



UOA DEVELOPMENT BHD
INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 30 JUNE 2017





INTERIM FINANCIAL REPORT

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

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(Cover) Strategically located within Bangsar South, The Sphere is set to become a lifestyle hub that complements UOA's award winning flagship integrated city development.

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UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	As At 30 June 2017 RM'000	As At 31 December 2016 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	295,883	285,366
Investment properties	1,488,477	1,476,898
Land held for property development	452,783	462,939
Available-for-sale financial assets	26,754	30,518
Investment in an associate	65,051	64,149
Deferred tax assets	35,551	36,483
	<u>2,364,499</u>	<u>2,356,353</u>
Current assets		
Property development costs	1,024,140	989,186
Inventories	210,149	217,207
Amount due from contract customer	4,028	39,502
Trade and other receivables	859,643	568,689
Amount owing by holding company	269	48
Amount owing by related company	32	74
Amount owing by associate	3,800	3,782
Current tax assets	32,092	27,162
Short term investments	145,552	224,082
Fixed deposits with licensed banks	173,109	167,953
Cash and bank balances	400,642	390,824
	<u>2,853,456</u>	<u>2,628,509</u>
TOTAL ASSETS	<u>5,217,955</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	8,660	7,024
Unappropriated profit	2,192,027	2,227,701
Less : Treasury shares	(2,119)	(2,094)
Equity attributable to owners of the Company	<u>3,779,037</u>	<u>3,813,100</u>
Non-controlling interests	138,532	124,045
Total equity	<u>3,917,569</u>	<u>3,937,145</u>
Non-current liabilities		
Amounts owing to non-controlling shareholders of subsidiary companies	25,996	25,362
Hire purchase and finance lease liabilities	5,184	7,067
Long term borrowings	30,568	18,584
Deferred tax liabilities	115,899	115,614
	<u>177,647</u>	<u>166,627</u>
Current liabilities		
Trade and other payables	774,113	757,192
Amount owing to holding company	13	29
Amount owing to a related company	628	495
Amounts owing to non-controlling shareholders of subsidiary company	6,811	6,811
Hire purchase and finance lease liabilities	5,315	6,123
Short term borrowings	48,430	93,353
Current tax liabilities	42,729	17,087
Dividend payable	244,700	-
	<u>1,122,739</u>	<u>881,090</u>
TOTAL LIABILITIES	<u>1,300,386</u>	<u>1,047,717</u>
TOTAL EQUITY AND LIABILITIES	<u>5,217,955</u>	<u>4,984,862</u>
Net Asset Per Share (RM)	<u>2.32</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 30 JUNE 2017

	Individual Quarter Ended		Cumulative Quarter Ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Revenue	465,611	294,809	620,699	495,980
Cost of sales	(224,676)	(115,991)	(298,885)	(186,675)
Gross profit	240,935	178,818	321,814	309,305
Other income	43,630	49,909	88,989	82,734
Administrative and general expenses	(46,429)	(37,092)	(86,314)	(71,743)
Other expenses	(10,579)	(10,839)	(24,759)	(23,151)
Finance costs	(939)	(2,011)	(2,071)	(3,855)
Share of results of associate	400	3,489	902	20,545
Profit before tax	227,018	182,274	298,561	313,835
Tax expense	(55,892)	(38,086)	(75,048)	(70,482)
Profit for the period	171,126	144,188	223,513	243,353
Other comprehensive income, net of tax				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Fair value (loss)/gain on available-for-sale financial assets	(464)	(1,536)	736	(1,381)
Fair value gain transferred to profit or loss upon disposal	900	-	900	-
Total comprehensive income for the period	171,562	142,652	225,149	241,972
Profit attributable to:				
Owners of the Company	165,651	124,225	209,026	220,303
Non-controlling interests	5,475	19,963	14,487	23,050
	171,126	144,188	223,513	243,353
Total comprehensive income attributable to:				
Owners of the Company	166,087	122,689	210,662	218,922
Non-controlling interests	5,475	19,963	14,487	23,050
	171,562	142,652	225,149	241,972
Earnings per share (Sen)				
- Basic earnings per share	10.15	8.17	12.81	14.50
- 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 30 JUNE 2017

