



**MEDA INC. BERHAD (507785-P)**  
**Condensed Consolidated Balance Sheets as at 31 December 2006**

	<b>AS AT 31/12/2006 (Unaudited) RM'000</b>	<b>AS AT 31/12/2005 (Restated) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	130,047	136,518
Land held for development	62,957	63,125
Investment properties	295,078	295,078
Goodwill	811	811
Investment in associate	3,235	3,356
	<u>492,128</u>	<u>498,888</u>
<b>Current Assets</b>		
Property Development Cost	76,390	75,980
Accrued Billings	1,088	5,128
Inventories	26,351	26,230
Amount due from customers for contract works	3	12
Trade & Other Receivables	129,487	112,834
Fixed Deposits with Licensed Banks	625	430
Tax Refundable	111	417
Cash & Cash Equivalents	6,541	5,334
	<u>240,596</u>	<u>226,365</u>
	<u>732,724</u>	<u>725,253</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	213,470	213,470
Share premium	20,013	20,013
Retained earnings	34,307	19,590
	<u>267,790</u>	<u>253,073</u>
<b>Non-current liabilities</b>		
Borrowings	161,810	164,621
Deferred Taxation	33,982	34,530
Amount Owing to a Subsidiary's Former Shareholder	1,663	1,663
	<u>197,455</u>	<u>200,814</u>
<b>Current Liabilities</b>		
Trade & Other Payables	81,460	62,934
Progress Billings	20,160	22,546
Overdraft & Short Term Borrowings	109,107	125,825
Provision for Taxation	56,752	60,061
	<u>267,479</u>	<u>271,366</u>
<b>Total liabilities</b>	<u>464,934</u>	<u>472,180</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>732,724</u>	<u>725,253</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005)

**MEDA INC. BERHAD (507785-P)**  
**Condensed Consolidated Income Statement for the Year ended 31 December 2006**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED</b>		<b>12 MONTHS ENDED</b>	
	<b>31/12/2006</b> <b>(Unaudited)</b> <b>RM' 000</b>	<b>31/12/2005</b> <b>(restated)</b> <b>RM' 000</b>	<b>31/12/2006</b> <b>(Unaudited)</b> <b>RM' 000</b>	<b>31/12/2005</b> <b>(restated)</b> <b>RM' 000</b>
Revenue	43,082	25,917	153,741	89,073
Cost of sales	(26,154)	(40,890)	(94,081)	(72,772)
<b>Gross Profit/(Loss)</b>	<b>16,928</b>	<b>(14,973)</b>	<b>59,660</b>	<b>16,301</b>
Other income	1,855	44	2,991	1,103
Administrative and general expenses	(8,172)	(5,989)	(28,945)	(36,942)
Selling and marketing expenses	(655)	(145)	(1,877)	(1,223)
Other expenses	(204)	(39,805)	(137)	(59,327)
Finance cost	(5,194)	(4,745)	(18,554)	(17,084)
Share of loss of associates	(27)	(244)	(121)	(244)
<b>Profit/(Loss) before tax</b>	<b>4,531</b>	<b>(65,857)</b>	<b>13,017</b>	<b>(97,416)</b>
Income tax expense	5,467	(6,010)	1,700	(12,931)
<b>Profit/(Loss) for the period</b>	<b>9,998</b>	<b>(71,867)</b>	<b>14,717</b>	<b>(110,347)</b>
<b>Attributable to:</b>				
Equity holders of the parent	9,998	(71,867)	14,717	(110,347)
<b>Equity per share attributable to equity holders of the parent:</b>				
Basic EPS (Sen)	2.34	(16.83)	3.45	(25.85)
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 2005)**

**MEDA INC. BERHAD (507785-P)**  
**Unaudited Condensed Consolidated Statements of Changes in Equity**  
**For the Year Ended 31 December 2006**

