EDEN INC. BERHAD (36216-V)
(*Incorporated in Malaysia)*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 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

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, other than discussed below:

(a) Amendment to FRS 117: Leases

FRS 117 clarifies on the classification of leases of land and buildings. The resulting of this FRS taking effect was the reclassification of prepaid leases on land back into property, plant and equipment rather than being separately classified under prepaid lease payments on the consolidated statement of financial position. The effects arising from the adoption of this FRS are as follows:-

	Previously stated RM'000	Reclassification RM'000	Restated RM'000
Non-current Assets			
Property, plant and equipment	252,675	3,125	255,800
Prepaid lease payments	3,125	(3,125)	-

(b) FRS 139: Financial Instruments: Recognition and Measurements

The FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This FRS did not have any significant impact on the financial position and results of the Group.

Impact on the opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

Impact on the opening balances (cont'd.)

The effects on adoption of FRS 139 on the opening reserves of the Group and other items of the consolidated statements of financial position as at 1 January 2010 are as follows:-

	Balance as at 1 January 2010 before the adoption of FRS 139 RM'000	Effects on adoption of FRS 139 RM'000	Balance as at 1 January 2010 after the adoption of FRS 139 RM'000
Current Assets:			
Trade and other receivables	125,853	(4,279)	121,574

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		12 months ended	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Segment Revenue				
Revenue from continuing operations:				
Energy Sector	35,048	45,722	152,360	175,431
F&B and Tourism Sector	7,525	8,489	26,776	27,588
Manufacturing Sector	6,266	5,525	22,765	22,754
Investment Sector	20,973	9,539	26,412	15,690
Others	-	-	-	-
Total revenue including inter-segment sales	69,812	69,275	228,313	241,463
Elimination of inter-segment sales	(20,964)	(9,558)	(26,500)	(16,015)
Total revenue from continuing operations	48,848	59,717	201,813	225,448
Revenue from discontinued operation	-	589	803	1,959
Total	48,848	60,306	202,616	227,407
Segment Results				
Results from continuing operations:				
Energy Sector	(8,447)	(577)	(1,125)	12,561
F&B and Tourism Sector	597	2,534	2,268	1,509
Manufacturing Sector	457	43	722	200
Investment Sector	(454)	5,892	(7,163)	(2,204)
Others	4,127	(8)	4,121	(18)
	(3,720)	7,884	(1,177)	12,048
Eliminations	(7,522)	(6,637)	(7,706)	(7,468)
Total results from continuing operations	(11,242)	1,247	(8,883)	4,580
Results from discontinued operation	-	(37)	(64)	(284)
Total	(11,242)	1,210	(8,947)	4,296

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 31 December 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 31 December 2010 are as follows;

Assets	**As at 31.12.2010 RM'000**	**As at 31.12.2009 RM'000**
Property, plant and equipment	10,627	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	10,842	13,494
Liabilities		
Borrowings	8	8
Trade and other payables	14,911	8,909
Lliabilities directly associated with disposal group classified as held for sale	14,919	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 31 December 2010 is as follows:

	RM'000
Approved and contracted for	591
Approved and not contracted for	-
	591

14. Changes in Contingent Liabilities and Contingent Assets

14.1 Contingent Liabilities

The total contingent liabilities of the Group as at 31 December 2010 is RM35.96 million consisting of corporate guarantees to banks to secure general banking facilities granted to the subsidiaries.

15. Material Events Subsequent to the Balance Sheet Date

On 4 January 2011, 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 March 2011.

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 recognised revenue of RM48.85 arising from the net reversal on revenue due to the billing computation difference between the computation method utilised for the computation of the Variable Operating Rate ("VOR") and Fixed Operating Rate ("FOR") between Stratavest Sdn. Bhd and Sabah Electricity Sdn. Bhd. Without the adjustment, the Group would have registered revenue of RM56.46 million compared to RM60.31 recorded in the corresponding quarter ended 31 December 2009.

The unfavourable variance was primarily due to the lower revenue recognised by the Energy Sector and the absence of revenue due to the closure of non profitable outlets in the Food and Beverage Segment.

The Group's LBT was RM11.2 million compared to the PBT of RM1.3 million recorded in the corresponding quarter ended 31 December 2009. This was primarily due to the reduction in revenue from the Energy Sector due to the reversal on revenue coupled with the additional expenses incurred and impairment made for the Group's investment in Pakistan.

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

The Group recorded a Loss Before Tax ("LBT") of RM11.2 million compared to the LBT of RM0.63 million registered in the corresponding quarter ended 30 September 2010. The increase in LBT was primarily due to the reduction in revenue from the Energy Sector due to the reversal on revenue coupled with the additional expenses incurred and impairment made for the Group's investment in Pakistan.

18. Commentary on Prospects

The Group expects to perform satisfactorily in 2011 as the Group will strengthen and consolidate its existing operations whilst continuing to explore new business ventures.

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		12 months ended	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Current tax:				
Malaysian income tax	1,305	3,129	340	2,761
Deferred tax	6,064	(1,987)	4,492	(5,445)
Total income tax expense	7,369	1,142	4,832	(2,684)

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.

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 31 December 2010 denominated in Ringgit Malaysia were:

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
Short term borrowings		
Secured	43,107	41,751
Unsecured	28,500	30,000
	71,607	71,751
Long term borrowings		
Secured	170,836	203,777
Unsecured	14,500	15,000
	185,336	218,777
	256,943	290,528

Included in the short term borrowings are bank overdrafts amounting to RM4.82 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. A consent judgement has been passed on the above matter legal suit. Perfection of the consent judgement is pending the court's approval.

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 30th 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. On 3rd December 2010 the plaintiff had withdrawn its legal action with no order as to cost against Eden in compliance with the amicable settlement reached between the parties.

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. Court granted plaintiff's application for extension of time to file record of appeal.

(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. High Court dismissed TSY application on 17 December 2010. TSY filed Notice of Appeal on 14 January 2011 on High Court's decision.

27. Dividend Payable

No dividend has been declared for the quarter under review.

28. Earnings 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		12 months ended	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
(Loss)/profit attributable to ordinary equity holders of the parent	(1,358)	2,310	(1,708)	1,576
Weighted average number of ordinary shares in issue	311,362	311,362	311,362	311,362
Basic (loss)/earnings per share (sen) for: (Loss)/profit for the period	(0.44)	0.74	(0.55)	0.51

28. Earnings Per Share (cont'd.)

(b) Diluted

There is no dilution in loss per share.

29. Realised and Unrealised Profits/(Losses)

The breakdown of the profits of the Group as at 31 December 2010, into realised and unrealised profits, pursuant to a directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

	As at end of current quarter 31.12.2010 RM'000	**As at end of preceding quarter 31.09.2010 RM'000**
Total retained earnings/(accumulated losses) of the Group		
- Realised	(117,405)	(102,364)
- Unrealised	127,713	124,207
	10,308	21,843
Less: Consolidated adjustments	-	-
Total group retained profits as per condensed consolidated statement of changes in equity	10,308	21,843

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for the purposes of complying with the disclosure requirement stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

30. 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 28 February 2011.

By order of the Board.

Date: 28 February 2011