



**EDEN INC. BERHAD**

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 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 30 JUNE 2020**

	Note	Quarter ended			Year ended		
		30.06.2020 (RM'000)	30.06.2019 (RM'000)	Changes %	30.06.2020 18 months (RM'000)	31.12.2018 12 months (RM'000)	Changes %
<b>Revenue</b>	10	4,494	15,420	(71)	82,218	63,021	30
Cost of sales		(3,326)	(9,214)	(64)	(45,026)	(43,028)	5
<b>Gross profit</b>		<b>1,168</b>	<b>6,206</b>	<b>(81)</b>	<b>37,192</b>	<b>19,993</b>	<b>86</b>
Other income	8	18,293	1,764	937	37,598	8,638	335
Administrative expenses		(8,622)	(5,564)	55	(38,832)	(25,290)	54
Selling and marketing expenses		(138)	(196)	(30)	(1,344)	(1,111)	21
Other expenses	9	(17,272)	(406)	4,154	(19,164)	(4,778)	301
<b>Operating gain/(loss)</b>		<b>(6,571)</b>	<b>1,804</b>	<b>(464)</b>	<b>15,450</b>	<b>(2,548)</b>	<b>(706)</b>
Finance costs		(52)	(1,640)	(97)	(6,520)	(7,567)	(14)
<b>Profit/(loss) before taxation</b>		<b>(6,623)</b>	<b>164</b>	<b>(4,138)</b>	<b>8,930</b>	<b>(10,115)</b>	<b>(188)</b>
Income tax (expense)/credit	19	(3,270)	(11)	29,627	(5,667)	1,086	(622)
<b>Profit/(loss) for the year representing total comprehensive gain/(loss) for the year</b>		<b>(9,893)</b>	<b>153</b>	<b>(6,566)</b>	<b>3,263</b>	<b>(9,029)</b>	<b>(136)</b>
<b>Total comprehensive gain/(loss) attributable to:</b>							
Equity holders of the Company		(9,058)	437	(2,173)	5,163	(7,886)	(165)
Non-controlling interests		(835)	(284)	194	(1,900)	(1,143)	66
		<b>(9,893)</b>	<b>153</b>	<b>(6,566)</b>	<b>3,263</b>	<b>(9,029)</b>	<b>(136)</b>
<b>Earnings/(loss) per share attributable to equity holders of the Company (sen)</b>							
- Basic	25	(2.25)	0.13		1.28	(2.39)	
- Diluted	25	(1.15)	0.06		0.65	(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 18 months, made up from 1 April 2020 to 30 June 2020 and from 1 January 2019 to 30 June 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 30 JUNE 2020**

