EDEN INC. BERHAD

2017 ANNUAL REPORT

MOVING STEADFAST

Focus | Align | Execute

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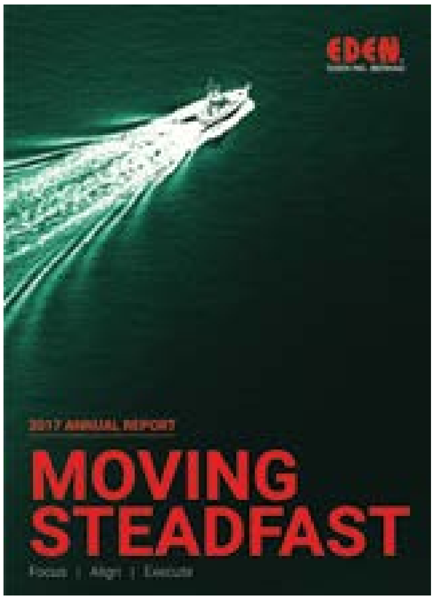


Cover Rationale

The ocean signifies the vast global economy of which we are a part of. As we navigate through the waters, we are exposed to ripples of change and elements that can sometimes pose as a challenge or opportunity.

The ship represents EDEN as The Explorer, persevering and focusing on discovering new opportunities within the infinite prospects of the industry.

EDEN will continue to advance and grow steadily, hence this year's theme 'Moving Steadfast'. The EDEN management and staff will focus on achieving the company's vision and mission with the resolve to overcome any challenges as the organisation steadfastly moves towards a better future.

NOTICE OF *ANNUAL GENERAL MEETING*

NOTICE IS HEREBY GIVEN THAT THE FORTIETH ANNUAL GENERAL MEETING ("40th AGM") of the Company will be held at Banquet Hall, Persatuan Alumni Universiti Malaya (PAUM) Clubhouse, Lot 10476, Jalan Susur Damansara (Jalan Damansara Lama), 50480 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 6 June 2018 at 10:00 a.m. and any adjournment thereof for the following

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and the Auditors thereon.	(Please refer to Explanatory Note 1)
2. To re-elect the following Directors who are to retire pursuant to Article 95 of the Company's Articles of Association and being eligible, have offered themselves for re-election:- (a) Puan Sri Fadzilah binti Md Ariff (b) Dato' Anuarudin bin Mohd Noor	 (Resolution 1) (Resolution 2)
3. To appoint Messrs. Afrizan Tarmili Khairul Azhar as Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young and to authorise the Directors to fix their remuneration. To consider and if thought fit, with or without any modification, to pass the following ordinary resolution:- "That Messrs. Afrizan Tarmili Khairul Azhar, having consented to act, be and are hereby appointed as the Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."	(Resolution 3)
As Special Business To consider and if thought fit, with or without any modification, to pass the following ordinary resolutions:- **4. ORDINARY RESOLUTION** **- PAYMENT OF DIRECTORS' FEES** "THAT the Directors' Fees amounting to RM280,000.00 (Ringgit Malaysia: Two Hundred and Eighty Thousand) for the financial year ended 31 December 2017, be and is hereby approved for payment."	 (Resolution 4)
5. ORDINARY RESOLUTION **- PAYMENT OF BENEFIT PAYABLE TO THE NON-EXECUTIVE DIRECTORS UNDER SECTION 230(1)(B) OF THE COMPANIES ACT 2016** "THAT the benefits payable to the Non-Executive Directors up to an amount of RM80,000.00 (Ringgit Malaysia: Eighty Thousand) for the period from 6 June 2018 until the next Annual General Meeting of the Company in year 2019 pursuant to Section 230(1)(b) of the Companies Act 2016, be and is hereby approved for payment."	(Resolution 5)
6. ORDINARY RESOLUTION **- RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR** "THAT Dato' Mohamed Salleh bin Bajuri who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 11 April 2002 be and is hereby retained as an Independent Director of the Company."	(Resolution 6)
7. ORDINARY RESOLUTION **- AUTHORITY TO issue SHARES PURSUANT TO THE COMPANIES ACT 2016** "THAT subject to the Companies Act 2016 and the approval of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be allotted does not exceed ten percentum (10%) of the total number of issued share of the Company for the time being AND THAT the Directors are also empowered to obtain approval for the listing of and quotation for the additional shares to be allotted on Bursa Malaysia Securities Berhad, AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.	(Resolution 7)
8. To transact any other business for which due notice has been given in accordance with the Companies Act 2016 and the Company's Articles of Association.	

NOTICE OF *ANNUAL GENERAL MEETING*

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)
YEOW SZE MIN (MAICSA 7065735)
Joint Company Secretaries

Petaling Jaya
Dated: 30 April 2018

Explanatory Notes to Ordinary and Special Businesses:

1. Audited Financial Statements for the financial year ended 31 December 2017

   This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval from the shareholders for the Audited Financial Statements, and hence, this Agenda item is not put forward for voting.

2. Resolution 4 - Payment of Directors' fees

   This Agenda item is to approve the Proposed Directors' fees for the financial year ended 31 December 2017 of RM280,000.00 (2017: RM280,000/-).

   The Resolution 4, if approved, will authorise the payment of Directors' Fees pursuant to Article 105 of the Articles of Association of the Company.

3. Resolution 5 - Directors' benefits payable to Non-Executive Directors

   The benefits payable to the Non-Executive Directors pursuant to Section 230(1)(b) of the Companies Act 2016 has been reviewed by the Nomination and Remuneration Committee ("NRC") and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company for the applicable period of between 6 June 2018 to the next Annual General Meeting of the Company in year 2019.

   The total estimated amount of Directors' benefits payable is calculated based on the number of the Board of Directors' and Board Committees' meetings scheduled to be held in the financial year ending 31 December 2018 and until the next Annual General Meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

4. Resolution 6 - Retention of Independent Non-Executive Director

   The Board of Directors has vide the NRC conducted an annual performance evaluation and assessment of Dato' Mohamed Salleh bin Bajuri ("Dato' Salleh"), who has served as an Independent Director for a cumulative term of more than nine (9) years, and recommended him to continue in office as an Independent Director based on the following justifications:-

   (a) Dato' Salleh has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and is therefore able to bring independent and objective judgement to the Board;

   (b) Dato' Salleh has been with the Company for sixteen (16) years as at the date of the notice of the AGM and therefore understands the Company's business operations, which enables him to participate actively and contribute during deliberations/discussions at the Audit and Risk Committee, NRC and Board of Directors' Meetings;

   (c) Dato' Salleh has contributed sufficient time and efforts in his capacity as the Senior Independent Non-Executive Director, the Chairman of the Audit and Risk Committee and the member of NRC. He has attended all the meetings of the Audit and Risk Committee, NRC as well as the Board of Directors for informed and balanced decision making;

   (d) Dato' Salleh has exercised due care during his tenure as the Independent Director and carried out his professional duty in the interest of the Company and shareholders;

   (e) Dato' Salleh has not entered into any contract or transaction with the Company and/or its subsidiaries within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the Bursa Securities MMLR;

   (f) Dato' Salleh has not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of himself to carry out his duties as an Independent Director; and

   (g) Dato' Salleh does not derive any remuneration and benefits apart from Directors' fees and meeting allowances.

   The Board upon the recommendation from the NRC of the Company, therefore, considers Dato' Salleh to be independent and recommends him to remain as an Senior Independent Non-Executive Director subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice No. 4.2 of the Malaysian Code on Corporate Governance 2017.

5. Resolution 7 - Authority to issue shares pursuant to the Companies Act 2016

   The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the Fortieth Annual General Meeting of the Company (hereinafter referred to as the "General Mandate").

   The Company had been granted a General Mandate by its shareholders at the Thirty-Ninth Annual General Meeting of the Company held on 8 June 2017 ("the Previous Mandate").

   As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

NOTICE OF *ANNUAL GENERAL MEETING*

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 31 May 2018 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies at the Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be deposited at the office of Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
7. Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-

   (a) the constitution of the quorum at such meeting;

   (b) the validity of anything he did as Chairman of such meeting;

   (c) the validity of a poll demanded by him at such meeting; or

   (d) the validity of the vote exercised by him at such meeting.

Energy

Manufacturing

Food & Beverages

Tourism

vision

To be a successful organization that is attractive for people to be proudly working for, and to deal and associate with.

mission

We strive to provide added value to our stakeholders through steady growth and profitability of the businesses we are in, and through the principles of integrity and excellence that we embrace.

values

We are driven by:

Excellence

Striving with passion for higher quality and world class performance.

Integrity

Honest and upright to ourselves and others.

Teamwork

The team is bigger than individuals.

Social Responsibility

Good citizens who give back to the society.

Commitment

Prepared to go the extra mile.

CORPORATE INFORMATION

Board of Directors

Tan Sri Abd Rahim Mohamad
(Executive Chairman)

Puan Sri Fadzilah Md Ariff
(Executive Director)

Dato' Mohamed Salleh Bajuri
(Senior Independent Non-Executive Director)

Datuk Fakhri Yassin Mahiaddin
(Resigned w.e.f. 31 December 2017)
(Non-Independent Non-Executive Director)

Dato' Anuarudin Mohd Noor
(Independent Non-Executive Director)

Datuk Seri Ahmad Hj Kabit
(Independent Non-Executive Director)

Dato' Abdullah A. Rasol
(Executive Director, Corporate Affairs)

Dato' Nik Mohd Fuad Wan Abdullah
(Executive Director, Energy Sector)

Audit and Risk Committee

Dato' Mohamed Salleh Bajuri
(Chairman)

Datuk Fakhri Yassin Mahiaddin
(Resigned w.e.f. 31 December 2017)

Dato' Anuarudin Mohd Noor

Datuk Seri Ahmad Hj Kabit

Nomination & Remuneration Committee

Dato' Anuarudin Mohd Noor
(Chairman)

Dato' Mohamed Salleh Bajuri

Datuk Fakhri Yassin Mahiaddin
(Resigned w.e.f. 31 December 2017)

Registered Office and Corporate Office

15th Floor, Amcorp Tower, Amcorp Trade Centre
18, Jalan Persiaran Barat, Off Jalan Timur
46050 Petaling Jaya, Selangor

Tel No: (603) 7957 7781
Fax No: (603) 7957 4793

Website: www.edenzil.com

Share Registrar

Securities Services (Holdings) Sdn. Bhd. (36869-T)
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur

Tel No: (603) 2084 9000
Fax No: (603) 2094 9940

Auditors

Ernst & Young
Level 23A, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur

Tel No : (603) 7495 8000
Fax No: (603) 2095 9078

Company Secretary

Ms. Chua Siew Chuan (MAICSA 0777689)

Ms. Yeow Sze Min (MAICSA 7065735)

Principal Bankers

RHB Islamic Bank Berhad

Malayan Banking Berhad

CIMB Islamic Bank Berhad

Stock Exchange

Main Market of Bursa Malaysia
Securities Berhad
Stock Code – 7471

CORPORATE STRUCTURE

ENERGY

The Energy Sector is the major growth engine for EDEN and has a proven track record in developing, operating and maintaining the current plants: Libaran Power Station, a thermalpower plant and Kenerong Hydro Power Station which is a hydroelectric power plant.

Stratavest Sdn. Bhd. (360701-W)	100 %
Langkawi Batik Enterprises Sdn. Bhd. (274392-A)	100 %
- **Musteq Hydro Sdn. Bhd.** (231476-A)	100 %

MANUFACTURING

Time Era is located in Kajang Technology Park and is a leading producer and manufacturer of low voltage switchgears and electrical components.

Time Era Sdn. Bhd. (190545-H)	70%
- **NES Electric (M) Sdn. Bhd.** (83684-A)	70%
- **Time Era Industries Sdn. Bhd.** (368220-K)	70%
- **Cur (Far East) Sdn. Bhd.** (116267-T)	53%
- **Time Era Technologies Sdn.Bhd.** (416310-M)	50%

FOOD & BEVERAGE

The hallmark of EDEN's Food and Beverage are their excellent food, courteous service and good value for money specializing in Western, Oriental and Malay Cuisines.

Eden Catering Sdn. Bhd. (76000-T)	100 %
Eden Seafood Village (Langkawi) Sdn. Bhd. (274396-T)	100 %

TOURISM

Underwater World Langkawi, is a 'must see' tourist attraction in Langkawi and a venue for research and development of marine wildlife and penguin husbandry.

Underwater World Langkawi Sdn. Bhd. (273852-K)	100 %

DIRECTORS' PROFILE

Tan Sri Abd Rahim Mohamad

Executive Chairman

Tan Sri Abd Rahim Mohamad, Malaysian, aged 69, male, the Executive Chairman of EDEN since 18 October 2002, graduated from University Malaya with B.A. (Hons), then went on to do his Advanced Diploma in Economics at University of Manchester, and later earned an MBA in Finance from Morehead State University, Kentucky. He later attended Wharton's Advance Management Course for Overseas Bankers.

Tan Sri Abd Rahim Mohamad has extensive experience in various government ministries. As an Administrative and Diplomatic Service Officer, he served in various capacities in the Prime Minister's Department, Ministry of Finance, Ministry of Primary Industries and Ministry of Culture, Youth & Sports. He left the public sector in 1984 to join Amanah Merchant Bank Berhad. He also served in Shapadu Group and Maju Holdings. In 1992 he set up Zil Enterprise Sdn. Bhd. where he is also the Executive Chairman.

He is the spouse of Puan Sri Fadzilah Md Ariff who is the Executive Director of Eden Inc. Berhad.

He does not at present hold any shares in EDEN but is a major shareholder of the Company by virtue of his direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd. and by virtue of his daughter, Fara Nadia Abd Rahim's shareholding in the Company.

He is not a Director of any other public company and has not been convicted of any offences within the past 10 years other than traffic offences.

Puan Sri Fadzilah Md Ariff

Executive Director

Puan Sri Fadzilah Md Ariff, Malaysian, aged 65, female, was appointed Executive Director of EDEN on 18 October 2002. She graduated with an Honours Degree in English from University of Malaya and went on to complete her Masters in Language and Linguistics at the University of York, England.

She was a lecturer at University of Technology Malaysia and later University Malaya before joining Zil Enterprise Sdn. Bhd. as its Managing Director in 1992.

Puan Sri Fadzilah Md Ariff is the spouse of Tan Sri Abd Rahim Mohamad who is the Executive Chairman of Eden Inc. Berhad.

She currently holds 4,861,900 ordinary shares in EDEN and deemed interested by virtue of her daughter Fara Nadia Abd Rahim's shareholding in the Company.

She is not a Director of any other public company and has not been convicted of any offences within the past 10 years other than traffic offences.

Dato' Mohamed Salleh Bajuri

Senior Independent Non-Executive Director

Dato' Mohamed Salleh Bajuri, Malaysian, aged 67, male, is a Senior Independent Non-Executive Director of EDEN since 11 April 2002. He is a Chartered Accountant from Ireland and Member of Malaysian Institute of Accountants ("MIA"). He was a Senior Auditor with Messrs. Peat Marwick & Co before he joined Mayban Finance Berhad as a Manager in 1979 and was later promoted in 1984 as General Manager. From 1988 to 1992 he served Malayan Banking Berhad as a General Manager. He subsequently joined JB Securities Sdn. Bhd. as its Managing Director and in 1995 joined CRSC Holdings Berhad as the Executive Director.

Between 1982 and 1987, he was Alternate Chairman of the Association of Finance Companies in Malaysia ("AFCM") and was Chairman of AFCM Committees for Education and Public Relations. From 1997 to 1999, he was a Director of Saham Sabah Berhad and was one of the trustees for Yayasan Kebajikan SDARA and Tabung Anak-anak Melayu Pontian Sdn. Bhd. He was also the Chairman of Agro Bank Malaysia (formerly known as Bank Pertanian Malaysia Berhad) from 2008 to 2010.

Dato' Mohamed Salleh Bajuri is presently a Director of SAM Engineering & Equipment (M) Berhad and Milux Corporation Berhad. He has resigned as Director of Asian Pac Holdings Berhad on 21 September 2017.

He does not have any family relationship with any Director or substantial shareholder and does not have any conflict of interest with EDEN. He has not been convicted of any offences within the past 10 years other than traffic offences.

He is also the Chairman of the Audit and Risk Committee and member of Nomination and Remuneration Committee of EDEN.

DIRECTORS' PROFILE

Dato' Anuarudin Mohd Noor

Independent Non-Executive Director

Dato' Anuarudin Mohd Noor, Malaysian, aged 70, male, an Independent Non-Executive Director since 1 March 2013, graduated from University Technology MARA with a Professional Certificate from the Association of Chartered Certified Accountants UK in 1970.

He is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

He began his impressive career in the Energy/Utility sector when he joined Tenaga Nasional Berhad (TNB) as an Accountant in 1972. During his tenure with TNB, he had gathered vast knowledge and experience in Corporate Finance, Auditing, Corporate Reporting & Business Development.

At the same time, he has contributed significantly in TNB's business investment especially when he was the Head of Corporate Finance & New Business, where he was responsible for TNB's business ventures.

He has over 32 years working experience at senior management level with TNB. He was also among others, the Chairman of Fibrecomm Network (M) Sdn Bhd and Jana Landfill Sdn Bhd. which are subsidiaries of TNB. He was also appointed as a director in numerous subsidiaries of TNB such as TNB Coal Sdn Bhd, TNB Transmission Network Sdn Bhd and Tenaga Cable Industries Sdn Bhd.

His vast experience in the Energy/Utility & Financing including the direct tapping of the American capital market has led to his involvement in countless corporate ventures. He currently holds 20,000 ordinary shares in EDEN. He does not have any family relationship with any Director or substantial shareholder and does not have any conflict of interest with EDEN.

He is not a Director of any public company and has not been convicted of any offences within the past 10 years other than traffic offences.

Dato' Anuarudin Mohd Noor was appointed as a member of the Audit and Risk Committee on 1 March 2013 and Chairman of Nomination and Remuneration

Datuk Seri Ahmad Hj Kabit

Independent Non-Executive Director

Datuk Seri Ahmad Bin Hj. Kabit, Malaysian, aged 65, male, was appointed as Independent Non-Executive Director of Eden Inc Berhad on 27 May 2013. He is a Bachelor of Arts graduate from the University of Malaya and also holds a Master of Public Administration from the University of Southern California, Los Angeles, USA. He also completed the Oxford Management Programme, Templeton College, University of Oxford (UK) (2005).

Datuk Seri Ahmad Bin Hj. Kabit has extensive experience in various government ministries. He was an Administrative and Diplomatic Officer with various governmental authorities from 1976 to 2012, namely the Ministry of International Trade & Industry, Public Service Department, the Ministry of Information, the Department of Road Transport Selangor, the Ampang Jaya Municipal Council, the Ministry of Health and the Ministry of Housing and Local Government.

He has not been convicted of any offences within the past 10 years other than traffic offences.

Datuk Seri Ahmad Bin Hj. Kabit, was appointed as a member of the Audit and Risk Committee on 26 April 2016.

Dato' Abdullah A. Rasol

Executive Director, Corporate Affairs

Dato' Abdullah A. Rasol, Malaysian, aged 68, male, was appointed to the Board on 1 March 2014. He is a Fellow of the Chartered Association of Certified Accountants, United Kingdom and a Chartered Accountant with the Malaysian Institute of Accountants.

Prior to joining Eden Inc. Berhad, he was the Executive Director and Chief Executive Officer of Amanah General Insurance Berhad. He had served Amanah Capital Group since 1984, initially working as the Finance Manager of Amanah Merchant Bank Berhad (AMBB) and moving on towards corporate banking and subsequently as the General Manager of AMBB. His tasks whilst at AMBB included marketing and evaluation of credit facilities, management of assets, financial advisory, equity restructuring and project financing. He gained audit and accounting experience while working with Coopers & Lybrand, Guthrie Malaysia Holdings Berhad and Pernas Construction Sdn. Bhd. prior to joining AMBB.

He has not been convicted of any offences within the past 10 years other than traffic offences.

Dato' Nik Mohd Fuad Wan Abdullah

Executive Director, Energy Sector

Dato' Nik Mohd Fuad Wan Abdullah, 52, male, is a Chartered Accountant of the Malaysian Institute of Accountants and a CPA of CPA Australia. He graduated with a Bachelor of Commerce from the Australian National University.

He started his career as an auditor with Ernst & Young prior to joining Zil Enterprise Sdn Bhd in 1992 as Finance Manager. In line with the corporate exercise in 2002 involving ZIL and EDEN, he was absorbed into EDEN as the Director of Finance before being appointed as Director of Energy Sector.

He does not have any family relationship with any Director or substantial shareholder. He is not a Director of any other public company and he has not been convicted of any offence within the past 10 years other than traffic offences.

Dato' Nik Mohd Fuad Wan Abdullah was appointed as Executive Director, Energy Sector on 1 March 2014.

MANAGEMENT TEAM

Tan Sri Abd Rahim Mohamad I Executive Chairman

Tan Sri Abd Rahim Mohamad, aged 69, the Executive Chairman of EDEN since 18th October 2002, graduated from the University of Malaya with B.A (Hons), then went on to do his Advanced Diploma in Economics at University of Manchester, and later earned an MBA in Finance from the Morehead State University, Kentucky. He later attended Wharton's Advance Management Course for Overseas Bankers.

Tan Sri Abd Rahim Mohamad has an extensive experience in various government ministries. As an Administrative and Diplomatic Service Officer, he served in various capacities in the Prime Minister's Department, Ministry of Finance, Ministry of Primary Industries and Ministry of Culture, Youth & Sports. He left the public sector in 1984 to join Amanah Merchant Bank Berhad. He also served in Shapadu Group and Maju Holdings. In 1992, he set up Zil Enterprise Sdn Bhd, the holding company of EDEN.

Puan Sri Fadzilah Md Ariff I Executive Director

Puan Sri Fadzilah Md Ariff, aged 65, was appointed as the Executive Director of EDEN on 18th October 2002. She graduated with an Honours Degree in English from the University of Malaya and went on to complete her Masters in Language and Linguistics at the University of York. She was a lecturer at the University Teknologi Malaysia and later at the University of Malaya prior to joining Zil Enterprise Sdn Bhd as its Managing Director in 1992.

Dato' Abdullah A. Rasol I Executive Director, Corporate Affairs

Dato' Abdullah A. Rasol, 68, is a Fellow of the Chartered Association of Certified Accountants FCCA (UK) and is a Chartered Accountant (Malaysia). He started his professional career in 1973 with Coopers & Lybrand. His progress up the corporate ladder over a period of 28 years began during his tenure with several companies under Amanah Capital Berhad. He left his post as the Executive Director/Chief Executive Officer of Amanah General Insurance Berhad in November 2002 to join EDEN. He was then appointed as EDEN's Executive Director, Corporate Affairs on 1st March 2014.

Dato' Nik Mohd Fuad Wan Abdullah I Executive Director, Energy Sector

Dato' Nik Mohd Fuad Wan Abdullah, 52, is a Chartered Accountant of the Malaysian Institute of Accountants and a CPA of CPA Australia. He graduated with a Bachelor of Commerce from the Australian National University. He started his career as an auditor with Ernst & Young for 4 years prior to joining Zil Enterprise Sdn Bhd in 1992 as Finance Manager. In line with the corporate exercise in 2002 involving Zil and EDEN, he was absorbed into EDEN as the Director of Finance before being appointed as Director of the Energy Sector. On 1st March 2015, he was appointed as EDEN's Executive Director, Energy Sector.

Puan Fara Nadia Abd Rahim I Chief Operating Officer

Puan Fara Nadia Abd Rahim, 41, is a graduate from King's College of London. She graduated with First Class Honours in Electronic Engineering in 2002. Prior to joining EDEN, she was attached to Time Era Sdn Bhd, involved in manufacturing of electrical and electronic components. She was appointed as the Manager of Operations upon the completion of the reverse takeover of EDEN by Zil Enterprise Sdn Bhd in October 2002 and subsequently held positions within the Eden Group where her last post was as the General Manager of Group Finance and Business Development until 2012. She completed her Master of Business Administration ("MBA") from Monash University in Melbourne before returning to EDEN to assume the role of Chief Operating Officer.

Mr Ting Kam Cheong I Chief Executive Officer, Manufacturing Sector

Mr Ting Kam Cheong, 66, is a graduate from Bradford University, United Kingdom. He holds an Honours Degree in Electrical & Electronic Engineering and a Masters Degree in Business Administration. He has more than 5 years experience in Corporate Finance in public companies and more than 20 years experience in the electrical field. He is the founder member of Time Era Sdn. Bhd. and has served as its Chief Executive Officer since its inception. Time Era is now a member of EDEN Group of Companies.

Encik Abdul Rafee Othman | Group Financial Controller

Encik Abdul Rafee Othman, 58, joined the company in October 2004 as the Group Financial Controller to oversee the treasury and financial requirements of the Group. He holds an Honours Degree in Accounting from University Kebangsaan Malaysia. He started his career as a Credit and Marketing Officer in MIDF group and has 15 years of experience in the banking industry. He was later transferred to the insurance sector as the Senior Manager Task Force Unit. Prior to joining EDEN, he was the Assistant General Manager of Amanah General Asset Berhad.

Encik Abdul Razak A. Aziz | General Manager, Underwater World Langkawi

Encik Abdul Razak Aziz, 59, joined the company on 1st February 2013 and headed its property division. He has considerable experience in property development, having been involved in the property development of Bandar Sri Damansara and Bandar Manjalara while working with Land & General Berhad and the SPK Group in the 1990s. He holds an LLB (Hons) in Business Law (City) London and had also previously served in the legal and secretarial division of the Pahang Government's group of companies and several public listed companies. He was later transferred to our Underwater World Langkawi. Prior to joining EDEN, he was a partner of a corporate advisory services firm in Kuala Lumpur.

Puan Noordini Mohd Ariff | Senior Manager, Human Resource and Administration

Puan Noordini Mohd Ariff, 54, joined the Eden Group on 5 May 2003 as an Operations Executive. Prior to that, she had studied and worked in Lahore and Staffordshire in the health sector. She has served the company in various capacities during the last fifteen years holding posts within the Food and Beverage and Tourism Sector. She subsequently moved to the head office overseeing the procurement division and subsequently the Human Resource and Administration Department where she currently holds the position of Senior Manager, Human Resource and Administration.

Encik Aznisyam Taib | Senior Manager, Group Finance

Encik Aznisyam Taib, 40, is a member of the Malaysian Institute of Accountants. He graduated from Mara University of Technology (UiTM) with Bachelor (Hons) in Accountancy. He began his career with Metas Management. He then joined Eden Group as an Accounts Executive in Energy Sector, where he was subsequently transferred to the Group Finance Division. He has served the company in various capacities during the last thirteen years. Currently, he holds the position of Senior Manager.

Puan Norashikin Amirruddin | Manager, Group Legal & Secretarial.

Puan Norashikin Binti Amiruddin, 33, was called to the Malaysian Bar on 3rd December 2010 after obtaining her Bachelor of Laws (LL.B (Hons.)) from the International Islamic University Malaysia ("IIUM") in 2010. She also obtained a Diploma in Shariah Law & Legal Practice from the IIUM in 2011. After committing herself as a litigant for 5 years, she ventured into the corporate field where she gained her experience in other companies prior to joining Eden Inc Berhad as Manager, Group Legal & Secretarial on 2nd April 2018.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("Board"), I am pleased to present to you the Annual Report and Audited Financial Statements of Eden Inc. Berhad ("Eden" or the "Company") and its group of companies ("Group") for the financial year ended 31 December 2017 ("FY 2017").

