

**EDEN INC. BERHAD (36216-V)**  
**(Formerly known as Eden Enterprises (M) Berhad)**  
**(Incorporated in Malaysia)**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FIRST QUARTER AND PERIOD ENDED 31 March 2009**

**Part A – Explanatory Notes Pursuant to FRS 134**

**1. Basis of Preparation**

The interim financial statements have been prepared under the historical cost convention except for the investment properties which are stated at fair value, in accordance with Financial Reporting Standards (“FRS”) 140. The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2008.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

**2. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements for the year ended 31 December 2008 was not subjected to any qualification.

**3. Segmental Information.**

<b>3 months ended</b>	
<b>31.3.2009</b>	<b>31.3.2008</b>
<b>RM'000</b>	<b>RM'000</b>

**Segment Revenue**

Revenue from continuing operations:

Energy Sector	37,288	47,243
F&B and Tourism Sector	6,971	8,147
Manufacturing Sector	5,154	5,978
Investment Sector	1,737	115
Others	-	-

Total revenue including inter-segment sales	51,150	61,483
Elimination of inter-segment sales	(1,813)	(248)
Total revenue from continuing operations	49,337	61,235
Revenue from discontinued operation	391	-
Total	49,728	61,235

### 3. Segmental Information (Contd.)

#### Segment Results

Results from continuing operations:

3 months ended		
31.3.2009	31.3.2008	
RM'000	RM'000	
Energy Sector	5,544	5,489
F&B and Tourism Sector	(514)	(753)
Manufacturing Sector	(120)	201
Investment Sector	(2,905)	(3,200)
Others	(0)	(0)
	<hr/>	<hr/>
	2,004	1,737
Eliminations	269	236
Total results from continuing operations	<hr/>	<hr/>
	2,273	1,973
Results from discontinued operation	322	-
Total	<hr/>	<hr/>
	2,595	1,973

### 4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 March 2009.

### 5. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

### 6. Comments about Seasonal or Cyclical Factors

There is no seasonal or cyclical effect on the Energy and Manufacturing sector. However, the performance of Food & Beverages and Tourism sector is affected positively by major festivals and school holidays.

### 7. Dividends Paid

There was no dividend paid to the shareholders for the current financial period to date.

### 8. Carrying Amount of Revalued Assets

The carrying amount of property, plant and equipment is recorded at cost and has been brought forward without amendment from the financial statements for the year ended 31 December 2008.

### 9. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury in the current quarter.

## 10. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

## 11. Disposal Group Held for Sale.

As announced, the Group is in midst of disposing two subsidiaries namely Green Electric Limited ("GEL") and Eden Village Sdn Bhd ("EVSB"). The Major classes of assets and liabilities of the two(2) subsidiaries classified as The Disposal Group Held For Sale as at 31<sup>st</sup> March 2009 are as follows;

	<b>As at 31.3.2009 RM'000</b>	<b>As at 31.12.2008 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	8,658	8,704
Intangible assets	282	282
Other investment	15	15
Inventories	29	33
Trade and other receivables	768	697
Cash and bank balances	35	84
Assets of disposal group classified as held for sale	<u>9,787</u>	<u>9,815</u>

	<b>As at 31.3.2009 RM'000</b>	<b>As at 31.12.2008 RM'000</b>
<b>Liabilities</b>		
Borrowings	217	174
Trade and other payables	<u>3,688</u>	<u>3,705</u>
Liabilities directly associated with disposal group classified as held for sale	<u>3,905</u>	<u>3,879</u>

## 12. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2009 is as follows:

	<b>RM'000</b>
Approved and contracted for	58
Approved and not contracted for	-
	<u>58</u>

### **13. Changes in Contingent Liabilities and Contingent Assets**

#### **13.1 Contingent Liabilities**

The total contingent liabilities of the Group as at 31 March 2009 is RM44.82 million consisting of corporate guarantees to banks for credit facilities granted to the subsidiaries.