	Note	As At 30.06.2020 RM'000 (Unaudited)	As At 31.12.2018 RM'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	60,876	67,172
Right-of-use assets		4,543	-
Investment properties		200,392	192,293
Land use rights		187	250
Finance lease receivables		10,966	11,772
Investment in associates		40	40
Other investments		8	8
Other receivables		34,188	63,805
Other asset		1,335	1,383
Deferred tax assets		25,077	28,775
		<u>337,612</u>	<u>365,498</u>
<b>Current assets</b>			
Inventories		4,348	12,473
Trade and other receivables		22,222	9,837
Finance lease receivables		404	765
Other current assets		212	450
Cash and bank balances		9,123	11,285
		<u>36,309</u>	<u>34,810</u>
<b>Total assets</b>		<b><u>373,921</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		(71,584)	(76,225)
		<u>253,278</u>	<u>245,537</u>
<b>Non-controlling interests</b>		(61)	1,839
<b>Total equity</b>		<u>253,217</u>	<u>247,376</u>
<b>Non-current liabilities</b>			
Deferred income		1,632	3,105
Loans and borrowings	22	38,286	30,486
Lease liabilities		3,811	-
Deferred tax liabilities		1,800	3,926
		<u>45,529</u>	<u>37,517</u>
<b>Current liabilities</b>			
Trade and other payables		51,421	54,575
Loans and borrowings	22	13,780	50,912
Lease liabilities		1,158	-
Deferred income		981	3,258
Tax payable		7,835	6,670
		<u>75,175</u>	<u>115,415</u>
<b>Total liabilities</b>		<u>120,704</u>	<u>152,932</u>
<b>Total equity and liabilities</b>		<b><u>373,921</u></b>	<b><u>400,308</u></b>
Net assets per share (RM)		0.78	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 18 months, made up from 1 April 2020 to 30 June 2020 and from 1 January 2019 to 30 June 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 30 JUNE 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
<b>As at 1 January 2019</b>	321,762	(76,225)	245,537	245,537	1,839	247,376
Effect of adopting MFRS 16	-	(522)	(522)	(522)	-	(522)
As at 1 January 2019 (Restated)	321,762	(76,747)	245,015	245,015	1,839	246,854
Conversion of Redeemable of Convertible Notes	3,100	-	3,100	3,100	-	3,100
Total comprehensive income/(expense)	-	5,163	5,163	5,163	(1,900)	3,263
<b>As at 31 March 2020</b>	<b>324,862</b>	<b>(71,584)</b>	<b>253,278</b>	<b>253,278</b>	<b>(61)</b>	<b>253,217</b>
<b>As at 1 January 2018</b>	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)
<b>As at 31 December 2018</b>	<b>321,762</b>	<b>(76,225)</b>	<b>245,537</b>	<b>245,537</b>	<b>1,839</b>	<b>247,376</b>

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 18 months, made up from 1 April 2020 to 30 June 2020 and from 1 January 2019 to 30 June 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 30 JUNE 2020**

	30.06.2020 RM'000	31.12.2018 RM'000 (Audited)
<b>Cash flow from operating activities</b>		
Profit/(loss) before taxation	8,930	(10,115)
Adjustment for:		
Interest income	(1,147)	(3,794)
Interest expense	6,520	7,567
Impairment loss on financial assets	-	113
Net fair value adjustment on investment properties	(14,156)	810
Depreciation of property, plant and equipment	6,391	11,810
Amortisation of right of use assets	2,612	-
Impairment loss on property, plant and equipment	-	23
Amortisation of deferred income	(2,769)	(2,277)
Net gain on disposal of subsidiaries	-	(9)
Net gain on disposal of property, plant and equipment	(200)	(611)
Net gain on disposal of investment property	(10,954)	-
Impairment of inventories	-	1,836
Unrealised gain on foreign exchange	-	(114)
Operating cash flows before changes in working capital	<u>(4,773)</u>	<u>5,239</u>
<b>Changes in working capital</b>		
Changes in inventories	8,125	2,238
Changes in trade and other receivables	16,215	(6,151)
Changes in trade and other payables	(6,635)	(10,682)
Changes in related parties movement	(2)	13,140
Cash generated from operating activities	<u>12,930</u>	<u>3,784</u>
Net income tax paid	(5,667)	(674)
Interest paid	(6,520)	-
<b>Net cash generated from/(used in) operating activities</b>	<u>743</u>	<u>3,110</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipments	169	(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	1,147	1,506
<b>Net cash generated from/(used in) investing activities</b>	<u>23,327</u>	<u>2,824</u>
<b>Cash flows from financing activities</b>		
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	(63,634)	(21,294)
<b>Net cash generated from/(used in) financing activities</b>	<u>(9,859)</u>	<u>(18,135)</u>
Net decrease in cash and cash equivalents	14,211	(12,201)
Cash and cash equivalent at beginning of year	(10,233)	1,968
<b>Cash and cash equivalents at end of period</b>	<u>3,978</u>	<u>(10,233)</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	9,123	11,285
Deposits with licensed banks and financial institution	(2,145)	(8,420)
Bank overdraft	(3,000)	(13,098)
	<u>3,978</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 18 months, made up from 1 April 2020 to 30 June 2020 and from 1 January 2019 to 30 June 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 30 JUNE 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 30 June 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	
	30.06.2020	30.06.2019	30.06.2020	31.12.2018
	RM'000	RM'000	18 months	12 months
			RM'000	RM'000
Interest income:				
Holding company	-	792	-	3,012
Fixed deposits	23	11	133	53
Finance lease interest	162	172	1,013	729
	185	975	1,146	3,794
Other income:				
Rental income	245	254	1,830	993
Amortisation of deferred income	-	569	2,277	2,277
Gain on disposal of subsidiary	-	-	-	9
Gain on disposal of investment property	-	-	11,995	-
Gain on disposal of property, plant and equipment	-	-	19	611
Fair value adjustments of investment property	14,156	-	14,156	-
Miscellaneous income	3,707	(34)	6,175	954
	18,108	789	36,452	4,844
	18,293	1,764	37,598	8,638

