(1,980)	(3,940)	80,154	63,021	27
Results																	
Other income	3,263	6,834	(52)	3,347	1,298	158	531	44	1,107	18,709	7,425	152	(6,544)	(6,963)	19,306	8,638	124
Segment profit/(loss)	209	(12,021)	(102)	10,674	7,709	38	(2,618)	(2,765)	(5)	6,225	(36,328)	(117)	1,057	33,290	15,547	(10,115)	(254)
Segment assets	220,220	222,880	(1)	124,570	127,640	(2)	6,672	15,105	(56)	320,468	370,235	(13)	(292,484)	(335,552)	379,446	400,308	(5)
Segment liabilities	215,160	215,535	(0)	82,976	64,245	29	3,040	6,689	(55)	92,058	152,963	(40)	(277,414)	(286,500)	115,820	152,932	(24)

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 March 2020 and 31 December 2018 are as follows:

	As at 31.03.2020 RM'000	As at 31.12.2018 RM'000
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	6,554	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) 5Q 2020 vs. 1Q 2019

The ongoing Covid-19 pandemic and the containment measures have posed an unprecedented challenge to the Group particularly in the Food and Beverage and Tourism Sector. This has resulted in the Group recording an operational loss before tax of RM1.77M. However, with the recognition of gain on disposal of investment property, the Group recorded Profit Before Tax ("PBT") of RM9.16M in the current quarter under review ("5Q 2020") compared to PBT of RM0.11M in the preceding quarter ("1Q 2019"). This was supported by higher revenue from the Energy Sector.

Energy Sector: During this quarter the sector recorded significantly higher revenue of RM4.43 million and a PBT of RM1.87 million as compared to 1Q 2019 of RM2.91 million and Loss Before Tax ("LBT") RM2.21 million respectively. This significant improvement by 43% was contributed by the higher revenue generated by the Kenerong Hydro Power Plant and supported by lower operating expenses.

Food & Beverage and Tourism Sector: The sector recorded revenue and PBT of RM4.21 million and RM0.01 million respectively as compared to 1Q 2019 of RM6.42 million and RM2.14 million respectively. The decline in revenue and profitability was due to the effect of the Covid-19 outbreak and the restrictions on movement and travel starting from 18 March 2020.

Manufacturing Sector: The sector recorded a lower LBT of RM0.19 million as compared to LBT of RM0.88 million in 1Q 2019. This was mainly due to the lower operating expenses after the cessation of its switchgear business in 2019.

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

	Quarter Ended		
	31.03.2020 RM'000	31.12.2019 RM'000	Changes %
Revenue	11,848	23,362	(49)
Cost of sales	(5,392)	(13,686)	(61)
Gross profit	6,456	9,676	(33)
Other income	11,396	886	1,186
Administrative expenses	(7,301)	(6,222)	17
Selling and marketing expenses	(164)	(270)	(39)
Other expenses	(296)	(387)	(24)
Operating profit/(loss)	10,091	3,683	174
Finance costs	(932)	(1,088)	(14)
Profit/(loss) before taxation	9,159	2,595	253

As compared to the preceding quarter ended 31 December 2019 ("4Q 2019"), the Group recorded higher PBT by RM6.56M mainly due to the recognition of gain on disposal of investment property despite the revenue being adversely affected by the Covid-19 pandemic and restriction on movement and travel.

17. COMMENTARY ON PROSPECTS

The Covid-19 pandemic and Movement Control Order ("MCO") restrictions have significantly affected the Malaysian and global economies during the first half of the year. The economic recovery is expected to take a longer period and has disrupted consumer sentiments and spending.

Having diversified businesses within the Group has allowed the Group to mitigate the impact of the pandemic. The Group will continue its effort to ensure all strategies are implemented accordingly and will focus on factors that are within the Group's control, including cost optimisation and increasing efficiencies by adopting technology within the business processes.

The Energy Sector, especially Musteq Hydro's Sungai Kenerong Hydro Power Plant is expected to continue registering profitability for the group by optimising the operations of all its four turbines. While Stratavest's Libaran Power Plant is expected to recommence operations within the year to be able to continuously support the Sabah State grid requirements.

Despite having to adopt to the new normal for operations, the Food & Beverage and Tourism Sector is expected to improve from the current situation and will be mainly driven by the expected increase in revenue by the Tourism segment due to the strategic collaboration with the local tourism players within the country.

The Manufacturing Sector expects to face a challenging period and slow recovery in the second half of 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

Quarter ended		Year ended	
31.03.2020	31.03.2019	31.03.2020 15 months	31.12.2018 12 months
RM'000	RM'000	RM'000	RM'000

Current tax:

Malaysian income tax	(829)	(31)	(2,397)	(2,425)
Deferred tax	-	-	-	3,511
Total income tax expense	(829)	(31)	(2,397)	1,086

The effective tax rate for the year was lower 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 31 December 2019, there was no issuance of securities in the current quarter under review.

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 31.03.2020 RM'000	As at 31.12.2018 RM'000
Trade receivables	14,997	18,902
Less: Allowance for impairment	(11,432)	(12,908)
	<u>3,565</u>	<u>5,994</u>

The ageing analysis of the Group's trade receivables as at 31 March 2020 is as follows:

Current	2,294	545
More than 30 days past due	520	1,477
More than 60 days past due	509	1,916
More than 90 days past due	142	2,056
More than 120 days past due	100	-
	1,271	5,449
Impaired	11,432	12,908
	<u>14,997</u>	<u>18,902</u>

22. LOANS AND BORROWINGS

Group loans and borrowings as at 31 March 2020 and 31 December 2018 denominated in Ringgit Malaysia were:

	As at 31.03.2020 RM'000	As at 31.12.2018 RM'000
Current		
Secured:		
Bank overdraft	3,020	13,098
Bank-Guaranteed Sukuk Musharakah	-	10,000
Bridging loan	-	556
Bank loans	10,729	26,392
Obligation under finance lease	188	266
Redeemable Convertible Notes	-	600
	<u>13,937</u>	<u>50,912</u>
Non-current		
Secured:		
Bank-Guaranteed Sukuk Musharakah	-	30,000
Bank loans	40,000	-
Obligation under finance lease	963	486
	<u>40,963</u>	<u>30,486</u>
Total loans and borrowings current and non-current		
Bank overdraft	3,020	13,098
Bank-Guaranteed Sukuk Musharakah	-	40,000
Bridging loan	-	556
Bank loans	50,729	26,392
Obligation under finance lease	1,151	752
Redeemable Convertible Notes	-	600
	<u>54,900</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:

	Quarter ended		Year ended	
	31.03.2020	31.03.2019	31.03.2020 15 months	31.12.2018 12 months
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to owners of the Company	8,428	411	14,215	(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)	2.09	0.12	3.52	(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:

	Quarter ended		Year ended	
	31.03.2020	31.03.2019	31.03.2020 15 months	31.12.2018 12 months
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to owners of the Company	8,428	411	14,215	(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)	1.07	0.06	1.80	(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.

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.

On 28 February 2020, the Company had received the compensation of RM16,710,848.00 after accepting the Notice of Compensation Awarded ("Borang H") on 7 January 2020 from the Government of Malaysia arising from the Compulsory Acquisition under Land Acquisition Act, 1960 for the acquisition of the Company's 6.3892 hectare land known as Lot 8911, PN 21372, Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang for the purpose of ECRL project.

(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 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 17 June 2020.

By order of the Board.

Date: 17 June 2020