

MEDA INC. BERHAD (507785-P)
For the Quarter Ended 31 March 2009

Part A -Explanatory Notes Pursuant to Financial Reporting Standards (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 Standard Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. 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 2008.

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the annual audited financial statements for the financial year ended 31 December 2008. At the date of authorization of issue of this interim financial statement, the following new Financial Reporting Standards ("FRSs") and Issues Committee Interpretations ("IC Int") were issued but are not yet effective, :

<u>New FRSs</u>		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	I January 2010
FRS 7	Financial Instruments : Disclosures	I January 2010
FRS 8	Operating Segments	I July 2009
FRS 139	Financial Instruments : Recognition and Measurement	I January 2010
<u>IC Int</u>		
IC Int 9	Reassessment of Embedded Derivatives	I January 2010
IC Int 10	Interim Financial Reporting and Impairment	I January 2010

Other than FRS 139, the application of the above new FRSs and IC Int, when they become effective, will not have any significant impact on the results and the financial positions of the Group. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

2. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the preceding financial statements for the financial year ended 31 December 2008 was not qualified.

3. Seasonal or Cyclical Factors

The business operations of the Group during the interim financial period ended 31 March 2009 (hereafter referred to as interim financial period) 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 materially affecting the assets, liabilities, equity, net income or cash flow of the Group during the interim financial period.

5. Accounting Estimates

There were no changes in the estimates of amounts reported in prior financial year that have material effect in the interim financial period.

6. Issuances and Repayment of Debt and Equity

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the interim financial period.

7. Dividend Paid

There were no dividends paid during the interim financial period.

8. Segment Reporting

Segmental information for the interim financial period is presented in respect of the Group's business segment.

	Revenue RM'000	Profit/(Loss) Before Tax RM'000
<u>Continuing Operations</u>		
Property Development	1,455	(223)
Property Investment	1,115	277
Hotel Operations	6,762	(414)
Others	44	(214)
	<hr/> 9,376	<hr/> (574)
Unallocated Corporate Expenses		(775)
Share of associated company's loss		(31)
Allowance for shortfall in minimum net income guarantee		(2,000)
Finance Cost		(796)
	<hr/> 9,376	<hr/> (4,176)
<u>Discontinued Operation</u>		
Property Development	96	(26)
	<hr/> 96	<hr/> (26)
Total Operations	<hr/> 9,472	<hr/> (4,202)

9. Valuation of Property, Plant and Equipment

The valuation of land and buildings has been brought forward, without amendment from the financial statements as at 31 December 2008.

10. Subsequent Material Events

There were no material events subsequent to the end of the interim financial period except as disclosed under Note 8(a) of Part B to this interim financial statement under the heading of Status of Corporate Proposals.

11. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the interim financial period.

12. Changes in Contingent Liabilities and Contingent Assets

There were no changes in the contingent liability and contingent assets since the last annual balance sheet date as at 31 December 2008 as follows:

	As at 31 March 2009 RM '000	As at 31 December 2008 RM '000
<u>Contingent Liability</u>		
A corporate guarantee given to a financial institution for credit facilities extended to an associated company	18,000	18,000
<u>Contingent Assets</u>		
A legal claim made by a subsidiary company against an insurance company in respect of losses and damages suffered to its properties during the insured period.	6,016	6,016
A balance of shortfall amount in profit guarantee due to the Company arising from a profit guarantee agreement entered into between the Company and a substantial shareholder of the Company.	2,189	2,189

PART B. Explanatory Notes Pursuant to Appendix 9B of The Listing Requirements of Bursa Malaysia Securities Berhad (BMSB)

1. Review of Performance

For the current quarter under review, the Group recorded a total revenue of RM9.4 million and a net loss of RM4.2 million. The net loss incurred was mainly due to an allowance for the shortfall in minimum net income guarantee of RM2.0 million being provided for by the Group in respect of the Summit USJ property.

A revenue of RM16.8 million and a net profit of RM8.9 million were recorded in the same quarter of preceding year. The lower revenue registered in the current quarter was mainly due to exclusion of revenue source upon disposal of the Summit USJ property. Lower property development activities due to the economic slow down and depressed market conditions have also resulted in lower revenue.

A net loss of RM4.2 million was recorded in the current quarter as compared to a net profit of RM8.9 million in the same quarter of preceding year. This variance was largely due to recognition of a gain on disposal of the Summit USJ Property and a waiver of management fees by a financial institution in the same quarter of preceding year. There were no such gain / waiver in the current quarter.

As this is the first quarter interim financial statement being presented, review of the Group's performance on cumulative basis will not be applicable.