## 9. OTHER EXPENSES

	Quarter ended		Year ended	
	30.06.2020	30.06.2019	30.06.2020	31.12.2018
	RM'000	RM'000	18 months	12 months
			RM'000	RM'000
Depreciation	889	362	2,920	1,586
Amortisation of right of use assets	2,612	-	2,612	-
Fair value adjustment on investment properties	-	-	-	810
Impairment of inventories	-	-	-	1,836
Write off of interest	7,523	-	7,523	-
Miscellaneous expenses	6,248	44	6,109	546
	17,272	406	19,164	4,778

## 10. SEGMENTAL INFORMATION

Segmental results by business activities:

### RESULTS FOR THE QUARTER

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	30.06.2020 RM'000	30.06.2019 RM'000	Changes %	30.06.2020 RM'000	30.06.2019 RM'000	Changes %	30.06.2020 RM'000	30.06.2019 RM'000	Changes %	30.06.2020 RM'000	30.06.2019 RM'000	Changes %	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000	Changes %
<b>Revenue</b>																	
Sales to external customers	3,803	8,293	(54)	691	5,893	(88)	1	1,233	(100)	-	-	-	-	-	4,495	15,419	(71)
Inter-segment sales	-	-	-	-	-	-	-	-	-	62	423	(85)	(63)	(422)	(1)	1	-
Total segment revenue	3,803	8,293	(54)	691	5,893	(88)	1	1,233	(100)	62	423	(85)	(63)	(422)	4,494	15,420	(71)
<b>Results</b>																	
Other income	1,691	1,595	6	(1,459)	46	(3,272)	2,239	-	#DIV/0!	16,149	1,724	837	(327)	(1,601)	18,293	1,764	937
Segment profit/(loss)	(17,082)	(396)	4,214	(2,645)	1,506	(276)	(2,721)	(721)	277	15,488	(489)	(3,267)	337	264	(6,623)	164	(4,138)

### RESULTS FOR YEAR-TO-DATE

	Energy			F&B and Tourism			Manufacturing			Investment			Eliminations		Total		
	30.06.2020 RM'000	31.12.2018 RM'000	Changes %	30.06.2020 RM'000	31.12.2018 RM'000	Changes %	30.06.2020 RM'000	31.12.2018 RM'000	Changes %	30.06.2020 RM'000	31.12.2018 RM'000	Changes %	30.06.2020 RM'000	31.12.2018 RM'000	30.06.2020 RM'000	31.12.2018 RM'000	Changes %
<b>Revenue</b>																	
Sales to external customers	45,992	26,138	76	30,070	24,819	21	6,156	12,064	(49)	-	-	-	-	-	82,218	63,021	30
Inter-segment sales	-	1,800	(100)	-	-	-	-	-	-	2,042	2,140	(5)	(2,042)	(3,940)	-	-	-
Total segment revenue	45,992	27,938	65	30,070	24,819	21	6,156	12,064	(49)	2,042	2,140	(5)	(2,042)	(3,940)	82,218	63,021	30
<b>Results</b>																	
Other income	4,955	6,834	(27)	2,272	1,298	75	2,770	44	6,195	34,474	7,425	364	(6,873)	(6,963)	37,598	8,638	335
Segment profit/(loss)	(16,873)	(12,021)	40	8,029	7,709	4	(5,332)	(2,765)	93	21,713	(36,328)	(160)	1,393	33,290	8,930	(10,115)	(188)
Segment assets	207,594	222,880	(7)	118,095	127,640	(7)	5,547	15,105	(63)	331,314	370,235	(11)	(288,629)	(335,552)	373,921	400,308	(7)
Segment liabilities	226,218	215,535	5	81,911	64,245	27	2,173	6,689	(68)	88,508	152,963	(42)	(278,106)	(286,500)	120,704	152,932	(21)



