



**UOA DEVELOPMENT BHD
INTERIM FINANCIAL REPORT
FIRST QUARTER ENDED 31 MARCH 2015**





INTERIM FINANCIAL REPORT

FIRST QUARTER ENDED 31 MARCH 2015

UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)

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(Cover) The Kepong land development is an integrated mixed-use development located in close proximity to the Kuala Lumpur city centre with excellent connectivity via DUKE Highway and a dedicated direct link to a brand new KTM commuter train station.

CONTENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	4
EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT	5 - 15

UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

	As At 31 March 2015 RM'000	As At 31 December 2014 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	160,897	160,417
Investment properties	847,607	828,579
Land held for property development	242,462	241,880
Available-for-sale financial assets	24,744	22,115
Investment in an associate	34,220	30,546
Amount due from associate	3,707	3,624
Deferred tax assets	34,850	30,795
	<u>1,348,487</u>	<u>1,317,956</u>
Current assets		
Property development costs	893,260	860,390
Inventories	137,004	132,417
Trade and other receivables	630,035	435,867
Current tax assets	-	514
Short term investments	396,805	407,751
Fixed deposits with licensed banks	71,529	105,765
Cash and bank balances	226,902	187,808
	<u>2,355,562</u>	<u>2,130,512</u>
TOTAL ASSETS	<u>3,704,049</u>	<u>3,448,468</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	71,587	71,587
Share premium	1,126,188	1,126,188
Merger reserve	2,252	2,252
Fair value reserve	6,650	4,021
Unappropriated profit	1,626,404	1,547,922
Less : Treasury shares	(1,418)	(1,397)
Equity attributable to owners of the Company	2,831,663	2,750,573
Non-controlling interests	104,464	91,049
Total equity	<u>2,936,127</u>	<u>2,841,622</u>
Non-current liabilities		
Amounts owing to non-controlling shareholders of subsidiary companies	26,739	77,591
Hire purchase and finance lease liabilities	11,987	10,710
Long term borrowings	50,356	52,596
Deferred tax liabilities	22,826	22,327
	<u>111,908</u>	<u>163,224</u>
Current liabilities		
Trade and other payables	552,969	427,562
Amount owing to a related company	477	1,261
Amounts owing to non-controlling shareholders of subsidiary company	52,219	-
Hire purchase and finance lease liabilities	8,157	7,632
Short term borrowings	34,167	7,167
	<u>656,014</u>	<u>443,622</u>
TOTAL LIABILITIES	<u>767,922</u>	<u>606,846</u>
TOTAL EQUITY AND LIABILITIES	<u>3,704,049</u>	<u>3,448,468</u>
Net Asset Per Share (RM)	<u>1.98</u>	<u>1.92</u>
Based on number of shares net of treasury shares	<u>1,430,988,000</u>	<u>1,430,998,000</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2015

	Individual Quarter Ended		Cumulative Quarter Ended	
	31 March	31 March	31 March	31 March
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	313,700	174,985	313,700	174,985
Cost of sales	(185,123)	(93,094)	(185,123)	(93,094)
Gross profit	128,577	81,891	128,577	81,891
Other income	33,635	20,843	33,635	20,843
Administrative and general expenses	(34,112)	(27,793)	(34,112)	(27,793)
Other expenses	(12,450)	(6,472)	(12,450)	(6,472)
Finance costs	(1,540)	(1,204)	(1,540)	(1,204)
Share of results of associate	6,230	944	6,230	944
Profit before tax	120,340	68,209	120,340	68,209
Tax expense	(28,443)	(16,256)	(28,443)	(16,256)
Profit for the period	91,897	51,953	91,897	51,953
Other comprehensive income, net of tax				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Fair value gain/(loss) on available-for-sale financial assets	2,629	(773)	2,629	(773)
Total comprehensive income for the period	94,526	51,180	94,526	51,180
Profit attributable to:				
Owners of the Company	78,482	44,650	78,482	44,650
Non-controlling interests	13,415	7,303	13,415	7,303
	91,897	51,953	91,897	51,953
Total comprehensive income attributable to:				
Owners of the Company	81,111	43,877	81,111	43,877
Non-controlling interests	13,415	7,303	13,415	7,303
	94,526	51,180	94,526	51,180
Earnings per share (Sen)				
- Basic earnings per share	5.48	3.33	5.48	3.33
- Diluted earnings per share	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2015