THE YEAR IN REVIEW

There were several extraordinary events that occurred in 2017- the fallout of the United Kingdom to leave the European Union and the results of the US presidential election which caused global uncertainty due to the policy changes which had caused reverberations across the international landscape. Domestically, our economy saw a steady growth of 5.9% in 2017 underpinned by private consumption and domestic demand.

For the Group, I am pleased to inform you that to date, both the power plants, the Libaran Power Station ("Libaran Plant") and the Sungai Kenerong Hydroelectric Power Station ("Sungai Kenerong Plant") are operational (after a period of non-continuous generation due to the rectification works being carried out) and have achieved more than half of its installed capacity. Most of the recommissioning works for both plants were completed in 2017 towards the second half of the year where the full recommissioning is expected to be completed by 2018. Being the main contributor for the Group, the recommissioning resulted in a marked improvement for the Energy Sector resulting in an increase of revenue by 67%. The Food and Beverage ("F&B") and Tourism Sector, driven by the Tourism segment continued to contribute positively to the Group. In the restaurant segment, we had rationalised and ceased the operations of the non-profitable outlets, given their loss making record and lack of contribution to the Group, which had resulted in savings in operational expenses. However, the Manufacturing Sector saw a decline in revenue due to the lower local sales demand from the construction sector.

Operationally, the Group had performed better in FY 2017 compared to Fiscal Year 2016 ("FY 2016") in registering a Loss after Tax ("LAT") of RM18.56 million in FY 2017 compared to LAT of RM20.41 million in FY 2016. With the continued efforts to ensure that both power plants are fully operational, the Group is poised for a better year ahead.

FINANCIAL REVIEW

The Group recorded revenue of RM53.2 million in FY 2017 compared to RM51.28 million recorded in FY2016. Despite the marginal increase in revenue, the Group had recorded lower Loss Before Tax ("LBT") by 21.3% year on year ("y-o-y") registering a LBT of RM12.91 million in FY 2017 compared to RM16.41 million in the preceding year due to the partial recommencement of operations in both power plants from the second quarter of 2017. The lower operating expenses in the FY 2017 resulting from the significant reduction in the impairment losses on the Group's assets by RM12.9 million y-o-y, had further contributed towards the financial performance of the Group. The F&B and Tourism sector had also experienced an improvement of RM0.32 million in Profit Before Tax ("PBT") to record PBT of RM8.02 million for FY 2017 resulting from the savings in operational expenses due to the cessation of non-profitable outlets. Despite the reduction in revenue for the local sales, the export sales of low voltage switchgear items and Light Emitting Diode ("LED") had increased in FY 2017 as more projects were secured for the year.

OPERATIONAL REVIEW

The Group had overcome several challenges during the year in recommissioning both its power plants after the power plants were adversely affected by the major disruptions over the last three (3) financial years mainly due to the much needed repair, overhaul and replacement of the assets and equipment at the Libaran Plant and Sungai Kenerong Plant.

OPERATIONAL REVIEW (CONT'D)

To date, two (2) out of the four (4) diesel engines of the Libaran Plant have been recommissioned, whilst the remaining replacement, restoration, overhaul and maintenance works on the Libaran Plant is targeted to be completed by the third quarter of 2018.

At the end of 2014 and early 2017, the operations of the Sungai Kenerong Plant were severely affected by the flood in Kelantan which had subsequently caused in major landslides, affecting amongst others, the sub-station, pipelines, fibre optic cables, communications system and the access roads that link the power houses and the intake stations.

The Group had over the years, taken several measures to rectify the issues that include, amongst others, the repair and overhaul of the turbine engines of the power plant, procuring mechanical and electrical components of the power plant including the pumps, turbine bearings, generators, switchgears, control systems, standby generators and transformers; and the repair of damaged bridges and access roads. The Group expects that the recommissioning of the four (4) turbine engines of the Sungai Kenerong Plant to be completed no later than the second quarter 2018.

The replacement, restoration, overhaul and maintenance works will continue subsequent to the recommissioning of the both the power plants to ensure optimal performance.

The Tourism segment continues to be the main driver for the F&B and Tourism Sector and was the main contributor to the performance of the Group in FY 2017 via the ticketing sales as well as the revenue generated from the retail outlets. For the F&B segment, the Group continued to rationalise the loss making outlets within the restaurant segment and took a prudent decision to cease the operations of these entities, which resulted in savings in operational expenses.

The Manufacturing Sector continues to increase the contribution of its LED business. More research and development was carried out during the year to improve the specifications of the LED products that is currently being offered.

FUTURE PROSPECTS

Global economic growth is expected to edge up to 3.9% as the recovery in investment, manufacturing and trade continues. Malaysia's economy is expected to expand between 5.0% and 5.5% (2017: 5.9%), on the back of healthy consumer spending and private investments. In view of the moderate growth in the global economy, the Group expects the Malaysian economy to be able to overcome its economic challenges. The Group will continue to focus on the strategies that have been chartered for the Group which, amongst others is to strengthen the existing businesses whilst ensuring that the Group is in a healthy cash flow position to overcome future challenges.

The Group is definitely in a much more favourable financial position than it was three years ago. With the recommissioning of the power plants, the Group expects an improvement in its financial and business performance. The Group expects the Libaran Plant to remain relevant in the industry as the demand for the East Coast remains a priority to enable less dependency on the supply of electricity from the West Coast of Sabah whereas the Sungai Kenerong plant has a substantial number of years left in its concession.

FUTURE PROSPECTS (CONT'D)

The projected growth in the overall tourism sector is expected to register higher tourist arrivals and rising per capita spending of which Tourism Malaysia targets tourist arrivals to increase to 33.1 million in 2018, from 25.9 million in 2017. The Group expects to benefit from the increased number of tourists to Underwater World Langkawi ("UWL") coupled with the proposed refurbishment and enhancement of the retail spaces of UWL for food, beverages and merchandises and the enhancement of its exhibition centre to house new exhibits. The F&B segment will continue to strengthen its catering segment in light of the high growth potential in managing halls as well as convention centres.

Due to the smaller margins envisaged in the future for its low voltage switchgear products, the Manufacturing Sector will continue to make inroads on the development and expansion of its LED street light business with improved product specifications.

The sector has identified a big market potential in the supply and installation of LED lighting items. The sector has been actively seeking and securing new retrofit and installation projects for LED lights. Customers are increasingly becoming aware of the benefits of LED lights. The adoption of LED lights will see increasing rate of adoption in the lighting market as product quality improves and cost decreases. The sector will continue to pursue and secure opportunities in the LED market.

Based on the above, the Group expects to show improvement in its performance primarily driven by the Energy Sector upon the full recommissioning of power plants by the third quarter of 2018.

SUSTAINABILTY

Despite being at only the developing stages in our sustainability efforts in terms of having comprehensive documentation for the sustainability reporting, the Group is not short of already implementing sustainability measures, particularly in its Energy Sector. We have made more headway in our sustainability initiatives for the Group this year to enable the initiatives to be further embedded in our business processes.

ACKNOWLEDGEMENT

My heartfelt gratitude is extended to the management and staff who have worked tirelessly, with tenacity and drive in this challenging year, and to the Board, for their invaluable counsel and support. As always, we are grateful to our stakeholders; our shareholders, customers, business associates, vendors, relevant authorities and bankers whom have supported us through these years, through these challenging times, thank you for all the support that you have given to the Group and may we all look forward to a better year ahead.

Tan Sri Abd Rahim Mohamad
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP BUSINESS AND OPERATIONS

Eden Inc. Berhad ("Eden" or "the Company") together with its group of companies ("Group") is a diversified entity with three (3) main operating segments, classified under the Energy Sector, Food and Beverage ("F&B") and Tourism Sector and the Manufacturing Sector. The Energy Sector has always been the main driver for the Group, up until the performance was affected in the last three (3) years by major disruptions due to much needed repair, overhaul and replacement of the assets and equipment at the Libaran Plant and Sungai Kenerong Plant managed and operated by Eden's wholly owned subsidiaries. Despite the challenges faced, the two power plants had recommenced its operation in the second quarter 2017 ("2Q2017") and third quarter 2017 ("3Q2017") respectively.

Under the umbrella of the Food & Beverage ("F&B") and Tourism Sector, the Restaurants, Catering and operations of the aquarium managed by Underwater World Langkawi ("UWL") are consolidated within a segment. UWL is currently expanding its research and development department on penguin breeding and husbandry in light of the success that it has achieved in breeding penguins at the facility. The Manufacturing Sector has traditionally manufactured and traded low voltage switchgear items and have recently in the past four years expanded its product segment into energy efficiency products. The sector expects this new product segment to become its main revenue generator for the coming years. These two sectors provide the short to medium term earnings for the Group.

BUSINESS VISION

The Group strives to provide added value to our stakeholders through steady growth and profitability of the businesses that we are in. The strategies that have been chartered for the Group are outlined via the five strategic pillars; which amongst others is to strengthen its core operations. This is reflected in the successful recommissioning of the power plants in 2017 where full recommissioning will be in 2018. With both power plants being fully operational, the Group would be in a stronger financial position moving forward.

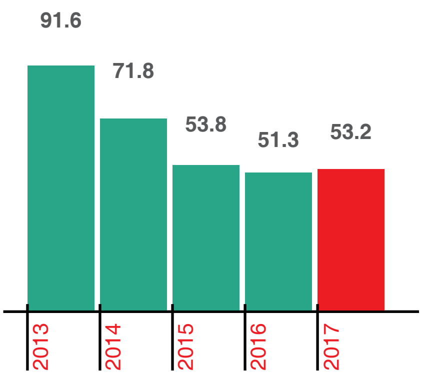
The Group is cognisant of the competitive landscape that the F&B and Tourism Sector operates in. The F&B segment are often affected by the changes in consumer tastes, trends and lifestyle and hence the segment looks into the markets which are under served currently, to be able to realise the organic growth of the segment. However, UWL, continues to drive the F&B and Tourism segment by being a 'must see' attraction in Langkawi and continuously upgrades its product and exhibitions in the facility. New income stream has been recognised by UWL via its successful breeding programme of its main attraction. UWL continues to become an educational facility for its husbandry and breeding programmes with universities and other attractions. The Manufacturing Sector expects most of the LED projects to be realised in 2018 and will concentrate on the products which have growth potential.

FINANCIAL PERFORMANCE IN FISCAL YEAR 2017 ("FY 2017")

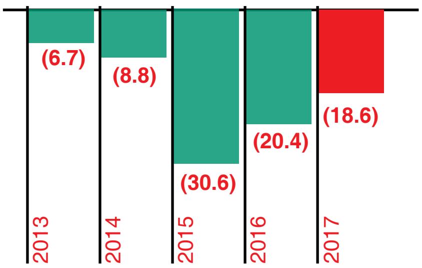
5-YEAR FINANCIAL SUMMARY

		2013	2014	2015	2016	2017
Revenue	(RM'mil)	91.6	71.8	53.8	51.3	53.2
Profit/(loss) before tax	(RM'mil)	4.1	(13.4)	(16.1)	(16.4)	(12.9)
Profit/(loss) after tax	(RM'mil)	(6.7)	(8.8)	(30.6)	(20.4)	(18.6)
Shareholders' fund	(RM'mil)	284.4	275.5	282.1	261.8	244.0
Net asset per share	(RM)	0.93	0.90	0.92	0.85	0.79

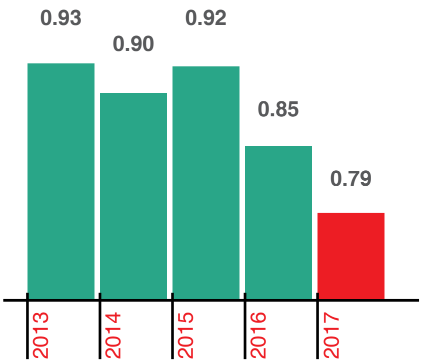
Revenue
(RM'miilion)



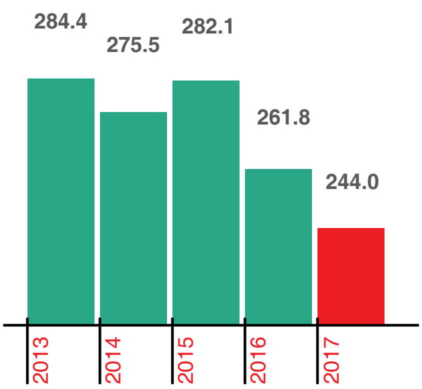
Profit/(Loss) After Tax
(RM'miilion)



Net Asset Per Share
(RM' million)



Shareholders' Funds
(RM'miilion))



FINANCIAL PERFORMANCE IN FISCAL YEAR 2017 (“FY 2017”) (cont’d)

The Group’s revenue and performance is expected to improve from 2018 onwards as both power plants will be fully operational.

The Group recorded revenue of RM53.2 million in FY 2017 compared to RM51.28 million recorded in Fiscal Year 2016 (“FY 2016”). Despite the marginal increase in revenue, the Group had recorded lower Loss Before Tax (“LBT”) by 21.3% year on year (“y-o-y”) registering a LBT of RM12.91 million in FY 2017 compared to RM16.41 million in the preceding year due to the partial recommencement of operations in both power plants in the second quarter of 2017. The lower operating expenses in the FY 2017 resulting from the significant reduction in the impairment losses on the Group’s assets by RM12.9 million y-o-y, had further contributed towards the financial performance of the Group. The lower impairment losses is as a result of the recommencement of the power plants’ operations.

The F&B and Tourism Sector had also experienced an improvement of RM0.32 million in Profit Before Tax (“PBT”) to record PBT of RM8.02 million for FY 2017 resulting from the savings in operational expenses due to the cessation of non-profitable outlets. The sector was the main contributor in profitability for the year. Despite the reduction in revenue for the local sales in the Manufacturing Sector, the export sales of low voltage switchgear items and Light Emitting Diode (“LED”) had increased in FY 2017 as more projects were secured for the year. Operationally, the Group had performed better in FY 2017 compared to FY 2016.

Profit/ (Loss) By Segment

	YEAR ENDED 31 DECEMBER	
PERIOD	**2017**	**2016**
REVENUE (‘000)	**RM’000**	**RM’000**
Energy	11,171	6,709
F&B and Tourism	25,607	28,188
Manufacturing	18,224	18,180
Investment	1,990	2,206
Elimination	(3,790)	(4,006)
Group	**53,202**	**51,277**
PROFIT/(LOSS) BEFORE TAX		
Energy	(20,163)	(32,217)
F&B and Tourism	8,024	7,701
Manufacturing	(2,917)	1,097
Investment	2,357	(14,836)
Elimination	(217)	*21,845
Group	**(12,916)**	**(16,410)**
TAX	**(5,647)**	**(4,000)**
PROFIT/ (LOSS) AFTER TAX	**(18,563)**	**(20,410)**

* The elimination mainly consist of the impairment loss on investment in subsidiaries by the Company.

REVIEW OF OPERATING ACTIVITIES

ENERGY

The Energy Sector operates two power plants, one of which is a 60 Megawatt ("MW") thermal power plant located in Sandakan, Sabah ("Libaran Plant") and the other a 20MW hydro plant located in Kelantan ("Sungai Kenerong Plant"). Both power plants were operating at limited capacity after Fiscal Year 2015 ("FY 2015") due to the events that had occurred and affected the operations of the power plants which included the unprecedented floods towards the end of 2014 and at the beginning of 2017. The sector is the main driver for the Group and hence, when the operations was affected, the performance of the Group was also affected in the past three (3) financial years. Despite the challenges faced and the painful period of not being fully operational, the power plants had recommenced its operations and had despatched its first load to the national grid from the second quarter 2017 ("2Q 2017").

The Energy Sector continued to carry out the overhaul, repair and maintenance works for the year and partly recommissioned its engines in the 2Q 2017. The repair and maintenance works for the Sungai Kenerong Plant not only included the repair and overhaul works for the generators, but also included the repair works on the pipelines, fibre optic cables, communications system and the access roads that link the power houses and the intake stations. The Energy Sector recorded an increase of revenue by 67% for the year primarily due to the increased in generation capacity. In terms of availability, the Libaran Power Plant's Effective Availability Factor (Rolling) ("EAFR") was at 70% for FY 2017 compared to 47% in FY 2016 whilst the Sungai Kenerong Plant's load factor has been steadily increasing since the recommissioning of the plant. These factors had resulted in the increase in the revenue contribution to the Group to 20% compared to the contribution in FY 2016 of only 13% where correspondingly there was a substantial reduction in the losses incurred by the sector.

The Libaran Plant's concession expires towards the end of 2019. The renewal or the proposed extension of the existing concession agreement for the Libaran Plant is subject to the regulatory approval from Sabah Electricity Sdn Bhd and other relevant authorities. In granting the approval, the relevant authorities may consider amongst others, the required level of energy supply vis-à-vis the consumer demand in Sandakan and the prevailing government policies and aspirations with regards to the energy sector in Sabah.

The Group will submit the necessary applications to Sabah Electricity Sdn Bhd and other relevant authorities for the proposed extension of tenure of the existing concession agreement and we envisage that the application for the renewal or extension for the existing concession agreement for the Libaran Plant will be considered favourably by the relevant authorities due to the requirement of the installed capacity in Sabah (particularly in the East Coast) as well as the reliability of the power plant.

The Sungai Kenerong Plant on the other hand is exposed to force majeure which has affected its operations. The Group acknowledges that these incidences (particularly the major floods that occurred in 2014) were isolated incidences and did not affect the upper and lower power houses of the plant and had only occurred once throughout the tenure of the concession. Nevertheless several mitigating actions have been taken to reinforce the areas that are prone to landslides within the vicinity of the power plant.

REVIEW OF OPERATING ACTIVITIES (CONT'D)

FOOD AND BEVERAGE ("F&B") AND TOURISM

The operations of the F&B and Tourism Sector are located in Klang Valley, Penang and Langkawi. UWL together with Eden Seafood Village (Langkawi) Sdn. Bhd. ("ESVL"), operates an aquaria and retail outlets in Langkawi. Collectively, these were the two main operations that contributed significantly under the F&B and Tourism Sector as well as to the Group in FY 2017.

During the year, the Group ceased the operations of the non-performing restaurants which resulted in the reduction of revenue year-on-year ("y-o-y") of the Group and correspondingly lower operating expenses were recorded by the Group. The catering segment with its operations in Penang primarily, continued to perform with higher revenue recorded by its operations due to the larger functions that were secured during the year. Despite the reduction in the number of visitors to UWL by 10.3%, there was an increase in the average revenue per visitor as there were higher numbers of walk in visitors from the international tourists.

UWL has the largest penguin exhibit in Malaysia and has increased its efforts in the research and development programme of the Blackfoot African penguins as well as the Rockhopper penguins. Together with its team of curatorial staff, the UWL facility have been able to breed these penguins successfully and have been working together with the other aquaria facilities in the exchange programmes of the penguins as well as other species. This has contributed significantly in UWL striving to become a renowned research and development facility as well as an educational facility for the marine and temperate climate species.

MANUFACTURING

Time Era Sdn. Bhd. ("Time Era") and its group of companies is in the operations of manufacturing and trading. Its products are the low voltage switchgear, electrical components as well as Light-Emitting Diode ("LED") products. Its revenue contribution is from the local and international sales of these products. The manufacturing facility is located in Kajang Technology Park. The Time Era Group is the Original Equipment Manufacturer ("OEM") manufacturer for several reputable companies in Europe. There was an increase in revenue in FY 2017 to record revenue of RM18.22 million compared to RM18.18 million recorded in FY2017. This was mainly contributed by the increase in revenue from its export sales by 28% and LED products by 4.6% which mitigated the reduction in revenue from its local sales. There were several challenges that the Time Era group faced in FY2017 which included the increased competition from overseas producers. The slow down in the construction sector also dampened the Manufacturing Sector's sales as the local sales segment is its major contributor. However, on the upside, the sector expects the uptake of LED products to increase for the coming year.

OUTLOOK AND MOVING FORWARD

The Malaysian outlook is expected to remain on a steady path with economic growth driven by domestic demand and spending on infrastructure projects.

Based on the Economic Report 2018 form the Ministry of Finance, on the supply side all economic sectors are forecasted to expand in 2018. The services and manufacturing sectors will continue to be the key drivers of overall growth. The services sector is projected to expand at a faster rate, reflecting stronger expansion across most subsectors, particularly wholesale and retail trade; information and communication; as well as food and beverages and accommodation. Within the manufacturing sector, the export-oriented industries are projected to expand significantly following higher demand for semiconductors. Similarly, growth in the domestic-oriented industries will strengthen following improved demand for consumer products and construction-related materials.

Based on the projected economic indicators, the Group expects 2018 to be a better year for the Group spearheaded by the operations of the power plant. With the full recommissioning expected to be in 2018, better performance is expected.

For the F&B and Tourism Sector, where tourist arrivals are expected to increase in 2018, UWL expects to receive higher number of visitors particularly from neighbouring countries such as China, Singapore and Korea. In addition, UWL will be realigning its retail outlets to increase its net lettable space. Within the research and development context of UWL, there will be more exchange programmes of species with other aquaries and greater collaborative efforts with universities. The digitisation of its end consumer experience is also expected to translate into higher number of visitors for 2018.

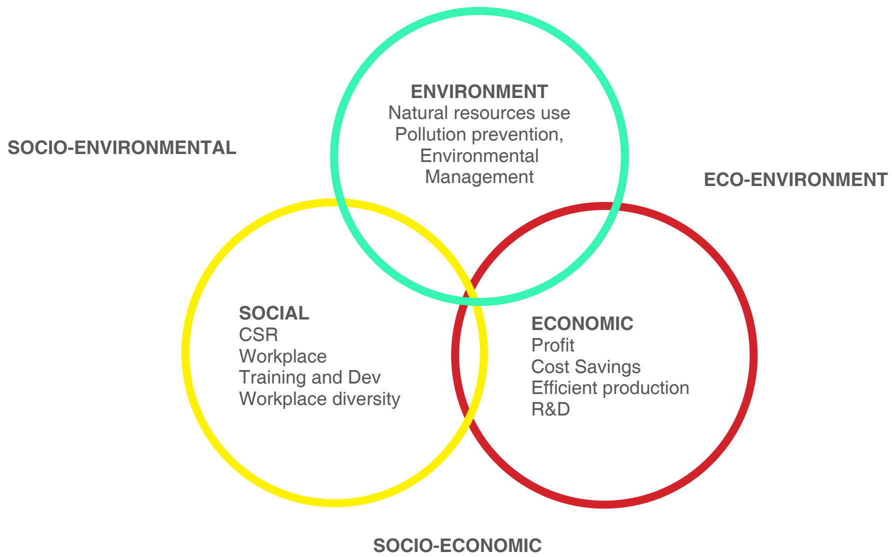
The Manufacturing Sector is expected to streamline its operations to increase the contribution of its products that contributes better margin. This is also in line with the increased research and development of its products to be able to supply the products at competitive prices. The sector will continue to aggressively market its products to its distributors.

In conclusion, the Group expects 2018 to reflect the positive efforts by the relevant sectors that will translate into better performance of the Group moving forward.

SUSTAINABILITY STATEMENT

As a diversified group of companies, we have the responsibility to secure our future. We strive to create long term value for our stakeholders by ensuring responsible management and sustainable development within the Group on the Economic, Environmental and Social aspects.

The group has already embarked in sustainability practices spread within the economic, environmental and social aspects. The sustainability indices will be tabulated in the next financial reporting year.



ENVIRONMENT

Natural Resources Use/ Reuse

- The Sungai Kenerong Plant is a 20 Megawatt ("WM") hydroelectric power plant in Kelantan. The Group plans to increase the capacity of this plant in future.
- The Run of The River small hydro plant had been developed with ecological footprint, size and location, creating sustainable energy minimizing impacts to the surrounding environment and nearby communities. In turn it provides cleaner power and without a reservoir, a pre-existing pattern of flooding will continue unaltered.
- The Group has procedures particularly on the recycling of paper and electricity consumption where the electricity consumption of the Group has reduced particularly in its subsidiary Underwater World Langkawi where consumption is high due to the 24-hour operations.
- Recycle products are segregated and disposed accordingly.

Pollution Prevention

- We are guided by the Department of Environment ("DOE"), by the Ministry of Natural Resources and Environment with regards to the treatment of waste and waste management of the power plants. This is particularly relevant to the Libaran 60 MW diesel fired plant whereby the sludge had been handled by authorised personnel in accordance with the DOE guidelines.
- For its Food and Baverage ("F&B") segment, the reduction of the use of plastic packaging is reflected in its initiative in using paper bags wherever possible.
- The Group utilises the Light-Emitting Diode ("LED") lighting provided by the Time Era Group to be more energy efficient and to reduce greenhouse emissions.

ECONOMIC

Business Model

The Group is currently in the business of renewable energy via its 20MW power plant in Kelantan. The Group expects to expand its capacity of the renewable energy business via an increase of capacity in its current plant.

Cost Savings

- The Group utilises the LED lighting provided by the Time Era Group to be more energy efficient.
- The relocation of several office spaces was carried out at Underwater World Langkawai Sdn. Bhd. (“UWL”) to save utility costs.
- Procedures are in place to reduce energy consumption by deploying active power management on all computers where the computers are in sleep/hibernate mode if there is no usage. In addition, all printers are networked with multifunction devices.
- Lighting or air conditioning system (which are not centralised) are turned off when not in use.

Efficient Production

- In relation to the Libaran Power Station, the generation of electricity is targeted at Minimum Continuous Rating (“MCR”) of 75%. In doing so we will ensure that the net heat rate of the engines are maintained below 8,484 kJ/kWh to ensure optimum utilisation of fuel, thus operating the plant efficiently.

Research & Development (“R&D”)

- R&D efforts are continuously carried out to increase product quality and reduce cost for the LED products.
- For UWL, continuous R&D is carried out to better improve the living conditions of the species and to enable continuity of the species in captivity such as the penguin breeding and husbandry programme.

SUSTAINABILITY STATEMENT

SOCIAL

Workplace Conditions

- The Group is committed to provide a safe and comfortable working environment for all its employees.
- The Group has weekly activities to promote healthy living whilst trying to achieve the work-life balanced culture.
- Both power plants comply with the regulations by the relevant authorities, which amongst others are the Department of Occupational Safety and Health ("DOSH") requirements to ensure that satisfactory work conditions and safety are provided for the employees at the Libaran and Sungai Kenerong power plants and the guidelines provided by the Energy Commission for statutory regulations on the electrical installations at power plants.

Training and Development

- Training is provided to employees throughout the Group to further enhance their skills and motivation to enable them to carry out their duties better.

Diversity

- The Group encourages women to be in the workforce and accommodates the flexi time if required without compromising the quality of work. The Group's women workforce currently comprises 40% of the total workforce in FY 2017 compared to 35% in FY 2016.

Corporate Social Responsibility

- Yearly, UWL provides special packages for schools to have their annual visits to UWL, primarily those schools located in Kedah.
- Libaran Plant was involved as the co-organiser to the Sabah EE Race (Environment Educational Race) whereby annually, a group of school teachers would be participating in the program that gives the participants the exposure on the environment protectionism which in turn is shared with their students.
- Yearly get togethers with charitable homes are carried out by the Group.