**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 June 2020 and 31 December 2018 are as follows:

	As at 30.06.2020 RM'000	As at 31.12.2018 RM'000
<b>Capital expenditure</b>		
Approved but not contracted for:		
Property, plant and equipment	6,324	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) 2Q 2020 vs. 2Q 2019**

The unprecedented Covid-19 pandemic and the containment measures had affected the Group's revenue particularly in the Food and Beverage and Tourism Sector. This had resulted in the Group recording a Loss Before Tax ("LBT") of RM6.62 million. However, the recognition of gain on fair value adjustment of investment property had mitigated the impact of lower revenue and higher operating expenses mainly from the impairment of receivables and inventories during the quarter.

**Energy Sector:** The sector recorded revenue and LBT of RM3.8 million and RM17.08 million respectively in 2Q 2020 as compared to 2Q 2019 of RM8.29 million and RM0.39 million respectively. The significant increase in LBT was mainly due to the reduction in revenue as Stratavest Sdn Bhd is still in the midst of negotiations on the extension of the operations of the Libaran Power Plant. This was compounded by higher operating expenses from the reversal of other income and higher impairment made in 2Q 2020.

**Food & Beverage and Tourism Sector:** The sector recorded revenue and LBT of RM0.69 million and RM2.64 million respectively as compared to 2Q 2019 revenue and PBT of RM5.89 million and RM1.52 million respectively. The decline in revenue and profitability was due to the effect of the Covid-19 pandemic situation where restrictions on movement and travel begun from 18 March 2020 and adversely impacted the sector's revenue compounded by the reversal of gain from recognised property, plant and equipment (PPE).

**Manufacturing Sector:** The sector recorded a higher LBT of RM2.72 million as compared to LBT of RM0.72 million in 2Q 2019. This was mainly due to the impairment loss on trade receivables during the quarter.

**(b) YTD 2020 (18 months) vs. YTD 2018 (12 months)**

The Group changed its financial year end from 31 December to 30 June. Accordingly, the current quarter ended 30 June 2020 covers an 18-month period from 1 Jan 2019 to 30 June 2020 ("YTD 2020") as compared to the 12-month period from 1 January 2018 to 31 December 2018 ("YTD 2018").

The Group's revenue and PBT for YTD 2020 was RM82.22 million and RM8.93 million respectively, compared to revenue and LBT of RM63.02 million and RM10.11 million in YTD 2018.

The Group's performance for the twelve (12) month period in 2019 was on a positive trend driven primarily by the Energy and Tourism Sector. Despite the impact of the unprecedented Covid-19 pandemic which primarily affected the Food and Beverage and Tourism Sector in the first half of year 2020 and the impairment made during the period, the Group recorded a Profit Before Tax ("PBT") of RM8.93 million mainly from the higher other income recognised.

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

	Quarter Ended		
	30.06.2020 RM'000	31.03.2020 RM'000	Changes %
<b>Revenue</b>	4,494	11,848	(62)
Cost of sales	(3,326)	(5,392)	(38)
<b>Gross profit</b>	1,168	6,456	(82)
Other income	18,293	11,396	61
Administrative expenses	(8,622)	(7,301)	18
Selling and marketing expenses	(138)	(164)	(16)
Other expenses	(17,272)	(296)	5,735
<b>Operating profit/(loss)</b>	(6,571)	10,091	(165)
Finance costs	(52)	(932)	(94)
<b>Profit/(loss) before taxation</b>	(6,623)	9,159	(172)

The Group recorded LBT of RM6.62 million as compared to PBT of RM9.16 million in the preceding quarter ended 31 March 2020. This was mainly due to the higher operating expenses from the impairment made on receivables and inventories, and a significant decline in revenue due to the adverse effects of the Covid-19 pandemic which imposed restrictions on movement and travel and impacted the Food and Beverage and Tourism Sector primarily.

