



UOA DEVELOPMENT BHD
INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 30 JUNE 2015





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

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(Cover) The Setapak land development is a strategically located new mixed-use project that features the perfect lifestyle combination of suite apartments, shop offices and commercial shop lots.

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UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	As At 30 June 2015 RM'000	As At 31 December 2014 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	160,256	160,417
Investment properties	864,366	828,579
Land held for property development	243,591	241,880
Available-for-sale financial assets	24,435	22,115
Investment in an associate	36,022	30,546
Amount owing by associate	-	3,624
Deferred tax assets	38,055	30,795
	<u>1,366,725</u>	<u>1,317,956</u>
Current assets		
Property development costs	908,090	860,390
Inventories	134,493	132,417
Trade and other receivables	538,657	435,867
Amount owing by holding company	43	-
Amount owing by related company	9	-
Amount owing by associate	3,516	-
Current tax assets	-	514
Short term investments	475,729	407,751
Fixed deposits with licensed banks	67,996	105,765
Cash and bank balances	336,998	187,808
	<u>2,465,531</u>	<u>2,130,512</u>
TOTAL ASSETS	<u>3,832,256</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	6,341	4,021
Unappropriated profit	1,509,305	1,547,922
Less : Treasury shares	(1,418)	(1,397)
Equity attributable to owners of the Company	2,714,255	2,750,573
Non-controlling interests	117,661	91,049
Total equity	<u>2,831,916</u>	<u>2,841,622</u>
Non-current liabilities		
Amounts owing to non-controlling shareholders of subsidiary companies	22,924	77,591
Hire purchase and finance lease liabilities	11,199	10,710
Long term borrowings	66,871	52,596
Deferred tax liabilities	23,302	22,327
	<u>124,296</u>	<u>163,224</u>
Current liabilities		
Trade and other payables	528,696	427,562
Amount owing to holding company	317	-
Amount owing to a related company	474	1,261
Amounts owing to non-controlling shareholders of subsidiary company	59,196	-
Hire purchase and finance lease liabilities	7,854	7,632
Short term borrowings	73,000	7,167
Current tax liabilities	20,479	-
Dividend payable	186,028	-
	<u>876,044</u>	<u>443,622</u>
TOTAL LIABILITIES	<u>1,000,340</u>	<u>606,846</u>
TOTAL EQUITY AND LIABILITIES	<u>3,832,256</u>	<u>3,448,468</u>
Net Asset Per Share (RM)	<u>1.90</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 30 JUNE 2015

	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	325,712	219,259	639,412	394,244
Cost of sales	(200,630)	(135,586)	(385,753)	(228,680)
Gross profit	125,082	83,673	253,659	165,564
Fair value adjustment on investment properties	-	38,987	-	38,987
Other income	35,912	21,895	69,547	42,738
Administrative and general expenses	(40,168)	(31,755)	(74,280)	(59,548)
Other expenses	(13,387)	(11,284)	(25,837)	(17,756)
Finance costs	(2,119)	(2,148)	(3,659)	(3,352)
Share of results of associate	3,882	4,007	10,112	4,951
Profit before tax	109,202	103,375	229,542	171,584
Tax expense	(27,076)	(19,037)	(55,519)	(35,293)
Profit for the period	82,126	84,338	174,023	136,291
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	(309)	(310)	2,320	(1,083)
Total comprehensive income for the period	81,817	84,028	176,343	135,208
Profit attributable to:				
Owners of the Company	68,929	80,187	147,411	124,837
Non-controlling interests	13,197	4,151	26,612	11,454
	82,126	84,338	174,023	136,291
Total comprehensive income attributable to:				
Owners of the Company	68,620	79,877	149,731	123,754
Non-controlling interests	13,197	4,151	26,612	11,454
	81,817	84,028	176,343	135,208
Earnings per share (Sen)				
- Basic earnings per share	4.82	5.99	10.30	9.32
- 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 30 JUNE 2015