2. Variation of Results against Immediate Preceding Quarter (Quarter 1, 2009 vs Quarter 4, 2008)

The Group recorded a net loss of RM4.2 million in the current quarter compared to a net loss of RM12.2 million in the immediate preceding quarter. The net loss recorded in the preceding quarter was higher mainly due to allowances being made for doubtful debts in respect of other receivables accounts and higher administrative expenses being incurred.

3. Prospects

In view of the negative economic outlook, the Group shall continue to exercise caution in selecting the types of development to be launched and the types of new business to venture into. Monitoring of operating costs shall remain as the Group's priority.

The proposed acquisition of 51% paid up share capital of Hadhari Cattle Industry Sdn Bhd ("Hadhari") holds good prospect for the Group. Hadhari is engaged in the operation of an abattoir and the sale and distribution of meat and processed meat. Hadhari business will provide the Group with a relatively stable and reliable income source. The venturing into food business is timely as food business has been proven to be a recession-proof business.

4. Profit Forecast

Not applicable as no profit forecast was published.

5. Taxation

	3 Months Ended		3 Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM '000	RM '000	RM '000	RM '000
Current quarter / period				
- Income tax	-	-	-	-
- Deferred tax	-	-	-	-
	-	-	-	-
(Under) / Over accrual of tax in prior year:				
- Income tax	(42)	-	(42)	-
- Deferred tax	-	-	-	-
	(42)	-	-	-
	(42)	-	(42)	-

Included in the Trade and Other Payable of the attached Condensed Consolidated Balance Sheet, is an amount of RM15.4 million representing the outstanding tax penalties. As of 19th May 2009, negotiation for a settlement plan with the tax authority is still on-going.

6. Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investment and properties outside the ordinary course of the Group's business during the current quarter and the interim financial period.

7. Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter and for the interim financial period.

8. (a) Status of Corporate Proposal Announced

Below are the corporate proposals that have been announced by the Company but not completed as at 19th May 2009, being the latest practicable date which shall not be earlier than 7 days from the date of this announcement:

- i) On 9th July 2008, the Company and its wholly-owned subsidiary, Litaran Bayu Sdn. Bhd ("LBSB") entered into a Share Sale Agreement ("Agreement") with Equal Hope Ventures Sdn. Bhd. ("EHV") for the disposal of Kota Malim Sdn Bhd ("KMSB"), a subsidiary of the Company for a cash consideration of RM2 million ("Proposed disposal"). The Company owns 30% direct equity interest and 70% indirect equity interest (through LBSB) in KMSB.

The proposed disposal was completed on 17th April 2009.

- ii) The Company had on 10th April 2009, entered into a Shares Sale Agreement ("SSA") with En. Abdul Rashid Tang Bin Abdullah to acquire a total of 2,550,000 ordinary shares of RM1.00 each, representing 51% of the entire issued and paid-up share capital of Hadhari Cattle Industry Sdn Bhd for a total cash consideration of RM18 million ("Proposed Acquisition").

The Proposed Acquisition is subject to regulatory approval and fulfillment of conditions precedent as stipulated in the SSA. As at 19th May 2009, the Proposed Acquisition is still pending completion and is subject to relevant approval.

(b) Utilisation of Proceeds Raised from Corporate Proposal

Sale of The Summit Subang USJ by Meda Development Sdn Bhd (“MDSB”) (“Sale”)

The proposed sale of The Summit Subang USJ by MDSB, a wholly-owned subsidiary of the Company, as announced to Bursa Malaysia Securities Berhad on 1 August 2007, was completed on 31 March 2008.

The gross and net proceeds derived from the Sale are as follows :-

Table 1:

Item	RM'000
Sale consideration	260,000
Redemption sum (a)	(171,200)
Tenancy deposits received by MDSB from subsisting tenants of the Property up to the completion of the revised sale and purchase agreement dated 30 November 2007 (“Agreement”)	(2,469)
Retention amounts and other deposits pursuant to the Agreement	(15,948)
Purchaser’s cost sums (b)	(557)
Net Proceeds	69,826

Note :

- (a) As part of the agreement, the redemption sum (inclusive of interest) was paid to AmInvestment Bank Berhad in order that the existing charges and any caveat lodged by it or on its behalf may be discharged or cancelled (“Redemption Sum”), as disclosed in the circular dated 2 January 2008.
- (b) In consideration of the purchaser making payment of the Redemption Sum prior to their receipt of the legal possession of the Property and thus having to incur financing costs, the purchaser is entitled to retain RM0.557 million from the sale consideration as purchaser’s costs sums, as disclosed in the circular dated 2 January 2008.

