

MEDA INC. BERHAD (507785 - P)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	As at 30/9/2017 RM'000	Audited as at 31/12/2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	38,997	41,863
Investment properties	94,022	87,842
Land held for property development	51,458	51,135
	184,477	180,840
CURRENT ASSETS		
Property development costs	39,676	43,884
Inventories	9,560	7,096
Amount due from customers for contract works	(827)	2,551
Trade receivables	10,884	35,783
Other receivables, deposits and prepayments	16,088	19,888
Tax recoverable	1,204	1,204
Deposits placed with licensed banks	73	145
Cash and bank balances	2,088	4,052
	78,746	114,603
TOTAL ASSETS	263,223	295,443
EQUITY AND LIABILITIES		
Share capital	246,278	246,278
Share premium	11,908	11,908
Treasury shares	(5,843)	(5,843)
Warrants reserve	8,889	8,889
Revaluation reserve	6,054	6,054
Accumulated losses	(121,367)	(117,168)
TOTAL EQUITY	145,919	150,118
NON-CURRENT LIABILITIES		
Borrowings (interest bearing)	25,228	30,420
Deferred tax liabilities	3,711	3,711
	28,939	34,131
CURRENT LIABILITIES		
Trade payables	17,724	11,980
Other payables, accruals and deposits	42,755	57,426
Borrowings (interest bearing)	23,588	37,490
Tax payables	4,298	4,298
	88,364	111,194
TOTAL LIABILITIES	117,303	145,325
TOTAL EQUITY AND LIABILITIES	263,223	295,443
NET ASSETS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM)	0.30	0.31

MEDA INC. BERHAD (507785 - P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THIRD QUARTER ENDED 30 SEPTEMBER 2017

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
Revenue	11,426	34,275	30,022	54,202
Cost of sales	(12,189)	(24,119)	(19,653)	(36,336)
Gross profit	(763)	10,156	10,369	17,866
Other income	296	171	8,745	714
Selling and distribution expenses	(100)	(226)	(259)	(1,501)
Administrative expenses	(5,056)	(5,929)	(20,621)	(21,206)
Operating profit/(loss)	(5,623)	4,172	(1,766)	(4,127)
Finance cost	(551)	(1,127)	(2,433)	(2,928)
Profit/(Loss) before taxation	(6,174)	3,045	(4,199)	(7,055)
Taxation	-	-	-	-
	(6,174)	3,045	(4,199)	(7,055)
Profit/(Loss) for the financial year from discontinued operation, net of tax	-	-	-	-
Net profit/(loss) attributable to:				
Equity holders of the Company	(6,174)	3,045	(4,199)	(7,055)
Non-controlling interests	-	-	-	-
	(6,174)	3,045	(4,199)	(7,055)
Earnings per share ("EPS") attributable to equity holders of the Company (Sen):				
Basic EPS	(1.29)	0.63	(0.88)	(1.48)
Diluted EPS	(1.37)	0.67	(0.93)	(1.57)
Net profit/(loss) for the financial period	(6,174)	3,045	(4,199)	(7,055)
Other comprehensive income				
Amortisation of revaluation reserve	-	-	-	-
Total comprehensive profit/(loss) for the period	(6,174)	3,045	(4,199)	(7,055)
Total comprehensive profit/(loss) for the period attributable to:				
Equity holders of the Company	(6,174)	3,045	(4,199)	(7,055)
Non-controlling interests	-	-	-	-
	(6,174)	3,045	(4,199)	(7,055)

MEDA INC. BERHAD (507785 - P)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

←————— *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 2016	246,278	12,880	8,889	6,054	(110,480)	(7,319)	156,302
Exercise of Warrants	-	-	-	-	-	-	-
Arising from shares buy-back	-	-	-	-	-	505	505
Amortisation of revaluation reserve	-	-	-	-	30	-	30
Total loss for the financial period	-	-	-	-	(7,055)	-	(7,055)
At 30 September 2016	246,278	12,880	8,889	6,054	(110,480)	(7,319)	149,784
At 1 January 2017	246,278	11,908	8,889	6,054	(117,168)	(5,843)	150,118
Exercise of Warrants	-	-	-	-	-	-	-
Arising from shares buy-back	-	-	-	-	-	-	-
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-
Total profit for the financial period	-	-	-	-	(4,199)	-	(4,199)
Transition to no par value regime ***	11,908	(11,908)	-	-	-	-	-
At 30 September 2017	258,186	-	8,889	6,054	(121,367)	(5,843)	145,919