	-----Attributable to Equity Holders of the Parent-----				Total Equity RM' 000
	Share Capital RM' 000	Share Premium RM' 000	Retained Profit RM' 000	Total RM' 000	
Balance as at 01 January 2005	213,470	20,013	130,079	363,562	363,562
Prior year adjustment - effect of adoption of FRS 140	-	-	(142)	(142)	(142)
Balance as at 01 January 2005 - as restated	213,470	20,013	129,937	363,420	363,420
Net loss for the current year	-	-	(110,347)	(110,347)	(110,347)
Balance as at 31 December 2005	<u>213,470</u>	<u>20,013</u>	<u>19,590</u>	<u>253,073</u>	<u>253,073</u>
Balance as at 01 January 2006	213,470	20,013	19,803	253,286	253,286
Prior year adjustment - effect of adoption of FRS 140	-	-	(213)	(213)	(213)
Balance as at 01 January 2006 - as restated	213,470	20,013	19,590	253,073	253,073
Net profit for the current year	-	-	14,717	14,717	14,717
Balance as at 31 December 2006	<u>213,470</u>	<u>20,013</u>	<u>34,307</u>	<u>267,790</u>	<u>267,790</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 2005)**

**MEDA INC. BERHAD**

**Unaudited Condensed Consolidated Cash Flow Statements for the Year ended 31 December 2006**

	12 Months ended 31/12/2006	12 Months ended 31/12/2005 (restated)
	RM' 000	RM' 000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before Tax	13,017	(97,416)
Adjustments for:		
Share of losses in associate company	121	244
Minority Interest	-	(112)
Depreciation	6,331	7,627
Goodwill written off	-	578
Bad debts written off	30	4,045
Allowance for doubtful debts	(98)	26,798
Amortisation of goodwill	-	38
Deposit Forfeited	-	(232)
Development expenditure written off	-	9,566
Impairment loss on property, plant and equipments	-	8,000
Impairment loss on land held for property development	-	16,668
Reversal of profit recognised for revocation of sales in prior years	-	286
Gain/(Loss) on disposal of property, plant & equipment	(72)	10
Liquidated and ascertained damages reversed	949	15
Interest expense	18,554	17,084
Interest income	(857)	(310)
<b>Operating Profit/(Loss) before Changes in Working Capital</b>	<b>37,975</b>	<b>(7,111)</b>
Changes in development properties	6,149	13,050
Changes in inventories	(121)	(41)
Changes in amount due from customers for contract works	9	479
Changes in trade and other receivables	(10,175)	5,035
Changes in trade and other payables	14,813	3,686
Changes in accrued billings	4,040	1,475
Changes in progress billings	(2,386)	16,147
<b>Cash Generated From Operations</b>	<b>50,304</b>	<b>32,720</b>
Tax paid	(1,851)	(917)
Interest received	857	310
<b>Net Cash Generated From Operating Activities</b>	<b>49,310</b>	<b>32,113</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Expenditure incurred on land held for development	(2,701)	(1,256)
Purchase of property, plant and equipment	(5,649)	(2,398)
Addition of investment properties	-	(139)
Proceed from disposal of property, plant and equipment	644	127
Subscription of shares in a subsidiary company by minority shareholders (Placement)/Withdrawal of fixed deposits	-	120
	(215)	379
<b>Net Cash Used In Investing Activities</b>	<b>(7,921)</b>	<b>(3,167)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan Drawdown	5,496	14,314
Repayment of Loan	(29,169)	(16,449)
Repayment of hire purchase liabilities	(725)	(501)
Interest paid	(15,230)	(16,774)
<b>Net Cash Used In Financing Activities</b>	<b>(39,628)</b>	<b>(19,410)</b>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>1,761</b>	<b>9,536</b>
<b>CASH &amp; CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>(10,337)</b>	<b>(19,873)</b>
<b>CASH &amp; CASH EQUIVALENTS CARRIED FORWARD</b>	<b>(8,576)</b>	<b>(10,337)</b>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2005)

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

**1 Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirement of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Board (MASB) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. 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 year ended 31 December 2005.