CORPORATE CALENDAR 2017

January 2017

EDEN CATERING SDN. BHD. ("ECSB") - As part of ECSB's aggressive foray into catering to wedding events, ECSB had come up with attractive 'all in wedding packages' for the functions held at Persatuan Alumni Universiti Malaya ("PAUM") and also for wedding packages held at other locations within the Klang Valley.

February 2017

EDEN CATERING SDN. BHD. ("ECSB") - Chinese New Year is one of ECSB's very busy period for the year. Not only are they busy for outside catering, they also have events at the PAUM Clubhouse with Yee Sang being tossed after being entertained by the Lion Dance, jointly organised by the PAUM Clubhouse and ECSB.

March 2017

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") - UWL always participates in the annual MATTA Fair held twice yearly and receives positive responses from travellers alike. Attractive packages are offered with collaborative partnerships with other attractions in Langkawi.

March 2017

EDEN AIRPORT RESTAURANT SDN. BHD. - We bid farewell to EDEN@KLIA1 to relocate the dim sum kitchen to Aroma @ PAUM Clubhouse, a more centrally located branch in the Damansara area.

January to December 2017

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") - UWL regularly visits schools via their SCHOOL ATTACK programme held throughout the year to not only market UWL, but to provide educational information on marine wildlife as well as their penguin attraction and

June 2017

EDEN INC. BERHAD ("EDEN") - EDEN's 39th Annual General Meeting was successfully concluded on the 8th June 2017 at the Banquet Hall, PAUM Clubhouse. It was the first year we executed the e-polling system which went smoothly.


EDEN
CATERING
Buffet Ramadhan
RUMAH KELAB PAUM
18 Mei - 12 Jun 2018
PROMOSI EARLY BIRD
sebelum 24 Mei 2018
RM 50 nett
*Tertakluk kepada terma & syarat
RM 79 nett
Dewasa
RM 70 nett
Dewasa (Ahli Kelab)
RM 39 nett
5 - 11 Tahun
Pelbagai hidangan disediakan - kambing bakar, char kuey teow, mee rebus, dim sum , nasi briyani - menu bertukar tiap-tiap minggu !
Untuk tempahan atau sebarang pertanyaan sila hubungi:
011-2302 5904 / 03-7803 8204
edencateringsales@edenzil.com | www.edenfood.com.my
Lot 10476 Jalan Damansara Lama (Off Jalan Gegambir)
50480 Kuala Lumpur
• Persembahan Muzik Tradisional
• Kemudahan Solat Tarawih
• Parkir Percuma
PAUM Clubhouse
edenfood_my
aromabyeden
Eden Restaurant & Catering
aroma

June 2017

EDEN CATERING SDN. BHD. ("ECSB") - ECSB's famous Ramadhan Buffet was held between 29 May to 23 June 2017 at PAUM Clubhouse. ECSB's famous delicacies such as the roast lamb, dim sum, char kuey teow and briyani rice was part of the Ramadhan menu which rotates weekly. Located strategically in Damansara, with ample parking spaces, prayer facilities and traditional music being played, it is a 'must go' buffet. This year the Ramadhan Buffet will be held from the 18th May 2018 to 12th June 2018.Do not miss it!

June 2017

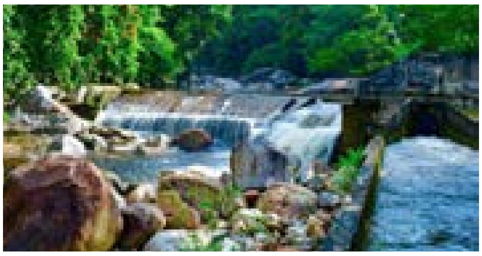
STRATAVEST SDN. BHD. - Libaran Power Plant successfully recommissioned the operations of its first engine Diesel Engine No.4 in June 2017. The recommissioning coincided with the visit by Sabah Electricity Sdn. Bhd. ("SESB"), Kota Kinabalu, and representatives from the Energy Commission, Sandakan.

June 2017

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") - As part of UWL's yearly event, Iftar was held with the local orphanage and single mothers.

July 2017

MUSTEQ HYDRO SDN. BHD. - The Sungai Kenerong Plant in Kelantan recommissioned its turbine engines after extensive repair works on the pipelines, transmission lines and access road.



July 2017

EDEN CATERING SDN. BHD. ("ECSB") - ECSB's famous dim sum made its debut at AROMA by EDEN @ PAUM Clubhouse in July, offering more than 30 varieties of dim sum, made daily from the freshest ingredients. A must try when anyone is in the area.

August 2017

EDEN CATERING SDN. BHD. ("ECSB") - ECSB is no stranger to catering for mammoth functions, let it be as small as 50 pax or as big as 15,000 pax, the team of experienced and skilled personnel will ensure that everything is delivered to the tee.

August 2017

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") - As part of the Group's continuous engagement with educational facilities and corporates, UWL collaborated with Axiata in bringing students from MRSM Langkawi during their Axiata Young Talent Programme.

September 2017

MUSTEQ HYDRO SDN. BHD. - During the recommissioning of our turbine engines, we reguarly kept our stakeholders informed of the progress, which also included site visits to the plant itself.

October 2017

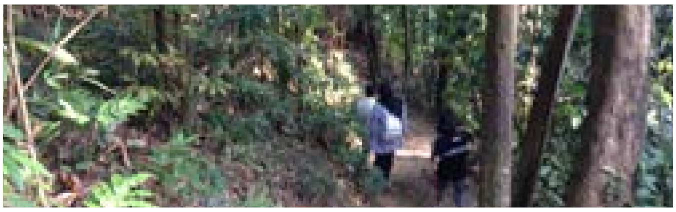
EDEN CATERING SDN. BHD. ("ECSB") - We celebrate all ocassions including having a Kolam to greet guests during Deepavali

November 2017

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") - UWL celebrated the 11th anniversary of the hatching of its African Penguin Chicks in captivity. The event was graced by, amongst others, YBhg. Dato' Haji Azizan Noordin (CEO of Langkawi Development Authority), Puan Fuziah Mohamad (President of Langkawi Tourist Guide Association), Encik Zainudin Kadir (President of Langkawi Tourism Academy). UWL emphasises on the research and development of penguin husbandry and have successfully hatched 54 penguin chicks to date. Place of Birth:Langkawi.

November 2017

EDEN INC. BERHAD ("EDEN") - As part of our efforts in ensuring a healthy lifestyle that will promote a healthy mind, the Eden's Sports Club organises events weekly ranging from hiking, badminton, indoor rock climbing and boxing!



November 2017

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") - UWL hosted a visit from Kelab Bell Belia Tamil as part of their CSR Programme.

December 2017

STRATAVEST SDN. BHD. - We touch base regularly with our stakeholders. In December, there was a visit by SESB, Kota Kinabalu (Single Buyer Department), Energy Comission, Sandakan and TSK Engineering, the Competent Engineer.

December 2017

UNDERWATER WORLD LANGKAWI SDN. BHD. ("UWL") - UWL hosted a very special visit by His Royal Highness, K.D.Y.M.M Sultan Sallehuddin Ibni Almarhum Sultan Badlishah.

December 2017

EDEN CATERING SDN. BHD. ("ECSB") - No year-end is complete without having the Christmas and New Year Celebration 2017 at Aroma Café and Staff Christmas Party by Eden Catering Sdn. Bhd.

STATEMENT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Eden Inc. Berhad **("the Board")** recognises that good corporate governance is of paramount importance in ensuring that the Company is managed in the best interest of all shareholders and stakeholders ranging from but not limited to regulators, lenders, creditors, customers, suppliers, employees and communities.

The Board also ensures that there are appropriate systems, processes and procedures in place for the Management to manage the Group's businesses and significant risks which arise therefrom. Thus, the enhancement of shareholders' value, the determination of strategic direction and the formulation of Company policies are premised along the corporate governance principles.

The Board is pleased to outline below the manner in which the Group has applied the principles of corporate governance in all the Company's procedures and business processes and the extent of which the Company complies with corporate governance principles advocated by the Malaysian Code on Corporate Governance **("the Code")**.

This Corporate Governance Overview Statement **("this Statement")** is prepared in compliance with the Bursa Malaysia Main Market Listing Requirements **("MMLR")** and guided by the key principles set out in the Code. It is to be read together with the Company's CG Report which detail out on how the Company applies the Code and can be downloaded through the Company's website: www.edenzil.com

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. BOARD RESPONSIBILITIES

In discharging its fiduciary and leadership functions, the Board has established clear roles and responsibilities to be effective stewards and guardians of the Company. The delegation of authority by the Board to the Management is expressly authorised by the Board. The Board provides specific guidance on the various business activities of the Group and the composition of the Board is regularly reviewed to reflect changes within the Group.

The Board is responsible for overseeing the Management and business affairs and makes all major policy decisions of the Company within the powers accorded to it by the Company's Articles of Association.

The Board assumes the primary responsibilities which include (but are not limited) to the following:-

- Establishment of the overall strategic direction;
- Approval of annual and interim results, acquisitions and disposals, major capital expenditures and budgets;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Maintaining an effective investor and shareholders communication policy;
- Periodic review and adoption of the Company's business policies and strategies;
- Management and staff succession planning; and
- Review of the adequacy and integrity of the Company's internal controls and management information systems.

The roles and responsibilities of the Executive Chairman and Executive Directors are distinct, separate and clearly defined. The Executive Chairman is responsible for ensuring the Board's effectiveness, orderly conduct of the Board, the organisational effectiveness, the Group's operating Business Sectors and the implementation of the Board's policies and resolutions.

Meanwhile, the Executive Directors are responsible for the management of human resources, corporate communications, food and beverage and tourism, corporate affairs as well as the energy sector.

The Company also has an established policy and procedure on Limits of Authority which provides a clearly defined level of authority in relation to governance over transactions carried out and expenditure incurred by the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

1. BOARD RESPONSIBILITIES (cont'd.)

The roles and responsibilities of the Board is further elucidated in the Board Charter which has been uploaded on the Company's website at www.edenzil.com.

The members of the Board are professionals with calibre and entrepreneurs equipped with a mix of industry specific knowledge with broad business and commercial experience. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives and to provide effective leadership to the Company in aspects of strategy and performance as well as to maintain high standards of governance and integrity in deciding matters relating to strategy, performance, internal controls, investor relations and human resource.

The roles of the Executive Chairman on one hand and the Executive Director, Executive Director, Corporate Affairs and Executive Director, Energy Sector on the other have been distinguished, with a clear division of their responsibilities to ensure that there is a balance of power and authority.

The Executive Chairman ensures the smooth and effective functioning of the Board, ensuring Board effectiveness and conduct as well as assuming the formal role as the leader in chairing all Board meetings and shareholders' meetings.

The Executive Director's role is to assist the Executive Chairman in carrying out his responsibilities. The Executive Directors are responsible for providing strategic leadership and managing relationships with all stakeholders. Meanwhile, the Executive Director, Corporate Affairs advises the Executive Chairman on the strategic vision of the Group in general as well as having overall responsibility in respect of the Group's day to day operations, management and the implementation of Board decisions. As for the Executive Director, Energy Sector, his role is primarily to ensure the coordinated management and operations of the Group's Energy Sector.

The Board has unrestricted access to all information within the Company, whether as a full board or in their individual capacity, which is necessary for the discharge of its responsibilities. The Company Secretaries ensures that the Board receives appropriate and timely information for its decision-making, that the Board meeting procedures are followed, and compliance with all the applicable statutory and regulatory requirements. The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable, on the laws and regulations (or any amendments thereto), as well as directives issued by the regulatory authorities. The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory books kept at the registered office of the Company. The Company Secretaries also facilitate timely communication of decisions made by the Board at Board meetings, to the Management for action. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board. The Directors also have the option of seeking independent professional advice in discharging their fiduciary duties.

The Directors are provided with the relevant agenda detailing the matters to be transacted at the meeting and the Board papers detailing the key issues and recommendations, insufficient time prior to the meeting to enable the Directors to analyse the issues which call for their constructive decision-making and if required, to obtain further information and clarification before the meeting. The Board papers include reports on the Group's financial, operational and corporate development.

There were five (5) Board Meetings and two (2) special Board Meetings held during the financial year ended 31 December 2017 as follows:-

a. 8 February 2017;
b. 27 February 2017;
c. 25 April 2017;
d. 30 May 2017;
e. 28 August 2017; and
f. 28 November 2017.

Each Director has attended more than 50% of Board meetings held thus fulfilling the requirement of the MMLR.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

1. BOARD RESPONSIBILITIES (cont'd.)

In advance of and during each Board meeting, members are each provided with relevant documents and information in a sufficient form and quality appropriate to enable them to make an informed decision.

The number of meetings attended by each Director is as follows:

Directors	Date of Appointment	No. of Board Meetings Attended
Tan Sri Abd Rahim bin Mohamad (Executive Chairman)	18 October 2002	6/7
Puan Sri Fadzilah binti Md Ariff (Executive Director)	18 October 2002	7/7
Dato' Mohamed Salleh bin Bajuri	11 April 2002	7/7
Datuk Fakhri Yassin bin Mahiaddin (resigned w.e.f. 31 December 2017)	8 August 2007	6/7
Dato' Anuaruddin bin Mohd Noor	1 March 2014	7/7
Datuk Seri Ahmad bin Hj. Kabit	27 May 2014	6/7
Dato' Abdullah bin A. Rasol	1 March 2014	7/7
Dato' Nik Mohd Fuad bin Wan Abdullah	1 March 2014	6/7

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely the Audit and Risk Committee and the Nomination and Remuneration Committee in order to enhance business, corporate efficiency and effectiveness. The Chairman of the respective committees will brief the Board on the matters discussed at the committee meetings and minutes of these meetings are circulated to the full Board.

In compliance with the MMLR, all members of the Board had attended the Mandatory Accreditation Programme (MAP).

In relation to the requirement for Continuous Education Programme (CEP), the Board assumes the onus of determining or overseeing the training needs of the Directors of the Company. During the year, the Directors had attended various seminars, courses, and training to keep abreast with the development on variety of areas relevant to the Group's business.

The followings are some of the conferences, seminars, workshops and training programmes attended by the Directors:-

Names of Directors	Title	Organised By
a. Tan Sri Abd Rahim bin Mohamad	• Companies Act 2016 and Malaysia Code on Corporate Governance.	• Securities Services (Holdings) Sdn Bhd
b. Puan Sri Fadzilah binti Md Ariff	• Companies Act 2016 and Malaysia Code on Corporate Governance.	• Securities Services (Holdings) Sdn Bhd
c. Dato' Mohamed Salleh bin Bajuri	• Sustainability Engagement Series for Directors/Chief Executive Officer; • Key Changes in the Companies Act 2016; • Part I - What Directors Need to Know On Reporting & Disclosure Obligations; and • Part 2 - New MCCG 2016 Understand The Principles & Desired Outcomes. • Companies Act 2016 and Malaysia Code on Corporate Governance.	• Bursa Malaysia • Asian Pac Holdings Berhadd • Terus Mesra Sdn Bhd • Terus Mesra Sdn Bhd • Securities Services (Holdings) Sdn Bhd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

1. BOARD RESPONSIBILITIES (cont'd.)

The followings are some of the conferences, seminars, workshops and training programmes attended by the Directors:- (cont'd.)

Names of Directors	Title	Organised By
d. Datuk Fakhri Yassin bin Mahiaddin (resigned w.e.f. 31 December 2017)	• Companies Act 2016 and Malaysia Code on Corporate Governance	• Securities Services (Holdings) Sdn Bhd
e. Dato' Anuarudin bin Mohd Noor	• Companies Act 2016 and Malaysia Code on Corporate Governance	• Securities Services (Holdings) Sdn Bhd
f. Datuk Seri Ahmad bin Hj Kabit	• Companies Act 2016 and Malaysia Code on Corporate Governance	• Securities Services (Holdings) Sdn Bhd
g. Dato' Abdullah bin A. Rasol	• Companies Act 2016 and Malaysia Code on Corporate Governance; and • Integrity : The Game Changer.	• Securities Services (Holdings) Sdn Bhd
h. Dato' Nik Mohd Fuad bin Wan Abdullah	• Companies Act 2016 and Malaysia Code on Corporate Governance	• Securities Services (Holdings) Sdn Bhd

The Board is also responsible to ensure the Group's strategies promote sustainability with attention given to the interest of all stakeholders. Whilst corporate governance forms an integral part of the Group's commitment to corporate responsibility, the long term goal of the Group is to achieve a balance between meeting its business goals and preserving the environment and resources. The Group recognises that sustainability is part of good business practice for long-term shareholders value.

a. Board Charter

Based on the Board Charter, the Board is responsible for the proper stewardship of the Company's business and the creation of long term shareholders value, whilst taking into account interest of other stakeholders. The Board is responsible for establishing and maintain corporate governance standards, including but not limited to the standards prescribed by the applicable laws and regulations from time to time.

The Board's roles are:-

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Group's business;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- Succession planning;
- Overseeing the development and implementation of a shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the management information and internal controls system of the Company.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

a. Board Charter (cont'd.)

Matters reserved for the Board as stated in the Board Charter are as follows:-

- Review of Board structure of the Company;
- Remuneration matters;
- Company and Group operations;
- Financial matters; and
- Granting a power of attorney and corporate guarantee as well as indemnity.

b. Directors' Code of Ethics and Conduct and Director's Code of Business Practice Documents

The adopted Directors' Code of Ethics and Conduct and Director's Code of Business Practice Documents described the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their responsibilities as Directors of the Company or when representing the Company, including declaration of interests, conduct in meetings and guidelines in accepting gifts.

A copy of the Director's Code of Ethics is available on the Company's website at www.edenzil.com

c. Whistle Blowing Policy

In order to uphold the integrity of the Company in conducting its business, the Company implemented the Whistle Blowing Policy.

The policy is designed to enable employee of the Company to raise concern internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety.

Examples of those concerns include:

- Malpractice, impropriety, fraud and embezzlements;
- Misappropriation of assets and funds;
- Criminal breach of trust;
- Illicit and corrupt practices;
- Questionable and improper accounting;
- Misuse of confidential information;
- Acts or omissions, which are deemed to be against the interest of the Group, laws, regulations or public policies;
- Breaches of any Group policies or code of ethics; and
- Attempts to deliberately conceal any of the above or other acts of wrongdoing.

A copy of the Whistle Blowing Policy is available in the Company's website at www.edenzil.com

As at the date of this Statement, the Company has not received any complaint under this procedure.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

2. BOARD COMPOSITION

The Board is currently composed of seven (7) Board members. The four (4) Executive Directors comprise of the Executive Chairman, the Executive Director, the Executive Director, Corporate Affairs and the Executive Director, Energy Sector who provide full and effective control of the Group's business affairs, whilst the check and balance are provided by the three (3) Independent Non-Executive Directors.

The three (3) Independent Directors represent compliance with the requirement for one-third (1/3) Independent Directors in the Board, pursuant to Paragraph 15.02 (1) of the MMLR.

The presence of Independent Non-Executive Directors is essential as they are independent from the Management and are free from any business or other relationships that could materially interfere with the exercise of the independent judgment or the ability to act in the best interest of the Group. Accordingly, Dato' Mohamed Salleh Bajuri was appointed as the Senior Independent Non-Executive Director, to whom concerns may be conveyed to.

The Board is of the view that the current composition of the Board facilitates effective decision making and independent judgment where no individual shall dominate the Board's decision making.

The Board shall continue to strive to ensure its continued independence and balance.

The profiles of the members of the Board are set out on pages 10 to 13.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to the election by the shareholders at the next opportunity after their appointment. The Articles of Association also stipulate that all Directors of the Board shall retire from the office and submit themselves for re-election at regular intervals and at least once in every three (3) years at the AGM.

Dato' Mohamed Salleh Bin Bajuri **("Dato' Mohamed Salleh")** was appointed as an Independent Non-Executive Director of the Company on 11 April 2002 and has since served in this capacity for a cumulative term exceeding nine (9) years. Pursuant to Practice 4.2 of the Code, Dato' Mohamed Salleh's tenure as an independent director should not exceed a cumulative term of nine (9) years and the Board must justify and seek shareholders' approval in the event it retains him as an independent director.

Pursuant to the commentary in respect of Practice 4.2 of the Code, notwithstanding Dato' Mohamed Salleh's tenure in office as independent director of more than nine (9) years, the Board is recommending the retention of Dato' Mohamed Salleh as an independent director of the Company for shareholders' approval through two-tier voting process based on the assessment of the Nomination and Remuneration Committee that Dato' Mohamed Salleh's independence has not been compromised or impaired in any way after assessing the following considerations or criteria:-

a. Dato' Mohamed Salleh continues to fulfil the definition of an independent director as set out under Paragraph 1.01 of the MMLR;

b. During Dato' Mohamed Salleh's tenure in office, Dato' Mohamed Salleh has not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the Executive Chairman and Executive Director, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an Independent Non-Executive Director and Chairman of the Audit and Risk Committee and Nomination and Remuneration Committee;

c. During Dato' Mohamed Salleh's tenure in office, he has never transacted or entered into any transactions with, or provided any services to the Company and its subsidiaries or the Executive Chairman, the Executive Director, major shareholders or management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the MMLR;

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

2. BOARD COMPOSITION (cont'd.)

d. During Dato' Mohamed Salleh's tenure in office, he has not been offered or granted any options by the Company. Apart from Directors' fees and allowances paid which had been the norm and had been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature had been paid to him by the Company; and

e. During Dato' Mohamed Salleh's tenure in office, he has not been engaged as an adviser by the Company under such circumstances as prescribed by the Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by Bursa Securities; or has not engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the applicant or listed issuer) which has engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities.

Accordingly, based on the abovementioned strong justifications, the Board strongly recommends to retain Dato' Mohamed Salleh as an independent director of the Company and will be tabling an Ordinary Resolution to shareholders to seek their approval on the said retention at the forthcoming Annual General Meeting of the Company.

The Board will, from time to time, review its composition and size while at the same time having due regard for diversity in skills, experience, age, cultural background and gender.

The periodical review of the Board's performance is provided in the Board Charter whereby annual assessment is carried out at the end of each financial year. The annual assessments for the performance of Board, individual director and Committees were conducted for the financial year ended 31 December 2017. The Directors and respective Committees provided anonymous feedback on their peers' performance and individual performance contribution to the Board and respective Committees. The results were then collated by the Company Secretaries and tabled to the Nomination and Remuneration Committee for deliberation. Each Director was provided feedback on their contribution to the Board and its Committees. The review supported the Board's decision to endorse all retiring Directors standing for re-election. The assessment report together with the report on the Board balance (the required mix of skills, experience and other qualities) are discussed and circulated to the Board in April 2018 meeting. The results affirmed that the Board and each of its Committees continue to operate effectively.

a. Remuneration

Nomination and Remuneration Committee

The members of the NRC comprise two (2) Independent Non-Executive Directors as follows:-

Chairman	Dato' Anuarudin Mohd Noor Independent Non-Executive Director
Members	Dato' Mohamed Salleh Bajuri Senior Independent Non-Executive Director

The NRC of the Company is made up entirely of Non-Executive Directors, all of whom are independent.

This NRC is responsible for:-

- making recommendations to the Board on the optimum size of the Board, proposing new nominees to the Board and reviewing the profile of the required skills and attributes to ensure that the Board has an appropriate balance of expertise and abilities;
- assessing the performance and contribution of the Directors of the Company;
- assessing its own effectiveness and the Board effectiveness as a whole; and
- setting up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the Executive and Non-Executive Directors.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

2. BOARD COMPOSITION (cont'd.)

The Board through the NRC had carried out reviews on the composition of the Board and is satisfied that the size and composition of the Board is adequate with the appropriate mix of knowledge, skills, attributes and core competencies.

The NRC had carried out its duties in recommending the appointment of new Directors who in its view had satisfied the requirements to ensure the balanced composition of the board. The NRC had also recommended the appropriate remuneration for the Board which shall entail shareholder approval at the AGM.

Furthermore, under the purview of the NRC, the Company maintains transparent procedures in determining the remuneration policy for Directors. The Executive Directors plays no part in the deliberations and decisions on their own remuneration. Likewise, the remuneration of the Non-Executive Directors is a matter for the Board as a whole, with individual Directors concerned abstaining from the deliberation and decision in respect of their own remuneration package.

The details of remuneration of Directors who served during the financial year ended 31 December 2017 are as follows:-

	Directors' fee RM	**Salaries and Other Emoluments RM**	**EPF Contribution RM**	**Benefit-In-Kind RM**	**Total RM**
COMPANY					
Non-executive directors					
Dato' Mohamed Salleh Bajuri	40,000	-	-	-	40,000
Dato' Anuarudin Mohd Noor	30,000	-	-	-	30,000
Datuk Seri Ahmad Hj Kabit	30,000	-	-	-	30,000
Datuk Fakhri Yassin Mahiaddin	30,000	-	-	-	30,000
Subtotal	**130,000**	-	-	-	**130,000**
Executive directors					
Tan Sri Abd Rahim Mohamad	60,000	1,340,400	282,077	181,539	1,846,016
Puan Sri Fadzilah Md Ariff	30,000	506,000	96,809	77,766	710,975
Dato' Abdullah A. Rasol	30,000	298,140	18,485	30,542	377,167
Dato' Nik Mohd Fuad Wan Abdullah	30,000	-	-	-	30,000
Subtotal	**150,000**	**2,144,940**	**397,371**	**289,847**	**2,964,158**
Total	**280,000**	**2,144,940**	**397,371**	**289,847**	**3,112,158**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

2. BOARD COMPOSITION (cont'd.)

The details of remuneration of Directors who served during the financial year ended 31 December 2017 are as follows:- (cont'd.)

	Directors' fee RM	Salaries and Other Emoluments RM	EPF Contribution RM	Benefit-In-Kind RM	Total RM
GROUP					
Non-executive directors					
Dato' Mohamed Salleh Bajuri	40,000	-	-	-	40,000
Dato' Anuarudin Mohd Noor	30,000	-	-	-	30,000
Datuk Seri Ahmad Hj Kabit	30,000	-	-	-	30,000
Datuk Fakhri Yassin Mahiaddin	40,000	141,600	15,228	-	196,828
Subtotal	**140,000**	**141,600**	**15,228**	-	**296,828**
Executive directors					
Tan Sri Abd Rahim Mohamad	60,000	1,340,400	282,077	183,638	1,866,115
Puan Sri Fadzilah Md Ariff	30,000	506,400	96,809	93,866	727,075
Dato' Abdullah A. Rasol	40,000	298,140	18,485	52,742	409,367
Dato' Nik Mohd Fuad Wan Abdullah	30,000	262,020	40,141	45,689	377,850
Subtotal	**160,000**	**2,406,960**	**437,442**	**375,935**	**3,380,407**
Total	**300,000**	**2,548,960**	**452,740**	**375,935**	**3,677,235**

** The payment of Directors' fees of the Company is subject to the approval by shareholders at the AGM.*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Company's financial statements are prepared in accordance with the requirements of the provisions of the Companies Act 2016 and applicable approved accounting standards to ensure that the financial statements of the Company present a balanced and fair assessment of the state of affairs of the Company. In presenting the financial statements, the Company used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates, and prepared on an ongoing basis.

The Audit and Risk Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

The Statement of Directors' Responsibility in respect of the Audited Financial Statements pursuant to Paragraph 15.26 (a) of the MMLR is set out on page 39 of this Annual Report.

1. AUDIT COMMITTEE

The composition and details of activities carried out by the Audit Committee during the year are set out in the Audit Committee Report of this Annual Report.

