

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER AND PERIOD ENDED 31 DECEMBER 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 | | 12 months ended | |
|----------------|------------|-----------------|------------|
| 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| RM'000 | RM'000 | RM'000 | RM'000 |

Segment Revenue

Revenue from continuing operations:

| | | | | |
|---|---------|---------|----------|---------|
| Energy Sector | 45,722 | 45,369 | 175,432 | 190,177 |
| F&B and Tourism Sector | 8,983 | 10,092 | 28,355 | 34,406 |
| Manufacturing Sector | 5,525 | 6,187 | 22,754 | 25,608 |
| Investment Sector | 9,539 | 4,764 | 15,690 | 7,479 |
| Others | - | - | - | - |
| Total revenue including inter-segment sales | 69,769 | 66,411 | 242,230 | 257,669 |
| Elimination of inter-segment sales | (9,894) | (5,428) | (16,351) | (8,387) |
| Total revenue from continuing operations | 59,876 | 60,984 | 225,879 | 249,282 |
| Revenue from discontinued operation | 95 | - | 1,192 | - |
| Total | 59,970 | 60,984 | 227,071 | 249,282 |

3. Segmental Information (Contd.)

| 3 months ended | | 12 months ended | |
|----------------|------------|-----------------|------------|
| 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| RM'000 | RM'000 | RM'000 | RM'000 |

Segment Results

Results from continuing operations:

| | | | | |
|--|---------|---------|---------|----------|
| Energy Sector | (39) | 1,115 | 13,099 | 12,394 |
| F&B and Tourism Sector | 2,617 | (1,216) | 2,266 | (3,317) |
| Manufacturing Sector | 83 | 54 | 214 | 705 |
| Investment Sector | 6,217 | (3,916) | (1,880) | (22,500) |
| Others | (8) | 1 | (18) | (276) |
| | 8,870 | (3,961) | 13,682 | (12,994) |
| Eliminations | (7,232) | 2,195 | (8,060) | 6,184 |
| Total results from continuing operations | 1,638 | (1,765) | 5,621 | (6,810) |
| Results from discontinued operation | (209) | - | (1,125) | - |
| Total | 1,428 | (1,765) | 4,496 | (6,810) |

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 December 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

The Group is in midst of disposing two subsidiaries namely Green Electric Limited ("GEL") and Swiss Confiserie Sdn Bhd ("SCSB"). The Major classes of assets and liabilities of the two (2) subsidiaries classified as The Disposal Group Held For Sale as at 31st December 2009 are as follows;

| | As at 31.12.2009 RM'000 | As at 31.12.2008 RM'000 |
|--|--|--|
| Assets | | |
| Property, plant and equipment | 7,575 | 8,704 |
| Intangible assets | 282 | 282 |
| Other investment | 15 | 15 |
| Inventories | 87 | 33 |
| Trade and other receivables | 553 | 697 |
| Cash and bank balances | 19 | 84 |
| Assets of disposal group classified as held for sale | <u>8,532</u> | <u>9,815</u> |

| | As at 31.12.2009 RM'000 | As at 31.12.2008 RM'000 |
|--|--|--|
| Liabilities | | |
| Borrowings | 113 | 174 |
| Trade and other payables | 3,432 | 3,705 |
| Liabilities directly associated with disposal group classified as held for sale | <u>3,544</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 December 2009 is as follows:

| | RM'000 |
|---------------------------------|---------------|
| Approved and contracted for | 159 |
| Approved and not contracted for | - |
| | <u>159</u> |

13. Changes in Contingent Liabilities and Contingent Assets

13.1 Contingent Liabilities

The total contingent liabilities of the Group as at 31 December 2009 is RM42.43 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 December 2009 has not been recognised in the period under review.

14. Material Events Subsequent to the Balance Sheet Date

On the 25th February 2010, Eden had announced that the Conditions Precedent of the Share Sale Agreement ("SSA") on the Proposed Acquisition of KUB Singgahsana (PJ) Sdn Bhd and ITTAR – IPP (PJ) Sdn Bhd has not been fulfilled and such the SSA shall lapse.

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

15. Performance Review

The marginal reduction in revenue from RM60.98 million recorded in the corresponding quarter ended 31 December 2008 to RM59.97 million in quarter ended 31 December 2009 was primarily due to the closure of two (2) restaurant outlets as part of the Group's Food and Beverage division's efforts to turnaround the division's performance, as well as lower export sales by Manufacturing Sector.

Despite the slight decrease in revenue, The Group recorded a Profit Before Tax ("PBT") of RM1.43 million in the current quarter compared to the Loss Before Tax of RM1.77 million recorded in the corresponding quarter ended 31 December 2008. The significant increase in PBT was achieved mainly due to the absence of non recurring expenses during the quarter under review.