	← Attributable to Owners of the Company →								
	Share Capital RM'000	Share Premium RM'000	Non-distributable		Fair Value Reserve RM'000	Unappropriated profits RM'000	Treasury shares RM'000	Total	Non- controlling interest 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	-	-	-	1,636	209,026	-	210,662	14,487	225,149
Purchase of Treasury shares	-	-	-	-	-	(25)	(25)	-	(25)
Dividend paid	-	-	-	-	(244,700)	-	(244,700)	-	(244,700)
Balance at 30 June 2017	81,623	1,496,594	2,252	8,660	2,192,027	(2,119)	3,779,037	138,532	3,917,569
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	-	-	-	(1,381)	220,303	-	218,922	23,050	241,972
Purchase of Treasury shares	-	-	-	-	-	(21)	(21)	-	(21)
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	-	-	(36,400)	(36,400)
Dividend paid	-	-	-	-	(227,951)	-	(227,951)	-	(227,951)
Increase in shares in a subsidiary company	-	-	-	-	-	-	-	50	50
Balance at 30 June 2016	76,039	1,289,004	2,252	5,269	1,771,278	(2,082)	3,141,760	130,390	3,272,150

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 30 JUNE 2017

	Current Year To Date 30 June 2017 RM'000	Preceding Year To Date 30 June 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	298,561	313,835
Adjustments for:		
Non-cash items	11,181	8,310
Non-operating items	(1,293)	(20,557)
Dividend income	(813)	(881)
Net interest income	(5,155)	(9,760)
Operating profit before changes in working capital	302,481	290,947
Net changes in inventories	7,058	5,093
Net changes in property development costs	(21,862)	(81,582)
Net changes in receivables	(256,060)	15,564
Net changes in payables	16,749	29,644
Cash generated from operations	48,366	259,666
Interest received	3,362	4,805
Tax paid	(53,119)	(73,117)
Net cash (used in)/generated from operating activities	(1,391)	191,354
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to holding company	(221)	-
Repayment from/(Advances to) related company	42	(3)
(Advances to)/Repayment from associate company	(18)	4
Dividend received	813	881
Proceeds from disposal of available for sale financial assets	5,556	-
Proceeds from disposal of property, plant and equipment	236	57
Acquisition of available-for-sale financial assets	-	(9,000)
Additions to investment properties	(11,579)	(144,181)
Purchase of property, plant and equipment	(20,339)	(5,333)
Purchase of land held for property development	(1,613)	(12,863)
Interest income	3,929	8,704
Net cash used in investing activities	(23,194)	(161,734)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment to)/Advances from holding company	(16)	20
Advances from related companies	305	4,180
Payment of hire purchase and finance lease liabilities	(3,536)	(4,283)
Dividends paid to non-controlling shareholders of subsidiary companies	-	(36,400)
Issue of shares of a subsidiary to non-controlling shareholders	-	50
Net repayment of borrowings	(32,939)	(48,683)
Fixed deposit pledged to secure bank borrowings	(35)	(30)
Repayment to non-controlling shareholders of subsidiary companies	-	(54,008)
Shares repurchased at cost	(25)	(21)
Interest paid	(2,760)	(4,874)
Net cash used in financing activities	(39,006)	(144,049)
Net decrease in cash and cash equivalents	(63,591)	(114,429)
Cash and cash equivalents at beginning of period	780,287	986,115
Cash and cash equivalents at end of period	716,696	871,686
Cash and cash equivalents at end of period comprise:		
Short term investments	145,552	281,600
Fixed deposits with licensed banks	173,109	57,783
Cash and bank balances	400,642	534,384
	719,303	873,767
Fixed deposit pledged to secure bank borrowings	(2,607)	(2,081)
	716,696	871,686

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 30 JUNE 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 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 30 June 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

A first and final single tier dividend of 15 sen per ordinary share of RM0.05 each in respect of the financial year ended 31 December 2016 was approved by shareholders during the Annual General Meeting held on 22 May 2017. The dividend was paid on 14 July 2017.

A9 EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

On 5 May 2017, the Company incorporated a new wholly owned subsidiary known as UOA Komune Sdn Bhd (“UOA Komune”). UOA Komune 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.

On 25 May 2017, the Company acquired one ordinary share of RM1.00 in Citra Jaya Sejahtera Sdn Bhd (“Citra Jaya”), representing the entire share capital of Citra Jaya. The principle activity of Citra Jaya is property development.

A10 EVENTS AFTER THE END OF THE INTERIM PERIOD

On 14 July 2017, the Company issued and allotted 101,778,300 new shares pursuant to the Dividend Reinvestment Scheme which was applied to the final dividend for the year ended 31 December 2016. With the listing of the new shares, the issued and paid up capital of the Company increased from RM81,623,450 to RM309,606,842.