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of risk management and internal control including reviewing its adequacy and integrity.

The Statement on Risk Management and Internal Control furnished on pages 48 to 51 of this Annual Report provides an overview of the internal control within the Group during the financial year under review.

a. Internal Audit and External Audit

The Group's internal audit and risk assurance function is independent of the Management. The audit is performed with impartiality, proficiency and due professional care. The internal audit and risk assurance review of the operating units is an independent and objective assessment of a unit's compliance with internal controls.

An internal audit and risk assurance review highlights major weaknesses in control procedures and makes recommendations for improvements.

During the financial year under review, the internal audit activity was outsourced to Messrs. JKO & Associates to provide internal audit services for greater independence in internal audit function.

A summary of the activities of the Audit and Risk Committee and the Internal Auditors during the financial year under review is set out in the Audit Committee Report on pages 52 to 54 of this Annual Report.

Through the Audit and Risk Committee, the Company has established a transparent and appropriate relationship with the external auditors. The external auditors play an essential role by enhancing the reliability of the Group's financial statements and giving assurance to the stakeholders of the reliability of these financial statements.

The external auditors have an obligation to bring any significant defects in the Group's system of control and compliance to the attention of the Management and if necessary to the Audit and Risk Committee and the Board. The functions of the Audit and Risk Committee and its relations with the auditors are set out in the Audit and Risk Committee Report set out on pages 52 to 54 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders and Conduct of General Meetings

The Board recognises the importance of effective communication with the investors of the Company that enables the Board and the Management to convey information about the Group's performance, corporate strategy and other matters affecting the shareholders' interest.

Forums such as the Annual General Meeting and Extraordinary General Meeting ("General Meetings") provide an opportunity for dialogue with the shareholders, whereby the shareholders have direct access to the Board and are given the opportunity to raise questions pertaining to the resolutions being proposed or about the Group's performance in general.

Notice of the General Meeting is sent out at least twenty-eight (28) days before the date of the meeting so as to enable the shareholders to have full information about the General Meetings and to facilitate informed decision-making. Full explanation of the effects of a proposed resolution of any special business will accompany the notice of General Meetings.

Apart from circulars, press releases and the annual reports, announcements on material information (where required) are disseminated on a timely basis through Bursa Malaysia Link and such material information includes performance of the Company via quarterly financial reports, change in the boardroom and all the material information on corporate exercises undertaken by the Company or any development thereof.

Shareholders, investors and the general public can obtain information on the Company or forward any enquiries by accessing the Company's website at www.edenzil.com. The shareholders also may retrieve the latest corporate, financial and market information of the Company via Bursa Malaysia's website at www.bursamalaysia.com.

ADDITIONAL COMPLIANCE INFORMATION

1. **Utilisation of Proceeds**

   The Company did not undertake any corporate exercise during the financial year hence there were no proceeds raised to be utilized by the company.

2. **Audit and Non-Audit Fees**

   Throughout the financial year 2017, payment on audit and non-audit fees made to the external auditors, Messrs Ernst & Young by the Company and/or its subsidiaries are as follows:-

	Group (RM)	Company (RM)
Audit fees	558,200	292,140
Non Audit fees	55,100	50,600

3. **Material Contracts**

   There were no material contracts executed by the Company and its subsidiaries involving Directors' and major shareholders' interests, which were still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

4. **Revaluation Policy on Landed Properties**

   The revaluation policy of the Company is disclosed in Note 2.9 to the financial statements.

5. **Recurrent Related Party Transaction of Revenue Nature**

   The details of the transactions with related parties undertaken by the Group during the financial year are disclosed in Note 33 of this Annual Report.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

The Board of Directors of Eden Inc. Berhad (**"the Board"**) is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements (**"MMLR"**). This Statement takes into account the Guidelines for Directors of Listed Issuers (**"Guidelines"**) issued by Bursa Malaysia Listing Requirements. The Board acknowledges its overall responsibility of maintaining a sound system of risk management and internal control in the Group in accordance with the Malaysian Code on Corporate Governance.

Set out below is the Board's Risk Management and Internal Control Statement (**"the Statement"**) which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 December 2017.

RESPONSIBILITY

The Board acknowledges its responsibility to maintain a sound system of risk management and internal control including reviewing its adequacy and integrity, which aims to:

a. safeguard shareholders' investments and Group's assets;
b. ensure that proper accounting records are maintained;
c. ensure that financial information used within the business and for publication to the public is reliable; and
d. ensure compliance with applicable laws and regulations.

The risk management and internal control system is an ongoing process designed to meet the Group's particular needs and to manage the risks associated with operations, financials and compliance. The Board believes that the business and operation environment in the Group is conducive and is adequate for the Group to accomplish its mission and business objectives.

The Board is aware that risk management and internal controls are designed to manage rather than eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against the risk of material error, misstatement, fraud or occurrence of unforeseeable circumstances. The Board periodically reviews the adequacy and integrity of the Group's system of risk management and internal control with the assistance of both the Audit and Risk Committee and the Risk Management Committee.

ENTERPRISE RISK MANAGEMENT

The Board regards risk management as an integral part of the Group's business operations and confirms that there is a formal and ongoing process to identify, evaluate, monitor and manage significant risks faced by the Group. This process has been put in place for the financial year under review and is reviewed periodically by the Board up to the date of approval of this Statement through the Audit and Risk Committee which is supported by the Internal Audit and Risk Assurance Department.

The Group's risk management process is managed by the Risk Management Committee chaired by the Director of Energy Sector and comprises Senior Management and the respective heads of business sectors. The Risk Management Committee meets periodically to review operational risk as well as identify new risks that could cause significant impact on the growth of the business.

RISK MANAGEMENT PROCESS

The Board realises that the key success lies in how the risk is managed, by putting in place clear risk management processes that describe the steps taken to mitigate risk as it occurs, to meet the Group's objective.

The management of risk within the Group is undertaken by the respective operational functions within the Group and monitored by the Group's Risk Management Committee.

This risk management process is as follows:-

RISK MANAGEMENT STRUCTURE

In order to have an effective risk management process, it is essential to establish a risk management structure to ensure the role, responsibilities and accountabilities for managing risk are clearly defined and communicated. The Group has identified four (4) levels of authority in order to promote responsibility and accountability of managing risks.

1. **Board of Directors**

   The Board sets the risk parameters of the Group. Roles of the Board include reviewing risks that will have a significant impact on the business and ensuring the implementation of appropriate policies to manage these risks. Through the Risk Management Committee, the Board sets the risk appetite for the Group's businesses.

RISK MANAGEMENT STRUCTURE (cont'd.)

2. **Audit and Risk Committee**

   The Audit and Risk Committee facilitates the Risk Management Committee and the Board in managing risks highlighted by the Risk Management Committee. The committee provides useful insights to the risk owners on efficient and adequate risk management. The Audit and Risk Committee is under the purview of the Board.

3. **Risk Management Committee**

   The main responsibility of the Risk Management Committee is to provide regular reports and updates to the Board and Audit and Risk Committee on risk management issues as well as ad-hoc reporting and reporting on matters such as financials, operational and compliance. The Risk Management Committee is also responsible for ensuring Enterprise Risk Management parameters are set and thoroughly reviewed throughout the businesses of the Group.

4. **Risk Working Committee**

   The Risk Working Committee consists of representatives from the business unit heads. The members of Risk Working Committee discuss the business unit risks at the Risk Management Committee meeting where their respective reports would be deliberated.

   Business unit heads work towards effective identification and mitigation of the day-to-day risks at the operation level. The unit heads work closely with operational staff and ensure that risk management techniques are applied and practised in all aspects of the management and operation within the respective units. The business unit heads are also responsible for indicating foreseeable risks that could hinder the business units from achieving their business objectives.

   In addition, the Risk Working Committee is responsible for deliberating on risks presented by business units and also contribute towards identifying risks that have yet to be brought to the attention of Risk Working Committee by the respective business units. Significant risk issues are highlighted for further deliberation by the Risk Management Committee.

KEY ELEMENTS OF INTERNAL CONTROL

The key elements of the Group's internal control system are as follows:-

1. **Line of Reporting**

   An organisational structure with clearly defined lines of responsibilities and accountability and delegation of authority for management at various levels of administration and operation.

2. **Limit of Authority**

   A well-defined financial limit of authority on all financial commitments for each level of Management is available within the Group. The financial authority limits are subject to periodic review throughout the year so as to ensure their suitability for continuous implementation. Policies and procedures on such limits are documented to guide staff at all levels in the performance of their duties.

3. **Policies and Procedures**

   Clearly documented internal policies and procedures set out in a series of Standard Operating Policies and Procedures. These documents are subject to regular review and improvement to meet changing business, operational and statutory reporting needs.

KEY ELEMENTS OF INTERNAL CONTROL (cont'd.)

4. Internal Audit Function

Internal Audit and Risk Assurance Department is responsible to assist the Audit and Risk Committee in providing independent assessment on the adequacy, efficiency and effectiveness of internal control system and ensuring operational compliance with standard operating procedures within the Group, and reports are made to the Audit and Risk Committee on a quarterly basis. The Audit and Risk Committee also has full access to both internal and external auditors and receives reports on all audits performed.

The Internal Audit and Risk Assurance Department undertakes regular and systematic review of the internal controls, providing the Audit and Risk Committee and the Board with sufficient independent assurance that the system of risk management and internal control is effective in identifying and addressing risk.

5. Risk Management

The monitoring of control procedures is achieved through the Risk Management Committee review whose members consist of the respective heads of business sectors. This is complemented by review undertaken by the internal audit function on each operating unit. Regular reports are produced and presented to the Risk Management Committee and the Audit and Risk Committee which will assess the impact of control issues and review remedial action implemented by the management.

6. Human Resource Development

There are proper guidelines within the Group for recruitment, training and personal development of staffs at all levels. Training is provided on various areas of work to ensure staffs at all levels are proficient and competent in handling their job functions.

7. Financial and Operational Review

The quarterly management accounts and the quarterly financial statements containing key financial results, operational performance results and comparisons of performance against the budget are presented to the Board for their review, consideration and approval.

8. Management Visits

Regular visits are conducted by Group's Directors and Senior Management members to operating sites and principal offices to review the Group's operations and gain better understanding to facilitate informed decision-making.

ASSURANCE PROVIDED BY THE CHIEF EXECUTIVE OFFICER (EXECUTIVE CHAIRMAN) AND CHIEF FINANCIAL OFFICER (DIRECTOR OF CORPORATE AFFAIRS)

In line with the Guidelines, the Executive Chairman and Director of Corporate Affairs have provided assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects based on the risk management and internal control of the Company, to meet the Group's objective during the financial year under review.

CONCLUSION

The Board is of the view that the internal control and risk management systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report, to improve the Group's internal control and risk management systems in meeting the Group's strategic objectives.

REVIEW BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2017 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the systems of internal control and risk management.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee of Eden Inc. Berhad is pleased to present the Audit and Risk Committee Report for the financial year ended 31 December 2017.

1. MEMBERSHIP

The members of the Audit and Risk Committee comprise of three (3) Independent Non-Executive Directors as follows:-

Chairman : Dato' Mohamed Salleh Bajuri
Senior Independent Non-Executive Director

Members : Datuk Fakhri Yassin Bin Mahiaddin
(Resigned w.e.f. 31 December 2017)
Non-Independent Non-Executive Director

Dato' Anuarudin Bin Mohd Noor
Independent Non-Executive Director

Datuk Seri Ahmad Bin Hj. Kabit
Independent Non-Executive Director

2. ATTENDANCE

During the financial year ended 31 December 2017, the Audit and Risk Committee held a total of five (5) meetings. The details of attendance of the Audit and Risk Committee members are as follows:

Name of Committee Member	Number of Meetings Attended/Held
Dato' Mohamed Salleh Bin Bajuri	5/5
Datuk Fakhri Yassin Bin Mahiaddin *(Resigned w.e.f. 31 December 2017)*	4/5
Dato' Anuarudin Bin Mohd Noor	5/5
Datuk Seri Ahmad Bin Hj. Kabit	4/5

Representatives of Management, internal auditors and the external auditors also attended the above meetings at the invitation of the Chairman.

3. ACTIVITIES OF THE AUDIT AND RISK COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The summary of activities of the Audit and Risk Committee in the discharge of its duties and responsibilities for the financial year ended 31 December 2017 includes the following:

a. Review of Financial Statements

i. Reviewed the unaudited quarterly report and annual report of the Company and Group prior to submission to the Board of Directors for consideration and approval.

ii. Reviewed the draft audited financial statements of the Company and Group and ensured that the financial reporting and disclosure requirements of the relevant authorities are duly complied with prior to submission to the Board for consideration and approval.

b. Matters relating to External Audit

i. Meeting with external auditors twice a year without the presence of the executive Board members and Management.

ii. Reviewed the external auditor's appointment, scope of work and planning memorandum for the Company and the Group covering the audit objectives and approach, key audit areas and relevant accounting standards and other relevant pronouncements.

iii. Reviewed the results of the audit, audit report and findings on the financial and management performance of the Company and Group and reported to the Board of Directors.

iv. Reviewed the proposed audit fees for the external auditors in respect of their audit of the Group and of the Company for the financial year ended 31 December 2017.

c. Matters relating to Internal Audit

i. Reviewed the Annual Audit and Risk Assurance Plan to ensure adequate scope and coverage on the activities of the Group based on the identified and assessed key risk areas.

ii. Reviewed the Risk Based Internal Audit Reports in respect of the audit recommendations, Management responses as well as actions taken to improve the system of internal control and procedure.

d. Other matters

i. Deliberated on the Group's financial performance, business development, management and corporate issues and recommendation for approvals of any key business strategies and actions that may affect the Group.

ii. Discussed the implications of any changes and pronouncements on the Company and the Group, which were issued by the accountancy, statutory and regulatory bodies.

4. INTERNAL AUDIT FUNCTION

The Board of Directors and the Audit and Risk Committee are assisted by an in-house Internal Audit and Risk Assurance Department in maintaining a sound system of internal control. The Internal Audit and Risk Assurance Department reports to the Audit and Risk Committee on the performance of its duties and is guided by its Audit Charter in its independent appraisals.

The primary role of internal audit is to provide independent assurance to the Board that:

a. The Group's policies and guidelines have been communicated, implemented and are working as intended; and

b. Risk areas have been identified and there are effective internal control systems over all aspects of the Group's business and operations.

The Internal Audit and Risk Assurance Department is responsible for developing and executing an effective audit plan to provide the Board with assurance that the systems of internal control and of the Group achieved the following.

a. The business is planned and conducted in an orderly, prudent, efficient and cost effective manner;

b. Transactions and commitments are entered into in accordance with management authority;

c. Management is able to safeguard the assets and control the liabilities of the Group, i.e. there are measures to minimize and to detect the loss from irregularities, fraud and errors; and

d. The accounting and other records of the business provide complete, accurate and timely information.

During the financial year 2017, Risk Based Internal Audit Reports prepared by the Internal Audit and Risk Assurance Department incorporating key issues, audit implication and actions being taken by management were tabled to the Audit and Risk Committee. Follow-up audits were also conducted and the status of implementation on the agreed upon actions were tabled to the Audit and Risk Committee.

The Internal Audit Manager had resigned on 14th May 2017.

Upon the resignation of the Internal Audit Manager, the internal audit function was carried out by JKO & Associates, to provide the internal audit services for the Company and its subsidiaries.

Going forward, the internal audit function will enhance its risk based auditing techniques, the level of staff expertise, internal controls and corporate governance processes to assist the Group in achieving its corporate goals.

The total cost incurred for the internal audit function of the Group in respect of the financial year ended 31 December 2017 is approximately RM 44,360.

STATEMENT OF DIRECTORS' RESPONSIBILITY

STATEMENT OF DIRECTORS' RESPONSIBILITY

In accordance with the provisions of the Companies Act 2016 and the applicable approved accounting policies, the Directors are required to prepare financial statements that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and the results and cash flows for that year then ended.

The Directors consider that, in preparing the audited annual financial statements:

- the Group and the Company had used appropriate accounting policies which are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- complete disclosures of all information required under the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad have been made and complied with.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities and other information relating to the subsidiaries are described in Note 18 to the financial statements.

Results

	Group RM	Company RM
(Loss)/ profit for the year	(18,562,758)	2,458,695
Attributable to:		
Equity holders of the Company	(17,766,059)	2,458,695
Non-controlling interests	(796,699)	-
	(18,562,758)	2,458,695

There was no material transfer to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any payment of dividend in respect of the current financial year.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:
Tan Sri Abd Rahim Bin Mohamad **
Puan Sri Fadzilah Binti Md Ariff **
Dato' Mohamed Salleh Bin Bajuri **
Dato' Anuarudin Bin Mohd Noor **
Datuk Seri Ahmad Bin Hj. Kabit
Dato' Abdullah Bin A. Rasol **
Dato' Nik Mohd Fuad Bin Wan Abdullah **
Datuk Fakhri Yassin Bin Mahiaddin (resigned on 31 December 2017) ** @

** These directors are also directors of the Company's subsidiaries.
@ He continues to be a director of some subsidiaries up to the date of this report.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:
Fara Nadia Binti Abd Rahim
Dato' Mohd Ramli Bin Mohamad
Datin Fara Ikma Binti Abd Rahim
Fara Suria Binti Abd Rahim
Ting Kam Cheong
Lew Min Fatt
Dato' Ghazali Bin Mat Ariff
Shamsul Qamar Bin Mohamad
Mohd Fikri Bin Ahmad Zaighu

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits bymeans of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as disclosed in the following page) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The directors' benefits are as follows:-

	Group 2017 RM	Company 2017 RM
Salaries and other emoluments	2,226,960	1,844,940
Allowances	321,600	300,000
Fees	300,000	280,000
Defined contribution plan	452,740	397,371
Estimated money value of benefits-in-kind	375,935	289,847
	3,677,235	3,112,158

No indemnity has been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been the director of the Company.

Directors' interests

The interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	|-------------------Number of ordinary shares-------------------|			
	1.1.2017	**Acquired**	**Sold**	**31.12.2017**
Name of the directors				
Ordinary shares of the Company				
Direct interest:				
Puan Sri Fadzilah binti Md Ariff	4,831,900	1,030,000	(1,000,000)	4,861,900
Dato' Mohamed Salleh bin Bajuri	375,000	-	-	375,000
Dato' Anuarudin bin Mohd Noor	20,000	-	-	20,000
Indirect interest:				
Tan Sri Abd Rahim bin Mohamad *	86,717,471	1,000,000	(1,030,000)	86,687,471
Puan Sri Fadzilah binti Md Ariff #	7,893,300	1,000,000	-	8,893,300

Directors' interests (cont'd)

The interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows: (cont'd.)

	|-------Number of ordinary shares-------|			
	1.1.2017	**Acquired**	**Sold**	**31.12.2017**
Name of the directors **Ordinary shares of the holding company, ZESB**				
Direct interest				
Tan Sri Abd Rahim bin Mohamad	3,890,861	1,109,139	-	5,000,000
Indirect interest				
Tan Sri Abd Rahim bin Mohamad @	1,109,139	-	(1,109,139)	-

* By virtue of his interest in Zil Enterprise Sdn. Bhd. ("ZESB") and his daughter's shareholding in the Company, who is not a director of the Company.

\# By virtue of her daughter's shareholding in the Company, who is not a director of the Company.

@ By virtue of his beneficial interest in the shares held under the name of PAB Nominee (Tempatan) Sdn. Bhd. ("PAB"), he is deemed to have interest in the shares of the holding company to the extent PAB has an interest.

Pursuant to Section 8 of the Companies Act 2016, Tan Sri Abd Rahim Bin Mohamad by virtue of his interest in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Holding company

The holding company is Zil Enterprise Sdn. Bhd., which is incorporated in Malaysia.

Other statutory information

a. Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

   i. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

   ii. to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

b. At the date of this report, the directors are not aware of any circumstances which would render:

   i. it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   ii. the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

c. At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Other statutory information (cont'd.)

d. At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

e. At the date of this report, there does not exist:

   i. any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   ii. any contingent liability of the Group or of the Company which has arisen since the end of the financial year

f. In the opinion of the directors, save as disclosed in Note 2.1 to the financial statements:

   i. no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

   ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant event

Details of significant event is disclosed in Note 38 to the financial statements.

Subsequent event

Details of subsequent event is disclosed in Note 39 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 9 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young for the financial year ended 31 December 2017.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2018.

Tan Sri Abd. Rahim bin Mohamad

Dato' Anuarudin bin Mohd Noor

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Abd Rahim Bin Mohamad and Dato' Anuarudin Bin Mohd Noor, being two of the directors of Eden Inc. Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 69 to 141 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2018.

Tan Sri Abd. Rahim bin Mohamad

Dato' Anuarudin bin Mohd Noor

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Dato' Abdullah Bin A. Rasol, being the director primarily responsible for the financial management of Eden Inc. Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 69 to 141 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Dato' Abdullah Bin A. Rasol MIA CA 1149
at Petaling Jaya in the State of Selangor
Darul Ehsan on 28 April 2018.

Dato' Abdullah A. Rasol

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Eden Inc. Berhad

Report on the financial statements

Opinion

We have audited the financial statements of Eden Inc Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash fows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 141

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Material uncertainties related to going concern

We draw attention to Note 2.1 to the financial statements, which indicates that the Group reported loss after tax of approximately RM18.56 million for the financial year ended 31 December 2017 and, as of that date, the current liabilities of the Group and the Company exceeded the current assets by RM62.76 million and RM97.19 million respectively. In addition, the Group and the Company reported operating cash outflows of RM10.99 million and RM78,213 respectively.

These conditions, along with other matters as set out in Note 2.1, indicate the existence of significant material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. The key audit matters for the audit of the financial statements of the Group and of the Company are described below. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

In addition to the matters described in the *Material uncertainties related to going concern section*, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

to the members of Eden Inc. Berhad (cont'd)

Report on the financial statements (cont'd)

Key audit matters (cont'd)

Valuation of investment properties

The valuation of the investment properties in operation is significant to our audit due to their magnitude and complexity of the valuations which are highly dependent on a range of estimates.

As disclosed in Note 15 to the financial statements, the carrying amounts of the Group's and the Company's investment properties amounted to RM193.1 million and RM173.9 million respectively, representing approximately 46% and 48% of the Group's and the Company's total assets respectively as at reporting date.

The Group and the Company carry their investment properties at fair value as disclosed in Note 2.9 to the financial statements.

The management uses independent valuers to support its determination on the fair values of the investment properties annually. The key judgements and estimates involved in the valuation of investment properties are rental rates, estimated market yield rate, occupancy rates, transacted price of similar properties and discount rate, after taking into consideration the adjustments made for time, location, accessibility, size and present market trends.

The Group and the Company recognised net losses from fair value adjustments of RM192,989 and RM68,690 respectively for the financial year ended 31 December 2017 as disclosed in Note 15 to the financial statements.

Our audit procedures included the following:

- We assessed the valuation methodologies used by the valuers in determining the fair values of the investment properties.
- We assessed the valuers' competence, capabilities and objectivity. In addition, we obtained declaration of independence from the valuers to determine that there were no matters that affected their independence and objectivity.
- We had discussions with the independent valuers to obtain an understanding of the property related data used as input to the valuation models, including consideration for the adjustments made for time, location, accessibility, size and present market trends.
- We challenged the significant assumptions and critical judgement areas, including appropriateness of the rental rates, discount rates, estimated market yield and occupancy rates used.
- We compared the data inputs and assumptions used in the valuation models to underlying lease agreements.
- We assessed whether the valuation methodologies were consistent with those used in the prior year and commonly used for the types of investment properties being valued.
- We evaluated the adequacy of the disclosures of each key judgement and estimates to which the fair value is most sensitive, as disclosed in Note 3(b)(vi) and Note 15 to the financial statements.

INDEPENDENT AUDITORS' REPORT

to the members of Eden Inc. Berhad (cont'd)

Report on the financial statements (cont'd)

Key audit matters (cont'd)
Impairment assessment on power plants

As disclosed in Note 14 to the financial statements, the carrying amount of the Group's power plants amounted to RM63.5 million, representing approximately 15% of the Group's total assets respectively as at reporting date.

Two subsidiaries of the Company are operators of power plants, producing and supplying electricity. A history of recent losses by these subsidiaries has resulted in an indication that the carrying amount of the power plants may be impaired. Accordingly, the Group estimated the recoverable amount of the power plants of the subsidiaries by using the value in use ("VIU") method. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate.

The management has performed impairment assessment with respect to the power plants by comparing the carrying amounts of these power plants against their recoverable amounts based on the VIU method. The key assumptions involved in the assessment of the VIU are revenue production rate and discount rate.

The impairment review was significant to our audit because the assessment process is complex, involves significant judgement and estimates applied in the computation of VIU, in particular the revenue production rate and discount rate.

Our audit procedures included the following:

- We assessed the valuation methodologies used by the Group, in particular those relating to the VIU for the CGU.

- We challenged the revenue production rate assumptions by assessing the reasonableness of the estimated revenue production volume and rates by comparing them to the historical performance of the CGU and power plant agreements signed.

- We assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the Group expects to derive from the asset.

- We evaluated the adequacy of the disclosures of each key assumption on which the Group has based its cash flow projections and to which the recoverable amount is most sensitive, as disclosed in Note 3(b)(v) to the financial statements.

Recoverability of amount due from holding company, Zil Enterprise Sdn Bhd ("ZESB")

The carrying amount of the Group's amount due from holding company amounted to RM62.2 million, representing approximately 15% of the Group's total assets as at reporting date.

The delays in the repayment of the amount due from ZESB is viewed as an objective evidence that the amount due from ZESB may be impaired. Accordingly, the Group performed an impairment review in respect of the amount due from ZESB by comparing the asset's carrying amount and the present value of estimated future cash flows receivable from ZESB.

As disclosed in Note 22 to the financial statements, the Group entered into a Deed of Assignment with ZESB, whereby ZESB assigns its rights in and to the net sale proceeds from the planned disposal of certain identified lands of ZESB, as settlement of the amount owing to the Group. The estimated future cash flows to be derived from the aforementioned planned disposals of lands by ZESB are included in the impairment review.

INDEPENDENT AUDITORS' REPORT

to the members of Eden Inc. Berhad (cont'd)

Report on the financial statements (cont'd)

Key audit matters (cont'd)
Recoverability of amount due from holding company, Zil Enterprise Sdn Bhd ("ZESB") (cont'd)

The aforementioned estimation of future cash flows involves significant judgments and estimates (i.e. expectations of the amount and timing of receipt of cash flows) which are highly subjective. Due to the significance of the amount and the subjective nature of the impairment review, we consider this to be an area of audit focus.

In addressing this area of audit focus:

- We obtained an understanding of the relevant internal controls of the Group over the estimation of recoverable amount due from ZESB.
- We evaluated the assumptions applied in the determination of the amount and timing of receipts from ZESB in light of the progress of the planned disposals of lands.
- We evaluated the adequacy of the disclosures of key judgments and estimates made in respect of the recoverability of the amount due from ZESB, as disclosed in Note 3(b)(ii) to the financial statements.

Impairment assessment on investments in subsidiaries and recoverability of amounts due from subsidiaries

As disclosed in Note 18 and Note 22 to the financial statements, the carrying amounts of the Company's investments in subsidiaries and amounts due from subsidiaries amounted to RM67.0 million and RM115.2 million representing approximately 18% and 32% of the Company's total assets respectively as at reporting date.

