



MEDA INC. BERHAD (507785-P)
Condensed Consolidated Balance Sheets as at 31 December 2005

	AS AT 31/12/2005 (Unaudited) RM'000	AS AT 31/12/2004 (Audited) RM'000
PROPERTY, PLANT AND EQUIPMENT	132,977	155,307
INVESTMENT PROPERTIES	298,842	299,397
INVESTMENT IN ASSOCIATE	3,387	-
LAND HELD FOR DEVELOPMENT	63,125	81,854
GOODWILL	811	1,427
DEFERRED TAX ASSETS	-	2,593
CURRENT ASSETS		
Property Development Cost	75,992	98,950
Accrued Billings	5,128	6,603
Inventories	26,228	27,893
Amount due from customers for contract works	-	491
Trade & Other Receivables	114,085	133,815
Fixed Deposits with Licensed Banks	430	844
Tax Refundable	416	285
Cash & Cash Equivalents	5,320	2,132
	<u>227,599</u>	<u>271,013</u>
CURRENT LIABILITIES		
Trade & Other Payables	62,811	60,476
Progress Billings	22,546	6,399
Overdraft & Short Term Borrowings	75,877	66,081
Provision for Taxation	60,062	53,944
	<u>221,296</u>	<u>186,900</u>
NET CURRENT ASSETS	6,303	84,113
	<u>505,445</u>	<u>624,691</u>
Financed by :		
SHARE CAPITAL	213,470	213,470
RESERVES	<u>40,956</u>	<u>150,092</u>
SHAREHOLDERS' FUNDS	254,426	363,562
MINORITY INTERESTS	240	-
LONG TERM LIABILITIES		
Borrowings	214,573	227,056
Deferred Taxation	34,543	32,013
Amount Owing to a Subsidiary's Former Shareholder	1,663	2,060
	<u>250,779</u>	<u>261,129</u>
	<u>505,445</u>	<u>624,691</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2004)

MEDA INC. BERHAD (507785-P)
Condensed Consolidated Income Statement for the Year ended 31 December 2005
(The figures have not been audited)

	3 MONTHS ENDED		YEAR ENDED	
	31/12/2005 (Unaudited) RM' 000	31/12/2004 (Unaudited) RM' 000	31/12/2005 (Unaudited) RM' 000	31/12/2004 (Audited) RM' 000
Revenue	25,936	17,643	89,130	84,648
Operating Expenses	(85,490)	(18,696)	(168,419)	(76,170)
Other Operating Income	73	(103)	1,130	1,320
Profit/(Loss) from Operations	<u>(59,481)</u>	<u>(1,156)</u>	<u>(78,159)</u>	<u>9,798</u>
Share of Associate Loss	(213)	-	(213)	-
Finance cost	(4,753)	(4,298)	(17,092)	(16,786)
Amortisation/Write off of Goodwill	(10)	(17)	(616)	-
Reversal of profit recognised for revocation of sales in prior years	-	(34,149)	-	(34,149)
Loss before Tax	<u>(64,457)</u>	<u>(39,620)</u>	<u>(96,080)</u>	<u>(41,137)</u>
Taxation	(6,015)	(1,685)	(12,936)	(1,459)
Loss after Tax	<u>(70,472)</u>	<u>(41,305)</u>	<u>(109,016)</u>	<u>(42,596)</u>
Minority Interest	-	-	(120)	25
Loss for the Period	<u><u>(70,472)</u></u>	<u><u>(41,305)</u></u>	<u><u>(109,136)</u></u>	<u><u>(42,571)</u></u>
Basic EPS (Sen)	(16.57)	(9.67)	(25.56)	(9.97)
Fully Diluted EPS (Sen)	N.A.	N.A.	N.A.	N.A.

