



UOA DEVELOPMENT BHD
INTERIM FINANCIAL REPORT
FOURTH QUARTER ENDED 31 DECEMBER 2018





INTERIM FINANCIAL REPORT

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

UOA Corporate Tower
Lobby A, Avenue 10, The Vertical
Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
t 1 300 88 6668
w www.uoa.com.my

(Cover) Bangsar South is an award-winning 60-acre fully integrated residential and commercial enclave that stands apart from the rest with its central location, excellent internet and transport connectivity, plus a host of retail, service and recreational facilities including a lifestyle and F&B hub, convention and event centre, central park, hotels and medical centres.

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 - 18

UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	As At 31 December 2018 RM'000	As At 31 December 2017 RM'000 (Restated)	As At 1 January 2017 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	401,609	297,020	285,366
Investment properties	1,755,242	1,707,544	1,476,898
Inventories	509,085	500,906	462,939
Investment in quoted shares	20,259	25,053	30,518
Investment in an associate	-	-	64,149
Deferred tax assets	45,585	39,840	36,483
	<u>2,731,780</u>	<u>2,570,363</u>	<u>2,356,353</u>
Current assets			
Inventories	1,681,241	1,766,099	1,238,683
Contract assets	250,344	250,568	155,438
Trade and other receivables	486,884	392,220	456,552
Amount owing by holding company	-	10	48
Amount owing by related company	4	364	74
Amount owing by associate	-	-	3,782
Current tax assets	62,505	42,192	27,162
Short term investments	134,137	193,786	224,082
Fixed deposits with licensed banks	179,791	151,317	167,953
Cash and bank balances	264,718	224,598	390,824
	<u>3,059,624</u>	<u>3,021,154</u>	<u>2,664,598</u>
TOTAL ASSETS	<u>5,791,404</u>	<u>5,591,517</u>	<u>5,020,951</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	546,343	309,607	81,623
Share premium	1,496,594	1,496,594	1,496,594
Merger reserve	2,252	2,252	2,252
Fair value reserve	2,165	6,959	7,024
Unappropriated profit	2,635,498	2,516,549	2,254,515
Less : Treasury shares	(2,119)	(2,119)	(2,094)
Equity attributable to owners of the Company	4,680,733	4,329,842	3,839,914
Non-controlling interests	265,105	257,182	124,658
Total equity	<u>4,945,838</u>	<u>4,587,024</u>	<u>3,964,572</u>
Non-current liabilities			
Amount owing to non-controlling shareholders of subsidiary companies	5,060	26,630	25,362
Hire purchase and finance lease liabilities	1,832	3,234	7,067
Long term borrowings	-	10,000	18,584
Deferred tax liabilities	93,756	129,617	124,276
	<u>100,648</u>	<u>169,481</u>	<u>175,289</u>
Current liabilities			
Contract liabilities	-	-	28,372
Trade and other payables	559,448	643,620	728,820
Amount owing to holding company	552	34	29
Amount owing to related companies	42,972	46,220	495
Amount owing to non-controlling shareholders of subsidiary company	49,632	9,332	6,811
Hire purchase and finance lease liabilities	2,499	4,980	6,123
Short term borrowings	74,000	108,616	93,353
Current tax liabilities	15,815	22,210	17,087
	<u>744,918</u>	<u>835,012</u>	<u>881,090</u>
TOTAL LIABILITIES	<u>845,566</u>	<u>1,004,493</u>	<u>1,056,379</u>
TOTAL EQUITY AND LIABILITIES	<u>5,791,404</u>	<u>5,591,517</u>	<u>5,020,951</u>
Net Asset Per Share (RM)	<u>2.54</u>	<u>2.50</u>	<u>2.35</u>
Based on number of shares net of treasury shares	<u>1,843,738,100</u>	<u>1,733,113,500</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 2017 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 YEAR ENDED 31 DECEMBER 2018**

