

MEDA INC. BERHAD (507785 – P)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	As at 30/06/2014 RM'000	Audited as at 31/12/2013 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	42,904	42,190
Investment properties	116,010	115,904
Land held for property development	41,599	41,599
Goodwill on consolidation	5,977	5,977
Trade receivables	110	132
Other receivables	1,823	1,270
	208,423	207,072
CURRENT ASSETS		
Property development costs	107,365	89,775
Inventories	10,728	11,627
Trade receivables	54,238	56,591
Other receivables, deposits and prepayments	13,422	19,190
Tax recoverable	-	1,442
Deposits placed with licensed banks	132	131
Cash and bank balances	4,457	4,883
	190,342	183,639
TOTAL ASSETS	398,765	390,711
EQUITY AND LIABILITIES		
Share capital	246,262	237,695
Share premium	12,876	11,115
Treasury shares	(5,806)	(3,417)
Warrants reserve	8,894	9,007
Revaluation reserve	6,037	6,064
Accumulated losses	(24,550)	(29,460)
TOTAL EQUITY	243,713	231,004
NON-CURRENT LIABILITIES		
Borrowings (interest bearing)	8,806	10,140
Deferred tax liabilities	14,093	14,054
	22,899	24,194
CURRENT LIABILITIES		
Trade payables	56,360	66,467
Other payables, accruals and deposits	43,804	35,425
Borrowings (interest bearing)	21,063	22,124
Tax payables	10,926	11,497
	132,153	135,513
TOTAL LIABILITIES	155,052	159,707
TOTAL EQUITY AND LIABILITIES	398,765	390,711
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY		
HOLDERS OF THE COMPANY (RM)	0.52	0.49

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013.

MEDA INC. BERHAD (507785 – P)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	Individual Quarter		Cumulative Quarter	
	6 months ended		6 months ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	(Restated)	(Restated)		
	RM'000	RM'000	RM'000	RM'000
Revenue	32,604	49,544	65,288	114,259
Cost of sales	(23,824)	(33,046)	(43,198)	(80,113)
Gross profit	8,780	16,498	22,090	34,146
Other income	290	100	1,253	448
Selling and distribution expenses	(389)	(694)	(779)	(2,932)
Administrative expenses	(7,650)	(8,005)	(15,787)	(16,417)
Operating profit	1,031	7,899	6,777	15,245
Finance cost	(352)	(519)	(699)	(1,174)
Share of results of an associate	-	(19)	-	(43)
Profit/(Loss) before taxation	679	7,361	6,078	14,028
Taxation	89	(1,852)	(1,194)	(3,347)
Net profit/(loss) for the period	768	5,509	4,884	10,681
Net profit / (loss) attributable to:				
Equity holders of the Company	768	5,509	4,884	10,681
Non-controlling interests	-	-	-	-
	768	5,509	4,884	10,681

Earnings per share ("EPS") attributable to equity holders of the Company (Sen):				
Basic EPS	0.16	1.21	1.03	2.35
Diluted EPS	0.15	1.20	0.94	2.15

Net profit for the financial period	768	5,509	4,884	10,681
Other comprehensive income				
Amortisation of revaluation reserve	14	14	27	27
Total comprehensive income for the period	782	5,523	4,911	10,708
Total comprehensive income / (loss) for the period attributable to:				
Equity holders of the Company	782	5,523	4,911	10,708
Non-controlling interests	-	-	-	-
	782	5,523	4,911	10,708

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013.

MEDA INC. BERHAD (507785 – P)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

← *Attributable to equity holders of the Company* →

	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Treasury Shares RM'000	Total Equity RM'000
At 1 January 2013							
- as previously stated	228,425	8,020	11,993	6,117	(54,322)	(1,964)	198,269
- Effect of adoption of FRS 10	-	-	-	-	-	-	-
At 1 January 2013, as restated	228,425	8,020	11,993	6,117	(54,322)	(1,964)	198,269
Exercise of Warrants	1,551	528	(524)	-	-	-	1,555
Arising from shares buy-back	-	-	-	-	-	(918)	(918)
Amortisation of revaluation reserve	-	-	-	(27)	-	-	(27)
Total comprehensive income for the period	-	-	-	-	10,708	-	10,708
At 30 June 2013	229,976	8,548	11,469	6,090	(43,614)	(2,882)	209,587
At 1 January 2014							
- as previously stated	237,695	11,115	9,007	6,064	(29,460)	(3,417)	231,004
- effect of change in accounting policies	-	-	-	-	-	-	-
At 1 January 2014	237,695	11,115	9,007	6,064	(29,460)	(3,417)	231,004
Exercise of Warrants	8,568	1,761	(113)	-	-	-	10,216
Arising from shares buy-back	-	-	-	-	-	(2,390)	(2,390)
Amortisation of revaluation reserve	-	-	-	(27)	-	-	(27)
Total comprehensive income for the period	-	-	-	-	4,910	-	4,910
At 30 June 2014	246,263	12,876	8,894	6,037	(24,550)	(5,807)	243,713

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013.

