UOA DEVELOPMENT

UOA DEVELOPMENT BHD

INTERIM FINANCIAL REPORT

FIRST QUARTER ENDED 31 MARCH 2018

UOA DEVELOPMENT

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FIRST QUARTER ENDED 31 MARCH 2018

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 31 MARCH 2018

	As At 31 March 2018 RM'000	As At 31 December 2017 RM'000 *(Restated)*
ASSETS		
Non-current assets		
Property, plant and equipment	293,534	297,020
Investment properties	1,727,736	1,707,544
Land held for property development	507,083	500,906
Available-for-sale financial assets	22,888	25,053
Deferred tax assets	38,140	39,840
	2,589,381	2,570,363
Current assets		
Property development costs	853,813	796,932
Inventories	950,764	969,167
Amount due from contract customer	2,366	-
Trade and other receivables	628,276	642,788
Amount owing by holding company	-	10
Amount owing by related company	9	364
Current tax assets	51,054	42,192
Short term investments	124,321	193,786
Fixed deposits with licensed banks	172,035	151,317
Cash and bank balances	132,743	224,598
	2,915,381	3,021,154
TOTAL ASSETS	5,504,762	5,591,517
EQUITY AND LIABILITIES		
Equity		
Share capital	309,607	309,607
Share premium	1,496,594	1,496,594
Merger reserve	2,252	2,252
Fair value reserve	4,794	6,959
Unappropriated profit	2,562,201	2,529,929
Less : Treasury shares	(2,119)	(2,119)
Equity attributable to owners of the Company	4,373,329	4,343,222
Non-controlling interests	247,646	257,254
Total equity	4,620,975	4,600,476
Non-current liabilities		
Amount owing to non-controlling shareholders of subsidiary companies	26,963	26,630
Hire purchase and finance lease liabilities	2,470	3,234
Long term borrowings	10,000	10,000
Deferred tax liabilities	111,616	116,165
	151,049	156,029
Current liabilities		
Trade and other payables	583,951	643,620
Amount owing to holding company	1,624	34
Amount owing to a related company	2,835	46,220
Amount owing to non-controlling shareholders of subsidiary company	36,432	9,332
Hire purchase and finance lease liabilities	4,393	4,980
Short term borrowings	93,871	108,616
Current tax liabilities	9,632	22,210
	732,738	835,012
TOTAL LIABILITIES	883,787	991,041
TOTAL EQUITY AND LIABILITIES	5,504,762	5,591,517
Net Asset Per Share (RM)	2.52	2.51
Based on number of shares net of treasury shares	1,733,113,500	1,733,113,500

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 COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018

	Individual Quarter Ended		
	31 March 2018 RM'000	**31 March 2017 RM'000 *(Restated)***	**31 March 2017 RM'000 *(As previously stated)***
Revenue	171,985	154,602	155,088
Cost of sales	(120,980)	(76,734)	(74,209)
Gross profit	51,005	77,868	80,879
Other income	55,379	45,359	45,359
Administrative and general expenses	(40,255)	(31,329)	(39,885)
Other expenses	(18,096)	(14,180)	(14,180)
Finance costs	(2,593)	(1,132)	(1,132)
Share of results of associate	-	502	502
Profit before tax	45,440	77,088	71,543
Tax expense	(11,626)	(19,156)	(19,156)
Profit for the period	33,814	57,932	52,387
Other comprehensive income, net of tax			
Items that will be reclassified subsequently to profit or loss			
Fair value (loss)/gain on available-for-sale financial assets	(2,165)	1,200	1,200
Fair value gain transferred to profit or loss upon disposal	-	-	-
Total comprehensive income for the period	31,649	59,132	53,587
Profit attributable to:			
Owners of the Company	32,272	48,979	43,375
Non-controlling interests	1,542	8,953	9,012
	33,814	57,932	52,387
Total comprehensive income attributable to:			
Owners of the Company	30,107	50,179	44,575
Non-controlling interests	1,542	8,953	9,012
	31,649	59,132	53,587
Earnings per share (Sen)			
- Basic earnings per share	1.86	3.00	2.66
- Diluted earnings per share	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 PERIOD ENDED 31 MARCH 2018