**2 Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operation
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipments
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments: Disclosure and presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 2, 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133 and 138 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are discussed below:

**(a) FRS 3: Business Combinations, FRS 136: Impairment of Assets**

The new FRS 3 has resulted in consequential amendments to FRS 136.

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 25 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. The carrying amount of goodwill as at 1 January 2006 of RM811,000 ceased to be amortised. This has the effect of reducing the amortisation charges by RM38,000 in the financial year ended 31 December 2006.

**(b) FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interest are now presented within total equity. In the consolidated income statement, minority interests are now presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

**(c) FRS 140: Investment Property**

The adoption of this new FRS has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing open-market value determined by external valuer. Gain or losses arising from changes in the fair values of investment properties are recognised in profit and loss in the period in which they arise. Prior to 1 January 2006, investment properties were stated at valuation. Revaluations were carried out at least five years and any revaluation increase is taken to equity as a revaluation surplus. The investment properties were last revalued in 2001. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied prospectively and the comparatives as at 31 December 2005 are not restated.

In accordance to FRS 140, the owner-occupied property has to be transferred to property, plant and equipment. The property deemed cost for subsequent accounting in accordance with FRS 116 shall be its fair value at the date of change in use. This change has been accounted for retrospectively and has resulted in the following:

	<b>As at 1.1.2006 RM' 000</b>	<b>As at 1.1.2005 RM' 000</b>
Increase in property, plant and equipments	3,540	3,615
Decrease in investment properties	(3,765)	(3,765)
Decrease in deferred tax liabilities	(42)	(8)
Decrease in retained earnings	(213)	(142)
	<hr/>	<hr/>
	<b>12 months ended</b>	
	<b>31.12.06 RM' 000</b>	<b>31.12.05 RM' 000</b>
Decrease in profit for the period	(71)	(71)
	<hr/>	<hr/>

**3. Comparatives**

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

	<b>Previously stated RM' 000</b>	<b>Adjustment FRS 140 RM' 000</b>	<b>Restated RM' 000</b>
<b>At 31 December 2005</b>			
Property, plant and equipment	132,978	3,540	136,518
Investment properties	298,843	(3,765)	295,078
Retained earnings	19,803	(213)	19,590
	<hr/>	<hr/>	<hr/>
<b>12 months ended 31 December 2005</b>			
Administrative expenses	(36,871)	(71)	(36,942)
	<hr/>	<hr/>	<hr/>

**4. Audit Report**

The preceding audited financial statements for the year ended 31 December 2005 were not qualified.

**5. Seasonal or Cyclical Factors**

The business operations of the Group during the current year ended 31 December 2006 have not been materially affected by any significant seasonal or cyclical factors.

**6. 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.

**7. 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 2006.

**8. 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 2006.

**9. Dividend Paid**

There were no payment of dividend during the current financial year ended 31 December 2006.

**10. Segment Reporting**

Segment information for the year ended 31 December 2006 is presented in respect of the Group's business segment.

	<b>Revenue</b>	<b>Profit/(Loss)</b>
	<b>RM' 000</b>	<b>Before Tax</b>
	<b>RM' 000</b>	<b>RM' 000</b>
Property Development	109,876	20,004
Property & Investment Holdings	15,759	7,339
Hotels	23,600	3,168
Plantation	871	561
Parking Management	3,247	2,381
Others	388	(1,336)
	<u>153,741</u>	<u>32,117</u>
Unallocated Corporate Expenses	-	(546)
Finance Cost	-	(18,554)
	<u>153,741</u>	<u>13,017</u>

**11. Valuation of Property, Plant and Equipment**

The valuation of land and buildings have been brought forward, without amendment from the previous annual audited report.

**12. Subsequent Material Events**

There were no material events subsequent to the year ended 31 December 2006.

