



UOA DEVELOPMENT BHD
INTERIM FINANCIAL REPORT
FIRST QUARTER ENDED 31 MARCH 2017





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FIRST QUARTER ENDED 31 MARCH 2017

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

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(Cover) Highly visible along the Federal Highway, UOA Business Park is a mixed use development that is well-positioned as a commercial destination with seamless accessibility and connectivity.

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 - 14

UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	As At 31 March 2017 RM'000	As At 31 December 2016 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	286,017	285,366
Investment properties	1,480,265	1,476,898
Land held for property development	444,790	462,939
Available-for-sale financial assets	31,718	30,518
Investment in an associate	64,651	64,149
Deferred tax assets	36,732	36,483
	<u>2,344,173</u>	<u>2,356,353</u>
Current assets		
Property development costs	1,002,489	989,186
Inventories	216,869	217,207
Amount due from contract customer	952	39,502
Trade and other receivables	607,596	568,689
Amount owing by holding company	304	48
Amount owing by related company	27	74
Amount owing by associate	3,782	3,782
Current tax assets	31,601	27,162
Short term investments	187,428	224,082
Fixed deposits with licensed banks	157,172	167,953
Cash and bank balances	357,489	390,824
	<u>2,565,709</u>	<u>2,628,509</u>
TOTAL ASSETS	<u>4,909,882</u>	<u>4,984,862</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	81,623	81,623
Share premium	1,496,594	1,496,594
Merger reserve	2,252	2,252
Fair value reserve	8,224	7,024
Unappropriated profit	2,271,076	2,227,701
Less : Treasury shares	(2,119)	(2,094)
Equity attributable to owners of the Company	3,857,650	3,813,100
Non-controlling interests	133,057	124,045
Total equity	<u>3,990,707</u>	<u>3,937,145</u>
Non-current liabilities		
Amounts owing to non-controlling shareholders of subsidiary companies	25,679	25,362
Hire purchase and finance lease liabilities	6,259	7,067
Long term borrowings	24,189	18,584
Deferred tax liabilities	116,138	115,614
	<u>172,265</u>	<u>166,627</u>
Current liabilities		
Trade and other payables	646,232	757,192
Amount owing to holding company	11	29
Amount owing to a related company	394	495
Amounts owing to non-controlling shareholders of subsidiary company	6,811	6,811
Hire purchase and finance lease liabilities	5,731	6,123
Short term borrowings	77,153	93,353
Current tax liabilities	10,578	17,087
	<u>746,910</u>	<u>881,090</u>
TOTAL LIABILITIES	<u>919,175</u>	<u>1,047,717</u>
TOTAL EQUITY AND LIABILITIES	<u>4,909,882</u>	<u>4,984,862</u>
Net Asset Per Share (RM)	<u>2.36</u>	<u>2.34</u>
Based on number of shares net of treasury shares	<u>1,631,335,200</u>	<u>1,631,345,200</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 2016 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 2017

	Individual Quarter Ended		Cumulative Quarter Ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	155,088	201,171	155,088	201,171
Cost of sales	(74,209)	(70,684)	(74,209)	(70,684)
Gross profit	80,879	130,487	80,879	130,487
Other income	45,359	32,825	45,359	32,825
Administrative and general expenses	(39,885)	(34,651)	(39,885)	(34,651)
Other expenses	(14,180)	(12,312)	(14,180)	(12,312)
Finance costs	(1,132)	(1,844)	(1,132)	(1,844)
Share of results of associate	502	17,056	502	17,056
Profit before tax	71,543	131,561	71,543	131,561
Tax expense	(19,156)	(32,396)	(19,156)	(32,396)
Profit for the period	52,387	99,165	52,387	99,165
Other comprehensive income, net of tax				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Fair value gain on available-for-sale financial assets	1,200	155	1,200	155
Total comprehensive income for the period	53,587	99,320	53,587	99,320
Profit attributable to:				
Owners of the Company	43,375	96,078	43,375	96,078
Non-controlling interests	9,012	3,087	9,012	3,087
	52,387	99,165	52,387	99,165
Total comprehensive income attributable to:				
Owners of the Company	44,575	96,233	44,575	96,233
Non-controlling interests	9,012	3,087	9,012	3,087
	53,587	99,320	53,587	99,320
Earnings per share (Sen)				
- Basic earnings per share	2.66	6.32	2.66	6.32
- 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 2016 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 2017