	Attributable to Owners of the Company								
		Non-distributable							
	Share Capital RM'000	Share Premium RM'000	Merger Reserve RM'000	Fair Value Reserve RM'000	Unappropriated profits RM'000	Treasury shares RM'000	Total 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	256,954	4,544,429
Effects of adoption of MFRS15	-	-	-	-	55,747	-	55,747	300	56,047
Balance at 1 January 2018 (restated)	309,607	1,496,594	2,252	6,959	2,529,929	(2,119)	4,343,222	257,254	4,600,476
Total comprehensive income for the year	-	-	-	(2,165)	32,272	-	30,107	1,542	31,649
Dividend paid to non-controlling shareholders of subsidiary companies	-	-	-	-	-	-	-	(11,150)	(11,150)
Balance at 31 March 2018	309,607	1,496,594	2,252	4,794	2,562,201	(2,119)	4,373,329	247,646	4,620,975
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
Effects of adoption of MFRS15	-	-	-	-	35,282	-	35,282	807	36,089
Balance at 1 January 2017 (restated)	81,623	1,496,594	2,252	7,024	2,262,983	(2,094)	3,848,382	124,852	3,973,234
Total comprehensive income for the year	-	-	-	1,200	48,979	-	50,179	8,953	59,132
Purchase of Treasury shares	-	-	-	-	-	(25)	(25)	-	(25)
Balance at 31 March 2017	81,623	1,496,594	2,252	8,224	2,311,962	(2,119)	3,898,536	133,805	4,032,341

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 PERIOD ENDED 31 MARCH 2018

	Current Year To Date 31 March 2018 RM'000	Preceding Year To Date 31 March 2017 RM'000 *(Restated)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	45,440	77,088
Adjustments for:		
Non-cash items	6,686	5,175
Non-operating items	(2)	(718)
Dividend income	(676)	(813)
Net interest income	(3,044)	(2,115)
Operating profit before changes in working capital	48,404	78,617
Net changes in inventories	18,403	338
Net changes in property development costs	6,120	(5,363)
Net changes in receivables	10,477	(1,366)
Net changes in payables	(61,257)	(110,960)
Cash generated from/(used in) operations	22,147	(38,734)
Interest received	2,674	1,563
Tax paid	(35,917)	(29,829)
Net cash used in operating activities	(11,096)	(67,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment from/(Advances to) holding company	10	(256)
Repayment from related company	355	47
Dividend received	676	813
Proceeds from disposal of available for sale financial assets	-	216
Proceeds from disposal of property, plant and equipment	2	-
Acquisition of subsidiary, net of cash	(60,918)	-
Additions to investment properties	(20,192)	(3,367)
Purchase of property, plant and equipment	(1,510)	(5,912)
Additions to land held for property development	(6,177)	(1,449)
Proceeds from disposal of land held for property development	-	7,829
Interest income	2,963	1,749
Net cash used in investing activities	(84,791)	(330)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from/(Repayment to) holding company	1,590	(18)
Repayment to related companies	(43,385)	(101)
Payment of hire purchase and finance lease liabilities	(1,351)	(1,200)
Dividends paid to non-controlling shareholders of subsidiary companies	(11,150)	-
Net repayment of borrowings	(14,745)	(10,595)
Fixed deposit pledged to secure bank borrowings	(375)	(14)
Advances from non-controlling shareholders of subsidiary companies	27,100	-
Shares repurchased at cost	-	(25)
Interest paid	(2,774)	(1,501)
Net cash used in financing activities	(45,090)	(13,454)
Net decrease in cash and cash equivalents	**(140,977)**	**(80,784)**
Cash and cash equivalents at beginning of period	**567,053**	**780,287**
Cash and cash equivalents at end of period	**426,076**	**699,503**
Cash and cash equivalents at end of period comprise:		
Short term investments	124,321	187,428
Fixed deposits with licensed banks	172,035	157,172
Cash and bank balances	132,743	357,489
	429,099	702,089
Fixed deposit pledged to secure bank borrowings	(3,023)	(2,586)
	426,076	699,503

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 MARCH 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 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 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

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

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 March 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 1,734,247,300 ordinary shares.

