

EDEN ENTERPRISES (M) BERHAD (36216-V)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FOR THE 1ST QUARTER ENDED 31 MARCH 2002

NOTES

1. Accounting Policies and Methods of Computations

The quarterly financial statements have been prepared using the same accounting policies and methods of computation as compared with the most recent annual financial statements.

2. Exceptional Item

There was no exceptional item for the Quarter ended 31 March 2002.

3. Extraordinary Item

There was no extraordinary item for the Quarter ended 31 March 2002.

4. Taxation

Taxation comprises :-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2002 RM'000	Preceding Year Corresponding Quarter 31/03/2001 RM'000	Current Year To Date 31/03/2002 RM'000	Preceding Year Corresponding Period 31/03/2001 RM'000
Corporate Taxation				
- current year provision	110	171	110	171
- under/(over) provision in respect of prior year	-	-	-	-
	<hr/> 110	<hr/> 171	<hr/> 110	<hr/> 171
Transfer from deferred taxation	-	-	-	-
	<hr/> 110	<hr/> 171	<hr/> 110	<hr/> 171

5. Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties for the current financial year to date.

6. Quoted Investments

(i) There was no purchase or disposal of quoted investments for the Quarter ended 31 March 2002; and

(ii) The Group does not hold any investment in quoted securities as at 31 March 2002.

7. Composition of the Group

There were no changes in the composition of the Group for the current financial year to date including business combinations, acquisitions or disposal of subsidiaries and long term investment, restructuring and discontinuing operation.

8. Corporate Proposals

- (a) On 20 April 2000, 26 June 2000, 15 September 2000, 11 December 2000 and 28 February 2001, the Company ("Eden") announced its Proposed Corporate Exercises and the revisions thereto respectively consisting of the following. The exercises have been approved by Securities Commission ("SC") vide its letters dated 6 December 2000 and 22 February 2001.
- i) Proposed reduction and reconstruction of Eden's existing issued and paid-up share capital comprising 39,999,000 ordinary shares of RM1.00 each to 31,999,200 ordinary shares of RM1.00. ("Proposed Capital Reconstruction");
 - ii) Proposed renounceable rights issue of 63,998,400 new ordinary shares of RM1.00 each in Eden at par on the basis of two (2) new ordinary shares for every one (1) existing ordinary share held after Proposed Capital Reconstruction together with 15,999,600 free detachable warrants on the basis of one (1) free detachable warrant for every four (4) new rights shares subscribed ("Proposed Rights Issue with Warrants");
 - iii) Proposed internal reorganisation of Eden Group of companies ("Proposed Rationalisation");
 - iv) Proposed acquisition of the entire issued and paid-up share capital of Stratavest Sdn. Bhd., an independent power producer, from Serata Padu Sdn. Bhd. ("Serata Padu") for a purchase consideration of RM123,329,152 to be satisfied by an issuance of 123,329,152 new ordinary shares of RM1.00 each in Eden at par;
 - v) Proposed acquisition of the entire 540.67 acres of Gebeng Industrial Land from Zil Enterprise Sdn. Bhd. for a purchase consideration of RM76,000,000 to be satisfied by an issuance of RM76,000,000 nominal value of 2.5% 2001/2006 Irredeemable Convertible Unsecured Loan Stocks ("ICULS") in Eden at 100% nominal value;
 - vi) Proposed acquisition of 70% of the issued and paid-up share capital of Time Era Sdn. Bhd. from Lew Min Fatt and Ting Kam Cheong for a purchase consideration of RM10,426,919 to be satisfied by an issuance of 10,426,919 new ordinary shares of RM1.00 each in Eden at par;
 - vii) Proposed renunciation of the entire rights shares with warrants of up to 33,713,600 rights shares together with 8,428,400 warrants entitlement by Sriwani Holdings Berhad ("Sriwani"), a substantial shareholder of Eden to Zil Enterprises Sdn. Bhd./Ybhg Dato' Abd Rahim bin Mohamad ("DAR") for a total consideration of RM4.5 million to be fully satisfied as follows :-
 - a) via the transfer of 1,500,000 right shares by DAR and/or Zil Enterprise Sdn. Bhd. as fully paid-up to Sriwani; and
 - b) via the transfer of 3,000,000 2.5% 2001/2006 ICULS of RM1.00 nominal value each in Eden by Zil Enterprise Sdn. Bhd. to Sriwani;
 - viii) Proposed restricted offer for sale ("ROS") of up to 12,300,000 ordinary shares of RM1.00 each by Serata Padu to the minority shareholders of Eden and nominated public investors at par as follows :
 - a) 5,047,000 ordinary shares will be offered to the minority shareholders of Eden on a renounceable basis; and
 - b) 7,253,000 ordinary shares will be offered to the nominated public investors to be approved by the SC;