MEDA INC. BERHAD (507785 – P)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2014
STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2014

	Cumulative quarter ended 30 June	
	2014 RM'000	(Restated) 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	6,078	14,028
Adjustments for:		
Depreciation	1,019	810
Interest expense	699	1,174
Interest income	(288)	(235)
Share of losses in an associate		43
Operating cash flows before working capital changes	7,506	15,820
Changes in working capital:		14,021
Property development costs	(17,589)	
Receivables	7,589	(27,945)
Inventories	899	16
Payables	(1,660)	6,178
	(3,255)	8,090
Interest paid	(46)	(38)
Interest received	288	235
Tax refund	3,657	-
Tax paid	(4,009)	(7,656)
Net Operating Cash Flows	(3,365)	631
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,729)	(716)
Addition in investment properties	(107)	(453)
(Placement) / Withdrawal of deposit held as security	(1,203)	
Net Investing Cash Flows	(3,039)	(1,169)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment to		
- bank loans	(2,827)	(4,198)
- hire purchase	(192)	(145)
Hire purchase obtained	130	-
Loan drawdown	493	4,897
Proceeds from issuance of shares via exercise of warrants	10,215	1,551
Purchase of treasury shares	(2,390)	(918)
Interest paid	(653)	(1,137)
Net Financing Cash Flows	4,776	50

	Cumulative quarter ended 30 June	
	(Restated)	
	2014 RM'000	2013 RM'000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,628)	(488)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(10,642)	(7,185)
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>(12,270)</u>	<u>(7,673)</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	4,457	6,647
Deposits placed with licensed banks	132	127
Bank overdrafts - secured	(14,447)	(14,447)
	<u>(9,858)</u>	<u>(7,673)</u>
Less: Deposits held as security value	(132)	
Less: Housing Development Accounts held as security value	(2,280)	
	<u>(12,270)</u>	<u>(7,673)</u>

1. Basis of Preparation

The interim financial report has been prepared in accordance with Financial Reporting Standard 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2013 except for the adoption of the following new/revised FRS and Amendments to FRS:-

(Effective for annual periods beginning on or after 1 January 2014)

- Amendment to FRS 10 Consolidated Financial Statements
- Amendment to FRS 12 Disclosures of Interests in Other Entities
- Amendment to FRS 127 Separate Financial Statements
- Amendment to FRS 136 Impairment of Assets
- Amendment to FRS 139 Financial Instruments: Recognition and measurement
- Amendment to FRS 132 Financial Instruments: Presentation

The adoption of the above revised FRS and Amendment to FRS did not have any material impact on the financial statements of the Group.

In the preceding financial year end, an associate company which was previously accounted for in the consolidated financial statements by the equity method of accounting was reclassified as a subsidiary. The Group had re-examined the shareholders agreement and taken into consideration the substance and economic reality of the relationship between the group vis-à-vis the other shareholder of the company. Following such re-examination, it was determined that this company met the control definition stipulated in FRS 10 and should be considered as a subsidiary and to be consolidated using acquisition method of accounting. The reclassification has been effected with retrospective effect, and the comparative figures have been restated. The restatement had no material effect on the net results and retained earnings for the previous financial quarter.

2. Seasonal or Cyclical Factors

The business operations of the Group during the financial period under review have not been materially affected by any significant seasonal or cyclical factors.

3. 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.

4. Material Changes In Estimates

There were no material changes in estimates that have had any material effect results of the financial period under review.

5. Changes in Debt and Equity Securities

There was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review ended 30 June 2014, except for the following:-

a) Share capital

17,135,050 ordinary shares of RM0.50 each were issued pursuant to conversion of 661,000 Warrants 2011/2021 of RM0.50 nominal value each and 16,474,050 Warrants 2012/2022 of RM0.60 nominal value each for the period ended 30 June 2014.