	Individual Quarter Ended		Cumulative Quarter Ended	
	31 December 2018 RM'000	31 December 2017 RM'000 (Restated)	31 December 2018 RM'000	31 December 2017 RM'000 (Restated)
Revenue	486,352	198,493	1,263,677	1,078,257
Cost of sales	(313,117)	(97,805)	(761,119)	(519,715)
Gross profit	173,235	100,688	502,558	558,542
Fair value adjustment on investment properties	10,479	-	10,479	-
Other income	62,745	165,889	229,845	302,607
Administrative and general expenses	(49,503)	(43,927)	(159,312)	(139,854)
Other expenses	(20,267)	(16,285)	(71,057)	(62,042)
Finance costs	(1,223)	(1,199)	(6,663)	(4,171)
Share of results of associate	-	18,511	-	20,781
Profit before tax	175,466	223,677	505,850	675,863
Tax expense	(24,750)	(18,461)	(94,252)	(134,073)
Profit for the year	150,716	205,216	411,598	541,790
Other comprehensive income, net of tax				
<i>Items that will not be reclassified to profit or loss</i>				
Fair value (loss)/gain on remeasuring of financial assets	(1,701)	-	(4,794)	91
Total comprehensive income for the year	149,015	205,216	406,804	541,881
Profit attributable to:				
Owners of the Company	136,447	197,799	378,916	506,579
Non-controlling interests	14,269	7,417	32,682	35,211
	150,716	205,216	411,598	541,790
Total comprehensive income attributable to:				
Owners of the Company	134,746	197,799	374,122	506,670
Non-controlling interests	14,269	7,417	32,682	35,211
	149,015	205,216	406,804	541,881
Earnings per share (Sen)				
- Basic earnings per share	7.40	11.41	21.26	30.18
- 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 2017 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 YEAR ENDED 31 DECEMBER 2018

	Attributable to Owners of the Company						
	Share Capital RM'000	Share Premium RM'000	Non-distributable		Unappropriated profits RM'000	Treasury shares RM'000	Total
			Merger Reserve RM'000	Fair Value Reserve RM'000			RM'000
							Non-controlling interest RM'000
							Total Equity RM'000
Balance at 1 January 2018	309,607	1,496,594	2,252	6,959	2,474,182	(2,119)	4,287,475
Effects of adopting MFRS	-	-	-	-	42,367	-	42,367
Balance at 1 January 2018 (restated)	309,607	1,496,594	2,252	6,959	2,516,549	(2,119)	4,329,842
Dividend to shareholders of the Company	236,736	-	-	-	(259,967)	-	(23,231)
Total comprehensive income for the year	-	-	-	(4,794)	378,916	-	374,122
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	-	(24,759)
Balance at 31 December 2018	546,343	1,496,594	2,252	2,165	2,635,498	(2,119)	4,680,733
Balance at 1 January 2017	81,623	1,496,594	2,252	7,024	2,227,701	(2,094)	3,813,100
Effects of adopting MFRS	-	-	-	-	26,814	-	26,814
Balance at 1 January 2017 (restated)	81,623	1,496,594	2,252	7,024	2,254,515	(2,094)	3,839,914
Dividend to shareholders of the Company	227,984	-	-	-	(244,700)	-	(16,716)
Total comprehensive income for the year	-	-	-	91	506,579	-	506,670
Derecognition upon disposal of equity investment	-	-	-	(156)	156	-	-
Purchase of Treasury shares	-	-	-	-	-	(25)	(25)
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	-	(21,200)
Acquisition of additional shares in a subsidiary company	-	-	-	-	-	-	118,512
Increase in shares in a subsidiary company	-	-	-	-	(1)	-	(1)
Balance at 31 December 2017	309,607	1,496,594	2,252	6,959	2,516,549	(2,119)	4,329,842
							257,182
							4,587,024

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 YEAR ENDED 31 DECEMBER 2018