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

The Group recorded an improved PBT of RM1.43 million for the quarter under review, compared to the PBT of RM1.00 million for the preceding quarter ended 30 September 2009. This was primarily due to the improvement in gross profit margin due to increased plant efficiency by Energy sector.

17. Commentary on Prospects

Indications of economic recovery to be seen in 2010 will boost well for the Group as it will translate to higher consumer spending, increased tourist arrivals and an improved market for the electrical and electronic products. Furthermore, stabilising oil prices is expected in 2010. In view of the above, the Group will remain focused on the strategies to strengthen its core business and streamlining the existing operations by improving its operational efficiency.

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 | | 12 months ended | |
|--------------------------|----------------|------------|-----------------|------------|
| | 30.12.2009 | 30.12.2008 | 30.12.2009 | 30.12.2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax: | | | | |
| Malaysian income tax | 3,077 | 1,470 | 2,709 | 925 |
| Deferred tax | (2,024) | (4,110) | (5,483) | (7,012) |
| Total income tax expense | 1,053 | (2,640) | (2,774) | (6,087) |

The effective tax rates for the year was higher than the statutory tax rate of 25% 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 December 2009 denominated in Ringgit Malaysia were:

| | As at 31.12.2009 RM'000 | As at 31.12.2008 RM'000 |
|------------------------------|--|--|
| Short term borrowings | | |
| Secured | 23,052 | 42,498 |
| | <u>23,052</u> | <u>42,498</u> |
| Long term borrowings | | |
| Secured | 221,865 | 234,537 |
| Unsecured | 45,000 | 45,000 |
| | <u>266,865</u> | <u>279,537</u> |
| | <u>289,917</u> | <u>322,035</u> |

Included in the short term borrowings are bank overdrafts amounting to RM5.42 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 matter is fixed for mention by the Court on 5 March 2010.
- 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 May 2010.

- 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 where the hearing has been fixed on the 17 February 2010. A decision will be made by the Court on 25 February 2010.
 - (b) Meanwhile, Thum Soon Yin's claim was for compensation amounting to RM1,284,118.82. The Industrial Court has dismissed the claimant's claim vide award no 7 of 2010 dated 4 January 2010.

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 | | 12 months ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31.12.2009 RM'000 | 31.12.2008 RM'000 | 31.12.2009 RM'000 | 31.12.2008 RM'000 |
| Profit from continuing operations attributable to ordinary equity holders of the parent | 2,468 | (5,538) | 1,722 | (12,247) |
| Profit from discontinued operation attributable to ordinary equity holders of the parent | - | - | - | - |
| Profit attributable to ordinary equity holders of the parent | 2,468 | (5,538) | 1,722 | (12,247) |
| Weighted average number of ordinary shares in issue | 311,362 | 311,362 | 311,362 | 311,362 |
| Basic earnings per share (sen) for: | | | | |
| Profit from continuing operations | 0.79 | (1.78) | 0.55 | (3.93) |
| Profit from discontinued operation | - | - | - | - |
| Profit for the period | 0.79 | (1.78) | 0.55 | (3.93) |

(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 | | 12 months ended | |
|---|----------------|------------|-----------------|------------|
| | 31.12.2009 | 31.12.2008 | 31.12.2009 | 31.12.2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit from continuing operations attributable to ordinary equity holders of the parent | 2,468 | (5,538) | 1,722 | (12,247) |
| After-tax effect of interest on ICULS (RM'000) | - | - | - | - |
| Profit from continuing operations attributable to equity holders of the parent including assumed conversion | 2,468 | (5,538) | 1,722 | (12,247) |
| Profit from discontinued operation attributable to ordinary equity holders of the parent | - | - | - | - |
| Profit attributable to ordinary equity holders of the parent including assumed conversion | 2,468 | (5,538) | 1,722 | (12,247) |
| Weighted average number of ordinary shares in issue | 311,362 | 311,362 | 311,362 | 311,362 |
| Effects of dilution: | | | | |
| Weighted average number of warrants | - | - | - | - |
| Adjusted weighted average number of ordinary shares in issue and issuable | 311,362 | 311,362 | 311,362 | 311,362 |
| Diluted earnings per share (sen) for: | | | | |
| Profit from continuing operations | 0.79 | (1.78) | 0.55 | (3.93) |
| Profit from discontinued operation | - | - | - | - |
| Profit for the period | 0.79 | (1.78) | 0.55 | (3.93) |

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 Feb 2010.

By order of the Board.

Date: 23 Feb 2010