	Attributable to Owners of the Company									
	Share Capital		Share Premium		Non-distributable		Unappropriated profits		Treasury shares	
	RM'000	RM'000	RM'000	RM'000	Merger Reserve RM'000	Fair Value Reserve RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2015	71,587	1,126,188		2,252	4,021	1,547,922	(1,397)	2,750,573	91,049	2,841,622
Total comprehensive income for the year	-	-	-	-	2,629	78,482	-	81,111	13,415	94,526
Purchase of Treasury shares	-	-	-	-	-	-	(21)	(21)	-	(21)
Balance at 31 March 2015	71,587	1,126,188	2,252	6,650	1,626,404	(1,418)	2,831,663	104,464	2,936,127	
Balance at 1 January 2014	66,989	965,426	2,252	4,330	1,405,875	(59)	2,444,813	97,714	2,542,527	
Total comprehensive income for the year	-	-	-	(773)	44,650	-	43,877	7,303	51,180	
Purchase of Treasury shares	-	-	-	-	-	(1,317)	(1,317)	-	(1,317)	
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	-	-	(8,000)	(8,000)	
Acquisition of a new subsidiary	-	-	-	-	-	-	-	1,917	1,917	
Balance at 31 March 2014	66,989	965,426	2,252	3,557	1,450,525	(1,376)	2,487,373	98,934	2,586,307	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2015

	Current Year To Date 31 March 2015 RM'000	Preceding Year To Date 31 March 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	120,340	68,209
Adjustments for:		
Non-cash items	6,852	3,933
Non-operating items	(6,153)	(944)
Dividend income	(886)	(834)
Net interest income	(4,920)	(8,110)
Operating profit before changes in working capital	115,233	62,254
Net changes in inventories	6,263	11,654
Net changes in property development costs	(44,619)	(45,264)
Net changes in receivables	(194,477)	6,099
Net changes in payables	125,409	(95,288)
Cash generated from/(used in) operations	7,809	(60,545)
Interest received	2,701	907
Tax paid	(23,840)	(26,442)
Net cash used in operating activities	(13,330)	(86,080)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to holding company	(19)	-
Advances to related company	(8)	-
(Advances to)/repayment from associate company	(38)	2
Dividend received	886	834
Proceeds from disposal of property, plant and equipment	472	7,261
Acquisition of shares in new subsidiary company, net of cash	-	58
Additions to investment properties	(19,028)	(11,233)
Purchase of property, plant and equipment	(1,078)	(4,884)
Purchase of land held for property development	1,054	(6,946)
Interest income	3,629	4,033
Net cash used in investing activities	(14,130)	(10,875)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from holding company	380	-
Repayment to related company	(786)	-
Payment of hire purchase and finance lease liabilities	(2,136)	(1,545)
Dividends paid to non-controlling shareholders of subsidiary companies	-	(8,000)
Net drawdown of borrowings	24,760	12,455
Fixed deposit pledged to secure bank borrowings	(15)	(6)
Advances from non-controlling shareholders of subsidiary companies	479	964
Shares repurchased at cost	(21)	(1,317)
Interest paid	(1,304)	(1,552)
Net cash generated from financing activities	21,357	999
Net decrease in cash and cash equivalents	(6,103)	(95,956)
Cash and cash equivalents at beginning of period	699,220	805,158
Cash and cash equivalents at end of period	693,117	709,202
Cash and cash equivalents at end of period comprise:		
Short term investments	396,805	436,025
Fixed deposits with licensed banks	71,529	156,019
Cash and bank balances	226,902	118,121
	695,236	710,165
Fixed deposit pledged to secure bank borrowings	(2,119)	(963)
	693,117	709,202

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

EXPLANATORY NOTES TO THE INTERIM REPORT FOR THE QUARTER ENDED 31 MARCH 2015

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134, INTERIM FINANCIAL REPORTING

A1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.

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 Company and its subsidiaries (“the Group”) since the year ended 31 December 2014.

A2 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements of the Group for the year ended 31 December 2014, except for the adoption of the following Amendments to FRSs and Issues Committee Interpretation (“IC Interpretation”) that are relevant to its operations:

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendments to FRS 2, FRS 3, FRS 8, FRS 116, FRS 124 and FRS 138	Annual Improvements to FRSs 2010-2012 Cycle
Amendments to FRS 3, FRS 13 and FRS 140	Annual Improvements to FRSs 2011-2013 Cycle

The adoption of the above Amendments to FRSs does not have significant impact on the financial statements of the Group.

Malaysian Financial Reporting Standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, i.e. Malaysian Financial Reporting Standards (“MFRS”). MFRS is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for Construction of Real Estate*, including the entities’ parent, significant investor and venturer (herein referred to as ‘Transitioning Entities’ collectively). Transitioning Entities are allowed to defer adoption of MFRS, and continue to use the existing FRS framework until the MFRS framework is mandated by the MASB. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of MFRS.