	Current Year To Date 31 December 2018 RM'000	Preceding Year To Date 31 December 2017 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	505,850	675,863
Adjustments for:		
Non-cash items	20,534	21,858
Non-operating items	(411)	(110,960)
Dividend income	(1,301)	(1,460)
Net interest income	(8,373)	(19,485)
Operating profit before changes in working capital	516,299	565,816
Net changes in inventories - completed properties	235,886	52,071
Net changes in inventories - property development costs	(11,209)	(80,991)
Net changes in contract assets	224	-
Net changes in receivables	(100,380)	(236,886)
Net changes in payables	(159,149)	(19,486)
Cash generated from operations	481,671	280,524
Interest received	5,618	15,269
Tax paid	(162,616)	(147,520)
Net cash generated from operating activities	324,673	148,273
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment from holding company	10	38
Repayment from/(Advances to) related company	360	(290)
Dividend received	1,301	1,460
Proceeds from disposal of equity investment	-	5,556
Proceeds from disposal of property, plant and equipment	67	947
Acquisition of subsidiary, net of cash	(60,863)	(152,002)
Additions to investment properties	(94,476)	(71,573)
Purchase of property, plant and equipment	(67,033)	(31,595)
Additions to inventories - land held for property development	(19,590)	(70,671)
Proceeds from disposal of inventories - land held for property development	-	7,829
Interest income	9,416	8,452
Net cash used in investing activities	(230,808)	(301,849)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from/(Repayment to) holding company	518	(25)
Repayment to related companies	(3,340)	(23)
Payment of hire purchase and finance lease liabilities	(5,037)	(6,321)
Dividends paid to owners of the Company	(23,231)	(16,716)
Dividends paid to non-controlling shareholders of subsidiary companies	(24,759)	(21,200)
Net repayment of borrowings	(44,616)	(12,487)
Fixed deposit pledged to secure bank borrowings	(451)	(76)
Advances from non-controlling shareholders of subsidiary companies	17,398	-
Shares repurchased at cost	-	(25)
Interest paid	(1,853)	(2,785)
Net cash used in financing activities	(85,371)	(59,658)
Net increase/(decrease) in cash and cash equivalents	8,494	(213,234)
Cash and cash equivalents at beginning of period	567,053	780,287
Cash and cash equivalents at end of period	575,547	567,053
Cash and cash equivalents at end of period comprise:		
Short term investments	134,137	193,786
Fixed deposits with licensed banks	179,791	151,317
Cash and bank balances	264,718	224,598
	578,646	569,701
Fixed deposit pledged to secure bank borrowings	(3,099)	(2,648)
	575,547	567,053

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

EXPLANATORY NOTES TO THE INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2018**A EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING****A1 BASIS OF PREPARATION**

The interim financial report has been prepared in accordance with MFRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements prepared in accordance with MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, retrospective adjustments have been made on the comparative financial information other than those exempted under MFRS 1. The interim financial reports should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2017 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 2017.

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 2017, except for the adoption of the following MFRSs and amendments to MFRSs that are relevant to its operations:

Amendments to MFRS 1 and MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 15	Clarification to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Except as otherwise indicated below, the adoption of the above MFRSs and amendments to MFRSs does not have significant impact on the financial statements of the Group.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for the Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 31 Revenue - Barter Transactions Involving Advertising Services. The application of MFRS 15 may result in a difference in the timing of revenue recognition as compared with current accounting policies.

The Group assessed expenses incurred by the Group in securing contracts with customers will now be capitalised as costs to obtain contract. The cost to obtain contract will be amortised to profit or loss by reference to the progress towards completing the performance obligation under the contract. In addition, legal fees borne by the Group in securing contracts with customers will be accounted for as a reduction against the gross development value of the project.

The Group adopted the standard using the full retrospective approach, requiring the restatement of comparative period presented in the financial statements.

MFRS 9 Financial Instruments

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under MFRS 139), i.e. a loss event need not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Group chose to make the irrevocable election on transition to classify these investments as Equity instruments at fair value through other comprehensive income (Equity FVTOCI) as permitted by MFRS 9.

The following tables summaries the impacts of adopting MFRS on the Group's consolidated financial statements.

Effects on Condensed Consolidated Statement of Comprehensive Income

	Individual quarter ended 31 December 2017			Cumulative quarter ended 31 December 2017		
	As previously stated		As restated	As previously stated		As restated
	RM'000	MFRS RM'000		RM'000	MFRS RM'000	
Revenue	199,273	(780)	198,493	1,081,602	(3,345)	1,078,257
Cost of sales	(89,390)	(8,415)	(97,805)	(496,260)	(23,455)	(519,715)
Gross profit	109,883	(9,195)	100,688	585,342	(26,800)	558,542
Other income	165,889	-	165,889	302,763	(156)	302,607
Administrative and general expenses	(60,779)	16,852	(43,927)	(186,612)	46,758	(139,854)
Other expenses	(16,285)	-	(16,285)	(62,042)	-	(62,042)
Finance costs	(1,199)	-	(1,199)	(4,171)	-	(4,171)
Share of results of associate	18,511	-	18,511	20,781	-	20,781
Profit before tax	216,020	7,657	223,677	656,061	19,802	675,863
Tax expense	(16,623)	(1,838)	(18,461)	(129,283)	(4,790)	(134,073)
Profit for the period	199,397	5,819	205,216	526,778	15,012	541,790