The Net Proceeds has been fully utilized as at 31 March 2009.

9. Group Borrowings and Debt Securities

The Group borrowings as at 31 March 2009 were as follows:

	RM ‘000
Short Term – Secured	39,231
Long Term – Secured	30,524
	<u>69,755</u>

None of the Group borrowings is denominated in foreign currency.

10. Off Balance Sheet Financial Instruments

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

11. Changes in Material Litigation

(i) 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 the 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 August 2005.

ZKP's appeal was dismissed with costs on 24 July 2006 and has filed its appeal against the Judge's decision. The Court of Appeal has dismissed ZKP's appeal with costs on 18 July 2007.

The High Court has fixed 8 June 2009 for case management.

(ii) 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 its appeal against the Timbalan Pendaftar's decision.

The matter is now fixed on 30 July 2009 for mention to ensure all submissions have been filed.

(iii) 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 RM9,603,548.37 in respect of outstanding tax assessments and tax penalties for Years of Assessment from 1998 to 2001 on 2 November 2006.

ZKP has filed its Statement of Defence and is currently pending LHDN's reply.

11. Changes in Material Litigation (continued)

(iv) Lembaga Hasil Dalam Negeri ("LHDN") Vs Meda Development Sdn Bhd ("MD")

Writs of Summons were filed by LHDN against MD to claim the total sum of RM22,466,768.46 in respect of outstanding tax assessments and tax penalties for Years of Assessment from 2001 to 2007.

MD has entered appearances and filed its Statements of Defence and the matter is now pending LHDN's reply.

(v) Lembaga Hasil Dalam Negeri ("LHDN") Vs Sri Lingga Sdn Bhd ("SL")

Writs of Summon were initiated by LHDN against SL to claim the sum of RM7,281,718 in respect of outstanding tax assessments and tax penalties for Years of Assessment 2002 and 2003.

SL has appointed its solicitors to defend the claim and the said solicitors have entered appearances and filed Statements of Defence on behalf of SL. This matter is currently pending LHDN's reply.

(vi) Lembaga Hasil Dalam Negeri ("LHDN") Vs Kota Malim Sdn Bhd ("KM")

Writs of Summon were initiated by LHDN against KM to claim the sum of RM7,223,131 in respect of outstanding tax assessments and tax penalties for Years of Assessment from 1998 to 2003.

KM has appointed its solicitors to rebut the claim. LHDN's reply is currently pending.

(vii) Lembaga Hasil Dalam Negeri ("LHDN") Vs Nandex Development Sdn Bhd ("ND")

A Writ of Summon was initiated by LHDN against ND to claim the sum of RM2,040,578 in respect of outstanding tax assessments and tax penalties for the Year of Assessment 2006.

ND has appointed its solicitors to rebut the claim and the matter is now pending LHDN's reply.

(viii) Nandex Development Sdn Bhd ("ND") Vs Intra Design Sdn Bhd ("ID")

ND had initiated an injunction action against ID via an Originating Summons dated 8 August 2007 to refrain ID from presenting a winding up petition against ND in relation to two (2) Notices under Section 218, Companies Act 1965 both dated 20 July 2007 over the alleged debts of RM1,358,371.22 and RM242,964.05 based on the interim certificates of payment together with 2.5% Retention Sum of which ID claimed that the final certificates for payment have yet to be issued by the consultants.

The court has granted ND's application for an injunction to restrain ID from filing a winding-up petition.

11. Changes in Material Litigation (continued)

ID has since appealed against the decision. The Court has dismissed ID's appeal with costs on 15 October 2008.

Subsequent to the above injunction, on 16 April 2009, ND was served with a writ of summons and statement of claim dated 19 March 2009 by ID claiming a total of RM2,612,971 purportedly being monies due and owing to ID for outstanding certification, moiety and interior designing work done for ND.

ND is currently seeking the necessary legal advice to resolve and defend against this matter.

(ix) **Chow Tat Meng & 150 Others ("CTM") Vs Meda Development Sdn Bhd & 10 Others ("MD")**

Azizah Rahman & 35 Others ("AR") Vs Meda Development Sdn Bhd & 7 Others ("MD")

Two groups of shop lot purchasers, CTM and AR, had since 16th April 2005 commenced separate legal actions against MD, claiming for liquidated damages amounting to RM16,979,033/- and RM5,466,184/- respectively. Fresh applications were filed by both CTM and AR against MD under Civil Suits No. S6-22-145-2005 and No.S6-22-308-2006 on 19th February 2008 and 30th January 2008 respectively to preserve the sums of RM30,000,000/- and RM9,000,000/- in stakeholders' account.

