

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 SEPTEMBER 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		9 months ended	
30.9.2009	30.9.2008	30.9.2009	30.9.2008
RM'000	RM'000	RM'000	RM'000

Segment Revenue

Revenue from continuing operations:

Energy Sector	49,143	50,631	129,710	144,808
F&B and Tourism Sector	6,214	8,252	19,371	24,314
Manufacturing Sector	6,376	7,014	17,228	19,421
Investment Sector	1,813	1,001	6,151	2,640
Others	-	-	-	-
Total revenue including inter-segment sales	63,546	66,898	172,460	191,183
Elimination of inter-segment sales	(1,971)	(1,090)	(6,457)	(2,884)
Total revenue from continuing operations	61,576	65,808	166,003	188,299
Revenue from discontinued operation	393	-	1,098	-
Total	61,969	65,808	167,101	188,299

3. Segmental Information (Contd.)

3 months ended		9 months ended	
30.9.2009	30.9.2008	30.9.2009	30.9.2008
RM'000	RM'000	RM'000	RM'000

Segment Results

Results from continuing operations:

Energy Sector	3,580	1,347	13,137	11,279
F&B and Tourism Sector	(118)	(919)	(351)	(2,463)
Manufacturing Sector	208	239	131	651
Investment Sector	(1,807)	(11,973)	(8,097)	(18,223)
Others	(2)	(18)	(10)	(19)
	<u>1,860</u>	<u>(11,324)</u>	<u>4,811</u>	<u>(8,775)</u>
Eliminations	(615)	4,220	(828)	3,989
Total results from continuing operations	<u>1,245</u>	<u>(7,104)</u>	<u>3,983</u>	<u>(4,786)</u>
Results from discontinued operation	(244)	-	(916)	-
Total	<u>1,001</u>	<u>(7,104)</u>	<u>3,067</u>	<u>(4,786)</u>

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 September 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 September 2009 are as follows;

	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
Assets		
Property, plant and equipment	8,490	8,704
Intangible assets	282	282
Other investment	15	15
Inventories	18	33
Trade and other receivables	327	697
Cash and bank balances	27	84
Assets of disposal group classified as held for sale	<u>9,158</u>	<u>9,815</u>

	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
Liabilities		
Borrowings	144	174
Trade and other payables	<u>3,695</u>	<u>3,705</u>
Liabilities directly associated with disposal group classified as held for sale	<u>3,839</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 September 2009 is as follows:

	RM'000
Approved and contracted for	123
Approved and not contracted for	-
	<u>123</u>

13. Changes in Contingent Liabilities and Contingent Assets

13.1 Contingent Liabilities

The total contingent liabilities of the Group as at 30 September 2009 is RM44.46 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 RM3.33 million late payment charges for the period up to September 2009 has not been recognised in the period under review.

14. Material Events Subsequent to the Balance Sheet Date

14.1 On 5th November 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 December 2009.

14.2 Pursuant to the announcement made on the 7th August 2009, the divestment of Eden Inc.'s wholly owned subsidiary Eden Village Sdn Bhd ("EVSB") was completed on the 31st October 2009 as provided in the share sale agreement.

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 RM65.8 million recorded in the corresponding quarter ended 30 September 2008 to RM61.97 million in quarter ended 30 September 2009 was primarily due to revenue decline by the Energy Sector resulting from lower Medium Fuel Oil (“MFO”) price used in energy billing and the closure of three (3) restaurant outlets as part of the Group’s Food and Beverage division’s efforts to turnaround the division’s performance.

Despite the decrease in revenue, the Group recorded a significant increase in its Profit Before Tax (“PBT”) to RM1.0 million recorded in the current quarter from a Loss Before Tax (“LBT”) of RM7.10 million recorded in the corresponding quarter ended 30 September 2008. This was primarily due to the absence of the impairment loss recognised in the quarter ended 30 September 2008.

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

The Group recorded an improved PBT of RM1.0 million for the quarter under review, compared to the LBT of RM0.53 million for the preceding quarter ended 30 June 2009. This was primarily due to the increase in revenue recorded by the Energy sector.

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, it might not be as fast as anticipated. Notwithstanding this, the Group will continue to seek new business opportunities and continue its rationalization exercise on non performing subsidiaries. The Group expects to perform satisfactorily for 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		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	9	209	368	545
Deferred tax	968	690	3,459	2,902
Total income tax expense	978	899	3,827	3,447

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 September 2009 denominated in Ringgit Malaysia were:

	As at 30.9.2009 RM'000	As at 31.12.2008 RM'000
Short term borrowings		
Secured	20,649	42,498
	<u>20,649</u>	<u>42,498</u>
Long term borrowings		
Secured	231,925	234,537
Unsecured	45,000	45,000
	<u>276,925</u>	<u>279,537</u>
	<u>297,574</u>	<u>322,035</u>

Included in the short term borrowings are bank overdrafts amounting to RM6.11 million (2008: RM5.64 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 9 December 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 the Industrial Court Chairman is expected to make a decision soon.

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		9 months ended	
	30.9.2009 RM'000	30.9.2008 RM'000	30.9.2009 RM'000	30.9.2008 RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	(32)	(7,782)	(746)	(7,679)
Profit from discontinued operation attributable to ordinary equity holders of the parent	-	-	-	-
Profit attributable to ordinary equity holders of the parent	(32)	(7,782)	(746)	(7,679)
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	(0.01)	(2.50)	(0.24)	(2.47)
Profit from discontinued operation	-	-	-	-
Profit for the period	(0.01)	(2.50)	(0.24)	(2.47)

(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		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	(32)	(7,782)	(746)	(7,679)
After-tax effect of interest on ICULS (RM'000)	-	-	-	-
Profit from continuing operations attributable to equity holders of the parent including assumed conversion	(32)	(7,782)	(746)	(7,679)
Profit from discontinued operation attributable to ordinary equity holders of the parent	-	-	-	-
Profit attributable to ordinary equity holders of the parent including assumed conversion	(32)	(7,782)	(746)	(7,679)
Weighted average number of ordinary shares in issue	311,362	311,362	311,362	311,361
Effects of dilution:				
Weighted average number of warrants	-	-	-	2,025
Adjusted weighted average number of ordinary shares in issue and issuable	311,362	311,362	311,362	313,386
Diluted earnings per share (sen) for:				
Profit from continuing operations	(0.01)	(2.50)	(0.24)	(2.45)
Profit from discontinued operation	-	-	-	-
Profit for the period	(0.01)	(2.50)	(0.24)	(2.45)

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 23 Nov 2009.

By order of the Board.

Date: 23 Nov 2009