

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SECOND QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2010**

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

**1. Basis of Preparation**

The condensed consolidated 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 condensed consolidated 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 condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

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 2009.

**2. Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those adopted in audited financial statements for the year ended 31 December 2009 except for the adoption of the following:

- i) FRS 139, whereby unrealised gains on quoted investments are not recognised in the financial statements until year end. Unrealised losses on quoted investments are recognised immediately whilst unrealised gains will only be recognised at the year end; and

- ii) the adoption of the following FRS, amendments to FRSs, and IC interpretations:

FRS 8	Operating Segments
FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowings Costs
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate;
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations

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**2. Changes in Accounting Policies (cont'd.)**

Amendments to FRS 132	Financial Instruments: Presentation and FRS 101 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Improvements to FRSs (2009)	

The adoption of the above FRSs, amendments to FRSs and IC Interpretations did not have any material impact on the financial of the Group.

**3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2009 was not subjected to any qualification.

**4. Segmental Information**

3 months ended		6 months ended	
30.06.2010	30.06.2009	30.06.2010	30.06.2009
RM'000	RM'000	RM'000	RM'000

**Segment Revenue**

Revenue from continuing operations:

Energy Sector	31,856	43,279	75,687	80,566
F&B and Tourism Sector	5,930	6,018	13,162	12,910
Manufacturing Sector	5,947	5,698	10,813	10,852
Investment Sector	2,514	2,601	3,743	4,338
Others	-	-	-	-
Total revenue including inter-segment sales	46,247	57,596	103,405	108,666
Elimination of inter-segment sales	(2,532)	(2,674)	(3,805)	(4,486)
Total revenue from continuing operations	43,715	54,922	99,600	104,180
Revenue from discontinued operation	-	482	-	952
Total	43,715	55,404	99,600	105,132

**Segment Results**

Results from continuing operations:

Energy Sector	1,789	4,013	5,355	9,557
F&B and Tourism Sector	692	(643)	1,200	(774)
Manufacturing Sector	148	22	44	(70)
Investment Sector	(1,538)	(3,384)	(4,295)	(6,289)
Others	(0)	(8)	(6)	(8)
	1,091	0	2,298	2,416
Eliminations	(350)	(481)	(195)	(213)
Total results from continuing operations	741	(481)	2,103	2,203
Results from discontinued operation	-	(72)	-	(135)
Total	741	(553)	2,103	2,068

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**5. 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 2010.

**6. Changes in Estimates**

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

**7. Comments about Seasonal or Cyclical Factors**

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

**8. Dividends Paid**

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

**9. 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 2009.

**10. 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.

**11. Changes in Composition of the Group**

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

**12. Disposal Group Held for Sale**

During the 2Q 2010, the Group completed the proposed disposal of its 100% interest in Swiss Confiserie Sdn. Bhd. ("SCSB") on 30 April 2010.

The Group is in the midst of disposing its subsidiary namely Green Electric Limited ("GEL"). The Major classes of assets and liabilities of the subsidiary classified as The Disposal Group Held for Sale as at 30 June 2010 are as follows;

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**12. Disposal Group Held for Sale (cont'd.)**

	<b>As at 30.06.2010 RM'000</b>	<b>As at 31.12.2009 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	12,117	12,882
Intangible assets	191	191
Inventories	-	87
Trade and other receivables	0.1	293
Cash and bank balances	24	41
Assets of disposal group classified as held for sale	12,332	13,494
<b>Liabilities</b>		
Borrowings	8	8
Trade and other payables	8,075	8,909
Liabilities directly associated with disposal group classified as held for sale	8,083	8,917

**13. 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 2010 is as follows:

	<b>RM'000</b>
Approved and contracted for	324
Approved and not contracted for	-
	324

**14. Changes in Contingent Liabilities and Contingent Assets**

**14.1 Contingent Liabilities**

The total contingent liabilities of the Group as at 30 June 2010 is RM35.93 million consisting of corporate guarantees to banks to secure general banking facilities granted to the subsidiaries.

**14.2 Contingent Assets**

Under the Clause 6.6 Other Payments of the PPA, Stratavest is entitled to claim late payment 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 June 2010 has not been recognised in the period under review.

**15. Material Events Subsequent to the Balance Sheet Date**

There were no material events subsequent to the end of the interim period reported which have not been reflected in the financial statements.

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

**16. Performance Review**

For the quarter under review, the Group registered revenue of RM43.7million, a decrease of 21% against the corresponding quarter ended 30 June 2009. This was primarily due to lower power generation arising from the drought season and the scheduled maintenance that was carried out by the Energy Sector.