The High Court had on 24th June 2008 dismissed CTM's application and accordingly CTM filed an appeal under Civil Appeal No. W-02-706-2008 and the Court of Appeal ("COA") had fixed 10th February 2009 for the hearing. In the case of AR, the High Court recorded a consent order that the decision of CTM vs MD case as mentioned shall bind the case and therefore AR's application was duly dismissed on 18th July 2008. Accordingly AR filed an appeal under Civil Appeal No W-02-820-2008 and the COA had also fixed 10 February 2009 for the hearing.

On 12th February 2009, the COA had ordered MD to preserve the total sum of RM22.4 million in an interest bearing account, to be executed within 7days from the date of Order.

MD had accordingly filed a motion for stay of the Order and both CTM and AR had filed a motion for leave to commence committal proceedings against the directors of MD. Both hearings were fixed on 10th March 2009 at the COA but were subsequently postponed to 23rd March 2009. However, a settlement was reached prior to the aforesaid hearing date whereby the following matters were agreed by both CTM and AR together with MD:

- (i) MD undertakes to deposit into an interest bearing account under the names of Messrs AJ Ariffin Yeo & Hampul and Messrs SC Lim & Partner, within 14 days of MD's receipt of the sum of RM2 million from Mayban Trustees Berhad ("MTB") and /or their solicitors, which is being retained by MTB as security for the performance of MD's obligations to obtain the issuance of the strata titles of the properties sold to MTB under the Sales and Purchase Agreement dated 30th November 2007 between MD and MTB, as trustees for AmFirst Real Estate Trust;
- (ii) Dato' Dr. Teoh Seng Foo and Mr. Teoh Seng Kian shall jointly guarantee the payment of up to a total aggregate sum of RM3 million on the final judgement sum (after exhausting all avenues of appeal) obtained by the CTM and AR against MD
- (iii) The Company shall guarantee the payment of the judgement sum obtained by CTM and AR against MD.

11. Changes in Material Litigation (continued)

In consideration of the above, CTM and AR had agreed that:-

- (i) the COA orders shall be unenforceable;
- (ii) CTM and AR shall not demand MD's compliance of the COA Orders and / or enforce the COA Orders, and any reliefs therefrom, by whatsoever means and any form of execution proceedings already filed, including the committal proceedings (whether at the High Court or Court of Appeal) shall be withdrawn with no order as to costs;
- (iii) MD shall withdraw their Notice of Motion for stay of execution (at the Court of Appeal) dated 17th February 2009, with no order as to costs

The notice of motions filed at the COA were, as agreed withdrawn on 23rd March 2009.

The Civil Suits, however had been fixed by the High Court for further case management on 4th June 2009 and 18th May 2009 respectively. Subsequent to 18th May 2009, the matter for AR has now been fixed on 4th June 2009 to be heard together with CTM's matter.

12. Dividend

No dividend has been recommended or declared for the current quarter and for the interim financial period under review.

13. Earnings/(Loss) Per Share

The basic and diluted earnings / (loss) per share have been calculated based on the consolidated net profit / (loss) attributable to equity holders of the parent for the interim financial period and the weighted average number of ordinary shares outstanding during the period as follows:

a) Basic earning / (loss) per share

	3 Months Ended		3 Months Ended	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	RM '000	RM '000	RM '000	RM '000
Profit / (Loss) from continuing operations attributable to equity holders of the Parent Company	(4,218)	8,919	(4,218)	8,919
Profit / (Loss) from discontinued operation attributable to equity holders of the Parent Company	(26)	-	(26)	-
Profit / (Loss) attributable to equity holders of the Parent Company	(4,244)	8,919	(4,244)	8,919
Weighted average number of ordinary shares				
Issued ordinary shares at beginning of period	426,940	426,940	426,940	426,940
Effect of shares issued during the period	-	-	-	-
Weighted average number of ordinary shares	426,940	426,940	426,940	426,940
Basic earnings/(loss) per share for (sen):				
Loss from continuing operations	(0.99)	2.09	(0.99)	2.09
Loss from discontinued operation	(0.01)	-	(0.01)	-
Loss for the period	(0.99)	2.09	(0.99)	2.09

13. Earnings/(Loss) Per Share (continued)

b) Diluted earning / (loss) per share

As the Company does not have any dilutive potential ordinary shares outstanding as at 31 March 2009, no diluted earnings / (loss) per share is presented.

14. Authorization for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 26th May 2009.

ON BEHALF OF THE BOARD

TEOH SENG KIAN
Executive Director
Selangor Darul Ehsan
26th May 2009