- ix) Proposed ROS of up to RM6,400,000 nominal value of 2.5% 2001/2006 ICULS by Zil Enterprise to the minority shareholders of Eden on a renounceable basis at 100% nominal value on the basis of RM2.00 ICULS to be offered for every five (5) existing shares held by the minority shareholders after Proposed Capital Reconstruction.
- x) Proposed increase in authorised share capital of Eden from RM100 million comprising 100,000,000 ordinary shares of RM1.00 each to RM500 million comprising 500,000,000 ordinary shares of RM1.00 each.

The shareholders have approved the above scheme on 16 April 2001.

On 11 May 2001, the Company announced that the Board of Directors of the Company has fixed both the exercise price of the Warrants and the conversion price of the Eden ICULS at RM1.00 per Eden Share.

On 22 May 2001, the Company announced that the High Court of Malaya in Penang had on 18 May 2001 sanctioned and confirmed the Capital Reconstruction. A sealed copy of the Court Order had been delivered for registration to the Registrar of Companies ("ROC") and a Certificate confirming the lodgement of the Order of High Court for the Reduction of Share Capital (Form 29) was issued on 22 May 2001. Accordingly the record at ROC has taken into account of the capital reduction of which the company has yet to implement.

On 27 August 2001, the Company further announced that SC had vide its letter dated 22 August 2001 approved the extension of the completion date for the abovementioned corporate exercises for another seven (7) months up to 22 March 2002. Subsequently, on 20 March 2002 the Company announced that SC had vide its letter dated 13 March 2002 approved the extension date for another eight (8) months from 22 March 2002 up to 22 November 2002.

The Company, Serata Padu Sdn Bhd, Zil Enterprise Sdn Bhd and shareholders of Time Era Sdn Bhd have by way of an exchange of letters dated 5 March 2002 and 14 March 2002, to mutually agree to extend the period of fulfillment of the condition precedents of the Sale and Purchase Agreement ("SPA") dated 20 April 2000 to 30 June 2002.

On 3 May 2002, the Company announced a proposed revision to the renounceable rights issue of 63,998,400 new ordinary shares of RM1.00 each at par on the basis of two (2) new ordinary shares for every one (1) existing ordinary share held after Capital Reconstruction together with 15,999,600 free detachable warrants on the basis of one (1) free detachable warrant for every four (4) new rights shares subscribed to allow for a minimum subscription of 48,600,000 rights shares with 12,150,000 warrants ("Proposed Revision"); and proposed variation to the utilisation of proceeds as a result of the Proposed Revision ("Proposed Variation").

- (b) On 3 May 2002, the Company has entered into a Supplemental Agreement with Arab Malaysian Bank Berhad, Bank Utama (M) Berhad, Alliance Bank Malaysia Berhad, OCBC Bank (M) Berhad, Southern Bank Berhad and Standard Chartered Bank Malaysia Berhad (collectively known as the "Lenders") and Malaysian Trustees Berhad ("Security Agent") restating the Debt Settlement and Security Sharing Agreement dated 12 January 2001 for the settlement of the entire revised indebtedness of RM48,559,383.09 on or before 31 July 2002 by utilising part of the proceeds from the Rights Issue with Warrants.

Under the Revised Debt Settlement Scheme, the total outstanding indebtedness of Eden to the Lenders under their respective existing facilities including capitalised interest as at 31 July 2001 ("**Existing Indebtedness**") shall be paid from Rights Issue Proceeds by 31 July 2002. In the event the proposed revised scheme is approved by all the relevant authorities (including the shareholders of the Company) but the Rights Issue Proceeds are not received by the Company by 31 July 2002, the Company may request the Lenders in writing for an extension of time to a date no later than 30 September 2002 ("**the Extension**") to implement the Rights Issue with Warrants.