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

MEDA INC. BERHAD (507785 - P)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

	Cumulative quarter ended 30 September	
	2017 RM'000	2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit/(Loss) before taxation	(4,199)	(7,055)
Adjustments for:		
Property, plant and equipment written off	1,271	-
Depreciation	1,595	2,434
Gain on Revaluation	(5,955)	-
Deposit written-off	-	2
Gain on disposal of property, plant and equipment	-	(273)
Gain on disposal of assets held for sale	-	(7,003)
Waiver of debt	-	(5,585)
Impairment loss for :		
- land held for development	-	911
Reversal of provision for foreseeable losses	(157)	-
Reversal of provision of GRR	(2,471)	-
Waiver of interest income (prior year)	27	-
Interest expense	2,390	2,928
Interest income	(265)	(341)
Operating cash flows before working capital changes	(7,763)	(13,982)
Changes in working capital:		
Property development costs	3,983	8,600
Receivables	30,564	(10,293)
Inventories	(2,464)	1,679
Payables	(6,299)	(4,402)
Asset held for disposal	-	23,886
	18,021	5,488
Interest paid	(29)	(46)
Interest received	265	341
Tax paid	-	(1,610)
Net Operating Cash Flows	18,256	4,173
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	(431)
Proceeds from disposal of		
- property, plant and equipment	-	1,224
- land held for development	(323)	-
- investment in subsidiary	-	30
(Placement) / Withdrawal of deposit held as security	72	(2,567)
Net Investing Cash Flows	(251)	(1,744)

MEDA INC. BERHAD (507785 - P)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE THIRD
QUARTER ENDED 30 SEPTEMBER 2017 (Continued)

	Cumulative quarter ended 30 September	
	2017 RM'000	2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment to		
- bank loans	(25,564)	(739)
- hire purchase	(350)	(371)
Bank loan drawdown	7,131	-
Purchase of treasury shares	-	505
Interest paid	(2,388)	(2,882)
Net Financing Cash Flows	(21,171)	(3,487)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,165)	(1,058)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(10,024)	(12,122)
CASH AND CASH EQUIVALENTS AT 30 JUNE	(13,189)	(13,180)
 ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	2,088	2,023
Deposits placed with licensed banks	73	71
Bank overdrafts - secured	(13,710)	(14,191)
	(11,549)	(12,097)
Less: Deposits held as security value	(73)	(71)
Less: Housing Development Accounts held as security value	(1,567)	(1,012)
	(13,189)	(13,180)

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 2016.

The Group and the Company have adopted the following amendments to FRSs that are mandatory for the current financial year:

Amendments to FRSs

FRS 107	Disclosure Initiative
FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
FRS 12	Annual Improvements to FRS Standards 2014-2016 Cycle

The adoption of the above amendments to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

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 2017.

6. Valuation of Property, Plant and Equipment

During the period under review, certain investment properties and property, plant and equipment were revalued which results in a net increase value of approximately RM6 million.

MEDA INC. BERHAD (507785 - P)**PART A – EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
(Continued)****7. Segment Reporting**

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

	Cumulative quarter ended 30 September			
	2017		2016	
	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)
	RM'000	Before Tax	RM'000	Before Tax
		RM'000	RM'000	RM'000
Property development & construction	14,559	(6,327)	30,559	242
Property investment	2,102	(38)	2,177	(88)
Hotel operations	1,761	261	2,005	148
Others	11,600	(827)	19,461	(2,268)
	<u>30,022</u>	<u>(6,932)</u>	<u>54,202</u>	<u>(1,966)</u>
Unallocated expenses		(2,220)		(2,434)
Gain on disposal of PPE		-		273
PPE written off		(628)		-
Gain on revaluation		5,955		-
Sales Forfeiture		2,059		-
Finance costs		(2,433)		(2,928)
	<u>30,022</u>	<u>(4,199)</u>	<u>54,202</u>	<u>(7,055)</u>

8. Material Event Subsequent to Reporting Date

On 4 October 2017, there was a lawsuit against Maju Puncakbumi Sdn. Bhd. ("MPSB"), a wholly owned subsidiary of the Company, which initiated by Ch'ng Han Keong representing 137 owners of The Arc@Cyberjaya ("The Owners") claiming for the breach of contract in relation to the Option Agreement. This is an agreement between The Owners and MPSB to exercise their options to enter into a Guaranteed Rental Return ("GRR") Scheme with a gross 8% rental income per annum for the fixed term, of three or four years respectively. The hearing was heard in Shah Alam High Court before the Honourable Judge Dato' Roslan bin Haji Abu Bakar and the decision was initially fixed on 2 November 2017 and later deferred to 9 November 2017 due to both parties had raised preliminary objections to the said suit.