Other comprehensive income, net of tax

Items that will not be reclassified to profit or loss

Fair value gain on remeasuring of financial assets	-	-	-	-	91	91
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Items that will be reclassified subsequently to profit or loss

Fair value (loss)/gain on available-for-sale financial assets	-	-	-	(965)	965	-
Fair value gain transferred to profit or loss upon disposal	-	-	-	900	(900)	-
Total comprehensive income for the period	199,397	5,819	205,216	526,713	15,168	541,881

	Individual quarter ended 31 December 2017			Cumulative quarter ended 31 December 2017		
	As		As	As		As
	previously stated RM'000	MFRS RM'000		previously stated RM'000	MFRS RM'000	
Profit attributable to:						
Owners of the Company	191,799	6,000	197,799	491,182	15,397	506,579
Non-controlling interests	7,598	(181)	7,417	35,596	(385)	35,211
	199,397	5,819	205,216	526,778	15,012	541,790
Total comprehensive income attributable to:						
Owners of the Company	191,799	6,000	197,799	491,117	15,553	506,670
Non-controlling interests	7,598	(181)	7,417	35,596	(385)	35,211
	199,397	5,819	205,216	526,713	15,168	541,881
Earnings per share (Sen)						
- Basic earnings per share	11.07	0.34	11.41	29.26	0.92	30.18

Effects on Condensed Consolidated Statement of Financial Position

	As at 1 January 2017			As at 31 December 2017		
	As		As	As		As
	previously stated RM'000	MFRS RM'000		previously stated RM'000	MFRS RM'000	
Current assets						
Inventories	989,186	32,290	1,021,476	746,734	50,198	796,932
Trade and other receivables	568,689	3,799	572,488	636,939	5,849	642,788
Non-Current liability						
Deferred tax liability	115,614	8,662	124,276	116,165	13,452	129,617
Equity						
Unappropriated profit	2,227,701	26,814	2,254,515	2,474,182	42,367	2,516,549
Non-controlling interest	124,045	613	124,658	256,954	228	257,182
Net Asset Per Share (Sen)	2.34	0.01	2.35	2.47	0.03	2.50

Effects on Condensed Consolidated Statement of Cash Flows

	As at 31 December 2017		
	As previously stated	MFRS	As restated
	RM'000	RM'000	RM'000
Cash Flows from Operating Activities			
Profit before tax	656,061	19,802	675,863
Adjustments for:			
Non-operating items	(111,116)	156	(110,960)
Net changes in inventories - property development costs	(63,083)	(17,908)	(80,991)
Net changes in receivables	(234,836)	(2,050)	(236,886)

A3 QUALIFIED AUDIT REPORT

The auditors' report of the financial statements of the Company for the financial year ended 31 December 2017 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 ISSUES, CANCELLATION, REPURCHASES, RESALE AND REPAYMENTS OF 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 31 December 2018, 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 1,844,871,900 ordinary shares.

A8 DIVIDENDS PAID

The total dividend paid out of shareholders' equity for the ordinary shares during the year is as follows:

	Year To Date	
	31 December 2018 RM'000	31 December 2017 RM'000
Dividend in respect of financial year ended 31 December 2017:		
- First and final single tier dividend of 15 sen per share	259,967	-
Dividend in respect of financial year ended 31 December 2016:		
- First and final single tier dividend of 15 sen per share	-	244,700

A9 EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

During the quarter, the Company incorporated three wholly owned subsidiaries known as UOA Southlink Sdn Bhd ("Southlink"), UOA Southview Sdn Bhd (Southview) and UOA Golden Pines Sdn Bhd ("Golden Pines") as private limited companies under the Companies Act 2016.