Upon the Rights Issue Proceeds being available for utilisation on the date the Rights Shares and Warrants are listed on the KLSE ("Listing Date"), the Company shall immediately utilise the Rights Issue Proceeds by paying to the Security Agent as determined as follows :

- (a) in the event that the payment to the Security Agent can be made on or before 31 July 2002, the amount payable shall be the amount of the Existing Indebtedness;
- (b) in the event that the payment to the Security Agent is made after 31 July 2002, notwithstanding that the Extension may have been granted by the Majority Lenders, the amount payable shall be the amount of
 - i) the Existing Indebtedness; plus
 - ii) all interest accrued on the Existing Indebtedness owed to the respective Lenders calculated in accordance with the terms of the respective existing facility agreements, for the period commencing on 1 August 2002 and ending on the date of receipt of the Rights Issue Proceeds ("Accrued Interest").

Any interest accrued for the period commencing on 1 August 2001 and ending on 31 July 2002 shall be waived and deemed satisfied, provided that payment to the Security Agent :

- a) is made on or before 31 July 2002 or within the period of the Extension approved by the Majority Lenders; or
- b) shall have been settled the amount of the Existing Indebtedness in accordance with the provisions of Clause 4 of the Supplemental Agreement, where the Rights Issue Proceeds are only sufficient to pay for the full amount of the Existing Indebtedness and not the Accrued Interest.

The Lenders had also further agreed to grant an additional extension of time up to 31 December 2002 ("Additional Extension") for the Company to settle the Accrued Interest. The Accrued Interest owing and due to the respective Lenders shall be capitalised on the date the amount of the Existing Indebtedness is paid to the Security Agent, and shall thereafter bear interest at the rate of 3.5% per annum, above the Base Lending Rate of the respective Lenders calculated on monthly rest basis.

The Existing Indebtedness and all monies owed by the Company to the Lenders shall be deemed to have been settled in full upon the Security Agent receiving amount payable by the Company on the Existing Indebtedness and the Lenders receiving all Accrued Interest together with the interest thereon, if any. The Security Agent shall within fourteen (14) days after settlement of the aforesaid execute and deliver to the Company the relevant discharge documents for the discharge of the security under the security documents.

- (c) In the event that the Lenders reject the extension of time and revised terms, the Company will have to accrue for the interest waived from 1 August 2001 to 31 July 2002 amounting to approximately RM4.856 million. This will have an effect of increasing the loss of the Company and the Group by the said amount as disclosed as a contingent liability under Note 11.

9. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.

10. Group Borrowings

Group borrowings and debt securities as at 31 March 2002 all denominated in Ringgit Malaysia are :-

	RM'000
(a) Short term borrowings	
Unsecured	5,127
Secured	51,004
	<hr/>
	56,131
(b) Long term borrowings	
Unsecured	0
Secured	412
	<hr/>
	412

11. Contingent Liabilities

	Company RM'000 23/05/2002
Unsecured	
Guarantee to financial institutions for banking facilities granted to subsidiaries	<hr/> 6,264
Secured	
Interest pursuant to the Supplemental Agreement with respect to the Debt Settlement and Security Sharing Agreement as disclosed in Note 8(c)	<hr/> 4,856

12. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk during the current Quarter ended 31 March 2002.

13. Material Litigation

- i) A Writ of Summons was served on 6 September 1999 on the Company as Defendant by Alliance Bank Malaysia Berhad ("AB") (*formerly known as Multi-Purpose Bank Berhad*) claiming for a sum of RM10,697,859.30 together with interest at rate of 7.25% per year and further interest at the rate of 3.5% per year from 9 June 1999 till full realisation with cost on an overdraft facility granted to the Company. Judgement in Default was granted to AB on 1 October 1999.

The Company subsequently filed an application to the High Court to set aside the Writ and the judgement as well as an injunction to restrain AB from further legal proceedings against the Company on the basis that the Writ was fundamentally flawed as there was no identification of the Plaintiff who issued the writ or the address of the Plaintiff in the Writ. The judgement was also far in excess of the Plaintiff's entitlement. On 27 January 2000, AB filed an Affidavit-in-Reply to dismiss the Company's application.

The decision on the Company's application was delivered in AB's favour on 23 March 2000. The Company has appealed to the Court of Appeal on 31 March 2000. AB has subsequently agreed to a voluntary stay.

On 12 January 2001, the company entered into a Debt Settlement and Security Sharing Agreement ("DSA") as disclosed in Note 8 (b) of which AB is one of the lenders in which the agreement is entered into.

On 3 May 2002, AB had agreed to restate the DSA by entering into a Supplemental Agreement.