Despite the decrease in revenue, the Group recorded a Profit Before Tax (“PBT”) of RM0.73million in the current quarter compared to the Loss Before Tax (“LBT”) of RM0.53million recorded in the corresponding quarter ended 30 June 2009. The increase in PBT was mainly due to recognition of gain on disposal of a property.

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

The Group recorded PBT of RM0.73 million for the quarter under review, compared to the PBT of RM1.36million for the preceding quarter ended 31 March 2010. This was primarily due to lower power generation arising from the drought season and the scheduled maintenance that was carried out by the Energy Sector.

**18. Commentary on Prospects**

Growth in the second half of the year (“2H2010”) is expected to moderate as economic indicators have reflected a decline in the global economy as growth is slowing down in advanced economies. The Group expects the second half of the year to be a challenging one. Despite the above, the Group is expected to perform satisfactorily for 2H2010 as it will continuously maintain operational efficiency in all its sectors.

**19. Profit Forecast or Profit Guarantee**

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

**20. Income Tax Expense**

	3 months ended		6 months ended	
	30.06.2010	30.06.2009	30.06.2010	30.06.2009
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	(82)	(146)	(195)	(359)
Deferred tax	(573)	(1,187)	(1,521)	(2,490)
Total income tax expense	(655)	(1,333)	(1,716)	(2,849)

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.

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**21. Sale of Unquoted Investments and Properties**

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

**22. Quoted Securities**

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

**23. Corporate Proposals**

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

**24. Borrowings**

Group borrowings and debt securities as at 30 June 2010 denominated in Ringgit Malaysia were:

	<b>As at 30.06.2010 RM'000</b>	<b>As at 31.12.2009 RM'000</b>
<b>Short term borrowings</b>		
Secured	37,311	41,751
Unsecured	30,000	30,000
	<u>67,311</u>	<u>71,751</u>
<b>Long term borrowings</b>		
Secured	184,095	203,777
Unsecured	15,000	15,000
	<u>199,095</u>	<u>218,777</u>
<b>Total borrowings</b>	<b><u>266,406</u></b>	<b><u>290,528</u></b>

Included in the short term borrowings are bank overdrafts amounting to RM4.33 million (2009: RM5.42 million).

**25. Off Balance Sheet Financial Instruments**

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

**26. 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 2009:

- 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 has been withdrawn with no order as to costs. Notice of Discontinuance dated 29<sup>th</sup> June 2010 was filed in Court. In view of this the trial fixed on 6<sup>th</sup> July 2010 is now vacated and shall not proceed;

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- 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 23<sup>rd</sup> September 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. On the 30<sup>th</sup> July 2010, the Court has decided to allow the Defendants to amend the Statement of Defence however the Defendant’s are not allowed to incorporate a Counterclaim against the Plaintiff in their amended Statement of Defence. An Appeal was made by the Defendants to the Court of Appeal on the 25<sup>th</sup> August 2010 and awaiting hearing date.
- iv) Two (2) former employees of the Company have initiated a claim for constructive dismissal against the Company.
  - (a) Goh Hoe Kong (“Plaintiff”) has referred the award of the Industrial Court case dated 22 April 2008 to the High Court. During the decision on 25 February 2010, the High Court had dismissed the Plaintiff’s application for judicial review. The Plaintiff has filed an appeal on this matter on 24 March 2010 at the Court of Appeal and is waiting for the hearing date to be fixed.
  - (b) Meanwhile, Thum Soon Yin’s (“TSY”) claim was for compensation amounting to RM1,284,118.82 was dismissed by the Industrial Court. TSY has referred the case to the High Court. The matter has been fixed for Case Management on 15<sup>th</sup> July 2010 and Hearing is fixed on 15<sup>th</sup> November 2010.

**27. Dividend Payable**

No dividend has been declared for the quarter under review.

**28. Earnings/(Loss) Per Share**

**(a) Basic**

The basic earning per share of the Group was calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue to the public as follows:

	3 months ended		6 months ended	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Profit/(loss) attributable to ordinary equity holders of the parent	10	(1,862)	345	(714)
Weighted average number of ordinary shares in issue	311,362	311,362	311,362	311,362
Basic earnings/(loss) per share (sen) for: Profit/(loss) for the period	0.003	(0.600)	0.110	(0.230)

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**28. Earnings/(Loss) Per Share (cont'd.)**

**(b) Diluted**

There is no dilution in earnings/(loss) per share.

**29. Authorisation for Issue**

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with resolution of the Directors on 26 August 2010.

By order of the Board.

Date: 26 August 2010