A history of recent losses by these subsidiaries has resulted in an indication that the carrying amounts of investments in subsidiaries and amounts due from subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amounts of investments in subsidiaries and amounts due from subsidiaries by using the VIU method. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate.

The management has performed impairment assessment by comparing the carrying amounts of investments in subsidiaries and amounts due from subsidiaries against their recoverable amounts based on the VIU method. The key assumptions involved in the assessment of the VIU are revenue production rate, discount rate, and the timing and amount of receipts from the subsidiaries.

The impairment review was significant to our audit because the assessment process is highly subjective and complex, which involves significant management judgment and is based on assumptions that are highly judgmental.

INDEPENDENT AUDITORS' REPORT

to the members of Eden Inc. Berhad (cont'd)

Report on the financial statements (cont'd)

Key audit matters (cont'd)
Impairment assessment on investments in subsidiaries and recoverability of amounts due from subsidiaries (cont'd)

Our audit procedures included the following:

- We assessed the valuation methodologies used by the Company, in particular those relating to the VIU for the CGU.

- We challenged the revenue production rate assumptions by assessing the reasonableness of the estimated revenue production volume and rates by comparing them to the historical performance of the CGU and power plant agreements signed.

- We assessed the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the Company expects to derive from the asset.

- We evaluated the assumptions applied in the determination of the amount and timing of receipts from subsidiaries with respect to cash flows projections.

- We evaluated the adequacy of the disclosures of key judgments and estimates made in respect of the cash flows projections and recoverability of the amounts due from subsidiaries, as disclosed in Note 18 and Note 22 to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

to the members of Eden Inc. Berhad (cont'd)

Report on the financial statements (cont'd)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

to the members of Eden Inc. Berhad (cont'd)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 18 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Teoh Soo Hock
No. 02477/10/2019 J
Chartered Accountant

Kuala Lumpur, Malaysia
28 April 2018

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	Group 2017 RM	Group 2016 RM (Restated)	Company 2017 RM	Company 2016 RM (Restated)
Revenue	4	53,202,214	51,277,830	1,990,000	2,206,000
Cost of sales	5	(45,930,299)	(45,051,336)	-	-
Gross profit		7,271,915	6,226,494	1,990,000	2,206,000
Interest income	6	6,273,863	6,447,376	6,225,060	5,657,400
Other income	7	9,496,701	27,114,411	3,143,009	15,371,640
Administrative expenses		(23,537,986)	(29,602,573)	(6,246,296)	(9,503,061)
Selling and marketing expenses		(1,402,217)	(1,679,759)	(149,855)	(143,208)
Other expenses		(3,293,616)	(17,125,015)	(496,345)	(26,300,328)
Operating (loss)/gain		(5,191,340)	(8,619,066)	4,465,573	(12,711,557)
Finance costs	8	(7,724,606)	(7,793,268)	(2,147,231)	(2,120,924)
Share of profit of associates		-	2,426	-	-
(Loss)/profit before tax	9	(12,915,946)	(16,409,908)	2,318,342	(14,832,481)
Income tax (expense)/credit	12	(5,646,812)	(3,999,978)	140,353	(1,081,176)
(Loss)/profit for the year representing total comprehensive (loss)/gain for the year		(18,562,758)	(20,409,886)	2,458,695	(15,913,657)
Total comprehensive (loss)/gain attributable to:					
Equity holders of the Company		(17,766,059)	(20,510,789)	2,458,695	(15,913,657)
Non-controlling interests		(796,699)	100,903	-	-
		(18,562,758)	(20,409,886)	2,458,695	(15,913,657)
Loss per share attributable to equity holders of the Company (sen)					
Basic/diluted	13	(5.71)	(6.59)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

	Note	31.12.2017 RM	31.12.2016 RM (Restated)
Assets			
Non-current assets			
Property, plant and equipment	14	78,196,141	95,327,826
Investment properties	15	193,103,338	193,296,327
Land use rights	16	291,652	333,316
Finance lease receivables	17	12,538,451	13,263,770
Investments in associates	19	39,960	51,829
Other investments	20	8,000	8,000
Trade and other receivables	22	50,072,420	-
Other asset	23	1,276,686	-
Deferred tax assets	29	32,038,791	35,919,801
		367,565,439	338,200,869
Current assets			
Inventories	21	16,547,598	18,059,129
Trade and other receivables	22	28,125,129	93,925,722
Finance lease receivables	17	725,320	687,507
Other assets	23	1,250,731	1,481,998
Cash and bank balances	24	6,175,316	8,242,578
		52,824,094	122,396,934
Total assets		420,389,533	460,597,803
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	30	311,362,271	311,362,271
Other reserves	31	-	46,430
Accumulated losses		(67,336,071)	(49,570,012)
		244,026,200	261,838,689
Non-controlling interests		2,981,804	3,778,503
Total equity		247,008,004	265,617,192
Non-current liabilities			
Deferred income	26	6,363,167	11,905,868
Loans and borrowings	25	40,679,587	71,613,593
Deferred tax liabilities	29	10,753,793	11,732,388
		57,796,547	95,251,849
Current liabilities			
Trade and other payables	28	53,870,898	54,474,771
Deferred income	26	3,258,148	4,400,425
Loans and borrowings	25	52,049,618	36,193,956
Tax payable		6,406,318	4,659,610
		115,584,982	99,728,762
Total liabilities		173,381,529	194,980,611
Total equity and liabilities		420,389,533	460,597,803

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

	Note	31.12.2017 RM	31.12.2016 RM (Restated)
Assets			
Non-current assets			
Plant and equipment	14	-	38,971
Investment properties	15	173,921,180	173,989,870
Investments in subsidiaries	18	67,000,864	52,340,115
Investment in an associate	19	39,960	39,960
Other investments	20	6,000	6,000
Other receivables	22	111,280,107	84,352,896
Other asset	23	1,276,686	-
		353,524,797	310,767,812
Current assets			
Other receivables	22	4,264,043	40,613,542
Other assets	23	780,418	1,146,935
Cash and bank balances	24	4,313,494	346,950
		9,357,955	42,107,427
Total assets		362,882,752	352,875,239
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	30	311,362,271	311,362,271
Accumulated losses		(63,150,453)	(65,609,148)
Total equity		248,211,818	245,753,123
Non-current liabilities			
Deferred income	26	4,085,550	5,066,082
Loans and borrowings	25	-	18,661,609
Deferred tax liabilities	29	4,033,272	4,930,287
		8,118,822	28,657,978
Current liabilities			
Trade and other payables	28	66,213,925	59,697,024
Deferred income	26	980,532	980,532
Loans and borrowings	25	36,066,447	14,519,119
Tax payable		3,291,208	3,267,463
		106,552,112	78,464,138
Total liabilities		114,670,935	107,122,116
Total equity and liabilities		362,882,752	352,875,239

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	|-----Attributable to equity holders of the Company-----|					
			|------Non-distributable------|			
	Total Equity RM	**Equity, attributable to equity holders of the Company total RM**	**Share capital RM (Note 30)**	**Other reserves RM (Note 31)**	**Accumulated losses RM**	**Non-controlling interest RM**
At 1 January 2017 (as previously stated)	263,066,645	259,288,142	311,362,271	46,430	(52,120,559)	3,778,503
Prior year adjustment (Note 40)	2,550,547	2,550,547	-	-	2,550,547	-
At 1 January 2017 (as restated)	265,617,192	261,838,689	311,362,271	46,430	(49,570,012)	3,778,503
Total comprehensive loss	(18,609,188)	(17,812,489)	-	(46,430)	(17,766,059)	(796,699)
At 31 December 2017	247,008,004	244,026,200	311,362,271	-	(67,336,071)	2,981,804
At 1 January 2016	285,793,046	282,115,446	311,362,271	(187,602)	(29,059,223)	3,677,600
Total comprehensive loss						
- As previously stated	(22,726,401)	(22,827,304)	-	234,032	(23,061,336)	100,903
- Prior year adjustment (Note 40)	2,550,547	2,550,547	-	-	2,550,547	-
	(20,175,854)	(20,276,757)	-	234,032	(20,510,789)	100,903
At 31 December 2016 (as restated)	265,617,192	261,838,689	311,362,271	46,430	(49,570,012)	3,778,503

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

	Total equity RM	Share capital RM (Note 30)	Aaccumulated losses RM
At 1 January 2017 (as previously stated)	243,202,576	311,362,271	(68,159,695)
Prior year adjustment (Note 40)	2,550,547	-	2,550,547
At 1 January 2017 (as restated)	245,753,123	311,362,271	(65,609,148)
Total comprehensive loss	2,458,695	-	2,458,695
At 31 December 2017	248,211,818	311,362,271	(63,150,453)
At 1 January 2016	261,666,780	311,362,271	(49,695,491)
Total comprehensive loss:			
- As previously stated	(18,464,204)	-	(18,464,204)
- Prior year adjustment (Note 40)	2,550,547	-	2,550,547
	(15,913,657)	-	(15,913,657)
At 31 December 2016 (as previously stated)	245,753,123	311,362,271	(65,609,148)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Cash flows from operating activities					
Loss before tax		(12,915,946)	(16,409,908)	2,318,342	(14,832,481)
Adjustments for:					
Interest income	6	(6,273,863)	(6,447,376)	(6,225,060)	(5,657,400)
Interest expense	8	7,724,606	7,793,268	2,147,231	2,120,924
Impairment losses on financial assets:					
- Receivables	9	618,152	-	-	-
- Subsidiaries	9	-	-	368,917	615,008
Impairment losses on investments in:					
- Subsidiaries	9	-	-	19,763	25,665,461
- Associate	9	11,869	-	-	-
Net gain/ (loss) from fair value adjustments of investment properties	9	192,989	(179,217)	68,690	(749,397)
Amortisation on land use right	9	41,664	41,664	-	-
Reversal of allowance for impairment loss on financial assets:					
- Receivables	7	(8,033)	-	-	-
- Subsidiary	7	-	-	-	(8,000)
Property, plant and equipment written off	9	97,314	60,021	-	1,062
Depreciation of property, plant and equipment	9	16,188,687	16,635,628	15,110	19,850
Impairment loss on property, plant and equipment	9	823,861	13,795,342	23,861	-
Net gain on disposal of property, plant and equipment	7	(16,689)	(4,615,292)	-	-
Unrealised loss on foreign exchange	9	35,634	-	-	-
Inventories written down	9	249,742	-	-	-
Amortisation of deferred income	7	(5,704,446)	(7,961,368)	-	-
Recovery of other receivables previously written off	7	(1,151,800)	(4,076,378)	(1,151,800)	(4,076,378)
Loss on disposal of an associate company	9	-	449,889	-	-
Share of profit of associates		-	(2,426)	-	-
Operating (loss)/profit before changes in working capital		(86,259)	(916,153)	(2,414,946)	3,098,649
<u>Changes in working capital</u>					
Changes in inventories		1,261,789	3,634,446	-	-
Changes in trade and other receivables		(784,715)	(4,044,909)	1,162,660	(1,372,332)
Changes in other asset		(1,045,419)	2,256,767	(910,169)	(229,809)
Changes in trade and other payables		(2,959,234)	7,728,917	(2,022,160)	6,551,544
Changes in related parties movement		8,781	2,730,344	6,986,550	(2,996,996)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2017 (cont'd.)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash flows from operating activities (cont'd)					
Changes in working capital (cont'd)					
Cash (used in)/generated from operations		(3,605,057)	11,389,412	2,801,935	5,051,056
Interest paid		(6,391,311)	(11,012,640)	(2,147,231)	(3,651,453)
Net income tax paid		(997,689)	(1,247,099)	(732,917)	(300,000)
Net cash (used in)/generated from operating activities		(10,994,057)	(870,327)	(78,213)	1,099,603
Cash flows from investing activities					
Purchase of property, plant and equipment		(51,296)	(336,720)	-	(2,900)
Proceeds from disposal of property, plant and equipment		89,808	9,058,652	-	-
Recovery of other receivables previously written off		1,151,800	4,076,378	1,151,800	4,076,378
Interest received		1,476,854	1,684,715	7,238	5,657,400
Net repayment of amount due from holding company		21,337,973	2,850,000	-	-
Net cash generated from investing activities		24,005,139	17,333,026	1,159,038	9,730,878
Cash flows from financing activities					
Decrease/(increase) of deposits with licensed banks and financial institution		5,988,834	6,372,792	(7,209)	9,903
Repayment of Sukuk Musharakah		(10,000,000)	(5,000,000)	-	-
Net repayment of term loans		(5,523,271)	(14,431,625)	(3,284,281)	(10,999,827)
Net repayment of obligation under finance lease		(345,343)	(440,442)	-	-
Drawdown of bridging loan		6,170,000	-	6,170,000	-
Net changes in banker acceptances		(744,000)	128,000	-	-
Net changes in trust receipts		(4,666,089)	810,969	-	-
Net cash (used in)/generated from financing activities		(9,119,869)	(12,560,306)	2,878,510	(10,989,924)
Net changes in cash and cash equivalents		3,891,213	3,902,393	3,959,335	(159,443)
Cash and cash equivalents at beginning of year		(1,923,425)	(5,825,818)	93,204	252,647
Cash and cash equivalents at end of year (Note 24)		1,967,788	(1,923,425)	4,052,539	93,204

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENT

31 December 2017

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business and registered office of the Company is located at 15th Floor, Amcorp Tower, Amcorp Trade Centre, 18, Jalan Persiaran Barat, Off Jalan Timur, 46050 Petaling Jaya, Selangor Darul Ehsan.

The holding company is Zil Enterprise Sdn. Bhd. ("ZESB"), which is incorporated in Malaysia.

The principal activities of the Company are investment holding and provision of management services. The principal activities and other information relating to the subsidiaries are disclosed in Note 18.

The financial statements were authorised for issue by the board of directors in accordance with a resolution of the directors on 28 April 2018.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as disclosed in below accounting policies.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), except when otherwise indicated.

As at 31 December 2017, the following events or conditions, individually or collectively, may cast significant doubt about the going concern assumption used by the Group and the Company in the preparation of the financial statements:

The Group reported loss after tax of approximately RM18.56 million (2016: RM20.41 million) and the Company reported profit after tax approximately RM2.46 million (2016: loss after tax of RM15.91 million) respectively and, as of that date, the current liabilities of the Group and the Company exceeded the current assets by RM62.76 million (2016: current assets exceeded the current liabilities by RM22.67 million) and RM97.19 million (2016: RM36.36 million) respectively. In addition, the Group and the Company reported operating cash outflows of RM10.99 million (2016: RM870,327) and RM78,213 (2016: operating cash inflow of RM1.10 million) respectively.

These factors indicate the existence of material uncertainties that may cast significant doubt on the Group's and the 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 re-commissioning of the remaining components of two power plants as well as the sustainability and profitability of the entire power plants in the future, the timely collection of the amount due from its holding company, ZESB as disclosed in Note 22, the timely completion of the Proposed issuance of Redeemable Convertible Notes as disclosed in Note 38, and the timely completion of the planned disposal of lands of the Company.

The financial statements of the Group and of the Company do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Group and the Company be unable to continue as going concerns.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

On 1 January 2017, the Group and the Company adopted the following amended MFRSs mandatory for annual financial period beginning on 1 January 2017:

Effective for annual financial period beginning on 1 January 2017

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12	Annual Improvements to MFRS Standards 2014–2016 Cycle

The adoption of the amended standards did not have any material impact on the financial statements of the Group and of the Company except for those discussed below:

a. Disclosure Initiative (Amendments to MFRS 107)

The amendments to MFRS 107 Statement of Cash Flows require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. The application of these amendments had no material impact on the financial statements of the Group and of the Company.

b. Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to MFRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments had no material impact on the financial statements of the Group as the Group already assessed the sufficiency of future taxable profits in a way that is consistent with these amendments.

2. Summary of significant accounting policies (cont'd)

2.3 Standards and interpretations that are issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed in the following pages. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description		Effective for annual periods beginning on or after
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Revenue from Contracts with of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Insurance Contracts	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRSs	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRSs	Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17	Insurance Contracts	1 January 20121
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above standards, amended standards and interpretations will not have material impact on the financial statements of the Group and of the Company in the period of initial application except as discussed below:

a. MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

During the financial year ended 31 December 2017, the Group has performed an impact assessment of all three aspects of MFRS 9. The assessment may be subject to changes arising from further reasonable and supportable information in the financial year ending 31 December 2018 when the Group adopts MFRS 9.

2. Summary of significant accounting policies (cont'd.)

2.3 Standards and interpretations that are issued but not yet effective (cont'd.)

a. MFRS 9 Financial Instruments (cont'd)

Based on the analysis of the Group's financial assets and financial liabilities as at 31 December 2017, the directors have assessed the impact of MFRS 9 to the financial statements as below:

i. Classification and measurement

The Group does not expect a significant impact on the financial position or equity on applying the classification and measurement requirements of MFRS 9.

The unquoted shares and subordinated bonds are intended to be held for the foreseaable future. Impairment losses were recognised in profit or loss during prior periods for these investments. The application of MFRS 9 will not have a significant impact on the financial statements of the Group.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of loans and receivables and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

ii. Impairment

The initial adoption of MFRS 9 will have some financial impact to the financial statements of the Group particularly on the need to account for impairment of financial assets under the expected credit loss model. Based on management initial assessment, the expected financial impact will not be material to the Group.

iii. Hedge accounting

The Group does not engage in hedging activities

b. MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

MFRS 15 (effective from 1 January 2018), replaces MFRS 111, Construction Contracts, MFRS 118, Revenue and related interpretations.

Prior to the adoption of MFRS 15, revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer. Upon adoption of MFRS 15, revenue is recognised when a performance obligation is satisfied, such as "control" of goods or services underlying the particular performance obligation is transferred to the customer.

In assessing the revenue recognition under MFRS 15, the principles currently applied by the Group are consistent with that of the requirements of MFRS 15. Other than the enhanced disclosures required, the impact on initial application of MFRS 15 is expected to be not material to the Group.

2. **Summary of significant accounting policies (cont'd.)**

2.3 Standards and interpretations that are issued but not yet effective (cont'd.)

c. MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group is currently assessing the potential effect of the amendments on the financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Subsidiaries are consolidated when the Company obtains control over the subsidiaries and ceases when the Company loses control of the subsidiary. All intercompany balances, income and expenses and unrealised gains and losses resulting from intragroup transactions are eliminated in full.

2. **Summary of significant accounting policies (cont'd.)**

2.4 Basis of consolidation (cont'd.)

The Company controls an investee if, and only if, the Company has all the following:-
- Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether the Company has power over the investee, including:
- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Non-controlling interests represent the equity in subsidiaries not attributable to the owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Losses within subsidiaries are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's equity interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Business combinations

Acquisition of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the fair value consideration transferred measured at acquisition date and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2. Summary of significant accounting policies (cont'd.)

2.5 Business combinations (cont'd.)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2.6 Subsidiaries

Subsidiaries are entities over which the Company has all the following:
- Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

2.7 Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Under the equity method, investments in associates are initially recognised at cost. The carrying amounts of the investments are adjusted to recognise the changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

The statements of comprehensive income reflect the Group's share of the results of operations of the associates. Any changes in other comprehensive income ("OCI") of the investee is presented as part of the Group's OCI. In addition, when there is change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the investments in the associates.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statements of comprehensive income outside operating profit and represents profit or loss after tax.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise impairment loss on its investments in associates. The Group determines at each reporting date whether there is any objective evidence that the investments in associates are impaired. The Group calculates the amount of impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) and its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any related investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. **Summary of significant accounting policies (cont'd.)**

2.7 Associates (cont'd.)

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, if and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Leaseholdland is depreciated over the period of 73 years. Depreciation is provided for on a straight-line basis to write off the cost of each assets to its residual value over the estimated useful lives of the assets, at the following annual rates:

Buildings	over 30 - 50 years
Renovation	10% - 20%
Plant, machinery, equipment and electrical installation	10% - 30%
Power plant	over 21 - 30 years
Mould and dies	20%
Furniture and fittings	10%
Motor vehicles	20%
Livestocks	10 years

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2. Summary of significant accounting policies (cont'd.)

2.9 Investment properties (cont'd.)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

2.10 Land use right

Land use right is initially measured at cost. Subsequent to initial recognition, land use right is measured at cost less accumulated amortisation and accumulated impairment losses, if any. The land use right is amortised over its lease term.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first in, first out method and weighted average method. The costs of raw materials include the costs of purchase and other direct charges incurred in bringing the inventories to their present location and condition. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2. Summary of significant accounting policies (cont'd.)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, demand deposits, short-term and highly liquid investments that are readily convertible to the known amount of cash and which are subject to an insignificant risk of changes in value and have average maturity below three months.

For the purpose of statements of cash flows, cash and cash equivalents exclude bank overdrafts, deposits for sinking fund and deposits with maturity above three months.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-forsale financial assets.

i. Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

ii. Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. **Summary of significant accounting policies (cont'd.)**

2.15 Financial assets (cont'd.)

iii. Available-for-sale financial assets (cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2.16 Impairment for financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

i. Trade and other receivables carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

ii. Unquoted equity securities carried at cost

If there is an objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

2. Summary of significant accounting policies (cont'd.)

2.17 Financial liabilities (cont'd.)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.19 Leases

Power purchase agreements

The Group adopted Issues Committee Interpretation 4 ("IC Int. 4"), "Determining whether an Arrangement contains a Lease", which prescribes that the determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfillment of the arrangement is dependent on the use of specific asset and the arrangement conveys a right to use such assets, such a contractual arrangement is accounted for as a finance or operating lease. Payment for services and the cost of inputs of the arrangement are excluded from the calculation of the minimum lease payments.

The adoption of IC Int. 4 resulted in finance and operating lease accounting being applied to the Group as lessors for the Power Purchase Agreements with Tenaga Nasional Berhad and Sabah Electricity Sdn. Bhd.

i. Finance leases

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

ii. Operating leases

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leases where the Group retains substantially all the risks and rewards on the ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(vii).

2. Summary of significant accounting policies (cont'd.)

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Income tax

i. Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which thetemporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd.)

2.22 Employee benefits

i. Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.23 Foreign currency

i. Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

ii. Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised:

i. Revenue from operation of power plants

Revenue from capacity charges and energy billings are recognised on an accrual basis.

ii. Sale of food and beverage

Revenue from sale of food and beverage is recognised net of goods and services tax ("GST") and discounts upon the transfer of risks and rewards.

2. Summary of significant accounting policies (cont'd.)

2.24 Revenue (cont'd.)

iii. Revenue from recreational activities

Revenue from recreation activities is recognised net of discounts as and when the services are rendered.

iv. Sale of goods

Revenue from sale of goods is recognised net of GST and discounts upon transfer of risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

v. Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

vi. Management fees

Management fees represent fees charged to subsidiaries for assisting in the managements of the subsidiaries and these are recognised upon performance of services.

vii. Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

viii. Interest income

Interest income is recognised on an accrual basis using the effective interest method.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosure on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.27 Fair value measurement

The Group and the Company measure non-financial asset such as investment properties, at fair value at the reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the assets or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

2. Summary of significant accounting policies (cont'd.)

2.27 Fair value measurement (cont'd.)

The principal or the most advantageous market must be accessible to the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participants that would use the use the assets in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

External valuers are involved for valuation of significant assets such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Group, in consultation with the external valuers, also compare the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

2.28 Current versus non-current classification

The Group presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.29 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. Significant accounting judgements and estimates

The preparation of the Group's and Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

a. Judgement made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group developed certain criteria based on MFRS 140 Transfers of Investment Property, in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capitalaappreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

b. Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i. Deferred tax assets

Deferred tax assets are recognised for unused tax losses, unabsorbed capital allowances, unabsorbed investment tax allowances and unabsorbed reinvestment allowances to the extent that it is probable that taxable profit will be available against which the losses, capital allowances, investment tax allowances and reinvestment allowances can be utilised. Significant estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised and unrecognised deferred tax assets of the Group and of the Company are disclosed in Note 29.

ii. Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is any objective evidence of impairment, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amount of the Group's and of the Company's loans and receivables at the reporting date are disclosed in Note 22.

3. **Significant accounting judgements and estimates (cont'd.)**

b. **Key sources of estimation uncertainty (cont'd.)**

ii. **Impairment of loans and receivables (cont'd.)**

When there is an objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for the assets with similar credit risk characteristics. As at 31 December 2017, recoverable amount of the Group's amount due from holding company is estimated based on the sales proceed recoverable through the planned disposal of lands held by the holding company. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 22.

iii. **Income tax**

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional tax will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expenses are disclosed in Note 12.

iv. **Useful lives and residual value of plants and machinery**

The costs of the power plants are depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these power plants to be within 21 to 30 years. The useful lives of power plants are determined based on the number of years of the licenses granted to operate. Residual values of the power plants are based on the value in use at the reporting date. The carrying amount of the Group's and of the Company's property, plant and equipment at the reporting date are disclosed in Note 14.

v. **Impairment of power plants**

The Group assessed at each reporting date whether there is an indication that an asset may be impaired. If any of such indication exists, or when annual impairment testing for an asset is required, the Group make an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

At the reporting date, the management determine whether the carrying amount of the Group's power plants is impaired. This involves measuring the recoverable amount based on valuation techniques. Valuation techniques include the use of discounted cash flow analysis, considering the revenue production rate and discount rate. These estimates provide reasonable approximations to the computation of recoverable amount.

In performing discounted cash flow analysis, revenue production rate and discount rate used reflect, among others, the maturity of the business potential growth. The discount rate applied to the cash flows projection is 13% (2016: 13%). The revenue production rate used to forecast the projected cash flows for the following year, approximate the performance of power plants based on the historical performance of the power plants.

The carrying amount of the Group's power plants at the reporting date is disclosed in Note 14.

3. Significant accounting judgements and estimates (cont'd.)

b. Key sources of estimation uncertainty (cont'd.)

vi. Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialist to assess fair value of investment properties. Fair value is arrived at using comparison method or investment method. Key assumptions used to determine the fair value of the investment properties are disclosed in Note 15.

vii. Investments in subsidiaries

Management determine whether the carrying amount of the Company's investments in subsidiaries are impaired at reporting date. This involves measuring the recoverable amounts of investments in subsidiaries and amount due from subsidiaries by using the VIU method. Estimating VIU involves estimating the future cash inflows and outflows that will be derived from the CGU and discounting them at an appropriate rate.

Management has performed impairment assessment by comparing the carrying amounts of investments in subsidiaries against their recoverable amounts based on the VIU method. The key assumptions involved in the assessment of the VIU are revenue production rate, discount rate, and the timing and amount of receipts from the subsidiaries.

The carrying amount of the Company's investments in subsidiaries at the reporting date is disclosed in Note 18.