As at 30 June 2014, a total of 45.584 million ordinary shares of RM0.50 each were issued pursuant to conversion of 28.020 million Warrants 2011/2021 and 17.564 million Warrants 2012/2022.

b) Treasury shares

The Company had purchased a total of 3,164,500 of its own shares at an average price of RM0.75 per share totalling RM2,390,332 for the period ended 30 June 2014. All the purchased transactions were financed by internally generated funds.

As at 30 June 2014, a total of 8.237 million of shares purchased back were held as treasury shares with a total cost of RM5.807 million. None of the treasury shares held were resold or cancelled during the quarter under review and up to the date of this report.

6. Dividends Paid

There were no dividends paid during the interim financial period.

7. 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 2013.

8. Segment Reporting

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

	Cumulative quarter ended 30 June			
			(Restated)	
	2014		2013	
	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)
RM'000	Before Tax RM'000	RM'000	Before Tax RM'000	
Property development	38,754	1,582	96,471	18,148
Property investment	1,503	19	1,470	(36)
Hotel operations	14,912	(511)	15,768	(508)
Others	10,120	8,169	550	120
	65,289	9,259	114,259	17,724
Unallocated corporate expenses		(2,485)		(2,479)
Share of associated company loss				(43)
Finance costs		(699)		(1,174)
	65,289	6,077	114,259	14,028

9. Material Events Subsequent to Reporting Date

There were no material events subsequent to the end of the current reporting quarter.

10. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current reporting quarter.

11. Changes in Contingent Liabilities and Contingent Assets

The contingent liability has reduced mainly due to repayment of the loan, since the last annual balance sheet date as at 31 December 2013 as follows:-

	As at 30/06/2014 RM '000	As at 31/12/2013 RM '000
<u>Contingent Liability</u>		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	27,880	30,213

1. Review of Performance

The Group's revenue for the current quarter at RM 32.6 million is 34% lower than the corresponding quarter preceding year and the cost of sales is 27% lower mainly due to nearly in completion for The Arc@Cyberjaya project.

As the result, the group's profit before tax for the current quarter at RM 0.67 million is 91% lower than the corresponding quarter preceding year.

Overall the Group's profit before tax for the current year to date at RM6 million is 57 % lower than the preceding year of RM14 million.

2. Material Changes in Profit Before Taxation for the Current Quarter as compared with the Immediate Preceding Quarter

The Group recorded a profit before tax of RM 0.67 million in the current quarter, compared to a profit of RM 5.4 million in the immediate preceding quarter. The lower profit before tax for the current quarter is mainly due to nearly completion of the Arc@Cyberjaya project.

3. Prospects

Incoming quarters of 2014, the Group will continue to focus its efforts to deliver more affordable and quality properties to the domestic property market. The Group also will explore more opportunities in expanding its property development segment, which will generate long term and sustainable earnings to the Group.

4. Profit Forecast

Not applicable as no profit forecast was published.

5. Operating Profit

	Cumulative Quarter ended 30 June	
	2014	2013
	RM'000	RM'000
Interest income	288	235
Investment income	-	-
Interest expense	(699)	(1,174)
Depreciation	(1,019)	(810)
	<hr/>	<hr/>

6. Taxation

	Individual Quarter		Cumulative Quarter	
	6 months ended		6 months ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM '000	RM '000	RM '000	RM '000
Current quarter/period:				
- Income tax	(89)	3,337	1,121	6,179
- Deferred tax		(1,485)	73	(2,832)
	(89)	1,852	1,194	3,347
Under/(Over) accrual of tax in prior year:				
- Income tax	-	-	-	-
- Deferred tax	-	-	-	-
	(89)	1,852	1,194	3,347

The effective tax rate for the financial year-to-date is lower than the statutory tax rate mainly due to utilisation of previously unrecognised tax losses and capital allowances by certain subsidiaries.

Included in the other payables, accruals and deposits of the attached Condensed Consolidated Statements of Financial Position is an amount of RM4.03 million representing the outstanding tax penalties. As of the date of submission of this report, negotiation for a settlement plan on the reduction of tax penalties with the tax authority is still ongoing.