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 2017</u>					
Revenue					
External revenue	620,699	-	-	-	620,699
Inter-segment revenue	-	212,252	-	(212,252)	-
Total revenue	620,699	212,252	-	(212,252)	620,699
Results					
Segment results	272,210	36,363	(10,914)	-	297,659
Share of results of associate					902
Tax expense					(75,048)
Profit for the period					223,513

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Cumulative quarter ended 30 June 2016					
Revenue					
External revenue	481,357	19,551	-	(4,928)	495,980
Inter-segment revenue	18,720	340,238	-	(358,958)	-
Total revenue	500,077	359,789	-	(363,886)	495,980
Results					
Segment results	262,078	38,250	(7,038)	-	293,290
Share of results of associate					20,545
Tax expense					(70,482)
Profit for the period					243,353

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 2017 RM'000
Corporate guarantees given to banks to secure banking facilities granted to subsidiary companies	169,528

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 2017 RM'000
Approved and contracted for	
- Purchase of plant and equipment	8,409
- Purchase of investment property	121,900
	130,309

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 2017 was at RM465.6 million, representing an increase of 57.9% compared to the corresponding quarter in the preceding year. The profit after tax after minority interest ("PATAMI") for the quarter under review was at RM165.7 million compared to RM124.2 million in the preceding quarter. Total expenditure for the quarter under review of RM57.9 million comprises mainly marketing expenses of RM18.4 million and administrative and operating expenses of RM28.0 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 RM227.0 million for the second quarter ended 30 June 2017 was higher than the immediate preceding quarter of RM71.5 million. The higher profit was mainly due to the contribution from South View Serviced Apartments which were completed during the current quarter.

B3 PROSPECTS

The total new property sales as at 30 June 2017 was approximately RM613.0 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 30 June 2017 amounted to approximately RM1.39 billion.

The Group will maintain its focus on development in Greater Kuala Lumpur and continue to source for strategic development lands 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	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	54,951	36,145	73,832	69,515
- deferred tax	941	1,795	1,216	821
In respect of prior period				
- income tax	-	144	-	144
- deferred tax	-	2	-	2
Tax expense for the period	55,892	38,086	75,048	70,482

The Group's effective tax rate for the current quarter and year to date 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 and year to date was lower than the statutory tax rate of 24% mainly due to certain income not subjected to tax.

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 2017 Secured RM’000	As at 31 December 2016 Secured RM’000
<u>Current</u>		
Secured		
- Revolving credit	20,000	45,000
- Bridging loan	12,000	19,000
- Term loan	6,430	19,353
Unsecured		
- Revolving credit	10,000	10,000
	48,430	93,353
<u>Non-current</u>		
Secured		
- Bridging loan	30,568	18,584
	78,998	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 30 June 2017 RM'000	As at 31 December 2016 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,898,517	1,886,582
- Unrealised	552,643	584,894
	<hr/> 2,451,160	<hr/> 2,471,476
Total share of retained profits from associate company		
- Realised	69,296	68,394
- Unrealised	(23,075)	(23,075)
	<hr/> 46,221	<hr/> 45,319
Less : Consolidated adjustments	(305,354)	(289,094)
Total Group retained profits as per consolidated financial statements	<hr/> 2,192,027	<hr/> 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

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 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(3,979)	(9,097)	(7,226)	(13,615)
Other income including investment income	(14,490)	(10,590)	(27,274)	(20,842)
Interest expense	939	2,011	2,071	3,855
Depreciation and amortisation	5,399	4,329	10,649	8,662
Bad and doubtful debts	601	(3,072)	515	(1,886)
Provision for and write off of inventories	-	-	-	-
(Gain)/Loss on disposal				
- Quoted/unquoted investments	(156)	-	(156)	-
- Property, plant and equipment	(19)	(1)	(235)	(12)
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	-	(6)	2	(6)
(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 2017	30 June 2016	30 June 2017	30 June 2016
Profit attributable to owners of the Company (RM'000)	165,651	124,225	209,026	220,303
Weighted average number of ordinary shares	1,631,335,200	1,519,670,600	1,631,338,405	1,519,673,952
Basic EPS (Sen)	10.15	8.17	12.81	14.50

- 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

23 AUGUST 2017