According to an announcement made by the MASB on 2 September 2014, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2017.

The Group will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. In presenting its first set of MFRS financial statements, the Group will quantify the financial effects arising from the differences between MFRS and the currently applied FRS. The majority of the adjustments required on transition are expected to be made, retrospectively, against opening retained earnings of the Group.

A3 QUALIFIED AUDIT REPORT

The auditors' report of the financial statements of the Company for the financial year ended 31 December 2014 was not qualified.

A4 COMMENTS ON SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A5 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the quarter under review.

A6 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have had a material effect in the current quarter results.

A7 DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and/or equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

(a) Share buyback by the Company

During the current quarter, 10,000 ordinary shares were bought back from the open market at an average price of RM2.18 per share. The total consideration paid for the repurchase including transaction costs amounting to RM21,845.98 was financed by internally generated funds. The shares repurchased are retained as treasury shares.

(b) As at 31 March 2015, the Company has 760,000 ordinary shares held as treasury shares and the issued and paid-up share capital of the Company remained unchanged at 1,431,748,000 ordinary shares of RM0.05 each.

A8 DIVIDENDS PAID

There were no dividends paid during the current quarter under review.

A9 EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

On 9 March 2015, the Company acquired two ordinary shares of RM1.00 each in Solid Chef Sdn Bhd ("Solid Chef"), representing the entire share capital of Solid Chef. The principle activity of Solid Chef is the operation of a restaurant business.

Save as disclosed above, there were no changes in the composition of the Group during the quarter under review.

A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

On 11 May 2015, the Company agreed to subscribe to 84% equity interest in Nova Metro Development Sdn Bhd ("Nova Metro") by the acquisition of 84 new ordinary shares of RM1.00 each in Nova Metro. As a result, Nova Metro will become a subsidiary of the Company. The principle activities of Nova Metro are property development and investment holding.

Save as disclosed above, there were no material events as at the latest practicable date from the date of this report.

A11 OPERATING SEGMENT INFORMATION

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Cumulative quarter ended 31 March 2015</u>					
Revenue					
External revenue	254,354	79,548	-	(20,202)	313,700
Inter-segment revenue	1,636	218,687	-	(220,323)	-
Total revenue	255,990	298,235	-	(240,525)	313,700
Results					
Segment results	101,458	18,239	(5,587)	-	114,110
Share of results of associate					6,230
Tax expense					(28,443)
Profit for the period					91,897

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Cumulative quarter ended 31 March 2014</u>					
Revenue					
External revenue	154,034	28,009	-	(7,058)	174,985
Inter-segment revenue	-	128,360	-	(128,360)	-
Total revenue	154,034	156,369	-	(135,418)	174,985
Results					
Segment results	61,002	13,947	(7,684)	-	67,265
Share of results of associate					944
Tax expense					(16,256)
Profit for the period					51,953

A12 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The contingent liabilities of the Company as at the end of the current quarter are as follows:

	As at 31 March 2015 RM'000
Corporate guarantees given to banks to secure banking facilities granted to subsidiary companies	81,914

A13 RELATED PARTY TRANSACTIONS

There were no significant related party transactions as at the date of this announcement.

A14 CAPITAL COMMITMENTS

The Group has the following capital commitments:

	As at 31 March 2015 RM'000
Approved and contracted for	
- Purchase of plant and equipment	1,179
- Purchase of investment property	418,526
	419,705

B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 REVIEW OF PERFORMANCE

The Group's revenue for the quarter ended 31 March 2015 was at RM313.7 million representing an increase of 79.3% from the corresponding quarter in the preceding year. Total expenditure for the quarter under review of RM48.1 million comprises mainly marketing expenses of RM14.5 million and administrative and operating expenses of RM19.6 million.

The Group's revenue and profit attributable to the Company for the quarter under review were mainly derived from the progressive recognition of the Group's on-going development projects namely Desa Green, Vertical Office Suites, Scenaria @ North Kiara Hills, South View Serviced Apartments, Southbank Residence and Desa Sentul.

B2 MATERIAL CHANGES IN INCOME BEFORE TAX FOR THE QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

The Group's profit before tax of RM120.3 million for the first quarter ended 31 March 2015 was lower than the immediate preceding quarter of RM129.6 million. The lower profit was mainly due to the lower sales of inventories as compared to the immediate preceding quarter.

B3 PROSPECTS

The total property sales for the first quarter ended 31 March 2015 was approximately RM146.1 million. As there were no new project launches in the first quarter, the Group expects property sales to pick up in the subsequent quarters in line with the upcoming launches. The intended project launches for year 2015 will increase to approximately RM2.4 billion in gross development value from its previously stated value of RM1.7 billion. The increase is attributable to the upcoming project in Kepong where some of the subsequent phases are being brought forward. There will be a new KTM commuter train station integrated into the development and we are confident that the project will be well-received due to the improvement in mass transportation connectivity.