Southlink and Golden Pines were both incorporated on 1 October 2018 and Southview was incorporated on 2 October 2018. The respective issued and paid up capital is Ringgit Malaysia One only comprising one ordinary share each. Their principal activity is property investment. The shares of the said three subsidiaries are held by UOA Properties Sdn Bhd, a wholly owned subsidiary of the Company.

On 27 December 2018, the Company acquired a 100% equity interest in Naik Makmur Development Sdn Bhd (“Naik Makmur”) for a consideration of RM24,665,359. The principle activity of Naik Makmur is property development.

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

A10 EVENTS AFTER THE END OF THE INTERIM PERIOD

There were no material events as at the latest practicable date from the date of this report.

A11 SEGMENT INFORMATION

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Cumulative quarter ended 31 December 2018					
Revenue					
External revenue	1,263,677	-	-	-	1,263,677
Inter-segment revenue	18,939	758,137	-	(777,076)	-
Total revenue	1,282,616	758,137	-	(777,076)	1,263,677
Results					
Segment results	443,835	50,649	11,366	-	505,850
Tax expense					(94,252)
Profit for the period					411,598
Segment assets	4,093,568	179,648	1,389,839	-	5,663,055

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Cumulative quarter ended 31 December 2017 (Restated)					
Revenue					
External revenue	1,078,257	-	-	-	1,078,257
Inter-segment revenue	612	561,135	-	(561,747)	-
Total revenue	1,078,869	561,135	-	(561,747)	1,078,257
Results					
Segment results	523,689	65,104	66,289	-	655,082
Share of results of associate					20,781
Tax expense					(134,073)
Profit for the period					541,790
Segment assets	4,001,902	154,382	1,328,148	-	5,484,432

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 December 2018 RM'000		
(a)	Corporate guarantees given to banks to secure banking facilities granted to subsidiary companies		162,368	
(b)	As announced by the Company on 11 February 2019, two of its wholly-owned subsidiaries, namely Windsor Triumph Sdn Bhd and Sunny Uptown Sdn Bhd were served by the Inland Revenue Board of Malaysia (“IRB”) with Notices of Additional Assessment for the Year of Assessment 2013, for additional income tax totaling RM25,558,750.50 and penalty totaling RM14,057,312.78 as follows:			
Name of Company		Additional Assessment (RM)	Penalty (RM)	Total Amount (RM)
Windsor Triumph Sdn Bhd		8,990,750.00	4,944,912.50	13,935,662.50
Sunny Uptown Sdn Bhd		16,568,000.50	9,112,400.28	25,680,400.78

The additional assessment raised against Windsor Triumph Sdn Bhd by the IRB arises from an adjustment by the IRB of the market value of properties that Windsor Triumph Sdn Bhd has withdrawn as a stock-in-trade to hold as investment property.

The additional assessment raised against Sunny Uptown Sdn Bhd by the IRB arises from an adjustment by the IRB of the selling price at market value, of properties that Sunny Uptown Sdn Bhd had assigned to another wholly-owned subsidiary of the Company on an “as is” basis.

Both subsidiaries relied on valuations by a professional, independent and experienced registered Valuer. These valuations were adjusted by the IRB by substituting them with valuations subsequently conducted by the Jabatan Penilaian dan Perkhidmatan Harta.

Upon consulting the Company’s tax solicitors, the Company is of the view that there are strong grounds to challenge the basis and validity of the disputed Notices of Additional Assessment raised by the IRB and the penalty imposed. Windsor Triumph Sdn Bhd and Sunny Uptown Sdn Bhd have filed an appeal to dispute the said Notices of Additional Assessment.

Accordingly, the Directors of the Company are of the opinion that no provision in respect of the tax liability in dispute is required to be made in the financial statements as at the reporting date.

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 December 2018 RM’000
Approved and contracted for	
- Purchase of plant and equipment	64,235
- Purchase of investment property	114,393
	178,628

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

	Individual quarter ended		Increase/ (Decrease)
	31 December 2018	31 December 2017	
	RM'000	RM'000 (Restated)	%
Revenue	486,352	198,493	145.0%
Gross profit	173,235	100,688	72.1%
Profit before tax	175,466	223,677	(21.6%)
Profit after tax	150,716	205,216	(26.6%)
Profit attributable to owners of the Company	136,447	197,799	(31.0%)

The Group's revenue for the quarter ended 31 December 2018 was at RM486.4 million compared to RM198.5 million in the preceding year. The profit after tax after minority interest ("PATAMI") for the quarter under review was at RM136.4 million compared to RM197.8 million in the same quarter of the preceding year. Total expenditure for the quarter under review of RM71.0 million comprises mainly administrative and operating expenses of RM46.5 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 United Point Residence, Sentul Point Suite Apartments, South Link Lifestyle Apartments and sale of stocks.