4. Revenue

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Capacity charges and energy billings	9,371,104	4,908,977	-	-
Sale of electrical and engineering parts	18,224,314	18,180,472	-	-
Sale of food and beverage	9,558,302	12,446,055	-	-
Income from recreational activities	12,934,863	12,997,524	-	-
Rental income from investment properties	3,113,631	2,744,802	-	-
Management fees from subsidiaries	-	-	1,990,000	2,206,000
	53,202,214	51,277,830	1,990,000	2,206,000

5. Cost of sales

	Group	
	2017 RM	**2016 RM**
Power generation costs	27,271,898	25,194,119
Cost of inventories sold	16,874,048	18,019,189
Cost of recreational activities	1,784,353	1,838,028
	45,930,299	45,051,336

6. Interest income

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest income:				
- Subsidiaries	-	-	6,217,822	5,653,259
- Holding Company	5,484,515	5,414,326	-	-
- Fixed deposits	22,027	229,888	7,238	4,141
- Finance lease	767,321	803,162	-	-
	6,273,863	6,447,376	6,225,060	5,657,400

7. Other income

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Gain on fair value adjustments of investment properties (Note 15)	-	179,217	-	749,397
Rental income from:				
- Investment properties	967,030	1,067,030	967,030	967,030
- Subsidiaries	-	-	762,205	770,857
Gain on disposal of property, plant and equipment	16,689	4,615,292	-	-
Recovery of other receivables previously written off	1,151,800	4,076,378	1,151,800	4,076,378
Amortisation of deferred income (Note 26)	5,704,446	7,961,368	-	-
Reversal of allowance for impairment on financial assets: (Note 22)				
- Receivables	8,033	-	-	-
- Subsidiary	-	-	-	8,000
Additional compensation for land previously disposed under compulsory acquisition	-	8,422,456	-	8,422,456
Miscellaneous	1,648,703	792,670	261,974	377,522
	9,496,701	27,114,411	3,143,009	15,371,640

8. Finance costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expense on:				
- Bank borrowings	3,978,088	3,651,150	2,147,231	2,120,924
- Finance leases	51,699	77,519	-	-
- Bank-Guaranteed Sukuk Musharakah	3,430,149	4,064,599	-	-
- Others	264,670	-	-	-
	7,724,606	7,793,268	2,147,231	2,120,924

9. Loss before tax

The following items have been included in arriving at loss before tax:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Employee benefits expense (Note 10)	11,935,649	16,117,755	2,804,273	4,906,417
Non-executive directors' remuneration excluding benefits-in-kind (Note 11)	140,000	140,000	130,000	130,000
Auditors' remuneration:				
- Statutory audit	498,200	465,000	232,140	215,000
- Underprovision	60,000	-	60,000	-
- Other services	55,100	15,000	50,600	15,000
Direct operating expenses of investment properties:				
- Revenue generating	58,799	61,421	58,799	61,421
- Non-revenue generating	471,625	471,625	-	-
Rental of premises	2,013,857	2,410,058	548,400	571,200
Rental of equipment and motor vehicles	312,356	257,354	-	-
Amortisation of land use rights (Note 16)	41,664	41,664	-	-
Depreciation of property, plant and equipment (Note 14)	16,188,687	16,635,628	15,110	19,850
Realised loss/(gain) on foreign exchange	16,567	(56,288)	-	-
Unrealised loss on foreign exchange	35,634	-	-	-
Loss on disposal of an associate	-	449,889	-	-
Impairment loss on property, plant and equipment (Note 14)	823,861	13,795,342	23,861	-
Property, plant and equipment written off	97,314	60,021	-	1,062
Inventories written down	249,742	-	-	-
Net gain on disposal of property, plant and equipment	(16,689)	(4,615,292)	-	-
Net loss/(gain) from fair value adjustment on investment properties	192,989	(179,217)	68,690	(749,397)
Impairment loss on investment in Subsidiaries	-	-	19,763	25,665,461
Impairment in an associate written off	11,869	-	-	-
Impairment loss on financial assets (Note 22):				
- Receivables	618,152	-	-	-
- Subsidiaries	-	-	368,917	615,008

10. Employee benefits expense

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Wages, salaries and bonus	9,786,902	12,312,272	2,130,075	3,380,127
Social security contributions	115,324	126,191	14,465	17,143
Defined contribution plan	1,494,578	1,632,494	554,616	593,047
Other benefits	538,845	2,046,798	105,117	916,100
	11,935,649	16,117,755	2,804,273	4,906,417

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration (excluding benefits-in-kind) amounting to RM3,004,472 (2016: RM3,005,197) and RM2,692,311 (2016: RM2,690,532) respectively as further disclosed in Note 11.

11. Directors' remuneration

	Salaries and other emoluments RM	Allowances RM	Fees RM	Defined contribution plan RM	Estimated money value of benefits-in-kind RM	Total RM
Group						
2017						
Executive directors						
Tan Sri Abd Rahim Bin Mohamad	1,160,400	180,000	60,000	282,077	183,638	1,866,115
Puan Sri Fadzilah Binti Md Ariff	386,400	120,000	30,000	96,809	93,866	727,075
Dato' Abdullah Bin A. Rasol	298,140	-	40,000	18,485	52,742	409,367
Dato' Nik Mohd Fuad Bin Wan Abdullah	262,020	-	30,000	40,141	45,689	377,850
	2,106,960	300,000	160,000	437,512	375,935	3,380,407
Non-executive directors						
Dato' Mohamed Salleh Bin Bajuri	-	-	40,000	-	-	40,000
Dato' Anuarudin Bin Mohd Noor	-	-	30,000	-	-	30,000
Datuk Seri Ahmad Bin Hj. Kabit	-	-	30,000	-	-	30,000
Datuk Fakhri Yassin Bin Mahiaddin	120,000	21,600	40,000	15,228	-	196,828
	120,000	21,600	140,000	15,228	-	296,828
Total directors' remuneration	2,226,960	321,600	300,000	452,740	375,935	3,677,235

	Salaries and other emoluments RM	Allowances RM	Fees RM	Defined contribution plan RM	Estimated money value of benefits-in-kind RM	Total RM
Group						
2016						
Executive directors						
Tan Sri Abd Rahim Bin Mohamad	1,160,400	180,000	63,333	281,484	352,968	2,038,185
Puan Sri Fadzilah Binti Md Ariff	386,400	120,000	30,000	96,216	29,763	662,379
Dato' Abdullah Bin A. Rasol	298,140	-	40,000	17,892	27,467	383,499
Dato' Nik Mohd Fuad Bin Wan Abdullah	262,020	-	30,000	39,312	45,254	376,586
	2,106,960	300,000	163,333	434,904	455,452	3,460,649
Non-executive directors						
Dato' Mohamed Salleh Bin Bajuri	-	-	40,000	-	-	40,000
Dato' Anuarudin Bin Mohd Noor	-	-	30,000	-	-	30,000
Datuk Seri Ahmad Bin Hj. Kabit	-	-	30,000	-	-	30,000
Datuk Fakhri Yassin Bin Mahiaddin	-	-	40,000	-	-	40,000
	-	-	140,000	-	-	140,000
Total directors' remuneration	2,106,960	300,000	303,333	434,904	455,452	3,600,649

11. Directors' remuneration (cont'd.)

	Salaries and other emoluments RM	Allowances RM	Fees RM	Defined contribution plan RM	Estimated money value of benefits-in-kind RM	Total RM
Company						
2017						
Executive directors						
Tan Sri Abd Rahim Bin Mohamad	1,160,400	180,000	60,000	282,077	181,539	1,864,016
Puan Sri Fadzilah Binti Md Ariff	386,400	120,000	30,000	96,809	77,766	710,975
Dato' Abdullah Bin A. Rasol	298,140	-	30,000	18,485	30,542	377,167
Dato' Nik Mohd Fuad Bin Wan Abdullah	-	-	30,000	-	-	30,000
	1,844,940	300,000	150,000	397,371	289,847	2,982,158
Non-executive directors						
Dato' Mohamed Salleh Bin Bajuri	-	-	40,000	-	-	40,000
Dato' Anuarudin Bin Mohd Noor	-	-	30,000	-	-	30,000
Datuk Seri Ahmad Bin Hj. Kabit	-	-	30,000	-	-	30,000
Datuk Fakhri Yassin Bin Mahiaddin	-	-	30,000	-	-	30,000
	-	-	130,000	-	-	130,000
Total directors' remuneration	1,844,940	300,000	280,000	397,371	289,847	3,112,158

	Salaries and other emoluments RM	Allowances RM	Fees RM	Defined contribution plan RM	Estimated money value of benefits-in-kind RM	Total RM
Company						
2016						
Executive directors						
Tan Sri Abd Rahim Bin Mohamad	1,160,400	180,000	60,000	281,484	324,606	2,006,490
Puan Sri Fadzilah Binti Md Ariff	386,400	120,000	30,000	96,216	29,763	662,379
Dato' Abdullah Bin A. Rasol	298,140	-	30,000	17,892	2,867	348,899
Dato' Nik Mohd Fuad Bin Wan Abdullah	-	-	30,000	-	-	30,000
	1,844,940	300,000	150,000	395,592	357,236	3,047,768
Non-executive directors						
Dato' Mohamed Salleh Bin Bajuri	-	-	40,000	-	-	40,000
Dato' Anuarudin Bin Mohd Noor	-	-	30,000	-	-	30,000
Datuk Seri Ahmad Bin Hj. Kabit	-	-	30,000	-	-	30,000
Datuk Fakhri Yassin Bin Mahiaddin	-	-	30,000	-	-	30,000
	-	-	130,000	-	-	130,000
Total directors' remuneration	1,844,940	300,000	280,000	395,592	357,236	3,177,768

12. Income tax

The major components of income tax for the financial years ended 31 December 2017 and 31 December 2016 are as follows:

	Group		Company	
	2017 RM	2016 RM (Restated)	2017 RM	2016 RM (Restated)
Malaysian income tax:				
- Current income tax	2,931,461	1,728,651	535,811	46,152
- Overprovision in prior years	(187,064)	(2,754,776)	220,851	(76,818)
	2,744,397	(1,026,125)	756,662	(30,666)
Deferred tax (Note 29):				
- Origination of temporary difference	2,958,042	5,914,230	558,312	1,111,842
- Overprovision in prior years	(55,627)	(888,127)	(1,455,327)	-
	2,902,415	5,026,103	(897,015)	1,111,842
Income tax expense in profit or loss	5,646,812	3,999,978	(140,353)	1,081,176

Reconciliations of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2017 RM	2016 RM (Restated)	2017 RM	2016 RM (Restated)
Loss before tax	(12,915,946)	(16,409,908)	2,318,342	(14,832,481)
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	(3,099,827)	(3,938,378)	556,402	(3,559,795)
Non-taxable income	(5,815,690)	(3,296,325)	-	(2,550,547)
Non-deductible expenses	7,198,172	6,527,615	537,721	7,268,336
Deferred tax assets not recognised	7,606,848	5,828,210	-	-
Deferred tax assets utilised during the year	-	(25,065)	-	-
Overprovision of income tax in prior year	(187,064)	(204,299)	220,851	(76,818)
Overprovision of deferred tax in prior year	(55,627)	(891,780)	(1,455,327)	-
Income tax expense in profit or loss	5,646,812	3,999,978	(140,353)	1,081,176

13. Loss per share

a. Basic

Basic loss per share is calculated by dividing loss for the year (attributable to ordinary equity holders of the Company) by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	Group	
	2017 RM	2016 RM
Loss attributable to ordinary equity holders of the Company	(17,766,059)	(20,510,789)
Weighted average number of ordinary shares in issue	311,362,271	311,362,271
Basic loss per share (sen)	(5.71)	(6.59)

13. Loss per share (cont'd.)

b. Diluted

The Company does not have any potential dilutive ordinary shares at the reporting date.

There has been no other transaction involving ordinary shares between the reporting date and the date of this report.

14. Property, plant and equipment

	Freehold land RM	Leasehold land RM	Buildings RM	Power plants RM	Livestocks RM	Others ** RM	Total RM
Group							
At 31 December 2017							
Cost							
At 1 January 2017	-	2,981,300	24,529,136	335,784,439	921,835	39,795,446	404,012,156
Additions	-	-	-	-	10,313	40,983	51,296
Disposals	-	-	-	-	-	(316,526)	(316,526)
Write-offs	-	-	-	-	-	(1,628,129)	(1,628,129)
At 31 December 2017	-	2,981,300	24,529,136	335,784,439	932,148	37,891,774	402,118,797
Accumulated depreciation and impairment loss							
At 1 January 2017	-	766,949	13,913,234	257,992,217	871,272	35,140,658	308,684,330
Charge for the year	-	40,795	693,786	14,316,495	10,911	1,126,700	16,188,687
Disposals	-	-	-	-	-	(243,407)	(243,407)
Write-offs	-	-	-	-	-	(1,530,815)	(1,530,815)
Impairment loss	-	-	-	-	-	823,861	823,861
At 31 December 2017	-	807,744	14,607,020	272,308,712	882,183	35,316,997	323,922,656
Net carrying amount							
At 31 December 2017	-	2,173,556	9,922,116	63,475,727	49,965	2,574,777	78,196,141

14. Property, plant and equipment (cont'd)

	Freehold land RM	Leasehold land RM	Buildings RM	Power plants RM	Livestocks RM	Others ** RM	Total RM
Group							
At 31 December 2016							
Cost							
At 1 January 2016	881,116	2,981,300	30,052,855	335,784,439	987,216	40,750,439	411,437,365
Additions	-	-	-	-	16,926	319,794	336,720
Disposals	(881,116)	-	(5,523,719)	-	-	(1,241,151)	(7,645,986)
Write offs	-	-	-	-	(82,307)	(30,636)	(112,943)
Adjustment	-	-	-	-	-	(3,000)	(3,000)
At 31 December 2016	-	2,981,300	24,529,136	335,784,439	921,835	39,795,446	404,012,156
Accumulated depreciation and impairment loss							
At 1 January 2016	-	726,154	15,088,304	229,880,380	886,398	34,927,659	281,508,895
Charge for the year	-	40,795	794,444	14,316,495	13,392	1,470,502	16,635,628
Disposals	-	-	(1,970,127)	-	-	(1,232,498)	(3,202,625)
Write offs	-	-	-	-	(28,518)	(24,404)	(52,922)
Adjustment	-	-	613	-	-	(601)	12
Impairment loss	-	-	-	13,795,342	-	-	13,795,342
At 31 December 2016	-	766,949	13,913,234	257,992,217	871,272	35,140,658	308,684,330
Net carrying amount							
At 31 December 2016	-	2,214,351	10,615,902	77,792,222	50,563	4,654,788	95,327,826

14. Property, plant and equipment (cont'd.)

**** Others**

	Furniture and fittings RM	Motor vehicle RM	Renovation RM	Mould and dies RM	Plant, machinery, equipment and electrical installation RM	Total RM
Group						
At 31 December 2017						
Cost						
At 1 January 2017	2,936,621	6,250,390	4,488,682	6,736,698	19,383,055	39,795,446
Additions	4,714	-	18,150	-	18,119	40,983
Disposals	(5,757)	(93,892)	-	(38,701)	(178,176)	(316,526)
Write-offs	(114,246)	-	(887,467)	-	(626,416)	(1,628,129)
Adjustment	(10,590)	-	-	-	10,590	-
At 31 December 2017	2,810,742	6,156,498	3,619,365	6,697,997	18,607,172	37,891,774
Accumulated depreciation						
At 1 January 2017	2,650,191	4,960,043	3,278,512	6,465,701	17,786,211	35,140,658
Charge for the year	70,810	459,923	209,761	35,204	351,002	1,126,700
Disposals	(5,757)	(93,892)	-	-	(143,758)	(243,407)
Write-offs	(114,246)	-	(887,467)	-	(529,102)	(1,530,815)
Adjustment	(1,650)	-	-	-	1,650	-
Impairment loss	4,199	-	511,009	96,407	212,246	823,861
At 31 December 2017	2,603,547	5,326,074	3,111,815	6,597,312	17,678,249	35,316,997
Net carrying amount						
At 31 December 2017	207,195	830,424	507,550	100,685	928,923	2,574,777

14. Property, plant and equipment (cont'd.)

**** Others**

	Furniture and fittings RM	Motor vehicle RM	Renovation RM	Mould and dies RM	Plant, machinery, equipment and electrical installation RM	Total RM
Group						
At 31 December 2016						
Cost						
At 1 January 2016	2,933,082	7,447,941	4,387,702	6,578,404	19,403,310	40,750,439
Additions	13,354	-	100,980	158,294	47,166	319,794
Disposals	(315)	(1,194,551)	-	-	(46,285)	(1,241,151)
Write-offs	(9,500)	-	-	-	(21,136)	(30,636)
Adjustment	-	(3,000)	-	-	-	(3,000)
At 31 December 2016	2,936,621	6,250,390	4,488,682	6,736,698	19,383,055	39,795,446
Accumulated depreciation						
At 1 January 2016	2,591,071	5,641,897	2,985,003	6,351,435	17,358,253	34,927,659
Charge for the year	68,616	513,297	293,509	114,266	480,814	1,470,502
Disposals	(313)	(1,194,551)	-	-	(37,634)	(1,232,498)
Write-offs	(9,183)	-	-	-	(15,221)	(24,404)
Adjustment	-	(600)	-	-	(1)	(601)
At 31 December 2016	2,650,191	4,960,043	3,278,512	6,465,701	17,786,211	35,140,658
Net carrying amount						
At 31 December 2016	286,430	1,290,347	1,210,170	270,997	1,596,844	4,654,788

14. Property, plant and equipment (cont'd.)

	Furniture and fittings RM	Plant, machinery, equipment and electrical installation RM	Total RM
Company			
At 31 December 2017			
Cost			
At 1 January 2017/31 December 2017	92,807	208,845	301,652
Accumulated depreciation			
At 1 January 2017	87,129	175,552	262,681
Charge for the year	1,478	13,632	15,110
Impairment loss	4,200	19,661	23,861
At 31 December 2017	92,807	208,845	301,652
Net carrying amount			
At 31 December 2017	-	-	-
At 31 December 2016			
Cost			
At 1 January 2016	92,807	216,914	309,721
Additions	-	2,900	2,900
Write-off	-	(10,969)	(10,969)
At 31 December 2016	92,807	208,845	301,652
Accumulated depreciation			
At 1 January 2016	84,443	168,295	252,738
Charge for the year	2,686	17,164	19,850
Write-off	-	(9,907)	(9,907)
At 31 December 2016	87,129	175,552	262,681
Net carrying amount			
At 31 December 2016	5,678	33,293	38,971

14. Property, plant and equipment (cont'd.)

a. Net carrying amount of property, plant and equipment held under finance leases are as follows:.

	Group	
	2017	**2016**
	RM	**RM**
Motor vehicles	560,421	1,052,843

Details of the terms and conditions of the obligation under finance lease are disclosed in Note 25 and Note 32.

b. The net carrying amount of property, plant and equipment pledged as securities for loans and borrowings, as disclosed in Note 25, granted to the Group are as follows:

	Group	
	2017	**2016**
	RM	**RM**
Leasehold land	2,173,556	2,214,351
Buildings	9,691,829	10,375,421
Power plants	63,475,727	77,792,222
Renovation	15,298	19,528
Furniture and fittings	50,277	69,749
Plant, machinery, equipment and electrical installation	681,563	1,070,503
Mould and dies	100,685	270,997
Motor vehicles	830,424	769,342
	77,019,359	92,582,113

15. Investment properties

	Group			
	Leasehold lands RM	Shoplot RM	Building RM	Total RM
At 1 January 2017	164,869,128	400,000	28,027,199	193,296,327
Net (loss)/gain from fair value adjustments recognised in profit or loss (Note 9)	31,310	(100,000)	(124,299)	(192,989)
At 31 December 2017	164,900,438	300,000	27,902,900	193,103,338

	Group			
	Leasehold lands RM	Shoplot RM	Building RM	Total RM
At 1 January 2016	166,037,311	495,000	26,584,799	193,117,110
Net gain/(loss) from fair value adjustments recognised in profit or loss (Note 9)	(1,168,183)	(95,000)	1,442,400	179,217
At 31 December 2016	164,869,128	400,000	28,027,199	193,296,327

	Company		
	Leasehold lands RM	Shoplot RM	Total RM
At 1 January 2017	173,589,870	400,000	173,989,870
Net (loss)/gain from fair value adjustments recognised in profit or loss (Note 9)	31,310	(100,000)	(68,690)
At 31 December 2017	173,621,180	300,000	173,921,180

	Company		
	Leasehold lands RM	Shoplot RM	Total RM
At 1 January 2016	172,745,473	495,000	173,240,473
Net gain/(loss) from fair value adjustments recognised in profit or loss (Note 9)	844,397	(95,000)	749,397
At 31 December 2016	173,589,870	400,000	173,989,870

The investment properties are stated at fair value, which have been determined based on valuations performed by an independent professional valuer. There are no material events that affect the valuation between the valuation date and financial year end.

15. Investment properties (cont'd)

The description of valuation techniques used and key inputs to valuation on investment properties are as follows:

Type of investment properties	Valuation technique	Significant unobservable inputs
Leasehold lands	Direct Comparison Method ("DCM")	Selling price per square foot ("psf") of comparable properties sold adjusted for location, accessibility, terrain, size, present market trends and other differences.
Buildings and shoplot	Investment Method	The capital value of the subject property is derived from an estimate of the Market Rental which the subject property can reasonably be let for adjusted for outgoings and future yields.

All assets and liabilities for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) prices in an active market for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There is no transfer between Level 1, Level 2 and Level 3 fair values during the financial year.

The following table provides the quantitative disclosures fair value measurement hierarchy of the Group's and of the Company's investment properties. There were no material transfer between Level 1, Level 2 and Level 3 during the current financial year.

	Group Fair value measurement using		Company Fair value measurement using	
	Total RM	Significant unobservable inputs (Level 3) RM	Total RM	Significant unobservable inputs (Level 3) RM
2017				
Investment properties (Note 15):				
- Leasehold lands	164,900,438	164,900,438	173,621,180	173,621,180
- Shoplot	300,000	300,000	300,000	300,000
- Building	27,902,900	27,902,900	-	-
	193,103,338	193,103,338	173,921,180	173,921,180
2016				
Investment properties (Note 15):				
- Leasehold lands	164,869,128	164,869,128	173,589,870	173,589,870
- Shoplot	400,000	400,000	400,000	400,000
- Building	28,027,199	28,027,199	-	-
	193,296,327	193,296,327	173,989,870	173,989,870

15. Investment properties (cont'd)

Fair value disclosed in the financial statements is categorised within the Level 3 fair value hierarchy which is described as inputs for the asset or liability that are based on unobservable market data.

Investment properties	Valuation techniques	Range	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Retail Unit No. LG.43A Lower Ground Floor Plaza Bukit Mertajam Jalan Arumugam Pillai Bukit Mertajam Pulau Pinang	Investment Method		Retail	The estimated fair value would increase/(decrease) if:
		3.13	Gross rental rate (RM/psf/month)	- expected market rental growth were higher/(lower)
		35	Outgoings (%)	- expected outgoings rate were lower/ (higher)
		10	Void rate (%)	- void rate were lower/(higher)
		7.5	Reversionary year purchase (%)	- reversionary year purchase were lower/(higher)
Underwater World Langkawi Complex Lot 63, Section 4 Bandar Padang Mat Sirat Langkawi Kedah Darul Iman	Investment Method		Retail	
		3.5 - 119.0	Actual rental rate (RM/psf/month)	- expected market rental growth were higher/(lower)
		8.0 - 42.0	Reversionary rental rate (RM/psf/month)	- expected reversionary rental growth were higher/(lower)
		30	Outgoings (%)	- expected outgoings rate were lower/ (higher)
		35	Reversionary outgoings (%)	- expected reversionary outgoings rate were lower/(higher)
		8.5	Term yield (%)	- term yield rate were lower/(higher)
		9.0	Reversionary yield (%)	- reversionary yield were lower/ (higher)
		20	Void rate (%)	- void rate were lower/(higher)
The Underwater World Langkawi Lot 63, Section 4 Bandar Padang Mat Sirat Langkawi Kedah Darul Iman	Direct Comparison Method		Leasehold Land	
		20.7 - 113.8	Transaction land price (RM psf)	- Transacted price were higher/ (lower)
Lot No. 8906, Lot No. 8907 and Lot No. 8911 Mukim of Sungai Karang Kuantan Pahang Darul Iman	Direct Comparison Method		Leasehold Land	
		5.9 - 11.9	Transaction land price (RM psf)	- Transacted price were higher/ (lower)

15. Investment properties (cont'd)

The following investment properties are held under lease terms:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Leasehold land	164,900,438	164,869,128	173,621,180	173,589,870
Buildings	27,902,900	28,027,199	-	-
	192,803,338	192,896,327	173,621,180	173,589,870

Investment properties pledged as security

Investment properties of the Group and of the Company with net carrying amounts of RM192,803,338 (2016: RM192,896,327) and RM173,621,180 (2016: RM173,589,870) respectively are pledged as securities for loans and borrowings, as disclosed in Note 25, granted to the Group and the Company.

Investment properties comprise a number of commercial properties leased to third parties and industrial lands held for capital appreciation.

16. Land use right

	Group	
	2017 RM	2016 RM
Cost		
At 1 January/31 December	791,620	791,620
Accumulated amortisation		
At 1 January	458,304	416,640
Amortisation during the year (Note 9)	41,664	41,664
At 31 December	499,968	458,304
Net carrying amount	291,652	333,316
Amount to be amortised:		
- Not later than one year	41,664	41,664
- Later than one year but not later than five years	166,656	166,656
- Later than five years	83,332	124,996

The Group had land use right over a plot of land at Mukim Kedawang in Langkawi, Kedah. The land use right is not transferable and have a remaining tenure of 36 years (2016: 37 years), which will expire on 18 July 2054.

17. Finance lease receivables

	Group	
	2017 RM	2016 RM
At 1 January	13,951,277	14,602,942
Interest earned (Note 6)	767,321	803,162
Repayments	(1,454,827)	(1,454,827)
At 31 December	13,263,771	13,951,277

Finance lease receivables are analysed as follows:

Current	725,320	687,507
Non-current	12,538,451	13,263,770
	13,263,771	13,951,277

Concession right accounted for as finance lease receivables

Under the terms and conditions of the Power Purchase Agreement ("PPA") executed between a wholly-owned subsidiary, Musteq Hydro Sdn. Bhd. ("MHSB") and Tenaga Nasional Berhad ("TNB") dated 19 April 1997, MHSB is granted the right to supply electricity to TNB for 30 years. Previously, certain assets had been capitalised as concession asset and amortised over the asset's useful lives.

The Group adopted IC Interpretation 4: Determining whether an Arrangement contains a Lease ("IC Int. 4") and the application of the requirements of MFRS 117 Leases ("MFRS 117"). The finance lease receivables represent the fair value of the minimum lease payments for the right to use the assets and are repayable over the lease term of 30 years.

18. Investments in subsidiaries

	Company 2017 RM	Company 2016 RM
Unquoted shares at cost	164,731,567	150,051,055
Less: Accumulated impairment losses	(97,730,703)	(97,710,940)
	67,000,864	52,340,115

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
Held by the Company:			
Eden Airport Restaurant Sdn. Bhd.*	100	100	Ceased operation.
Eden Catering Sdn. Bhd.*	100	100	Food caterers, baker and dealer in cakes and pastries.
Eden Seafood Village Sdn. Bhd.*	95	95	Restaurant operator.
Eden Seafood Village (Langkawi) Sdn. Bhd*	100	100	Restaurant operator and retailer of souvenir and dried seafood.
Stratavest Sdn. Bhd.*	100	100	Developer and operator of power plant as an independent power producer.
Langkawi Batik Enterprises Sdn. Bhd.*	100	100	Investment holding and providing operation and maintenance services of power plant.
Time Era Sdn. Bhd.*	70	70	Manufacturer of electrical and engineering parts
Underwater World Langkawi Sdn. Bhd.	100	100	Aquarium and related activities.
Eden Seafood Village (Selangor) Sdn. Bhd.*	100	100	Ceased operation.
Eden Cake House Sdn. Bhd.*	98	98	Ceased operation.
Underwater World Melaka Sdn. Bhd.*	100	100	Ceased operation.
Eden Garden Hotel (JB) Sdn. Bhd.*	100	100	Ceased operation.
Eden Industries Sdn. Bhd.*	100	100	Dormant.