On 9 November 2017, the decision was granted in Shah Alam High Court before the Honourable Judge Dato' Roslan bin Haji Abu Bakar by allowing the Plaintiff's summary judgement application. The company's solicitors advised that we have a good case to appeal in this matter. Subsequently, we have given instruction to our solicitors to appeal this matter to the Court of Appeal.

9. Changes in the Composition of the Group

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

10. Changes in Contingent Liabilities and Contingent Assets

There are no significant changes in contingent liabilities since the last annual balance sheet date as at 31 December 2016 as follows:-

Contingent liabilities

	As at 30/9/2017 RM '000	As at 31/12/2016 RM '000
Guarantees given to financial institutions for credit facilities granted to subsidiaries	<u>48,996</u>	<u>66,884</u>

1. Review of Performance

For the current quarter under review, the Group recorded revenue of RM 11.426 million was contributed mainly from PR1MA Project at Tanjung Kling Melaka. Overall, the Group had recorded a loss before tax at RM 6.174 million mainly due to operating losses & RM 2.869 million of loss on disposal of land in Sg. Siput.

(Amount shown in RM'000)	Individual Period (3rd Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year ToDate	Preceding Year Corresponding Period	
	30/9/17	30/9/16		30/9/17	30/9/16	
Revenue	11,426	34,275	-67%	30,022	54,202	-45%
Operating Profit/(Loss)	(5,623)	4,172	235%	(1,766)	(4,127)	57%
Profit/(Loss) Before Interest and Tax	(5,623)	4,172	235%	(1,766)	(4,127)	57%
Profit/(Loss) Before Tax	(6,174)	3,045	303%	(4,199)	(7,055)	40%
Profit/(Loss) After Tax	(6,174)	3,045	303%	(4,199)	(7,055)	40%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent Company	(6,174)	3,045	303%	(4,199)	(7,055)	40%

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

The Group recorded a loss before tax of RM 6.174 million in the current quarter as compared to a profit of RM 1.325 million in the immediate preceding quarter.

(Amount shown in RM'000)	Current Quarter Q3 2017	Immediate Preceding Quarter Q2 2017	Changes (%)
Revenue	11,426	9,062	26%
Operating Profit/(Loss)	(5,623)	2,690	-309%
Profit/(Loss) Before Interest and Tax	(5,623)	2,690	-309%
Profit/(Loss) Before Tax	(6,174)	1,325	-566%
Profit/(Loss) After Tax	(6,174)	1,325	-566%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent Company	(6,174)	1,325	-566%

MEDA INC. BERHAD (507785 - P)

**PART B – EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD
(Continued)**

3. Prospects

The property market in Malaysia is expected to remain challenging in 2017. The group will explore more opportunities in expanding its property development segment, which will generate long term and sustainable earnings to the Group. Meanwhile, the Group is actively looking for potential land bank and joint venture opportunity at Klang Valley which would generate higher profit margin to the Group.

4. Profit Forecast

Not applicable as no profit forecast was published.

5. Operating Profit/(Loss)

	Cumulative quarter ended 30 September	
	2017 RM'000	2016 RM'000
Interest income	265	341
Investment income	-	-
Interest expense	(2,390)	(2,928)
Depreciation	(1,595)	(2,434)

6. Taxation

Included in the other payables, accruals and deposits of the attached Condensed Consolidated Statements of Financial Position is an amount of RM3.10 million representing the outstanding tax penalties. As of the date of submission of this report, the outstanding tax penalty was paid according to the monthly settlement plan which approved by tax authority.

7. Status of Material Event during for the Current Quarter

Disposal of The Summit Hotel Bukit Mertajam in ZKP Development Sdn Bhd (“ZKP”)

On 20 April 2017, the Company had entered into a conditional Sale and Purchase Agreement for the proposed disposal of The Summit Hotel Bukit Mertajam, owned by wholly owned subsidiary, ZKP Development Sdn. Bhd to Teraju Menang Sdn. Bhd. (Company No: 1139311-D) for a consideration of Twenty million only (RM 20,000,000) inclusive of Goods and Services Sales Tax (“GST”).