N.A. Not Applicable

(The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2004)

MEDA INC. BERHAD (507785-P)
Unaudited Condensed Consolidated Statements of Changes in Equity
For the Year Ended 31 December 2005

	Share Capital RM' 000	Share Premium RM' 000	Retained Profit RM' 000	Total RM' 000
Balance as at 01 January 2004	213,470	20,013	175,191	408,674
Prior year adjustment - effect of adoption of FRS 201	-	-	(2,541)	(2,541)
Balance as at 01 January 2004 - as restated	<u>213,470</u>	<u>20,013</u>	<u>172,650</u>	<u>406,133</u>
Net loss for the current year	-	-	(42,571)	(42,571)
Balance as at 31 December 2004	<u><u>213,470</u></u>	<u><u>20,013</u></u>	<u><u>130,079</u></u>	<u><u>363,562</u></u>
Balance as at 01 January 2005	213,470	20,013	130,079	363,562
Net loss for the current year	-	-	(109,136)	(109,136)
Balance as at 31 December 2005	<u><u>213,470</u></u>	<u><u>20,013</u></u>	<u><u>20,943</u></u>	<u><u>254,426</u></u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2004)

MEDA INC. BERHAD

Unaudited Condensed Consolidated Cash Flow Statements for the Year ended 31 December 2005

	Year Ended 31/12/2005 RM' 000	Year Ended 31/12/2004 RM' 000
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before Tax	(96,080)	(41,137)
Adjustments for:		
Share of losses in associate company	213	-
Depreciation	7,579	7,078
Property, plant & equipment written off	-	16
Goodwill written off	-	50
Bad debts written off	4,165	51
Allowance for doubtful debts	25,328	528
Deposit Forfeited	-	(267)
Amortisation of goodwill	616	62
Impairment loss on property, plant and equipments	8,000	-
Reversal of profit recognised for revocation of sales in prior years	-	34,149
Loss / (Gain) on disposal of property, plant & equipment	-	(28)
Gain on disposal of investment properties	-	(40)
Gain on disposal of shares in a subsidiary company	-	(80)
Interest expense	17,092	16,786
Interest income	(310)	(378)
	<hr/>	<hr/>
Operating (Loss)/Profit before Changes in Working Capital	(33,397)	16,790
Changes in development properties	60,588	(9,728)
Changes in inventories	1,665	(65)
Changes in amount due from customers for contract works	491	(491)
Changes in trade and other receivables	5,489	13,759
Changes in trade and other payables	4,181	8,897
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Cash Generated From Operations	39,017	29,162
Tax paid	(915)	(3,658)
Interest received	310	378
Liquidated and ascertained damages paid	-	(23)
	<hr/>	<hr/>
Net Cash Generated From Operating Activities	38,412	25,859
CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure incurred on land held for development	(7,549)	(1,457)
Acquisition of additional investment in a subsidiary company	-	(30)
Investment in Associate	-	-
Purchase of property, plant and equipment	(3,043)	(4,606)
Addition of investment properties	(139)	(5,122)
Proceed from disposal of property, plant and equipment	-	298
Proceed from disposal of investment properties	694	3,805
Subscription of shares in a subsidiary company by minority shareholders	120	80
Withdrawal of fixed deposits	414	951
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Net Cash Used In Investing Activities	(9,503)	(6,081)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan Drawdown	9,054	34,048
Repayment of Loan	(10,712)	(24,701)
Repayment of hire purchase liabilities	(273)	(556)
Repayment to a subsidiary's former shareholder	(397)	-
Interest paid	(17,024)	(18,538)
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Net Cash Used In Financing Activities	(19,352)	(9,747)
NET CHANGE IN CASH & CASH EQUIVALENTS	9,557	10,031
CASH & CASH EQUIVALENTS BROUGHT FORWARD	(19,873)	(29,904)
CASH & CASH EQUIVALENTS CARRIED FORWARD	(10,316)	(19,873)

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2004)

A. FRS 134

1. Accounting Policies

The interim financial statements have been prepared in accordance with FRS 134-Interim Financial Reporting and Chapter 9 Part K of the amended Listing Requirements of Bursa Malaysia Berhad. The accounting policies and methods of computation applied are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2004.