7. Status of Corporate Proposal**A) Acquisition of land in Pekan Baru Sungai Buloh, District of Petaling, State of Selangor**

As announced on 15 July 2013, Purple Heights Sdn Bhd (“PHSB”) a wholly owned subsidiary company of Meda Inc. Berhad (“MEDA”) had entered into a conditional sale and purchase agreement (“SPA”) with Signature Cabinet Sdn Bhd (“SCSB”) for a proposed acquisition of two pieces of land located in Pekan Baru Sungai Buloh, District of Petaling State of Selangor measuring 13,506 square meters and 16,222 square meters for an aggregate consideration of RM75, 200,000.

PHSB and SCSB have signed the SPA on 15 July 2013 and the earnest deposit amounted to RM1.504 million has been paid. The State Authority have consented to the transfer of the property from SCSB to PHSB vide their letter dated 4 September 2013. The land acquisition received approval from its shareholders through a special resolution passed in an Extraordinary General Meeting held on 2 December 2013.

As announced on 17 July 2014, one of the conditions precedent stated in the SPA, being the consent and/or approval of the appropriate authorities for the redevelopment of the property has not been fulfilled and had lapsed on 14 July 2014. SCSB had vide its letter dated 17 July 2014 informed PHSB its decision not to further extend the time after the expiry of the cut off date on 14 March 2014 with an automatic extension of three (3) months following the cut off date ie 14 July 2014 for the satisfaction of the abovementioned conditions precedent.

Due to the non fulfillment of the conditions precedent within the stipulated timeframe given, both party have mutually agreed to terminate the SPA.

7. Status of Corporate Proposal (Continued)

B) Proposed free warrants issue of up to 64,096,256 free warrants (“Warrants C”)

The proposal to undertake a free warrants issue of up to 64,096,256 free warrants (“Warrants C”) on the basis of one warrant for every ten existing ordinary shares of MEDA (“Proposed Free Warrants Issue”) held at an entitlement date to be determined later, announced on 5 March 2014 had obtained approval from its shareholders via an Extraordinary General Meeting held on 26 June 2014.

The Company had on 7 August 2014 executed the Deed Poll for the Proposed Free Warrants Issue and fixed 25 August 2014 as the entitlement date for the Proposed Free Warrants Issue.

8. Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2014 were as follows:-

	RM ‘000
Short Term – Secured	21,063
Long Term – Secured	8,806
	<u>29,869</u>

None of the Group borrowings is denominated in foreign currency.

9. Off Balance Sheet Financial Instruments

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

10. Changes in Material Litigation

There were no material litigations as at the end of the current reporting quarter.

11. Dividend

A final single-tier dividend for the financial year ended 31 December 2013 has been recommended by the Directors for approval by shareholders. The recommended final dividend is already approved by shareholders in the AGM on 26 June, 2014.

12. Earnings Per Share

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

i. Basic earnings per share

	Individual Quarter		Cumulative Quarter	
	30/06/2014	(Restated) 30/06/2013	30/06/2014	(Restated) 30/06/2013
	RM '000	RM '000	RM '000	RM '000
Profit attributable to equity holders of the Company	768	5,509	4,884	10,681
Weighted average number of ordinary shares ('000)				
Issued ordinary shares at beginning of period	470,318	453,743	470,318	453,743
Effect of shares issued during the period	1,599	1,319	1,599	509
	471,917	455,062	471,917	454,252
Basic earnings per share (sen)	0.16	1.21	1.03	2.35

ii. Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	30/06/2014	(Restated) 30/06/2013	30/06/2014	(Restated) 30/06/2013
	RM '000	RM '000	RM '000	RM '000
Profit attributable to equity holders of the Company	768	5,509	4,884	10,681
Weighted average number of ordinary shares ('000)				
Issued ordinary shares at beginning of period	470,318	453,743	470,318	453,743
Effect of shares issued during the period	1,599	1,319	1,599	509
	471,917	455,062	471,917	454,252
Effect on dilution of share warrants	45,236	5,157	45,236	41,744
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	517,153	455,437	517,153	495,996
Diluted earnings per share (sen)	0.15	1.21	0.94	2.15

13. Disclosure of realised and unrealised profits/(losses)

The amounts of realized and unrealized profits or losses included in the retained profits of the Group as at 30 June 2014 are as follows:-

	As at 30/06/2014
Total retained losses of the Company and its subsidiaries	
Realised	(7,865)
Unrealised	(16,685)
	<u>(24,550)</u>

14. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the preceding financial statements for the financial year ended 31 December 2013 was not qualified.

15. 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 26 August 2014.

ON BEHALF OF THE BOARD

TEOH SENG KIAN
Managing Director
Selangor Darul Ehsan
26 August 2014