	Attributable to Owners of the Company						
	Non-distributable			Non-			
	Share Capital	Share Premium	Merger Reserve	Fair Value Reserve	Unappropriated profits	Treasury shares	Total
	RM'000	RM'000	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
Total comprehensive income for the year	-	-	-	2,320	147,411	-	149,731
Purchase of Treasury shares	-	-	-	-	-	(21)	(21)
Dividend	-	-	-	-	(186,028)	-	(186,028)
Balance at 30 June 2015	71,587	1,126,188	2,252	6,341	1,509,305	(1,418)	2,714,255
Balance at 1 January 2014	66,989	965,426	2,252	4,330	1,405,875	(59)	2,444,813
Total comprehensive income for the year	-	-	-	(1,083)	124,837	-	123,754
Purchase of Treasury shares	-	-	-	-	-	(1,317)	(1,317)
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	-	(40,000)
Dividend paid	-	-	-	-	(174,075)	-	(174,075)
Acquisition of a new subsidiary	-	-	-	-	-	-	1,917
Balance at 30 June 2014	66,989	965,426	2,252	3,247	1,356,637	(1,376)	2,393,175
							2,464,260

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)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2015

	Current Year To Date 30 June 2015 RM'000	Preceding Year To Date 30 June 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	229,542	171,584
Adjustments for:		
Non-cash items	13,515	(30,291)
Non-operating items	(10,404)	(4,950)
Dividend income	(886)	(834)
Net interest income	(9,972)	(11,717)
Operating profit before changes in working capital	221,795	123,792
Net changes in inventories	8,774	17,371
Net changes in property development costs	(58,293)	(67,210)
Net changes in receivables	(103,543)	9,682
Net changes in payables	101,141	(87,660)
Cash generated from/(used in) operations	169,874	(4,025)
Interest received	4,089	1,602
Tax paid	(40,811)	(43,463)
Net cash generated from/(used in) operating activities	133,152	(45,886)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to holding company	(43)	-
Advances to related company	(9)	-
Repayment from/(Advances to) associate company	22	(21)
Dividend received	886	834
Proceeds from disposal of property, plant and equipment	978	72,674
Acquisition of shares in new subsidiary company, net of cash	-	58
Additions to investment properties	(35,787)	(39,141)
Purchase of property, plant and equipment	(3,601)	(11,441)
Purchase of land held for property development	(75)	(8,580)
Interest income	8,065	8,785
Net cash (used in)/generated from investing activities	(29,564)	23,168
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from holding company	317	127
(Repayment to)/Advances from related company	(794)	79
Payment of hire purchase and finance lease liabilities	(4,297)	(3,279)
Dividends paid to non-controlling shareholders of subsidiary companies	-	(40,000)
Net drawdown of borrowings	80,108	19,419
Fixed deposit pledged to secure bank borrowings	87	(12)
Advances from/(Repayment to) non-controlling shareholders of subsidiary companies	3,872	(8,460)
Shares repurchased at cost	(21)	(1,317)
Interest paid	(3,374)	(2,831)
Net cash generated from/(used in) financing activities	75,898	(36,274)
Net increase/(decrease) in cash and cash equivalents	179,486	(58,992)
Cash and cash equivalents at beginning of period	699,220	805,158
Cash and cash equivalents at end of period	878,706	746,166
Cash and cash equivalents at end of period comprise:		
Short term investments	475,729	284,145
Fixed deposits with licensed banks	67,996	271,090
Cash and bank balances	336,998	191,900
	880,723	747,135
Fixed deposit pledged to secure bank borrowings	(2,017)	(969)
	878,706	746,166

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 30 JUNE 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, there was no buyback of shares nor resale or cancellation of treasury shares.

(b) As at 30 June 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**

A first and final single tier dividend of 13 sen per ordinary share of RM0.05 each in respect of the financial year ended 31 December 2014 was approved by shareholders during the Annual General Meeting held on 27 May 2015. The dividend was paid on 14 July 2015.

A9 EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

On 11 May 2015, the Company acquired 84 ordinary shares of RM1.00 each in Nova Metro Development Sdn Bhd ("Nova Metro"), representing 84% equity interest in Nova Metro. The principle activities of Nova Metro are property development and investment holding.

On 22 June 2015, the Company acquired two ordinary shares of RM1.00 each in Resodex Construction Sdn Bhd ("Resodex"), representing entire share capital of Resodex. The principle activity of Resodex is construction.

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 14 July 2015, the Company issued and allotted 89,041,400 new shares pursuant to the Dividend Reinvestment Scheme which was applied to the final dividend for the year ended 31 December 2014. With the listing of the new shares, the issued and paid up capital of the Company increased from RM71,587,400 to RM76,039,470.