2. Audit Report

The preceding audited financial statements for the year ended 31 December 2004 were not qualified.

3. Seasonal or Cyclical Factors

The business operations of the Group during the current year ended 31 December 2005 have not been materially affected by any significant seasonal or cyclical factors.

4. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items that materially affect the assets, liabilities, equity, net income or cash flow of the Group as at the date of issue of this report.

5. Accounting Estimates

There were no changes in the estimates of amounts reported in prior financial years that have material effect in the current year ended 31 December 2005.

6. Issuances and Repayment of Debt and Equity

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current year ended 31 December 2005.

7. Dividend Paid

There were no payment of dividend during the current financial year ended 31 December 2005.

8. Segment Reporting

Segment information for the year ended 31 December 2005 is presented in respect of the Group's business segment.

	Revenue	Profit/(Loss)
	RM' 000	Before Tax
	RM' 000	RM' 000
Property Development	41,635	(46,528)
Property & Investment Holdings	20,808	(25,299)
Hotels	22,026	(5,164)
Plantation	840	551
Parking Management	3,629	2,643
Others	192	(1,769)
	<u>89,130</u>	<u>(75,566)</u>
Unallocated Corporate Expenses	-	(2,806)
Finance Cost	-	(17,092)
Amortisation of Goodwill	-	(616)
	<u>89,130</u>	<u>(96,080)</u>

The loss in property development segment arose mainly due to the development expenditure charged out. As for property & investment holding segment, it is due to allowance for doubtful debts, bad debts written off and sinking fund charged out. For the hotel segment, there is an impairment loss recognised on hotel building located in Bukit Mertajam.

9. Valuation of Property, Plant and Equipment

The valuation of land and buildings have been brought forward, without amendment from the previous annual audited report, aside from the recognition of the impairment loss on Hotel building as indicated in Note A(8)(iii).

10. Subsequent Material Events

There were no material events subsequent to the year ended 31 December 2005.

11. Changes in the Composition of the Group

There are no material changes in the composition of the Group for the year ended 31 December 2005.

12. Contingent Liabilities and Contingent Assets

The corporate guarantee of RM18.0 million was issued by the Group in respect of credit facilities granted by financial institution to an associated company as at 31 Dec 2005.

B. BMB Revised Listing Requirements

1. Review of Performance

The Group recorded a loss before tax of RM96.08 million in the current year. The loss is mainly due to development expenditure charged out, allowance for doubtful debts and impairment loss on Hotel Bukit Mertajam.

2. Variation of Results against Immediate Preceding Quarter

The Group had incurred a loss before tax of RM64.46 million for the current quarter as compared to loss before tax of RM30.70 million for the immediate preceding quarter. The loss before tax in the current quarter was mainly due to development expenditure charged out and impairment loss on Hotel Bukit Mertajam.

3. Prospects

In view of the current economic situation, it is expected that 2006 will be a challenging year for the Group. The Group is taking measures to address its borrowing situation by looking at ways to unlock the value of its investment properties. The Group is confident that its operations in the various business segments will improve.

4. Profit Forecast

Not applicable as no profit forecast was published.

5. Taxation

	Year ended 31/12/2005 RM' 000
Current Tax Expense	6,902
Deferred Tax Expense	6,034
	<u>12,936</u>
<u>Reconciliation of Tax Variance:</u>	
Loss before Tax	<u>(96,080)</u>
Tax at 28%	(26,902)
Tax Effect on Non-deductible Expenses:	
Depreciation of non-qualifying assets	807
Penalties	820
Impairment loss on property, plant and equipments	2,045
Other expenses	731
Underprovision in previous year:	
- Current tax	6,628
- Deferred tax	9,727
Deferred tax asset not recognised in income statement	19,080
Tax Expense	<u>12,936</u>

6. Sale of Unquoted Investments and/or Properties

There was no gain or loss on disposal of investment properties by the Group during the current year ended 31 December 2005 as the investment properties were disposed of at net book value.

7. Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities for the current year ended 31 December 2005.

8. (a) Status of Corporate Proposal Announced

There is no uncompleted corporate proposal announced for the year ended 31 December 2005.

(b) Utilisation of Corporate Exercise Proceed

Not Applicable.

9. Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2005 is as follows:

	RM' 000
Short Term - Secured	75,877
Long Term - Secured	214,573
	<u>290,450</u>

None of the Group borrowings is denominated in foreign currency.

10. Off Balance Sheet Financial Instruments

During the financial period to-date, the Group did not enter into any contracts involving off balance sheet financial instruments.

11. Changes in Material Litigation

(i) **Companion Park Sdn Bhd ("CPSB") Vs Meda Development Sdn Bhd ("MDSB")**

CPSB has made a claim of RM3.5 million against MDSB in respect of properties buy back arrangement via a Put Option Agreement dated 1 October 1998. The plaintiff has also issued another notice to certain directors of the Company and a director of certain subsidiary companies, as guarantors, to pay the balance outstanding sum.

The Court had allowed CPSB's application to reinstate the matter and MDSB has filed their appeal against the court's decision.

The matter is now fixed for full trial on 28 June 2006 and 29 June 2006.

(ii) **The Store Corporation Berhad & The Store (Malaysia) Sdn Bhd ("The Store") Vs ZKP Development Sdn Bhd ("ZKP")**

This matter arose out of a tenancy agreement entered into between the two parties whereby The Store agreed to rent all that premises known as Shoplots S2.67, F1.19, G0.58 and LG0.57 of The Summit Bukit Mertajam.

The Store applied for a declaration order against ZKP to seek inter alia the Court's declaration that the outstanding arrears in rental of RM4.7 million claimed by ZKP as at year 2002 to be unlawful and a declaration from the Court of what ought to be the applicable rental rate per square foot for the respective term of the tenancy.

The Court granted Order In Terms to convert the originating summons into a Writ Action on 21 Oct 2004 and in the same action, ZKP filed a counter claim inter alia, for the sum of RM8,972,257.88 being the shortfall of rental payable by The Store as at 2004 and continuing together with interest at the rate of 12% per annum.

Pursuant thereto, ZKP filed an application for Summary Judgement against The Store which was dismissed on 12 Aug 2005.

ZKP has filed its Appeal against the decision which is fixed for Hearing on 9 May 2006.

(iii) **ZKP Development Sdn Bhd ("ZKP") Vs AMAssurance Berhad ("AM")**

This is a contract of insurance where AM agreed to insure and indemnify ZKP up to total sum of RM74,000,000.00. ZKP had submitted a claim for the sum of RM6,016,154.52 being loss and damage suffered to its properties during the insured period.

AM had repudiated their liability in the contract of insurance. A Writ Of Summons was initiated thereafter by ZKP against AM to claim amongst others the aforesaid sum of RM6,016,154.52.

The Timbalan Pendaftar had allowed AM's application to strike out ZKP's Writ and Statement Of Claim on reason that it was time-barred and ZKP has filed their appeal against the Timbalan Pendaftar's decision.

The appeal is fixed for Hearing on 21 March 2006 by Judge in Chambers.

12. Dividend

No dividend has been recommended or declared for this financial year under review.

13. Earning/(Loss) Per Share

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Basic earning/(loss) per Share	<u>(25.56)</u>

The calculation of basic EPS for the year ended 31 December 2005 is based on the net loss attributable to ordinary shareholders of RM 109.14 million and the weighted number of ordinary shares of 426.940 million.

The Group does not have any dilutive potential ordinary shares outstanding as at 31 December 2005. Accordingly, no diluted earnings per share is presented.