The proposed disposal will result in the Meda Group realising a gain of approximately RM 6 million.

The sale of The Summit Hotel Bukit Mertajam is yet to complete due to the Sale and Purchase Agreement has not been unconditioned. It is pending to obtain the state consent to transfer the property.

The Company and the Purchaser had mutually agreed to extend the fulfilment of the conditions precedent period under the SSA from 20 October 2017 to 20 January 2018

8. Group Borrowings and Debt Securities

(a) The borrowings of the Group compared to last year third quarter were as follows:-

	As at 3rd Quarter ended 2017		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
- Hire Purchase	(407)	(270)	(676)
- Bank Overdraft	-	(13,710)	(13,710)
- Term Loans	(24,821)	(9,608)	(34,429)
	(25,228)	(23,588)	(48,816)

	As at 3rd Quarter ended 2016		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
- Hire Purchase	(958)	(348)	(1,306)
- Bank Overdraft	-	(14,191)	(14,191)
- Term Loans	(20,266)	(30,064)	(50,330)
	(21,224)	(44,603)	(65,827)

(b) The borrowings of the Group compared to last year end were as follows:-

	As at 3rd Quarter ended 2017		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
- Hire Purchase	(407)	(270)	(676)
- Bank Overdraft	-	(13,710)	(13,710)
- Term Loans	(24,821)	(9,608)	(34,429)
	(25,228)	(23,588)	(48,816)

	As at 31 December 2016		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
- Hire Purchase	(1,057)	(346)	(1,403)
- Bank Overdraft	-	(14,193)	(14,193)
- Term Loans	(29,363)	(22,951)	(52,314)
	(30,420)	(37,490)	(67,910)

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

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

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 3 months ended		Cumulative Quarter 9 months ended	
	30/9/2017 RM '000	30/9/2016 RM '000	30/9/2017 RM '000	30/9/2016 RM '000
Profit/(Loss) attributable to equity holders of the Company	(6,174)	3,045	(4,199)	(7,055)
Weighted average number of ordinary shares ('000)				
Issued ordinary shares at beginning of period	482,992	481,820	482,992	481,820
Effect of shares issued during the period	(5,886)	(1,725)	(5,886)	(5,886)
	<u>477,106</u>	<u>480,095</u>	<u>477,106</u>	<u>475,934</u>
Basic earnings per share (sen)	<u>(1.29)</u>	<u>0.63</u>	<u>(0.88)</u>	<u>(1.48)</u>

ii. Diluted earnings per share

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30/9/2017 RM '000	30/9/2016 RM '000	30/9/2017 RM '000	30/9/2016 RM '000
Profit/(Loss) attributable to equity holders of the Company	(6,174)	3,045	(4,199)	(7,055)
Weighted average number of ordinary shares ('000)				
Issued ordinary shares at beginning of period	482,992	481,820	482,992	481,820
Effect of shares issued during the period	(5,886)	(1,725)	(5,886)	(5,886)
	<u>477,106</u>	<u>480,095</u>	<u>477,106</u>	<u>475,934</u>
Effect on dilution of share warrants	(26,887)	(26,887)	(26,887)	(26,887)
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>450,219</u>	<u>453,208</u>	<u>450,219</u>	<u>449,047</u>
Diluted earnings per share (sen)	<u>(1.37)</u>	<u>0.67</u>	<u>(0.93)</u>	<u>(1.57)</u>

13. Disclosure of realised and unrealised losses

The amounts of realised and unrealised losses included in the retained losses of the Group as at 30 September 2017 are as follows:-

	As at 30/9/2017 RM '000	As at 31/12/2016 RM '000
Total retained losses of the Company and its subsidiaries		
Realised	(106,205)	(99,533)
Unrealised	6,315	3,844
	<u>(99,890)</u>	<u>(95,689)</u>
Less : Consolidation adjustments	(21,477)	(21,479)
	<u>(121,367)</u>	<u>(117,168)</u>

14. Auditors' Report on Preceding Annual Financial Statements

The Auditors' Report on the preceding financial statements for the financial year ended 31 December 2016 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 23 November 2017.

ON BEHALF OF THE BOARD

DATO' TEOH SENG KIAN
Managing Director
Selangor Darul Ehsan
23 November 2017