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 30 June 2015</u>					
Revenue					
External revenue	537,959	135,988	-	(34,535)	639,412
Inter-segment revenue	1,636	403,300	-	(404,936)	-
Total revenue	539,595	539,288	-	(439,471)	639,412
Results					
Segment results	198,101	34,629	(13,300)	-	219,430
Share of results of associate					10,112
Tax expense					(55,519)
Profit for the period					174,023

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Cumulative quarter ended 30 June 2014</u>					
Revenue					
External revenue	342,231	69,536	-	(17,523)	394,244
Inter-segment revenue	-	314,598	-	(314,598)	-
Total revenue	342,231	384,134	-	(332,121)	394,244
Results					
Segment results	154,534	29,747	(17,648)	-	166,633
Share of results of associate					4,951
Tax expense					(35,293)
Profit for the period					136,291

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 30 June 2015 RM'000
Corporate guarantees given to banks to secure banking facilities granted to subsidiary companies	113,194

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 30 June 2015 RM'000
Approved and contracted for	
- Purchase of plant and equipment	8,697
- Purchase of investment property	392,362
	401,059

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 30 June 2015 was at RM325.7 million representing an increase of 48.6% from the corresponding quarter in the preceding year. Total expenditure for the quarter under review of RM55.7 million comprises mainly marketing expenses of RM18.2 million and administrative and operating expenses of RM21.9 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, Desa Sentul, and The Vertical Corporate Tower.

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

The Group's profit before tax of RM109.2 million for the second quarter ended 30 June 2015 was lower than the immediate preceding quarter of RM120.3 million. The lower profit was mainly due to increase in cost of sales and expenses compared to the immediate preceding quarter.

B3 PROSPECTS

The total property sales for the half year ended 30 June 2015 was approximately RM503.8 million. The second quarter property sales were mainly from sale of newer projects including Southbank Residence, Desa Sentul, Vertical Corporate Tower as well as Scenaria @ North Kiara Hills which is expected to complete in 2015. The project in Setapak where the land was recently acquired will be an addition to the pipeline of project launches in 2015.

Sales from the targeted project launches in the second half of the financial year is expected to further contribute to the total property sales. The total unbilled sales as at 30 June 2015 remained at approximately RM1.8 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	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	29,805	19,655	61,779	37,960
- deferred tax	(2,729)	(2,587)	(6,285)	(4,549)
- deferred Real Property Gains Tax (RPGT)	-	1,949	25	1,949
In respect of prior period				
- income tax		20		20
- deferred tax	-	-	-	(87)
Tax expense for the period	27,076	19,037	55,519	35,293

The Group's effective tax rate for the current quarter and year to date approximated the statutory tax rate of 25%. The effective tax rate for the corresponding quarter and year to date of the preceding year was lower than the statutory tax rate of 25% mainly due to the difference between the income tax and RPGT rates applicable on fair value adjustments on investments properties.

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 30 June 2015 Secured RM'000	As at 31 December 2014 Secured RM'000
<u>Current</u>		
- Revolving credit	73,000	-
- Term loan	-	7,167
<u>Non-current</u>		
- Term loan	48,585	35,843
- Bridging loan	18,286	16,753
	139,871	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 30 June 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,491,154	1,489,163
- Unrealised	284,862	286,134
	1,776,016	1,775,297
Total share of retained profits from associate company		
- Realised	31,142	21,029
- Unrealised	(13,950)	(9,313)
	17,192	11,716
Less : Consolidated adjustments	(283,903)	(239,091)
Total Group retained profits as per consolidated financial statements	1,509,305	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

The Board does not recommend any dividend for the current quarter under review.

B13 PROFIT BEFORE TAX

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

	Current Quarter		Year To Date	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(7,171)	(5,755)	(13,631)	(15,069)
Other income including investment income	(12,517)	(48,531)	(24,875)	(56,770)
Interest expense	2,119	2,148	3,659	3,352
Depreciation and amortisation	4,093	3,277	8,068	5,718
Bad and doubtful debts	486	15	795	9
Provision for and write off of inventories	-	-	-	-
(Gain)/Loss on disposal				
- Quoted/unquoted investments	-	-	-	-
- Property, plant and equipment	(369)	1	(292)	1
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	2	-	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	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
Profit attributable to owners of the Company (RM'000)	68,929	80,187	147,411	124,837
Weighted average number of ordinary shares	1,430,988,000	1,339,041,800	1,430,991,425	1,339,079,590
Basic EPS (Sen)	4.82	5.99	10.30	9.32

- 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

20 AUGUST 2015