- ii) A Writ of Summons was served on 16 February 2000 on the Company as Defendant by Standard Chartered Bank Malaysia Berhad ("SCB") claiming for a sum of RM7,887,074.79 being overdraft and revolving credit facilities outstanding.

The Company had filed Affidavit-in-Reply dated 15 March 2000 and 18 April 2000 respectively.

SCB had subsequently applied for Summary Judgement against the Company which was allowed by the Senior Assistant Registrar on 30 May 2000. The Company has filed an appeal to the Judge in Chambers via its solicitor Messrs. Murthi & Partners. However, on the hearing of the Appeal, the honourable Judge had ruled in favour of SCB. On 20 October 2000, the Company had via its solicitor filed an appeal to the Court of Appeal against the decision of the High Court Judge.

On 12 January 2001, the company entered into a Debt Settlement and Security Sharing Agreement ("DSA") as disclosed in Note 8 (b) of which SCB is one of the lenders in which the agreement is entered into.

On 3 May 2002, SCB had agreed to restate the DSA by entering into a Supplemental Agreement.

- iii) A Writ of Summons was served on 22 May 2000 on the Company as Defendant by OCBC Bank (M) Berhad ("OCBC") claiming for a sum of RM5,499,131.03 being overdraft, term loan and revolving credit facilities outstanding.

The Plaintiff filed an Order 14 Application on 30 June 2000, claiming a sum of RM5,627,020.00 being overdraft, term loan and revolving credit facilities outstanding until 5 June 2000.

The Company had filed an Affidavit-in Reply on 2 August 2000.

OCBC has applied for Summary Judgement against the Company on 10 August 2000. The Order 14 Application was heard on 12 December 2000. On 8 August 2001, the Summary Judgement of the decision for the Order 14 Application was given by Senior Assistant Registrar in favour of the Plaintiff. Subsequently, the company has filed an Appeal to the Judge in Chambers. On 28 November 2001, the Judge allowed our appeal with cost and set aside the Judgment. Subsequently, on 5 February 2002 the judge has delivered judgement on our Appeal. The Plaintiff has appealed against this decision to the Court of Appeal and the case is pending in the Court of Appeal, Kuala Lumpur.

On 12 January 2001, the company entered into a Debt Settlement and Security Sharing Agreement ("DSA") as disclosed in Note 8 (b) of which OCBC is one of the lenders in which the agreement is entered into.

On 3 May 2002, OCBC had agreed to restate the DSA by entering into a Supplemental Agreement.

14. Segmental Analysis

By Business Segment

	Gross assets RM'000	Turnover RM'000	Profit / (Loss) before taxation RM'000
Investment and management	11,602	-	(375)
Food and beverage	50,033	11,195	(1,053)
Property development	8,867	285	(239)
	<u>70,502</u>	<u>11,480</u>	<u>(1,667)</u>

The activities of the Group are predominantly carried out in Malaysia, as such, segmental reporting by geographical location is not presented.

15. Material Changes In The Profit Before Taxation

The Group recorded a loss before tax of RM1.7 million in the current quarter compared to a loss before tax of RM0.9 million in the preceding quarter. Loss increased by RM0.8 million.

The lower loss recorded in preceding quarter was mainly due to one time discount and rebates received as indicated in the previous quarterly report.

16. Review of Performance

The reduction in total turnover by 36% for current quarter in comparison to the preceding quarter was mainly due to reduced sales recognition for property development projects in current quarter. Food and beverage segment recorded a drop of 17% in turnover compared to the preceding quarter due to the weak market scenario after the holiday season in the preceding quarter.

17. Material Events Subsequent To The End Of The Period Reported

On 3 May 2002, the Company has entered into a Supplemental Agreement with the lenders and Security Agent with respect to the Debt Settlement and Security Sharing Agreement as indicated in item 8(b).

18. Seasonal and Cyclical Factors

The Group is principally engaged in the food and beverage business which is generally dependent on major festive and holiday seasons where the peak period is in the months of November to February. The operations of the Group are also affected by cyclical economic factors.

19. Current Year Prospects

The Group expects to face a challenging time in view of the increased competition within the industry and the gradual recovery of the tourism industry towards the second half of the year. Nevertheless, the Group shall strive to maintain its performance through the ongoing rationalisation and cost saving exercise.

20. Profit Forecast / Profit Guarantee

Not applicable.

21. Dividend

No interim dividend (2001-NIL) is recommended by the Board for the Quarter ended 31 March 2002.

Date : 31 May 2002