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

There are no material changes in the composition of the Group for the year ended 31 December 2006, except for:

- i) On 5 July 2006, Meda Inc. Berhad acquired 2 ordinary shares of RM1.00 each representing 100% of the total paid-up share capital in Golden Sceptre (MM2H) Sdn Bhd for a total consideration of RM2.00.
- ii) On 28 September 2006, the subsidiary company, Nandex Development Sdn Bhd, acquired 2 ordinary shares of RM1.00 each representing 100% of the total paid-up share capital in Peranan Suci Sdn Bhd for a total consideration of RM2.00.

**14. Contingent Liabilities and Contingent Assets**

The corporate guarantee of RM18.0 million was provided by the Group in respect of credit facilities granted by a financial institution to an associated company as at 31 December 2006.

## PART B. BMB Revised Listing Requirements

### 1. Review of Performance

The Group recorded a profit before tax of RM13.02 million and total revenue of RM153.74 million for the year ended 31 December 2006 as compared to loss before tax of RM97.42 million and revenue of RM89.07 million for the preceding year. The improvement was mainly due to the better performance from property development division. The loss in preceding year was mainly due to the provision for doubtful debts and impairment of assets.

### 2. Variation of Results against Immediate Preceding Quarter

The Group has recorded a profit before tax of RM4.53 million for the current quarter as compared to profit before tax of RM1.44 million for the immediate preceding quarter. The improvement was mainly due to the better performance from property development division in this quarter.

### 3. Prospects

The year 2007 will remain challenging 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 and undertaking new development projects. The Group is confident that it will maintain the current level of performance in the various business segments.

### 4. Profit Forecast

Not applicable as no profit forecast was published.

### 5. Taxation

	Year ended 31/12/2006 RM' 000
Current Tax Expense	<u>1,700</u>
<u>Reconciliation of Tax Variance:</u>	
Profit before Tax	<u>13,017</u>
Tax at 28%	3,645
Tax Effect on Non-deductible Expenses:	
Depreciation of non-qualifying assets	828
Non-taxable income	(67)
Non-deductible expenses	190
Overprovision in previous year:	
- Current tax	(5,854)
- Deferred tax	(1,507)
Deferred tax asset not recognised in income statement	1,065
<b>Tax Expense</b>	<u><u>(1,700)</u></u>

### 6. Sale of Unquoted Investments and/or Properties

There were no disposal of unquoted investment and properties outside the ordinary course of the Group's business during the current year ended 31 December 2006.

### 7. Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities for the current year ended 31 December 2006.

### 8. (a) Status of Corporate Proposal Announced

There is no uncompleted corporate proposal announced for the year ended 31 December 2006.

### (b) Utilisation of Corporate Exercise Proceed

Not Applicable.

### 9. Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2006 is as follows:

	RM ' 000
Short Term - Secured	109,107
Long Term - Secured	<u>161,810</u>
	<u>270,917</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 27 March 2007 and 28 March 2007.

### (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' s appeal was dismissed with costs on 24 July 2006 and ZKP has filed its appeal against the judge' s decision.

In the meantime, the Court has fixed 15 May 2007 as the trial date.

### (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 27 March 2007 by the Judge in Chambers.

### (iv) Lembaga Hasil Dalam Negeri ("LHDN") Vs ZKP Development Sdn Bhd ("ZKP")

A Writ of Summon was initiated by LHDN against ZKP to claim the sum of RM9.6 million in respect of outstanding tax assessment and tax penalty payable for the Years of Assessment from 1998 to 2001 on 2 November 2006.

ZKP has filed its Statement of Defence on 14 February 2007.

**12. Dividend**

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

**13. Earning Per Share**

	<b>Sen</b>
Basic earning per Share	<u>3.45</u>

The calculation of basic EPS for the year ended 31 December 2006 is based on the net profit attributable to ordinary equity holders of the parent of RM14.71 million and the weighted number of ordinary shares of 426.94 million.

The Group does not have any dilutive potential ordinary shares outstanding as at 31 December 2006. Accordingly, no diluted earnings per share is presented.