#### **13.2 Contingent Assets**

Under the Clause 6.6 Other Payments of the PPA, Stratavest is entitled to claim late payment's charges from SESB on overdue payment from the date on which such payment became overdue and until the date such payment is paid in full.

An amount of RM3.21 million late payment charges for the period up to March 2009 has not been recognised in the period under review.

### **14. Material Events Subsequent to the Balance Sheet Date**

14.1 Eden Seafood Village (Selangor) Sdn Bhd a wholly owned subsidiary of the Company which operates a restaurant ceased its operations on 4 April 2009.

14.2 On 5<sup>th</sup> May 2009, EDEN and KUB Malaysia Bhd have agreed to the extension of the Extended Conditional period for the Proposed Acquisition of KUB Singgahsana (PJ) Sdn Bhd and ITTAR – IPP (PJ) Sdn Bhd to 5<sup>th</sup> June 2009.

**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**15. Performance Review**

The reduction in revenue from RM61.24 million recorded in the corresponding quarter ended 31 March 2008 to RM49.73 million in quarter ended 31 March 2009 was primarily due to lower revenue generated by the Energy Sector mainly due to lower Medium Fuel Oil (“MFO”) price used in energy billing. In addition, the closure of two restaurant branches contributed to the reduction in revenue as part of the Food and Beverage division’s efforts to turnaround the performance of the Sector.

The Group recorded an improved Profit Before Tax (“PBT”) of RM1.08 million, 84% better than the PBT of RM0.59 million recorded in the corresponding quarter ended 31 March 2008 due to the better performance of the Energy Sector coupled with savings on the cost rationalization and optimization of the Group.

**16. Comment on Material Change in Profit Before Taxation (“PBT”).**

The Group’s PBT for the current quarter ended 31 March 2009 markedly improved to RM1.08 million, compared to the Loss Before Tax (“LBT”) of RM2.39million recorded in the preceding quarter ended 31 December 2008. This is attributed to the better performance of the Energy sector. In addition, the Group’s cost rationalization exercise has also contributed to the positive improvement in profitability.

**17. Commentary on Prospects**

The remaining period of the financial year will remain challenging as a result of the global economic slowdown coupled with escalating costs of doing businesses as well as cautious general domestic market sentiments. Notwithstanding this, the Group is expected to perform better in the remaining period of 2009.

**18. Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee in the current quarter under review.

**19. Income Tax Expense**

	3 months ended	
	31.3.2009	31.3.2008
	RM’000	RM’000
Current tax:		
Malaysian income tax	213	167
Overprovision of Malaysian income tax in prior years	-	-
	<hr/>	<hr/>
	213	167
Deferred tax	1,303	1,217
Total income tax expense	<hr/>	<hr/>
	1,516	1,384

The effective tax rates for the year was higher than the statutory tax rate of 26% principally due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

## 20. Sale of Unquoted Investments and Properties

There were no sales of unquoted investments and properties in the current quarter under review.

## 21. Quoted Securities

There was no purchase or disposal of quoted securities in the current quarter under review.

## 22. Corporate Proposals

There were no corporate proposals in the current quarter under review.

## 23. Borrowings.

Group borrowings and debt securities as at 31 March 2009 denominated in Ringgit Malaysia were:

	As at 31.3.2009 RM'000	As at 31.12.2008 RM'000
<b>Short term borrowings</b>		
Secured	20,728	42,498
	20,728	42,498
<b>Long term borrowings</b>		
Secured	246,750	234,537
Unsecured	45,000	45,000
	291,750	279,537
	312,478	322,035

Included in the short term borrowings are bank overdrafts amounting to RM6.42 million. (2008: RM5.60 million)

## 24. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk in the current quarter under review.

## 25. Changes in Material Litigations

As at the reporting date, there were no changes in material litigations, except for the following pending material litigations since the last annual balance sheet date of 31 December 2008:

- i) Defamation suit by LKE Electric (M) Sdn Bhd ("LKE") naming a director and shareholder of Time Era Sdn Bhd (Time Era), as the First Defendant, and Cur (Far East) Sdn Bhd ("Cur"), a subsidiary of Time Era, as the Second Defendant for RM5 million for exemplary and aggravated damages, interest and cost. The defendant's solicitors have filed a defence and Date for case management has not yet been fixed by Court.
- ii) A suit by Eden Inc. Berhad ("EDEN") against Sriwani Duty Free Centre (Langkawi) Sdn. Bhd. ("SDFC") as the First Defendant, Dato' Chuan Hooi Huat (who is the former director of EDEN and Sriwani Holdings Berhad ("SHB") as the Second Defendant and Mr. Terry Wong Soo

Teng, (who is the former Director of EDEN and the present director of SHB) as the Third Defendant, for Tort of Conspiracy in respect of a lease agreement entered into between EDEN and SDFC on 20 August 2002 (“Lease Agreement”) for RM52,657,920. The matter was fixed for appeal on 27 May 2009 and the appeal was dismissed with an order for early trial.

- iii) A suit by SHB as the Plaintiff, naming Zil Enterprise Sdn Bhd (being a major shareholder of EDEN) as the First Defendant and EDEN as the Second Defendant alleging that EDEN Group owed the Plaintiff RM3,043,537.93 by way of inter company debts. The court has yet to fix the date for mention.
- iv) Three (3) former employees of the Company have initiated a claim for constructive dismissal against the Company.
  - (a) The claims by Goh Hoe Kong & Chin Kar Peng were for reinstatement to their previous positions as well as for back wages. However, the Industrial Court had on 22 April 2008, handed down an award in favour of the Company and in doing so, dismissed each of the claims brought by plaintiffs. Whilst Chin Kar Peng did not appeal against the said award, Goh Hoe Kong has referred the award to the High Court at Kuala Lumpur, for a judicial review and shall be heard on 16 June 2009.
  - (b) Meanwhile, Thum Soon Yin’s claim was for compensation amounting to RM1,284,118.82. Written submissions have been filed by Thum Soon Yin and the Company. Further, oral submissions were made before a newly appointed Industrial Court chairman and now awaiting a decision.

## 26. Dividend Payable

No dividend has been declared for the year.

## 27. Earnings Per Share

### (a) Basic

The basic earning per share of the Group was calculated by dividing the net profit for the year by the weighted average number of ordinary shares of RM1.00 each in issue to the public as follows:

	3 months ended	
	31.3.2009 RM'000	31.3.2008 RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	1,131	868
Profit from discontinued operation attributable to ordinary equity holders of the parent	-	-
Profit attributable to ordinary equity holders of the parent	<u>1,131</u>	<u>868</u>
Weighted average number of ordinary shares in issue	<u>311,362</u>	<u>311,359</u>
Basic earnings per share (sen) for:		
Profit from continuing operations	0.36	0.28
Profit from discontinued operation	-	-
Profit for the period	<u>0.36</u>	<u>0.28</u>

**(b) Diluted**

For the purpose of calculating diluted earnings per share, was calculated by dividing the adjusted net profit for the year by the weighted average number of ordinary shares of RM1.00 each, ICULS and warrants in issue to the public as follows:

	3 months ended	
	31.3.2009 RM'000	31.3.2008 RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	1,131	868
After-tax effect of interest on ICULS (RM'000)	-	-
Profit from continuing operations attributable to equity holders of the parent including assumed conversion	1,131	868
Profit from discontinued operation attributable to ordinary equity holders of the parent	-	-
Profit attributable to ordinary equity holders of the parent including assumed conversion	1,131	868
Weighted average number of ordinary shares in issue	311,362	311,359
Effects of dilution:		
Weighted average number of ICULS	-	-
Weighted average number of warrants	-	6,075
Adjusted weighted average number of ordinary shares in issue and issuable	311,362	317,434
Diluted earnings per share (sen) for:		
Profit from continuing operations	0.36	0.27
Profit from discontinued operation	-	-
Profit for the period	0.36	0.27

The diluted Earning per Share (EPS) is not shown as the effect of the computation of the diluted EPS is anti-dilutive.

**28. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 27 May 2009.

By order of the Board.

Date: 27 May 2009