**17. COMMENTARY ON PROSPECTS**

Despite the economic activity in Malaysia contracting sharply in the first half of the year (-8.3%) due to the measures introduced to contain the Covid-19 pandemic, growth is expected to recover gradually in the second half of 2020 as the economy has progressively re-opened since early May 2020 and external demand improves.

Although faced with an uncertain and challenging front, the Group is expected to continue to strive on ensuring profitability and operational optimisation of the existing businesses.

The Energy Sector, driven by Musteq Hydro Sdn. Bhd.'s Sungai Kenerong Hydro Power Plant, is expected to positively contribute to the Group in FYE 2021 by optimising the operations of all its four turbines. Stratavest Sdn. Bhd.'s, Libaran Power Plant is expected to recommence its operations in the final quarter of 2020 to support the Sabah State grid requirements.

The Food & Beverage and Tourism Sector is expected to improve its performance, 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 in promoting local tourism.

The Manufacturing Sector expects to contribute positively to the Group performance with better prospects from the LED 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

Quarter ended		Year ended	
30.06.2020	30.06.2019	30.06.2020	31.12.2018
18 months	12 months	18 months	12 months
RM'000	RM'000	RM'000	RM'000

Current tax:

Malaysian income tax	(1,834)	(11)	(4,232)	(2,425)
Deferred tax	(1,435)	-	(1,435)	3,511
<b>Total income tax expense</b>	<b>(3,269)</b>	<b>(11)</b>	<b>(5,667)</b>	<b>1,086</b>

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 March 2020, 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	Actual Utilisation	Intended Timeframe for Utilisation
		RM'000	RM'000	
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 30.06.2020 RM'000	As at 31.12.2018 RM'000
Trade receivables	2,458	18,902
Less: Allowance for impairment	-	(12,908)
	<u>2,458</u>	<u>5,994</u>

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

Current	2,054	545
More than 30 days past due	339	1,477
More than 60 days past due	2	1,916
More than 90 days past due	63	2,056
More than 120 days past due	-	-
	404	5,449
Impaired	-	12,908
	<u>2,458</u>	<u>18,902</u>

## 22. LOANS AND BORROWINGS

Group loans and borrowings as at 30 June 2020 and 31 December 2018 denominated in Ringgit Malaysia were:

	As at 30.06.2020 RM'000	As at 31.12.2018 RM'000
<b>Current</b>		
Secured:		
Bank overdraft	3,000	13,098
Bank-Guaranteed Sukuk Musharakah	-	10,000
Bridging loan	-	556
Bank loans	10,575	26,392
Obligation under finance lease	205	266
Redeemable Convertible Notes	-	600
	<u>13,780</u>	<u>50,912</u>
<b>Non-current</b>		
Secured:		
Bank-Guaranteed Sukuk Musharakah	-	30,000
Bank loans	38,000	-
Obligation under finance lease	286	486
	<u>38,286</u>	<u>30,486</u>
<b>Total loans and borrowings current and non-current</b>		
Bank overdraft	3,000	13,098
Bank-Guaranteed Sukuk Musharakah	-	40,000
Bridging loan	-	556
Bank loans	48,575	26,392
Obligation under finance lease	491	752
Redeemable Convertible Notes	-	600
	<u>52,066</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	
	30.06.2020	30.06.2019	30.06.2020 18 months	31.12.2018 12 months
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to owners of the Company	(9,058)	437	5,163	(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)	(2.25)	0.13	1.28	(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	
	30.06.2020	30.06.2019	30.06.2020 18 months	31.12.2018 12 months
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to owners of the Company	(9,058)	437	5,163	(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)	(1.15)	0.06	0.65	(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 25 August 2020.

By order of the Board.

Date: 25 August 2020