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

	Current quarter ended 31 December 2018	Immediate Preceding quarter ended 30 September 2018	Increase/ (Decrease)
	RM'000	RM'000	%
Revenue	486,352	300,377	61.9%
Profit before tax	175,466	110,326	59.0%

The Group's profit before tax of RM175.5 million for the current quarter ended 31 December 2018 was higher than the immediate preceding quarter of RM110.3 million. The higher profit in current quarter was mainly due to the higher contribution from United Point Residence and sales of stocks including one office tower at UOA Business Park.

B3 PROSPECTS

The total new property sales for the period ended 31 December 2018 was approximately RM1.48 billion. The property sales for the year were derived, mainly, from South Link Lifestyle Apartments, United Point Residence, office tower at UOA Business Park and Sentul Point Suite Apartments.

The total unbilled sales as at 31 December 2018 amounted to approximately RM1.50 billion.

The Group remains its focus on development at targeted geographical locations and continue to assess opportunities for land acquisitions 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 December 2018 RM'000	31 December 2017 RM'000 (Restated)	31 December 2018 RM'000	31 December 2017 RM'000 (Restated)
In respect of current period				
- income tax	57,379	31,474	144,951	142,019
- deferred tax	(5,692)	264	(14,080)	1,129
- deferred Real Property Gains Tax (RPGT)	(35,980)	-	(35,980)	-
In respect of prior period				
- income tax	878	(13,033)	(9,093)	(8,829)
- deferred tax	8,165	(244)	8,454	(246)
Tax expense for the period	24,750	18,461	94,252	134,073

The Group's effective tax rate for the current quarter and year to date was higher than statutory tax rate of 24% mainly due to certain expenses being not tax deductible. The Group's effective tax rate for the corresponding quarter and year to date for the preceding year was lower than the statutory tax rate of 24% mainly due to certain income being not taxable.

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 December 2018 Secured RM'000	As at 31 December 2017 Secured RM'000
<u>Current</u>		
Secured		
- Revolving credit	74,000	60,882
- Bridging loan	-	39,734
Unsecured		
- Revolving credit	-	8,000
	74,000	108,616
<u>Non-current</u>		
Secured		
- Bridging loan	-	10,000
	74,000	118,616

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 MATERIAL LITIGATION

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

B11 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 2018 of 14 sen per share based on 1,843,738,100 ordinary shares (net of treasury shares at the date of this report), amounting to a net dividend payable of RM258,123,334 (31 December 2017: 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 2018 is as follows:

- a) Proposed single-tier final dividend of 14 sen per ordinary share, subject to shareholders' approval.

B12 PROFIT BEFORE TAX

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

	Current Quarter		Year To Date	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	RM'000	RM'000 <i>(Restated)</i>	RM'000	RM'000 <i>(Restated)</i>
Interest income	(3,525)	(12,637)	(15,036)	(23,656)
Other income including investment income	(34,892)	(19,045)	(111,269)	(61,773)
Interest expense	1,223	1,199	6,663	4,171
Depreciation and amortisation	5,259	4,934	20,640	20,516
Impairment loss on receivables	5,586	2,128	10,173	4,033
Provision for and write off of inventories	-	-	-	-
(Gain)/Loss on disposal				
- Quoted/unquoted investments	-	-	-	-
- Property, plant and equipment	(30)	552	(52)	(442)
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	2	-	9	1
(Gain)/Loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

B13 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 December 2018	31 December 2017 (Restated)	31 December 2018	31 December 2017 (Restated)
Profit attributable to owners of the Company (RM'000)	136,447	197,799	378,916	506,579
Weighted average number of ordinary shares	1,843,738,100	1,733,113,500	1,782,212,637	1,678,740,408
Basic EPS (Sen)	7.40	11.41	21.26	30.18

- 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

25 FEBRUARY 2019