

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THIRD QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 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		9 months ended	
30.09.2010	30.09.2009	30.09.2010	30.09.2009
RM'000	RM'000	RM'000	RM'000

**Segment Revenue**

Revenue from continuing operations:

Energy Sector	41,626	49,144	117,312	129,710
F&B and Tourism Sector	6,892	6,189	19,251	19,099
Manufacturing Sector	5,686	6,376	16,499	17,228
Investment Sector	1,696	1,813	5,439	6,151
Others	-	-	-	-
Total revenue including inter-segment sales	55,900	63,522	158,501	172,188
Elimination of inter-segment sales	(1,732)	(1,971)	(5,536)	(6,457)
Total revenue from continuing operations	54,168	61,551	152,965	165,731
Revenue from discontinued operation	-	418	803	1,370
Total	54,168	61,969	153,768	167,101

**Segment Results**

Results from continuing operations:

Energy Sector	1,967	3,580	7,322	13,137
F&B and Tourism Sector	408	(252)	1,672	(1,025)
Manufacturing Sector	222	231	266	156
Investment Sector	(2,413)	(1,808)	(6,709)	(8,096)
Others	-	(2)	(6)	(10)
	184	1,749	2,545	4,162
Eliminations	9	(615)	(186)	(828)
Total results from continuing operations	193	1,134	2,359	3,334
Results from discontinued operation	-	(112)	(64)	(247)
Total	193	1,022	2,295	3,087

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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 September 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**

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 September 2010 are as follows;

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

	<b>As at 30.09.2010 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	-	293
Cash and bank balances	24	41
Assets of disposal group classified as held for sale	<u>12,332</u>	<u>13,494</u>
<b>Liabilities</b>		
Borrowings	8	8
Trade and other payables	7,702	8,909
Liabilities directly associated with disposal group classified as held for sale	<u>7,710</u>	<u>8,917</u>

**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 September 2010 is as follows:

	<b>RM'000</b>
Approved and contracted for	653
Approved and not contracted for	-
	<u>653</u>

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

**14.1 Contingent Liabilities**

The total contingent liabilities of the Group as at 30 September 2010 is RM36.64 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 September 2010 has not been recognised in the period under review.

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

On 4 October 2010, Eden and Creative Energy Resources Corporation ("CER") have mutually agreed to the extension of the Proposed Sale of Green Electric Limited for the Share Purchase Agreement with CER to 31 December 2010.

**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 RM55.89million, a decrease of 13% against the corresponding quarter ended 30 September 2009. The decline in revenue was primarily due to the lower power generation from the Energy Sector due to the unscheduled maintenance.

The Group recorded a Profit Before Tax (“PBT”) of RM0.19million in the current quarter compared to the PBT of RM1.02million recorded in the corresponding quarter ended 30 September 2009. The reduction in PBT was due to the lower revenue registered for the quarter.

**17. Comment on Material Change in Profit Before Taxation (“PBT”) for the Current Quarter Compared with the Immediate Preceding Quarter**

The Group recorded PBT of RM0.19 million for the quarter under review, compared to the PBT of RM0.74million for the preceding quarter ended 30 June 2010. This was primarily due to recognition of gain on disposal of a property in the preceding quarter.

**18. Commentary on Prospects**

The Group will continuously maintain operational efficiency to ensure a satisfactory performance for the year end, barring any unforeseen circumstances.

**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**

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.2010</b>	<b>30.09.2009</b>	<b>30.09.2010</b>	<b>30.09.2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax:				
Malaysian income tax	(770)	(9)	(964)	(368)
Deferred tax	(51)	(969)	(1,573)	(3,459)
<b>Total income tax expense</b>	<b>(821)</b>	<b>(978)</b>	<b>(2,537)</b>	<b>(3,827)</b>

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 September 2010 denominated in Ringgit Malaysia were:

	<b>As at 30.09.2010 RM'000</b>	<b>As at 31.12.2009 RM'000</b>
<b>Short term borrowings</b>		
Secured	39,232	41,751
Unsecured	30,000	30,000
	<u>69,232</u>	<u>71,751</u>
<b>Long term borrowings</b>		
Secured	178,904	203,777
Unsecured	15,000	15,000
	<u>193,904</u>	<u>218,777</u>
	<u>263,136</u>	<u>290,528</u>

Included in the short term borrowings are bank overdrafts amounting to RM4.62 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) 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 full hearing on 23, 24 and 25 November 2010.

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- ii) A suit by Sriwani Holdings Berhad (“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.
- iii) 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 the same is yet to be fixed for hearing.
  - (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 court directed the parties to file written submission, while the decision will be delivered on 17 December 2010.

**27. Dividend Payable**

No dividend has been declared for the quarter under review.

**28. 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		9 months ended	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Loss attributable to ordinary equity holders of the parent	(694)	(18)	(350)	(734)
Weighted average number of ordinary shares in issue	311,362	311,362	311,362	311,362
Basic loss per share (sen) for: Loss for the period	(0.22)	(0.01)	(0.11)	(0.24)

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

**(b) Diluted**

There is no dilution in 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 25 November 2010.

By order of the Board.

Date: 25 November 2010