

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 30 JUNE 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

3 months ended		6 months ended	
30.6.2009	30.6.2008	30.6.2009	30.6.2008
RM'000	RM'000	RM'000	RM'000

Segment Revenue

Revenue from continuing operations:

Energy Sector	43,279	46,934	80,567	94,177
F&B and Tourism Sector	6,186	7,990	13,158	16,062
Manufacturing Sector	5,698	6,428	10,852	12,407
Investment Sector	2,601	1,524	4,338	1,638
Others	-	-	-	-
Total revenue including inter-segment sales	57,764	62,876	108,914	124,284
Elimination of inter-segment sales	(2,674)	(1,620)	(4,486)	(1,793)
Total revenue from continuing operations	55,090	61,256	104,428	122,491
Revenue from discontinued operation	314	-	704	-
Total	55,404	61,256	105,132	122,491

3. Segmental Information (Contd.)

3 months ended		6 months ended	
30.6.2009	30.6.2008	30.6.2009	30.6.2008
RM'000	RM'000	RM'000	RM'000

Segment Results

Results from continuing operations:

Energy Sector	4,013	4,443	9,557	9,932
F&B and Tourism Sector	(363)	(790)	(233)	(1,543)
Manufacturing Sector	44	211	(76)	412
Investment Sector	(3,384)	(3,050)	(6,289)	(6,250)
Others	(8)	-	(8)	(1)
	302	814	2,951	2,550
Eliminations	(481)	(468)	(213)	(230)
Total results from continuing operations	(179)	346	2,738	2,320
Results from discontinued operation	(350)	-	(672)	-
Total	(529)	346	2,066	2,320

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 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 30th June 2009 are as follows;

	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
Assets		
Property, plant and equipment	8,556	8,704
Intangible assets	282	282
Other investment	15	15
Inventories	23	33
Trade and other receivables	727	697
Cash and bank balances	42	84
Assets of disposal group classified as held for sale	<u>9,645</u>	<u>9,815</u>

	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
Liabilities		
Borrowings	149	174
Trade and other payables	<u>3,738</u>	<u>3,705</u>
Liabilities directly associated with disposal group classified as held for sale	<u>3,887</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 30 June 2009 is as follows:

	RM'000
Approved and contracted for	46
Approved and not contracted for	-
	<u>46</u>

13. Changes in Contingent Liabilities and Contingent Assets

13.1 Contingent Liabilities

The total contingent liabilities of the Group as at 30 June 2009 is RM42.84 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 RM3.28 million late payment charges for the period up to June 2009 has not been recognised in the period under review.

14. Material Events Subsequent to the Balance Sheet Date

14.1 On 5th August 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 5th September 2009.

14.2 On 7th August 2009, EDEN entered into a conditional Share Sale Agreement with Sebaya Ceria Sdn Bhd for the disposal of 400,006 ordinary shares of RM1.00 each in its wholly owned subsidiary, EVSB, representing the entire issued and paid up share capital of EVSB, for a total consideration of RM1,438,204.00 subject to any required adjustment based on the actual Net Tangible Assets of EVSB's management accounts as at the completion date.

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 RM61.26 million recorded in the corresponding quarter ended 30 June 2008 to RM55.40 million in quarter ended 30 June 2009 was primarily due to revenue decline by the Energy Sector resulting from lower Medium Fuel Oil (“MFO”) price used in energy billing and due to a scheduled major overhaul. The Group’s Food and Beverage division’s revenue performance was affected by the closure of three restaurant branches as part of its efforts to turnaround the division’s performance.

Despite significant savings from the Group’s wide cost optimisation exercise, the Group recorded a Loss Before Tax (“LBT”) of RM0.53 million compared to Profit Before Tax (“PBT”) of RM0.35 million in the corresponding quarter ended 30 June 2008 due to the revenue reduction.

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

The Group recorded a LBT of RM0.53 million for the quarter under review, compared to the PBT of RM2.60 million for the preceding quarter ended 31 March 2009. This was primarily due to the due to the major scheduled overhaul undertaken by Musteq Hydro Sdn. Bhd.

17. Commentary on Prospects

The uncertainties in the global economic outlook will pose stiff challenges to the Group’s operations. Although there are indications of economic recovery, the recovery might not be as fast as it was in the past. In addition, the recent influenza H1N1 pandemic has also affected consumer spending and tourist arrivals. Notwithstanding this, the Group expects to perform satisfactorily in the second half of 2009, barring any unforeseen circumstances.

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		6 months ended	
	30.6.2009	30.6.2008	30.6.2009	30.6.2008
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	146	169	359	337
Deferred tax	1,187	995	2,490	2,211
Total income tax expense	1,333	1,164	2,849	2,548

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 30 June 2009 denominated in Ringgit Malaysia were:

	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
Short term borrowings		
Secured	21,742	42,498
	<u>21,742</u>	<u>42,498</u>
Long term borrowings		
Secured	234,537	234,537
Unsecured	45,000	45,000
	<u>279,537</u>	<u>279,537</u>
	<u>301,279</u>	<u>322,035</u>

Included in the short term borrowings are bank overdrafts amounting to RM6.76 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 has been fixed for case management on 12 October 2009.

- 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) Two (2) former employees of the Company have initiated a claim for constructive dismissal against the Company.
 - (a) Goh Hoe Kong has referred the award of the industrial court case dated 22 April 2008 to the High Court, for a judicial review and the parties are awaiting a hearing date.
 - (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/ (Loss) 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		6 months ended	
	30.6.2009 RM'000	30.6.2008 RM'000	30.6.2009 RM'000	30.6.2008 RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	(1,845)	(764)	(714)	105
Profit from discontinued operation attributable to ordinary equity holders of the parent	-	-	-	-
Profit attributable to ordinary equity holders of the parent	(1,845)	(764)	(714)	105
Weighted average number of ordinary shares in issue	311,362	311,362	311,362	311,361
Basic earnings per share (sen) for:				
Profit from continuing operations	(0.59)	(0.25)	(0.23)	0.03
Profit from discontinued operation	-	-	-	-
Profit for the period	(0.59)	(0.25)	(0.23)	0.03

(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		6 months ended	
	30.6.2009 RM'000	30.6.2008 RM'000	30.6.2009 RM'000	30.6.2008 RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	(1,845)	(764)	(714)	105
After-tax effect of interest on ICULS (RM'000)	-	-	-	-
Profit from continuing operations attributable to equity holders of the parent including assumed conversion	(1,845)	(764)	(714)	105
Profit from discontinued operation attributable to ordinary equity holders of the parent	-	-	-	-
Profit attributable to ordinary equity holders of the parent including assumed conversion	(1,845)	(764)	(714)	105
Weighted average number of ordinary shares in issue	311,362	311,362	311,362	311,361
Effects of dilution:				
Weighted average number of ICULS	-	-	-	-
Weighted average number of warrants	-	-	-	3,038
Adjusted weighted average number of ordinary shares in issue and issuable	311,362	311,362	311,362	314,399
Diluted earnings per share (sen) for:				
Profit from continuing operations	(0.59)	(0.25)	(0.23)	0.03
Profit from discontinued operation	-	-	-	-
Profit for the period	(0.59)	(0.25)	(0.23)	0.03

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 Aug 2009.

By order of the Board.

Date: 27 Aug 2009