18. Investments in subsidiaries (cont'd.)

Details of the subsidiaries, which are incorporated in Malaysia, are as follows: (cont'd.)

Name of subsidiaries	Effective equity interest 2017 %	2016 %	Principal activities
Held by the Company (cont'd.):			
Star Vor Sdn. Bhd.*	100	100	Ceased operation.
Eden Minerals Sdn. Bhd.*	100	100	Ceased operation.
Eden Mining Minerals Sdn. Bhd.*	100	100	Ceased operation.
Underwater World Labuan Ltd.* @	-	100	Development, installation, operation, maintenance and management of aquariums.
Held through Langkawi Batik Enterprises Sdn. Bhd.			
Musteq Hydro Sdn. Bhd.*	100	100	Developer and operator of power plant as an independent hydro power producer.
Held through Underwater World Langkawi Sdn. Bhd.			
Edisi Unggul Facility Management Sdn. Bhd.*	100	100	Dormant.
Held through Time Era Sdn. Bhd.			
NES Electric (M) Sdn. Bhd.*	70	70	Dealer in electrical and electronic equipment and components.
Time Era Industries Sdn. Bhd.*	70	70	Manufacturer of plastic components.
Cur (Far East) Sdn. Bhd.*	53	53	Manufacturer of circuit breakers and electrical equipment.
Time Era Technologies Sdn. Bhd.**	50	50	Supply and installation of LED lighting

* Audited by Ernst & Young, Malaysia.

** Audited by a firm other than Ernst & Young, Malaysia.

@ The company was strike off on 13 July 2017.

18. Investments in subsidiaries (cont'd.)

Summarised financial information of the subsidiary that has material non-controlling interests are provided below. This represents the amounts in Time Era Group's financial statements and not the Group's share of those amounts.

i. Summarised consolidated statement of financial position

	Time Era Group	
	2017 **RM**	**2016** **RM**
Non current assets	1,625,359	1,010,436
Current asset	15,481,686	25,460,554
Total assets	17,107,045	26,470,990
Non current liabilities	303,620	370,174
Current liabilities	6,526,774	12,974,188
Total liabilities	6,830,394	13,344,362
Net assets	10,276,651	13,126,628
Equity attributable to equity holders of the Company	10,597,639	13,138,208
Non-controlling interest	(320,988)	(11,580)

ii. Summarised consolidated statement of comprehensive income

	Time Era Group	
	2017 **RM**	**2016** **RM**
Revenue	18,224,314	18,369,508
(Loss)/ profit for the year, representing total comprehensive (loss)/profit for the year	(2,849,977)	769,893
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(2,540,569)	1,067,076
Non-controlling interests	309,408	(297,183)
Total comprehensive (loss)/profit	(2,231,161)	769,893

iii. Summarised consolidated statement of cash flows

	Time Era Group	
	2017 **RM**	**2016** **RM**
Net cash used in operating activities	(950,629)	(4,533,698)
Net cash (used in)/generated from investing activities	(12,834)	9,000,996
Net cash generated from financing activities	929,342	477,611
Net changes in cash and cash equivalents	(34,121)	4,944,909
Cash and cash equivalents at the beginning of the year	121,762	(4,823,147)
Cash and cash equivalents at the end of the year	87,641	121,762

19. Investments in associates

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
In Malaysia:				
Unquoted shares at cost	39,960	264,137	39,960	39,960
Disposal of associate	-	(224,177)	-	-
	39,960	39,960	39,960	39,960
Outside Malaysia:				
Unquoted shares at cost	-	260,833	-	1,826
Share of post-acquisition reserves	-	(247,138)	-	-
Disposal of associate	-	(1,826)	-	(1,826)
	-	11,869	-	-
	39,960	51,829	39,960	39,960

Details of the associates are as follows:

Name of associates	Country of incorporation	Proportion of ownership interest		Principal activities
		2017 %	2016 %	
Arus Middle East FZC @	United Arab Emirate	-	25	Ceased operation.
Eden Pesaka Sdn. Bhd. *	Malaysia	40	40	Dormant

* Audited by Ernst & Young, Malaysia.
@ The company ceased operation on 11 September 2017.

Summarised financial information of the associate, that are not material and not adjusted for the proportion of ownership interest held by the Group, is as follows:

i. Summarised statement of financial position

	2017 RM	2016 RM
Current assets, representing total assets	84,354	86,162
Current liability, representing total liability	1,177	6,270
Net assets	83,177	79,892

ii. Summarised statement of comprehensive income

	2017 RM	2016 RM
Revenue	-	-
Profit/(loss) for the year, representing total comprehensive income/(loss) for the year	3,285	(1,907)

20. Other investments

	Group		Company	
	2017 RM	2017 RM	2017 RM	2016 RM
Available for sale financial assets				
Unquoted shares at cost	8,000	8,000	6,000	6,000
Unquoted subordinated bonds	4,500,000	4,500,000	4,500,000	4,500,000
Less:				
Accumulated impairment losses	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)
	8,000	8,000	6,000	6,000

Unquoted subordinated bonds subscribed from CapOne Berhad and Prima Uno Berhad are classified as other investments. The returns from the bonds rank subsequent to the Super Senior Bonds, the Senior Bonds and the Mezzanine Bonds in terms of priority, and will be recognised when the right to receive the income is established.

21. Inventories

	Group	
	2017 RM	2016 RM
Cost		
Raw materials	10,688,718	9,835,776
Work-in-progress	317,353	862,445
Food and beverage	83,567	102,500
Electrical and engineering parts	4,771,262	6,675,963
	15,860,900	17,476,684
Net realisable value		
Raw materials	186,484	-
Finished goods	500,214	582,445
	16,547,598	18,059,129

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM16,874,048 (2016: RM18,019,189).

Inventories amounting to RM16,464,031 (2016: RM17,956,629) are pledged as securities for loans and borrowings as disclosed in Note 25 and Note 27.

22. Trade and other receivables

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-current					
Trade receivables					
Third parties	(a)	772,659	-	-	-
Other receivables					
Amounts due from subsidiaries	(b)	-	-	105,010,107	78,082,896
Loan to a subsidiary	(c)		-	6,270,000	6,270,000
Amount due from holding company	(d)	48,984,887	-	-	-
Sundry receivables		314,874	-	-	-
Other receivables, net		49,299,761	-	111,280,107	84,352,896
		50,072,420	-	111,280,107	84,352,896
Current					
Trade receivables					
Third parties		24,324,173	19,099,763	-	-
Associate		-	10,590	-	-
		24,324,173	19,110,353	-	-
Less: Allowance for impairment		(12,042,357)	(11,432,238)	-	-
Trade receivables, net	(a)	12,281,816	7,678,115	-	-
Other receivables					
Amount due from holding company	(d)	13,206,588	78,048,020	-	-
Amounts due from subsidiaries	(b)	-	-	36,055,677	70,954,634
GST claimable		615,905	47,812	205,236	11,409
Refundable deposits		381,896	949,198	96,900	96,900
Sundry receivables	(e)	2,622,152	8,185,805	498,864	1,855,352
		16,826,541	87,230,835	36,856,677	72,918,295
Less: Allowance for impairment on					
- Subsidiaries		-	-	(32,119,050)	(31,831,169)
- Sundry receivables		(983,228)	(983,228)	(473,584)	(473,584)
Other receivables, net		15,843,313	86,247,607	4,264,043	40,613,542
		28,125,129	93,925,722	4,264,043	40,613,542
Total trade and other receivables (current and non-current)		78,197,549	93,925,722	115,544,150	124,966,438
Add: Cash and bank balances (Note 24)		6,175,316	8,242,578	4,313,494	346,950
Less: GST claimable		(615,905)	(47,812)	(205,236)	(11,409)
Total loans and receivables		83,756,960	102,120,488	119,652,408	125,301,979

22. Trade and other receivables (cont'd.)

a. Trade receivables

The trade receivables are non-interest bearing and are generally on 30 to 120 days (2016: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

In previous financial year, included in the trade receivables is an amount due from an associate which is trade in nature, unsecured and with credit period of 180 days.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2017 RM	2016 RM
Neither past due nor impaired	8,957,765	5,775,917
1 to 30 days past due not impaired	2,314,985	732,917
31 to 60 days past due not impaired	1,006,365	196,347
61 to 90 days past due not impaired	433,331	192,254
More than 91 days past due not impaired	342,029	780,680
	4,096,710	1,902,198
Impaired	12,042,357	11,432,238
	25,096,832	19,110,353

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Most of the Group's trade receivables arise from customers with more than 10 years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM4,096,710 (2016: RM1,902,198) that are past due at the reporting date but not impaired.

At the reporting date, trade receivables arising from export sales amounting to RM1,573,138 (2016: RM160,388) have been arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based. The remaining balance of receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2017 RM	2016 RM
Trade receivables - nominal amounts	12,042,357	11,432,238
Less: Allowance for impairment	(12,042,357)	(11,432,238)
	-	-

22. Trade and other receivables (cont'd.)

a. Trade receivables (cont'd.)

Movement in allowance accounts:

	2017 RM	2016 RM
At 1 January	11,432,238	11,432,238
Charge for the year (Note 9)	618,152	-
Reversal of allowance for impairment (Note 7)	(8,033)	-
At 31 December	12,042,357	11,432,238

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

b. Amount due from subsidiaries

Amounts due from subsidiaries are non-interest bearing except for a total amount of RM66,343,815 (2016: RM78,447,293) which bear interests of 7% (2016: 7%) per annum. All amounts due from subsidiaries are unsecured and are to be settled in cash.

c. Loan to a subsidiary

Loan to a subsidiary is unsecured and is to be settled in cash which bears interest at 7.65% (2016: 7.65%) and is due on 2022.

d. Amount due from holding company

The amount due from holding company bears an interest of 7% (2016: 7%). Amount due from holding company is repayable within the next twelve months, except for an amount of RM50,384,887, which is not repayable within the next twelve months. The Group entered into a Deed of Assignment, whereby ZESB assigned its rights in and to the net sale proceeds from (i) the planned disposal of certain identified lands of ZESB; and (ii) the planned disposal of a subsidiary of ZESB, Zil Land Sdn Bhd ("ZLSB") as settlement of the amount owing to Stratavest Sdn. Bhd. ("STV"). As an assurance and commitment to STV, ZESB agreed and consented to the lodgement of a private caveat on four identified lands by STV which was duly lodged on 28 June 2012.

Pursuant to the abovementioned Deed of Assignment, upon the disposal of ZLSB, repayments totalling RM20.6 million were received from ZESB during the financial year.

e. Other receivables

<u>Other receivables that are impaired</u>

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired			
	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current				
Other receivables - nominal amounts	983,228	938,228	32,592,634	32,304,753
Less: Allowance for impairment	(983,228)	(983,228)	(32,592,634)	(32,304,753)
	-	-	-	-

22. Trade and other receivables (cont'd.)

e. Other receivables (cont'd.)

Other receivables that are impaired (cont'd.)

Movement in allowance accounts:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current				
At 1 January	983,228	4,687,525	32,304,753	36,433,411
Charge for the year				
- Subsidiaries	-	-	368,917	615,008
Reversal of impairment losses				
- Subsidiaries	-	-	-	(8,000)
- Associates	-	(3,704,297)	-	(3,704,297)
Bad debt written off	-	-	(81,036)	(1,031,369)
At 31 December	983,228	983,228	32,592,634	32,304,753

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

23. Other assets

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-current:				
Prepaid operating expenses	1,276,686	-	1,276,686	-
Current:				
Prepaid operating expenses	1,250,731	1,481,998	780,418	1,146,935

24. Cash and bank balances

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash on hand and at banks	4,988,279	1,066,707	4,052,539	93,204
Deposits with:				
- Licensed banks	1,155,117	7,143,951	260,955	253,746
- Licensed financial institution	31,920	31,920	-	-
	6,175,316	8,242,578	4,313,494	346,950

24. Cash and bank balances (cont'd.)

Deposits with licensed banks and licensed financial institution of the Group and of the Company amounting to RM660,955 (2016: RM7,058,883) and RM260,955 (2016: RM253,746) respectively are pledged to licensed banks for credit facilities granted to the Group and the Company respectively as disclosed in Note 25.

Deposits with licensed banks and licensed financial institution of the Group amounting to RM526,082 (2016: RM116,988) is maintained as a minimum balance of sinking fund for the Ijarah Term Financing Facility and Bank-Guaranteed Sukuk Musharakah granted to two subsidiaries, Stratavest Sdn. Bhd. and Musteq Hydro Sdn. Bhd. respectively as disclosed in Note 25 and Note 27.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	6,175,316	8,242,578	4,313,494	346,950
Deposits pledged with maturity of more than 3 months	(660,955)	(7,058,883)	(260,955)	(253,746)
Deposits for sinking fund	(526,082)	(116,988)	-	-
Bank overdrafts (Note 25)	(3,020,491)	(2,990,132)	-	-
Total cash and cash equivalents	1,967,788	(1,923,425)	4,052,539	93,204

The weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's deposits with licensed banks and licensed financial institution are as follows:

	Group		Company	
	2017	2016	2017	2016
WAEIR (%)	2.58	2.58	3.22	3.22
Average maturities (days)	360	361	351	351

25. Loans and borrowings

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-current				
Secured:				
Bank-Guaranteed Sukuk Musharakah (Note 27)	40,000,000	50,000,000	-	-
Bank loans:				
- Cost of funds ("COF") + 2% [(c)]	-	18,661,609	-	18,661,609
- Fixed rate of 3.75% [(c)]	32,487	1,901,298	-	-
Obligation under finance lease (Note 32(c))	647,100	1,050,686	-	-
	40,679,587	71,613,593	-	18,661,609

25. Loans and borrowings (cont'd.)

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current				
Secured:				
Bank overdrafts [(a)]	3,020,491	2,990,132	-	-
Bankers acceptances [(a)]	-	744,000	-	-
Trust receipts [(a)]	-	4,666,089	-	-
Bank-Guaranteed Sukuk Musharakah (Note 27)	10,000,000	10,000,000	-	-
Bridging loan:				
- Fixed rate of 3% p.m. [(b)]	6,170,000	-	6,170,000	-
Bank loans:				
- COF + 2% [(c)]	29,896,447	14,519,119	29,896,447	14,519,119
- Fixed rate of 3.75% [(c)]	2,577,763	2,597,942	-	-
- Base financing rate ("BFR") + 1.5% [(c)]	-	350,000	-	-
Obligation under finance leases (Note 32(c))	384,917	326,674	-	-
	52,049,618	36,193,956	36,066,447	14,519,119
Total loans and borrowings				
Bank overdrafts [(a)]	3,020,491	2,990,132	-	-
Bankers acceptances [(a)]	-	744,000	-	-
Trust receipts [(a)]	-	4,666,089	-	-
Bank-Guaranteed Sukuk Musharakah (Note 27)	50,000,000	60,000,000	-	-
Bridging loan:				
- Fixed rate of 3% p.m. [(b)]	6,170,000	-	6,170,000	-
Bank loans:				
- COF + 2% [(c)]	29,896,447	33,180,728	29,896,447	33,180,728
- Fixed rate of 3.75% [(c)]	2,610,250	4,499,240	-	-
- BFR + 1.5% [(c)]	-	350,000	-	-
Obligation under finance leases (Note 32(c))	1,032,017	1,377,360	-	-
	92,729,205	107,807,549	36,066,447	33,180,728

The remaining maturities of the loans and borrowings as at 31 December 2017 and 31 December 2016 are as follows:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
On demand or within one year	52,049,618	36,193,956	36,066,447	14,519,119
More than 1 year and less than 2 years	10,249,546	30,875,220	-	18,661,609
More than 2 years and less than 5 years	30,327,180	30,597,161	-	-
5 years or more	102,861	10,141,212	-	-
	92,729,205	107,807,549	36,066,447	33,180,728

25. Loans and borrowings (cont'd.)

Obligations under finance leases

These obligations are mostly secured by charge over the Group's motor vehicles and corporate guarantee by Eden Inc. Berhad, bearing effective interest rate of between 4.69% - 6.54% (2016: 4.29% - 6.54%) per annum ("p.a.").

a. Banking facilities

	2017 RM	2016 RM
Bank overdraft (BLR + 1.75%) (i)	3,020,491	2,990,132
Bankers acceptance (1.88%) (ii)	-	744,000
Trust receipts (BLR + 2.13%) (ii)	-	744,000
	3,020,491	4,478,132

i. Bank overdraft

Bank overdraft of RM3.0 million (2016: RM3.0 million) is secured by the following:

a. Corporate guarantee by Eden Inc. Berhad;

b. Fixed charge over one parcel of Group's leasehold land; and

c. Negative pledge over all assets of Eden Catering Sdn. Bhd.

ii. Bankers acceptance and trust receipts

Bankers acceptance and trust receipts of Time Era Sdn. Bhd. and its subsidiaries ("Time Era Group") of RM Nil (2016: RM0.7 million) and RM Nil (2016: RM4.7 million) respectively are secured by the following:

a. Charge over the freehold building of the Time Era Group.;

b. Corporate guarantee by Eden Inc. Berhad;

c. Joint and several guarantees from Directors of Time Era Group;

d. Debenture by way of fixed and floating charges on all other assets of Time Era Group;

e. Lien on fixed deposits of Time Era Group; and

f. Negative pledge over all assets of Time Era Group.

b. Bridging loan

Fixed rate of 3% per month ("p.m.")

During the year, the Company obtained a bridging loan to finance the working capital required by the Company and its subsidiaries. The loan is repayable in full after 6 months from 3 November 2017.

The bridging loan is secured by way of an issuance of the Company's shares at the lower of (i) 10% discount to the market price of Company's shares as at the date of relevant request; or (ii) the maximum discount permissible under the requirements of Main Market of Bursa Malaysia, pursuant to the Company's shares issue general mandate, such that the total issue price represented by such Company's shares will amount to the outstanding amount.

25. Loans and borrowings (cont'd.)

Obligations under finance leases (cont'd.)

c. Bank loans

i. COF + 2%

RM bank loan at COF + 2%
The Ijarah facility is secured through debenture by way of fixed and floating charges over all present and future assets of STV, assignment of all rights and benefits of STV under Libaran power station's project agreement and, that all the revenue/sales proceeds and any other income from the Libaran power stations, insurance proceeds and any other amounts (save and except for monies received for the prior year's entitlement), of any kind received by STV shall be credited into the designated accounts and shall be applied in the manner as stipulated under the "transaction documents".

On 29 January 2013, the Company restructured its existing Ijarah Term Financing facility ("Ijarah 1") which is additionally secured through a fixed charge on the Group's leasehold land.

ii. Fixed rate of 3.75%

3.75% per annum ("p.a.") fixed rate RM bank loan
This loan is secured through a fixed charge on the Group's leasehold land, corporate guarantee by the Comapny and fixed floating charge by debenture over the plant and machinery, existing and future assets of a wholly-owned subsidiary.

iii. BFR + 1.5%

The Islamic Term Financing ("ITF") is secured by the following:

a. A fixed charge on the Group's leasehold land;

b. Debenture by way of first fixed and floating charges over all present and future assets of MHSB;

c. Assignment of all rights and benefits of MHSB under the Sungai Kenerong small hydro power station's project agreements;

d. All the revenues/sales proceeds, any other income from the Sungai Kenerong small hydro power station, equity contributions from the shareholders, insurance proceeds and all other amounts of any kind received by MHSB shall be credited into the designated accounts and shall be applied in the manner as stipulated under the ITF terms; and

e. Corporate guarantee by a wholly-owned subsidiary.

The principal terms of Bank-Guaranteed Sukuk Musharakah are disclosed in Note 27.

26. Deferred income

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	16,306,293	25,248,193	6,046,614	7,027,146
Recognised as income during the financial year:				
Amortisation of deferred income (Note 7)	(5,704,446)	(7,961,368)	-	-
Rental income	(980,532)	(980,532)	(980,532)	(980,532)
At 31 December	9,621,315	16,306,293	5,066,082	6,046,614

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Represented by:				
Advanced rental income received from third parties	5,066,082	6,046,614	5,066,082	6,046,614
Unearned revenue from capacity payments	4,555,233	10,259,679	-	-
	9,621,315	16,306,293	5,066,082	6,046,614
The deferred income is analysed as follows:				
Current	3,258,148	4,400,425	980,532	980,532
Non-current	6,363,167	11,905,868	4,085,550	5,066,082
	9,621,315	16,306,293	5,066,082	6,046,614

i. The Company's deferred income is in respect of the advanced rental income received from third party, DFZ Duty Free Sdn. Bhd. for a property owned by its wholly-owned subsidiary, Underwater World Langkawi Sdn. Bhd.

ii. The unearned revenue from capacity payments is in relation to its wholly-owned subsidiary, Stratavest Sdn Bhd upon adoption of IC Interpretation 4.

27. Bank-Guaranteed Sukuk Musharakah ("Sukuk")

	Group 2017 RM	Group 2016 RM
Bank-Guaranteed Sukuk Musharakah	68,100,000	80,200,000
Less: Profit	(18,100,000)	(20,200,000)
Principal	50,000,000	60,000,000

On 26 January 2012, MHSB had issued 10 years new Bank-Guaranteed Sukuk Musharakah of up to RM80 million to refinance its existing ABBA Serial Bonds with the maturity date of 26 January 2022 for the power plant.

The proceeds received from the issuance of the Sukuk with attached profit is approximately RM22 million. The Sukuk comprise RM80 million principal with attached profit of RM22 million and profit rate are as follows:

Serial (years)	Financial year	Implied profit rates % per annum	Principal Sukuk 2017 RM'000	Principal Sukuk 2016 RM'000	Profit Sukuk 2017 RM'000	Profit Sukuk 2016 RM'000
1	2012	3.80	-	-	-	-
2	2013	3.90	-	-	-	-
3	2014	4.00	-	-	-	-
4	2015	4.10	-	-	-	-
5	2016	4.20	-	10,000	-	2,100
6	2017	4.30	10,000	10,000	2,580	2,580
7	2018	4.40	10,000	10,000	3,080	3,080
8	2019	4.50	10,000	10,000	3,600	3,600
9	2020	4.60	10,000	10,000	4,140	4,140
10	2021	4.70	10,000	10,000	4,700	4,700
			50,000	60,000	18,100	20,200

RM10 million was paid during the year. The effective profit rate on the Sukuk for MHSB is 4.50% (2016: 4.45%) per annum.

The Sukuk are repayable as follows:

	Group 2017 RM	Group 2016 RM
Not later than 1 year	10,000,000	10,000,000
Later than 1 year and not later than 2 years	10,000,000	10,000,000
Later than 2 years and not later than 5 years	30,000,000	30,000,000
Later than 5 years	-	10,000,000
	40,000,000	50,000,000
	50,000,000	60,000,000

The Bank-Guaranteed Sukuk Musharakah is secured by the following:

a. Bank guarantee issued by Maybank Islamic Bank Berhad with credit rating of AAA(bg) assigned by Rating Agency Malaysia;

b. A fixed charge on the Group's leasehold land;

c. Debenture by way of first fixed and floating charges over all present and future assets of MHSB;

d. Assignment of all rights and benefits of MHSB under the Sungai Kenerong small hydro power station's project agreements;

27. Bank-Guaranteed Sukuk Musharakah ("Sukuk") (cont'd)

The Bank-Guaranteed Sukuk Musharakah is secured by the following: (cont'd.)

e. All the revenues/sales proceeds, any other income from the Sungai Kenerong small hydro power station, equity contributions from the shareholders, insurance proceeds and all other amounts of any kind received by MHSB shall be credited into the designated accounts and shall be applied in the manner as stipulated under the Sukuk terms; and

f. Corporate guarantee by a wholly-owned subsidiary.