	Attributable to Owners of the Company									
	Non-distributable									
	Share Capital	Share Premium	Merger Reserve	Fair Value Reserve	Unappropriated profits	Treasury shares	Total	Non-controlling interest	Total Equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2017	81,623	1,496,594	2,252	7,024	2,227,701	(2,094)	3,813,100	124,045	3,937,145	
Total comprehensive income for the year	-	-	-	1,200	43,375	-	44,575	9,012	53,587	
Purchase of Treasury shares	-	-	-	-	-	(25)	(25)	-	(25)	
Balance at 31 March 2017	81,623	1,496,594	2,252	8,224	2,271,076	(2,119)	3,857,650	133,057	3,990,707	
Balance at 1 January 2016	76,039	1,289,004	2,252	6,650	1,778,926	(2,061)	3,150,810	143,690	3,294,500	
Total comprehensive income for the year	-	-	-	155	96,078	-	96,233	3,087	99,320	
Purchase of Treasury shares	-	-	-	-	-	(21)	(21)	-	(21)	
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	-	-	(4,400)	(4,400)	
Increase in shares in a subsidiary company	-	-	-	-	-	-	-	50	50	
Balance at 31 March 2016	76,039	1,289,004	2,252	6,805	1,875,004	(2,082)	3,247,022	142,427	3,389,449	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2017

	Current Year To Date 31 March 2017 RM'000	Preceding Year To Date 31 March 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	71,543	131,561
Adjustments for:		
Non-cash items	5,175	6,346
Non-operating items	(718)	(17,067)
Dividend income	(813)	(881)
Net interest income	(2,115)	(2,674)
Operating profit before changes in working capital	73,072	117,285
Net changes in inventories	338	1,782
Net changes in property development costs	(848)	(26,798)
Net changes in receivables	(336)	55,596
Net changes in payables	(110,960)	(144,168)
Cash (used in)/generated from operations	(38,734)	3,697
Interest received	1,563	2,548
Tax paid	(29,829)	(49,765)
Net cash used in operating activities	(67,000)	(43,520)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to holding company	(256)	(10)
Repayment from/(Advances to) related company	47	(7)
Repayment from associate company	-	3
Dividend received	813	881
Proceeds from disposal of property, plant and equipment	216	43
Additions to investment properties	(3,367)	(15,317)
Purchase of property, plant and equipment	(5,912)	(1,022)
Purchase of land held for property development	6,380	(12,049)
Interest income	1,749	1,925
Net cash used in investing activities	(330)	(25,553)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment to)/Advances from holding company	(18)	850
(Repayment to)/Advances from related companies	(101)	2,045
Payment of hire purchase and finance lease liabilities	(1,200)	(2,237)
Dividends paid to non-controlling shareholders of subsidiary companies	-	(4,400)
Issue of shares of a subsidiary to non-controlling shareholders	-	50
Net repayment of borrowings	(10,595)	(15,962)
Fixed deposit pledged to secure bank borrowings	(14)	(15)
Repayment to non-controlling shareholders of subsidiary companies	-	(54,205)
Shares repurchased at cost	(25)	(21)
Interest paid	(1,501)	(2,837)
Net cash used in financing activities	(13,454)	(76,732)
Net decrease in cash and cash equivalents	(80,784)	(145,805)
Cash and cash equivalents at beginning of year	780,287	986,115
Cash and cash equivalents at end of year	699,503	840,310
Cash and cash equivalents at end of period comprise:		
Short term investments	187,428	210,045
Fixed deposits with licensed banks	157,172	285,010
Cash and bank balances	357,489	347,321
	702,089	842,376
Fixed deposit pledged to secure bank borrowings	(2,586)	(2,066)
	699,503	840,310

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

EXPLANATORY NOTES TO THE INTERIM REPORT FOR THE QUARTER ENDED 31 MARCH 2017**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 2016 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 2016.

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 2016, except for the adoption of the following amendments to FRSs that are relevant to its operations:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised losses
Amendments to FRS 12	Annual Improvements to FRS Standards 2014-2016 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 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 Issues Committee Interpretation (“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 28 October 2015, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual periods beginning on or after 1 January 2018.

The Group will adopt the MFRS framework and will prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. 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. Accordingly, the financial performance and financial position of the Group as presented in these financial statements for the year ended 31 December 2016 could be different if prepared in accordance with MFRS.

A3 QUALIFIED AUDIT REPORT

The auditors' report of the financial statements of the Company for the financial year ended 31 December 2016 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 RM2.51 per share. The total consideration paid for the repurchase including transaction costs amounting to RM25,081.87 was financed by internally generated funds. The shares repurchased are retained as treasury shares.

(b) As at 31 March 2017, the Company has 1,133,800 ordinary shares held as treasury shares and the issued and paid-up share capital of the Company remained unchanged at 1,632,469,000 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

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 5 May 2017, the Company incorporated a new wholly owned subsidiary known as UOA Komune Sdn Bhd.

UOA Komune Sdn Bhd was incorporated as a private limited company under the Companies Act 2016 with an issued and paid up capital of RM2.00 comprising 2 ordinary shares. Its intended principle activity is managing a co-sharing office.