The sale of Southbank Residence, Scenaria @ North Kiara Hills and Desa Sentul will continue to contribute to 2015 property sales. The total unbilled sales as at 31 March 2015 stood at RM1.7 billion.

The Group will continue its focus on development in Greater Kuala Lumpur and source for strategic development lands that meet the criteria.

B4 VARIANCES BETWEEN ACTUAL PROFIT AND FORECAST PROFIT

Not applicable as no profit forecast was published.

B5 TAX EXPENSE

The breakdown of the tax components is as follows:

	Current Quarter		Year To Date	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	31,974	18,305	31,974	18,305
- deferred tax	(3,556)	(1,962)	(3,556)	(1,962)
- deferred Real Property Gains Tax (RPGT)	25	-	25	-
In respect of prior period				
- deferred tax	-	(87)	-	(87)
Tax expense for the period	28,443	16,256	28,443	16,256

The Group's effective tax rate for the current quarter and corresponding quarter of the preceding year approximated the statutory tax rate of 25%.

B6 STATUS OF CORPORATE PROPOSAL

Save as disclosed below, there were no other corporate proposals announced but not completed during the current financial quarter and financial period to date under review.

B7 BORROWINGS AND DEBT SECURITIES

The Group does not have any debt securities. The Group borrowings are denominated in Ringgit Malaysia (“RM”) as follows:

	As at 31 March 2015 Secured RM'000	As at 31 December 2014 Secured RM'000
<u>Current</u>		
- Revolving credit	33,000	-
- Term loan	1,167	7,167
<u>Non-current</u>		
- Term loan	26,926	35,843
- Bridging loan	23,430	16,753
	84,523	59,763

B8 DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments as at the date of this report.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities that are measured at fair value at the date of this report.

B10 DISCLOSURE OF REALISED AND UNREALISED PROFITS

	As at 31 March 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,588,059	1,489,163
- Unrealised	285,515	286,134
	<hr/> 1,873,574	<hr/> 1,775,297
Total share of retained profits from associate company		
- Realised	27,259	21,029
- Unrealised	(11,869)	(9,313)
	<hr/> 15,390	<hr/> 11,716
Less : Consolidated adjustments	(262,560)	(239,091)
Total Group retained profits as per consolidated financial statements	<hr/> 1,626,404	<hr/> 1,547,922

B11 MATERIAL LITIGATION

There was no pending material litigation as at the latest practicable date from the date of issuance of this report.

B12 DIVIDENDS

(i) Proposed final dividend

The Board of Directors have proposed a first and final single-tier dividend in respect of the current financial year ended 31 December 2014 of 13 sen per share on 1,430,988,000 ordinary shares of RM0.05 each, amounting to a net dividend payable of RM186,028,440 (31 December 2013: final dividend of 13 sen per share) for shareholders' approval.

Pursuant to Section 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the final dividend, if approved, will be paid no later than three (3) months from the date of shareholders' approval.

The Book Closure Date will be announced by the Company after the Annual General Meeting.

(ii) Total Dividend

Total dividend for the financial year ended 31 December 2014 are as follows:

- a) Proposed single-tier final dividend of 13 sen per ordinary share, subject to shareholders' approval.

B13 PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	Current Quarter		Year To Date	
	31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Interest income	(6,460)	(9,314)	(6,460)	(9,314)
Other income including investment income	(12,358)	(8,239)	(12,358)	(8,239)
Interest expense	1,540	1,204	1,540	1,204
Depreciation and amortisation	3,975	2,441	3,975	2,441
Bad and doubtful debts	309	(6)	309	(6)
Provision for and write off of inventories	-	-	-	-
(Gain)/Loss on disposal				
- Quoted/unquoted investments	-	-	-	-
- Property, plant and equipment	77	-	77	-
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	(1)	-	(1)	-
(Gain)/Loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

B14 EARNINGS PER SHARE

- a) The basic earnings per share ("EPS") is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Current Quarter		Year to Date	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Profit attributable to owners of the Company (RM'000)	78,482	44,650	78,482	44,650
Weighted average number of ordinary shares	1,430,994,889	1,339,117,801	1,430,994,889	1,339,117,801
Basic EPS (Sen)	5.48	3.33	5.48	3.33

- b) The Company does not have any diluted earnings per share.

BY ORDER OF THE BOARD

YAP KAI WENG
Company Secretary
UOA DEVELOPMENT BHD
Kuala Lumpur

27 MAY 2015