28. Trade and other payables

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Current					
Trade payables					
Third parties	(a)	6,255,620	4,527,444	-	-
Other payables					
Amounts due to related parties:					
- Subsidiaries	(b)	-	-	44,013,971	36,453,633
- Associates	(b)	24,313	26,122	24,313	26,122
Accruals		16,708,456	23,045,385	10,318,272	8,833,830
Deposits received in advance		3,345,286	7,341,680	15,200	4,515,200
Interest payables		969,056	1,147,622	-	-
Advances from directors	(c)	2,490,000	340,000	2,490,000	340,000
Sundry payables		23,980,325	17,979,835	9,352,169	9,528,239
GST payables		97,842	66,683	-	-
		47,615,278	49,947,327	66,213,926	59,697,024
Total trade and other payables		53,870,898	54,474,771	66,213,925	59,697,024
Add: Loans and borrowings (Note 25)		92,729,205	107,807,549	36,066,447	33,180,728
Less: GST payable		(97,842)	(66,683)	-	-
Total financial liabilities carried at amortised cost		146,502,261	162,215,637	102,280,372	92,877,752

a. Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 days to 90 days (2016: 30 days to 90 days).

b. Amounts due to subsidiaries and associates

Amounts due to subsidiaries and associates are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

c. Advances from directors

Advances from directors are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

29. Deferred tax

Deferred income tax as at 31 December relates to the following:

	As at 1 January 2016 RM	Recognised in profit or loss RM	As at 31 December 2016 RM	Recognised in profit or loss RM	As at 31 December 2017 RM
Group					
Deferred tax liabilities					
Property, plant and equipment	24,357,694	(3,104,520)	21,253,174	(6,208,754)	15,044,420
Investment properties	5,022,515	401,810	5,424,325	(28,004)	5,396,321
Other receivables	6,530,175	-	6,530,175	-	6,530,175
	35,910,384	(2,702,710)	33,207,674	(6,236,758)	26,970,916
Deferred tax assets					
Unutilised tax losses and unabsorbed capital allowances	(18,406,037)	(1,692,695)	(20,098,732)	(1,625,023)	(21,723,755)
Unabsorbed investment tax allowances and unabsorbed reinvestment allowances	(39,040,011)	5,866,393	(33,173,618)	9,077,933	(24,095,685)
Provisions	(5,951,058)	4,429,161	(1,521,897)	976,762	(545,135)
Others	(1,726,794)	(874,046)	(2,600,840)	709,501	(1,891,339)
	(65,123,900)	7,728,813	(57,395,087)	9,139,173	(48,255,914)
	(29,213,516)	5,026,103	(24,187,413)	2,902,415	(21,284,998)

29. Deferred tax (cont'd.)

Deferred tax as at 31 December relates to the following (cont'd.):

	As at 1 January 2016 RM	Recognised in profit or loss RM	As at 31 December 2016 RM	Recognised in profit or loss RM	As at 31 December 2017 RM
Company					
Deferred tax liabilities					
Property, plant and equipment	8,016	(3,903)	4,113	(4,113)	-
Investment properties	6,397,602	311,364	6,708,966	(1,312,645)	5,396,321
	6,405,618	307,461	6,713,079	(1,316,758)	5,396,321
Deferred tax assets					
Unutilised tax losses and unabsorbed capital allowances	(372,622)	372,622	-	-	-
Provisions	(528,036)	196,431	(331,605)	184,416	(147,189)
Others	(1,686,515)	235,328	(1,451,187)	235,327	(1,215,860)
	(2,587,173)	804,381	(1,782,792)	419,743	(1,363,049)
	3,818,445	1,111,842	4,930,287	(897,015)	4,033,272

29. Deferred tax (cont'd)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	10,753,793	11,732,388	5,396,321	6,713,079
Deferred tax assets	(32,038,791)	(35,919,801)	(1,363,049)	(1,782,792)
	(21,284,998)	(24,187,413)	4,033,272	4,930,287

Deferred tax assets have not been recornised in respect of the following items:

	Group	
	2017 RM	2016 RM
Unutilised tax losses	10,245,009	12,860,332
Unabsorbed capital allowances	2,283,634	2,200,497
Unutilised investment and reinvestment tax allowances	127,796,870	96,392,021
Other deductible temporaray diferences	3,150,804	328,266
	143,476,317	111,781,116

30. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2017	2016	2017 RM	2016 RM
Issued and fully paid-up				
At 1 January/31 December	311,362,271	311,362,271	311,362,271	311,362,271

Under the Companies Act 2016 in Malaysia, which came into effect on 31 January 2017, the concept of authorised share capital is no longer applicable. In accordance with Section 74 of the Companies Act 2016 in Malaysia, the Company's share no longer have a par or nominal value with effect from 31 January 2017.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

31. Other reserves

	Group	
	2017 RM	2016 RM
Foreign currency translation reserve		
At 1 January	46,430	(187,602)
Foreign currency translation	(46,430)	234,032
At 31 December	-	46,430

The foreign currency translation reserve represents exchange difference arising from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

32. Commitments

a. Capital commitments

	Group	
	2017 RM	2016 RM
Capital expenditure		
Approved but not contracted for:		
- Property, plant and equipment	2,862,100	2,548,900

b. Operating lease commitments - as lessee

In addition to the land use right disclosed in Note 16, the Group entered into non-cancellable operating lease agreements for the use of buildings. These leases have 1 to 15 years (2016: 1 to 15 years) term with no purchase option included in the contracts. There is no restriction placed upon the Group by entering into these leases.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for as at reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Not later than 1 year	1,878,480	1,245,864	480,000	571,200
Later than 1 year and not later than 2 years	1,560,250	532,800	360,000	-
Later than 2 years and not later than 5 years	2,897,550	793,350	-	-
Later than 5 years	3,703,050	1,559,280	-	-
	10,039,330	4,131,294	840,000	571,200

32. Commitments (cont'd.)

c. Finance lease commitment

The Group has finance leases for certain items of motor vehicles. These leases do not have terms of renewal, but have purchase options at nominal value at the end of the lease term. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

	Group	
	2017 RM	2016 RM
Future minimum finance lease payments:		
Not later than 1 year	422,773	608,817
Later than 1 year and not later than 2 years	242,942	266,068
Later than 2 years and not later than 5 years	360,103	620,090
Later than 5 years	106,006	80,822
Total minimum future finance lease payments	1,131,824	1,575,797
Less: Future finance charge	(99,807)	(198,437)
Present value of finance lease payments	1,032,017	1,377,360
Analysis of present value of finance lease payments:		
Not later than 1 year	384,917	326,674
Later than 1 year and not later than 2 years	217,059	303,118
Later than 2 years and not later than 5 years	327,180	597,161
Later than 5 years	102,861	150,407
	1,032,017	1,377,360
Less: Amount due within 12 months (Note 25)	(384,917)	(326,674)
Amount due after 12 months (Note 25)	647,100	1,050,686

33. Significant related party transactions

a. In addition to the transactions detailed elsewhere in the financial statements, the following significant transactions took place at terms agreed between the Group and its related parties during the financial year:

	2017 RM	2016 RM
Group		
Interest income from holding company	5,484,515	5,414,326
Company		
Management fees charged to subsidiaries	1,990,000	2,206,000
Rental income charged to subsidiaries	762,205	770,857
Interest income charged to subsidiaries	6,217,822	5,653,259

Information regarding outstanding balances arising from significant related party transactions as at 31 December 2017 and 31 December 2016 are disclosed in Note 22 and Note 28.

b. Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and other emoluments	2,742,360	2,754,410	2,360,340	2,372,390
Allowances	387,000	360,000	365,400	338,400
Fees	300,000	303,333	280,000	280,000
Defined contribution plan	525,065	520,334	469,696	466,622
Estimated monetary value of benefits-in-kind	403,110	466,801	317,022	371,918
	4,357,535	4,404,878	3,792,458	3,829,330

Included in the total key management personnel are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors' remuneration	3,166,071	3,145,197	2,822,311	2,820,532
Estimated monetary value of benefits-in-kind	375,935	455,452	289,847	357,236

34. Fair value of financial instruments

Determination of fair value

i. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Finance lease receivables	17
Trade and other receivables	22
Loans and borrowings	25
Trade and other payables	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are repriced to market interest rates on or near to the reporting date.

The carrying amount of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

ii. Amounts due from/(to) related parties, loan to a subsidiary and fixed rate bank borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

iii. Financial guarantees

The Company provides unsecured financial guarantees to bank and other institutions in respect of facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

A nominal amount of RM5,630,741 (2016: RM13,249,461) relates to corporate guarantees provided by the Company to the banks and other institutions in respect of facilities of its subsidiaries.

As at the reporting date, there was no indication that any subsidiary would default on repayment. The financial guarantees provided to financiers for subsidiaries are considered not likely to crystallise.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors review and agree policies and procedures for managing each of these risks, which are executed by executive chairman, executive director and senior management of the Group. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

a. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 22.

Credit risk concentration profile

The Group determines concentration of credit risks by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	2017		2016	
	RM	% of total	RM	% of total
By industry sector:				
- Food, beverage ("F&B") and tourism	1,159,698	9%	674,605	9%
- Manufacturing	5,273,448	43%	6,616,798	86%
- Energy	5,848,670	48%	386,712	5%
	12,281,816	100%	7,678,115	100%

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except for an amount due from holding company, ZESB, with an outstanding balance of approximately RM62 million (2016: RM78 million). The amount due from holding company bears an interest of 7% (2016: 7%). Amount due from holding company is repayable within the next twelve months, except for an amount of RM50,384,887, which is not repayable within the next twelve months. Other salient terms are as disclosed in Note 22.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

35. Financial risk management objectives and policies (cont'd.)

a. Credit risk (cont'd.)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

b. Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
At 31 December 2017				
Trade and other payables	53,773,056	-	-	53,773,056
Loans and borrowings	55,172,681	43,546,030	106,006	98,824,717
Total undiscounted financial liabilities	108,945,737	43,546,030	106,006	152,597,773
At 31 December 2016				
Trade and other payables	54,408,088	-	-	54,408,088
Loans and borrowings	39,940,418	66,664,087	10,174,600	116,779,105
Total undiscounted financial liabilities	94,348,506	66,664,087	10,174,600	171,187,193
Company				
Financial liabilities				
At 31 December 2017				
Trade and other payables	66,213,925	-	-	66,213,925
Loans and borrowings	37,199,431	-	-	37,199,431
Total undiscounted financial liabilities	103,413,356	-	-	103,413,356
At 31 December 2016				
Trade and other payables	59,697,024	-	-	59,697,024
Loans and borrowings	15,823,638	19,054,193	-	34,877,831
Total undiscounted financial liabilities	75,520,662	19,054,193	-	94,574,855

35. Financial risk management objectives and policies (cont'd.)

c. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from variable interest rate loans and borrowings, and loans at floating rate given to a subsidiary. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM110,838 (2016: RM99,775) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

d. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through cash advances that are denominated in a currency other than the functional currency of the operations to which they relate. The currency that gives rise to this risk are United States Dollar ("USD") and Singapore Dollars ("SGD"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Groups' exposure to foreign currency changes are not material.

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximises shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust for the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statements of financial position) less cash and bank balances. Total capital is calculated as 'equity' as shown in the statements of financial position.

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Loans and borrowings	25	92,729,205	107,807,549	36,066,447	33,180,728
Trade and other payables	28	53,870,898	54,474,771	66,213,926	59,697,024
Less:					
Cash and bank balances	24	(6,175,316)	(8,242,578)	(4,313,494)	(346,950)
Net debt		140,424,787	154,039,742	97,966,879	92,530,802
Equity attributable to o the equity holders of the Company		244,026,200	261,838,689	248,211,818	245,753,123
Capital and net debt		384,450,987	415,878,431	346,178,696	338,283,925
Gearing ratio		37%	37%	28%	27%

With respect to banking facilities that a wholly-owned subsidiary, namely Musteq Hydro Sdn. Bhd. has with the lenders, the subsidiary is committed to ensure it maintains an annual Finance Service Cover Ratio of not less than 1.25:1 and Debt/Equity Ratio of not more than 80:20.

37. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

i. Energy components segment operates power plants as independent power producers;

ii. Food, beverage ("F&B") and tourism segment operates restaurant, catering, and operating aquarium and related activities; and

iii. Manufacturing segment produces and manufacture electrical and engineering parts.

Other business segments include provision of corporate and management services and rental of property, neither of which constitutes a separately reportable segment.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

37. Segment information (cont'd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	F&B and tourism RM	Manufacturing RM	Energy RM	Others RM	Eliminations RM	Total RM
At 31 December 2017						
Revenue						
Sales to external customers	25,606,796	18,224,314	9,371,104	-	-	53,202,214
Inter-segment sales	-	-	1,800,000	1,990,000	(3,790,000)	-
Total segment revenue	25,606,796	18,224,314	11,171,104	1,990,000	(3,790,000)	53,202,214
Results						
Interest income	-	6,828	23,129,480	6,225,060	(23,087,505)	6,273,863
Net fair value loss on investment properties	(124,299)	-	-	(68,390)	-	(192,989)
Depreciation	1,509,594	216,884	14,447,099	15,110	-	16,188,687
Segment (loss)/profit	8,024,410	(2,917,216)	(20,162,711)	2,356,815	(217,244)	(12,915,946)
Assets						
Investment in an associates	-	-	-	39,960	-	39,960
Segment assets	113,055,450	16,865,939	232,195,657	362,882,754	(304,610,267)	420,389,533
Segment liabilities	87,979,787	6,593,439	224,584,112	114,670,934	(260,446,743)	173,381,529

37. Segment information (cont'd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	F&B and tourism RM	Manufacturing RM	Energy RM	Others RM	Eliminations RM	Total RM
At 31 December 2016						
Revenue						
Sales to external customers	28,188,381	18,180,472	4,908,977	-	-	51,277,830
Inter-segment sales	-	-	1,800,000	2,206,000	(4,006,000)	-
Total segment revenue	28,188,381	18,180,472	6,708,977	2,206,000	(4,006,000)	51,277,830
Results						
Interest income	-	163,881	8,667,509	5,657,400	(8,041,414)	6,447,376
Net fair value gain on investment properties	1,442,400	-	-	(1,263,183)	-	179,217
Depreciation	1,786,543	374,957	14,412,614	61,514	-	16,635,628
Share of results of associates	-	2,426	-	-	-	2,426
Segment (loss)/profit	7,700,623	1,097,464	(32,216,718)	(14,836,087)	21,844,810	(16,409,908)
Assets						
Investment in associates	-	11,869	-	39,960	-	51,829
Segment assets	83,812,398	27,452,597	263,744,977	352,390,312	(266,802,481)	460,597,803
Segment liabilities	64,362,374	14,039,637	234,000,511	104,717,965	(222,139,876)	194,980,611

38. Significant events

On 1 November 2017, the Board of Directors announce that the Company proposes to undertake the following:

i. Proposed issuance of up to 155,681,135 Warrants in the Company at no cost (“Free Warrants”) to the existing shareholders of the Company on the basis of one (1) Free Warrant for every two (2) existing ordinary shares in the Company (“Eden Share(s)”) held on an entitlement date to be determined and announce later (“Proposed Free Warrants Issue”); and

ii. Proposed issuance of redeemable convertible commercial papers and/or redeemable convertible medium term notes (“Notes”) with an aggregate principal amount of up to RM60 million under a redeemable convertible notes programme, which will mature on the date falling 36 months from the closing date of the 1st sub-tranche of the Tranche 1 Notes (“Proposed Notes Issue”).

For the avoidance of doubt, the Proposed Free Warrants Issue and the Proposed Notes Issue (collectively known as “Proposals”) are not inter-conditional upon each other. The Proposed Free Warrants Issue will only be implemented after all the relevant conditions precedent of the Proposed Notes Issue is fully satisfied by the Company.

As an integral part of the Proposed Notes Issue mentioned in (ii) above, the Company had on 1 November 2017, entered into a Subscription Agreement between Advance Opportunities Fund I (“Subscriber”), an open-ended fund incorporated as an exempted company with limited liability in the Cayman Islands on 27 January 2016 and Advance Capital Partners Asset Management Private Limited (the discretionary investment manager of the Subscriber), a company incorporated in Singapore on 5 June 2013, for the Proposed Notes Issue, to be issued in four (4) tranches, subject to the terms and conditions as set out in the Subscription Agreement entered on 1 November 2017. The Notes will be privately placed to and subscribed by the subcriber.

The Notes have a tenure of 3 years from the closing date of the first sub-tranche of Tranche 1 Notes, with interest at 1% per annum, and are the transferable and/or tradable in accordance with the terms and conditions of the Subscription Agreement. The Notes may only be offered, sold, or delivered, directly or indirectly to persons to whom an offer or invitation to subscribe the Notes may be made and to whom the Notes are issued would fall within Schedule 6 or Section 229(1)(b) of the Capital Markets and Services Act, 2007, as amended from time to time, and such other selling restrictions as may be applicable outside Malaysia.

The Notes are convertible at the option of the holders of the Notes (“Noteholder(s)”) into new Eden Shares (“Conversion Shares”) at the conversion terms and redeemable at the election of Eden and/or on the Maturity Date in cash, subject to the terms and conditions as set out in the Subscription Agreement.

The Proposed Notes Issue is expected to raise up to RM20 million through the issuance of Tranche 1 Notes. Further amounts of up to RM40 million may be raised through the issuance of the remaining three (3) tranches, at the discretion of the Company, subject to the terms and conditions as set out in the Subscription Agreement.

The details of the salient terms, including utilisation of proceed, of the Proposed Notes Issue are disclosed in the Proposals as announced in Bursa Announcement on 1 November 2017.

On 4 April 2018, the Company announced that the listing application in relation to the Proposals have been submitted to Bursa Securities.

39. Subsequent event

On 13 February 2018, the Company received a winding-up petition ("the Petition") from the Government of Malaysia ("GoM") for an amount owing to the Inland Revenue Board of Malaysia ("IRB"), of RM3.19 million, comprising income tax debt due to the GoM for years of assessment 2013 and 2014 ("Tax Payable"). The hearing date has been set on 8 May 2018

On 14 February 2018, the Company's solicitor sent an appeal letter to IRB, proposing a revised repayment plan for the Tax Payable and to seek IRB's consideration to withdraw the Petition against the Company.

On 27 April 2018, the Company paid RM3,086,827 to the IRB as full and final settlement for the above Tax Payable. Pursuant to the above settlement, the Company had received a letter from the IRB stating that the IRB will be withdrawing the winding up petition on the hearing date on 8 May 2018.

40. Comparative figures

The following comparative figures have been restated as follows:

		As previously stated RM	Adjustments RM	As restated RM
Group				
Effect on statement of comprehensive income for the year ended 31 December 2016				
Income tax expenses	(i)	(6,550,525)	2,550,547	(3,999,978)
Effect on statement of financial position as at 31 December 2016				
Tax payable	(i)	(7,210,157)	2,550,547	(4,659,610)
Accumulated losses	(i)	(52,120,559)	2,550,547	(49,570,012)
Company				
Effect on statement of comprehensive income for the year ended 31 December 2016				
Income tax expenses	(i)	(3,631,723)	2,550,547	(1,081,176)
Effect on statement of financial position as at 31 December 2016				
Tax payable	(i)	(5,818,010)	2,550,547	(3,267,463)
Accumulated losses	(i)	(68,159,695)	2,550,547	(65,609,148)

i. The Group and the Company have retrospectively adjusted for the overstatement of income tax in respect of non-taxable income.

LIST OF PROPERTIES
as at 31 December 2017

No	Company, Title and Particulars	Description	Tenure	Age of Building (year)	Usage	Approximate Land Area	Net Carrying Value as at 31.12.17 (RM)
1	**EDEN INC. BERHAD**						
a.	Unit LG43A, Plaza Bukit Mertajam, 566, Jalan Arrumugam Pillai, 14000 Bukit Mertajam Pulau Pinang.	Shop Lot	Freehold with Restriction	20	Rented Out	1,173 sq. ft.	300,000
b.	PM 39, Lot 63 Seksyen 4, Tanjung Mali, Bandar Padang Matsirat, Pulau Langkawi, Kedah.	Shopping Complex & Aquarium	Leasehold (Expiring in 2054)	21	Rented Out	6.1 acres	8,721,180
c.	PN 21989, Lot No. 8906, PN 21368, Lot No. 8907, PN 21372, Lot No. 8911, Gebeng, Mukim Sungai Karang, Kuantan, Pahang.	Industrial Land	Leasehold (Expiring on 28 October 2096)	-	For Investment	450.7451 acres	164,900,000
2.	**EDEN SEAFOOD VILLAGE (LANGKAWI) SDN. BHD.**						
	Part of, PM39 Lot 63, Seksyen 4, Tanjung Mali, Bandar Padang Matsirat, Pulau Langkawi, Kedah.	Shop Lots	Leasehold (Expiring in 2054)	21	Retail & Restaurant	16,835 sq. ft.	27,902,900
3.	**UNDERWATER WORLD LANGKAWI SDN. BHD.**						
	Part of, PM39 Lot 63, Seksyen 4, Tanjung Mali, Bandar Padang Matsirat, Pulau Langkawi, Kedah.	Double Storey Building with Aquarium	Leasehold (Expiring in 2054)	21	Aquarium & Office	34,703 sq.ft.	9,576,878
4.	**STRATAVEST SDN. BHD.**						
	Libaran Power Station CL 075323447, P. No. 14158, Sungai Jipon, Seguntor Industrial Estate District of Sandakan, Sabah	Low Speed Diesel Fired 60 MW Power Plant and Building	Leasehold - 99 years (Expiring on 31 December 2070)	19	Power Plant & Office Premises	16.01 acres	16,822,245
5.	**MUSTEQ HYDRO SDN. BHD.**						
	Sungai Kenerong Hydro Power 2.6km off Jalan Meranto, Kampong Stong, Kelantan	20 MW Hydro Power Plant and Building	Forest Reserve (30 years con-cession)	17	Power Plant & Office Premises	59,867 sq. ft.	46,653,482

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2017

SHARE CAPITAL

Issued and paid-up share capital	:	RM 311,362,271 ordinary shares
Class of share	:	Ordinary shares
Number of shareholders	:	8,116
Voting right	:	One (1) vote per one (1) ordinary share

DISTRIBUTION SCHEDULE OF ORDINARY SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES HELD	%
1 - 99	115	1.47	2,976	0.00
100 – 1,000	1,874	23.99	1,518,726	0.49
1,001 - 10,000	3,766	48.21	17,975,235	5.77
10,001 – 100,000	1,752	22.43	60,086,283	19.30
100,001 – 15,568,112 (*)	301	3.85	177,984,760	57.16
15,568,113 and above (**)	3	0.04	53,794,291	17.28
Total	7,811	100.00	311,362,271	100.00

REMARKS:
* Less than 5% of issued shares
** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

The Directors' direct and indirect (deemed) interests in the Company based on the Register of Directors' Shareholdings of the Company maintained pursuant to Section 59 of the Companies Act, 2016 are as follows:-

	Direct Interest		Indirect Interest	
Name of Directors	No. of Shares	%	No. of Shares	%
Tan Sri Abd Rahim Bin Mohamad	-	-	86,687,471*	27.84
Puan Sri Fadzilah Binti Md Ariff	4,861,900	1.56	8,893,300**	2.86
Dato' Mohamed Salleh Bin Bajuri	375,000	0.12	-	-
Dato' Anuarudin Bin Mohd Noor	20,000	0.01	-	-
Datuk Seri Ahmad Bin Hj. Kabit	-	-	-	-
Dato' Abdullah A. Rasol	-	-	-	-
Dato' Nik Mohd Fuad Bin Wan Abdullah	-	-	-	-

* Deemed interested by virtue of:-
  - His direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.
  - His daughter, Fara Nadia binti Abd Rahim's shareholding in EDEN

** Deemed interested by virtue of her daughter, Fara Nadia binti Abd Rahim's shareholding in EDEN

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The Substantial Shareholders' direct, and indirect (deemed) interests in the Company based on the Register of Substantial Shareholders of the Company are as follows:-

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Serata Padu Sdn. Bhd	43,794,171	14.07	-	-
Zil Enterprise Sdn. Bhd.	34,000,000	10.92	43,794,171 (1)	14.07
Serve Vest (M) Sdn. Bhd.	-	-	43,794,171 (2)	14.07
Tan Sri Abd Rahim Bin Mohamad	-	-	86,687,471 (3)	27.84

1. Deemed interested by virtue of its direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.
2. Deemed interested by virtue of its direct interest of more than 20% equity interest in Serata Padu Sdn. Bhd.
3. Deemed interested by virtue of:-
   - His direct interest of more than 20% equity interest in Zil Enterprise Sdn. Bhd. and his direct interest of more than 20% equity interest in Serve Vest (M) Sdn. Bhd. which in turn holds shares in Serata Padu Sdn. Bhd.; and
   - His daughter, Fara Nadia binti Abd Rahim's shareholding in EDEN..

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS AS AT 31 MARCH 2017

NO.	NAME	NO. OF SHARES	%
1	AMBANK (M) BERHAD PLEDGED SECURITIES ACCOUNT FOR ZIL ENTERPRISE SDN. BHD.	20,000,120	6.42
2	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SERATA PADU SDN. BHD.	18,107,471	5.82
3	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SERATA PADU SDN. BHD.	15,686,700	5.04
4	ABB NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ZIL ENTERPRISE SDN. BHD.	14,000,000	4.50
5	ABB NOMINEE (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SERATA PADU SDN. BHD	10,000,000	3.21
6	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TUNG YAN YOK	9,633,400	3.09
7	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR FARA NADIA BINTI ABD RAHIM	7,893,300	2.54
8	CHOONG YEAN YAW	6,201,300	1.99
9	TEE WOEI LIM	4,652,000	1.49
10	TING KAM CHEONG	4,310,460	1.38
11	TAN CHIN CHING	3,915,700	1.26
12	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FADZILAH BINTI MD ARIFF	3,831,900	1.23
13	SUPPIAH A/L RAMASAMY	3,438,000	1.10
14	TAN WEE CHONG	3,048,800	0.98
15	CHOO SEOW THEANG	2,886,900	0.93
16	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR NG CHAI HOCK	2,857,000	0.92
17	TUNG YAN YOK	2,048,500	0.66
18	CHIN KIAN FONG	1,708,800	0.55

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS AS AT 31 MARCH 2017 (cont'd.)

NO.	NAME	NO. OF SHARES	%
19	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIEW LEE CHIN	1,670,000	0.54
20	FUN SWEE YOK	1,639,200	0.53
21	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR MOHAMMED AMIN BIN MAHMUD	1,593,700	0.51
22	FUN SWEE YOK	1,500,000	0.48
23	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	1,450,000	0.47
24	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHEANG FOOK SAM	1,330,000	0.43
25	YEOH CHAI KAUN	1,300,000	0.42
26	LOW WEI SIONG	1,234,300	0.40
27	LIM KENG CHUAN	1,160,000	0.37
28	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR TAN CHIN CHING	1,151,100	0.37
29	SEE HONG CHEEN @ SEE HONG CHEN	1,130,000	0.36
30	BALAKRISNEN A/L SUBBAN	1,126,000	0.36
	TOTAL:	**150,504,651**	**48.66**

Form of Proxy
EDEN INC. BERHAD (36216-V)

Number of ordinary shares held	CDS Account No

*I/We, (full name in capital letters) ………

bearing *NRIC No./Passport No./Company No.………

of (full address) ………

being a *member/members of EDEN INC. BERHAD **("the Company")**, hereby appoint:-

First Proxy "A"

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing *him/her,

Second Proxy "B"

Full Name	NRIC/ Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			
			100%

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Fortieth Annual General Meeting of the Company to be held at Banquet Hall, Persatuan Alumni Universiti Malaya (PAUM) Clubhouse, Lot 10476, Jalan Susur Damansara (Jalan Damansara Lama), 50480 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 6 June 2018 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

Item No.	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and the Auditors thereon.			
		Resolution	**For**	**Against**
2.	(a) To re-elect Puan Sri Fadzilah binti Md Ariff who is to retire pursuant to Article 95 of the Company's Articles of Association.	1		
	(b) To re-elect Dato' Anuarudin bin Mohd Noor who is to retire pursuant to Article 95 of the Company's Articles of Association.	2		
3.	To appoint Messrs. Afrizan Tarmili Khairul Azhar as Auditors of the Company in place of the retiring Auditors, Messrs. Ernst & Young and to authorise the Directors to fix their remuneration.	3		
Special Business				
4.	**Ordinary Resolution** Payment of Directors' Fees.	4		
5.	**Ordinary Resolution** Payment of Benefit Payable to the Non-Executive Directors under Section 230(1)(b) of the Companies Act 2016.	5		
6.	**Ordinary Resolution** Retention of Dato' Mohamed Salleh bin Bajuri as Senior Independent Non-Executive Director.	6		
7.	**Ordinary Resolution** Authority to issue shares pursuant to the Companies Act 2016.	7		

* Strike out whichever not applicable

Signed this .... day of ...., 2018

……………………………………………………………
Signature of Member/Common Seal

Notes:

1. **In respect of deposited securities, only members whose names appear in the Record of Depositors on 31 May 2018 (General Meeting Record of Depositors) shall be eligible to attend, participate, speak and vote at the Meeting.**

2. **A member entitled to attend and vote at the Meeting is entitled to appoint up to two (2) proxies at the Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.**

3. **A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.**

4. **The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.**

5. **Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.**

6. **The instrument appointing a proxy must be deposited at the office of Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.**

7. **Any Notice of Termination of Authority to act as Proxy must be received by the Company before the commencement of the General Meeting or at any adjournment thereof, failing which, the termination of the authority of a person to act as proxy will not affect the following in accordance with Section 338 of the Companies Act 2016:-**

   (a) the constitution of the quorum at such meeting;
   (b) the validity of anything he did as chairman of such meeting;
   (c) the validity of a poll demanded by him at such meeting; or
   (d) the validity of the vote exercised by him at such meeting.

Please fold along this line (1)

Form of Proxy

AFFIX STAMP

To:
EDEN INC. BERHAD (Co. No. 36216-V)
c/o Securities Services (Holdings) Sdn.Bhd.
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur.

EDEN INC. BERHAD
(Co No. 36216-V)
(A member of Zil Group of Companies)

Please fold along this line (2)

EDEN INC. BERHAD
(Co No. 36216-V)
(A member of Zil Group of Companies)

15th Floor, Amcorp Tower, Amcorp Trade Centre,
18 Jalan Persiaran Barat, off Jalan Timur,
46050 Petaling Jaya, Selangor

Tel : 603-7957 7781 Fax : 603-7957 4793

www.edenzil.com