Save as disclosed above, there are 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 2017</u>					
Revenue					
External revenue	155,088	-	-	-	155,088
Inter-segment revenue	-	96,902	-	(96,902)	-
Total revenue	155,088	96,902	-	(96,902)	155,088
Results					
Segment results	64,391	12,675	(6,025)	-	71,041
Share of results of associate					502
Tax expense					(19,156)
Profit for the period					52,387

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Cumulative quarter ended 31 March 2016</u>					
Revenue					
External revenue	195,147	8,074	-	(2,050)	201,171
Inter-segment revenue	-	160,241	-	(160,241)	-
Total revenue	195,147	168,315	-	(162,291)	201,171
Results					
Segment results	110,446	11,729	(7,670)	-	114,505
Share of results of associate					17,056
Tax expense					(32,396)
Profit for the period					99,165

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 2017 RM'000
Corporate guarantees given to banks to secure banking facilities granted to subsidiary companies	183,188

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 2017 RM'000
Approved and contracted for	
- Purchase of plant and equipment	8,839
- Purchase of investment property	126,499
	135,338

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 2017 was at RM155.1 million, representing a decrease of 22.9% compared to the corresponding quarter in the preceding year. The profit after tax after minority interest ("PATAMI") for the quarter under review was at RM43.4 million compared to RM96.1 million in the preceding quarter. Total expenditure for the quarter under review of RM55.2 million comprises mainly marketing expenses of RM14.7 million and administrative and operating expenses of RM25.2 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 South View Serviced Apartments, Southbank Residence, Sentul Village, United Point Residence, Danau Kota Suite Apartments and Sentul Point Suite Apartments.

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

The Group's profit before tax of RM71.5 million for the first quarter ended 31 March 2017 was lower than the immediate preceding quarter of RM476.7 million. The lower profit was mainly due to fair value gains recognised on investment properties in the immediate previous quarter.

B3 PROSPECTS

The new property sales for the quarter ended 31 March 2017 was approximately RM303.2 million. The sales was attributable mainly to on-going projects namely Sentul Point Suite Apartments and United Point Residence. The total unbilled sales as at 31 March 2017 amounted to approximately RM1.57 billion.

The Group will continue its focus on development in Greater Kuala Lumpur and continue to explore new opportunities for land acquisitions that meet the objective of the Group.

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 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
In respect of current period				
- income tax	18,881	33,370	18,881	33,370
- deferred tax	275	(974)	275	(974)
Tax expense for the period	19,156	32,396	19,156	32,396

The Group's effective tax rate for the current quarter was higher than the statutory tax rate of 24% mainly due to certain expenses being not tax deductible. The effective tax rate for the corresponding quarter approximated the statutory tax rate of 24%.

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 2017 Secured RM'000	As at 31 December 2016 Secured RM'000
<u>Current</u>		
- Revolving credit	48,500	55,000
- Bridging loan	15,500	19,000
- Term loan	13,153	19,353
<u>Non-current</u>		
- Bridging loan	24,189	18,584
	101,342	111,937

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 2017 RM'000	As at 31 December 2016 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,976,507	1,886,582
- Unrealised	552,375	584,894
	2,528,882	2,471,476
Total share of retained profits from associate company		
- Realised	68,896	68,394
- Unrealised	(23,075)	(23,075)
	45,821	45,319
Less : Consolidated adjustments	(303,627)	(289,094)
Total Group retained profits as per consolidated financial statements	2,271,076	2,227,701

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 2016 of 15 sen per share based on 1,631,335,200 ordinary shares (net of treasury shares at the date of this report), amounting to a net dividend payable of RM244,700,280 (31 December 2015: final dividend of 15 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 2016 is as follows:

- a) Proposed single-tier final dividend of 15 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 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Interest income	(3,247)	(4,518)	(3,247)	(4,518)
Other income including investment income	(12,784)	(10,252)	(12,784)	(10,252)
Interest expense	1,132	1,844	1,132	1,844
Depreciation and amortisation	5,250	4,333	5,250	4,333
Bad and doubtful debts	(86)	1,186	(86)	1,186
Provision for and write off of inventories	-	-	-	-
(Gain)/Loss on disposal				
- Quoted/unquoted investments	-	-	-	-
- Property, plant and equipment	(216)	(11)	(216)	(11)
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	2	-	2	-
(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 2017	31 March 2016	31 March 2017	31 March 2016
Profit attributable to owners of the Company (RM'000)	43,375	96,078	43,375	96,078
Weighted average number of ordinary shares	1,631,341,756	1,519,677,304	1,631,341,756	1,519,677,304
Basic EPS (Sen)	2.66	6.32	2.66	6.32

- 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

22 MAY 2017