A8 DIVIDENDS PAID

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

A9 EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

On 2 March 2018, the Company acquired a 100% equity interest in Cosmo Housing Development Sdn Bhd ("Cosmo") for a consideration of RM65,250,000. The principle activity of Cosmo 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 March 2018					
Revenue					
External revenue	171,985	-	-	-	171,985
Inter-segment revenue	-	107,128	-	(107,128)	-
Total revenue	171,985	107,128	-	(107,128)	171,985
Results					
Segment results	48,599	631	(3,790)	-	45,440
Tax expense					(11,626)
Profit for the period					33,814
Segment assets	3,991,962	148,794	1,251,924	-	5,392,680

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Cumulative quarter ended 31 March 2017 *(Restated)*					
Revenue					
External revenue	154,602	-	-	-	154,602
Inter-segment revenue	-	96,902	-	(96,902)	-
Total revenue	154,602	96,902	-	(96,902)	154,602
Results					
Segment results	69,936	12,675	(6,025)	-	76,586
Share of results of associate					502
Tax expense					(19,156)
Profit for the period					57,932
Segment assets	3,107,748	436,674	1,265,409	-	4,809,831

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 2018 RM'000
Corporate guarantees given to banks to secure banking facilities granted to subsidiary companies	237,640

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 2018 RM'000
Approved and contracted for	
- Purchase of plant and equipment	1,177
- Purchase of investment property	163,502
	164,679

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 March 2018	**31 March 2017**	
	RM'000	RM'000 *(Restated)*	*%*
Revenue	171,985	154,602	*11.2%*
Gross profit	51,005	77,868	*(34.5%)*
Profit before tax	45,440	77,088	*(41.1%)*
Profit after tax	33,814	57,932	*(41.6%)*
Profit attributable to owner of the Company	32,272	48,979	*(34.1%)*

The Group's revenue for the quarter ended 31 March 2018 was at RM172.0 million, which is 11.2% higher compared to the preceding year. The profit after tax after minority interest ("PATAMI") for the quarter under review was at RM32.3 million compared to RM49.0 million in the same quarter of the preceding year. This was due, mainly, to lower profit margins in the current quarter. Total expenditure for the quarter under review of RM60.9 million comprises mainly marketing expenses of RM4.2 million and administrative and operating expenses of RM36.0 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 United Point Residence, Sentul Point Suite Apartments and South Link Lifestyle Apartments, and sale of completed units at Desa Green Serviced Apartments.

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

	Current quarter ended	**Immediate Preceding quarter ended**	**Increase/ (Decrease)**
	31 March 2018	**31 December 2017**	
	RM'000	RM'000 *(Restated)*	%
Revenue	171,985	198,493	*(13.4%)*
Profit before tax	45,440	223,677	*(79.7%)*

The Group's profit before tax of RM45.4 million for the current quarter ended 31 March 2018 was lower than the immediate preceding quarter of RM223.7 million. The lower profit was mainly due to the absence of gain on remeasurement upon acquisition of an additional 35% in the paid-up share capital of an associated company and the acquisition has resulted in the associated company now becoming a subsidiary of the Group in current quarter.

B3 PROSPECTS

The total new property sales for the year ended 31 March 2018 was approximately RM451.81 million. The property sales for the year were derived, mainly, from SouthLink, Sentul Point Suite Apartments and United Point Residence. The total unbilled sales as at 31 March 2018 amounted to approximately RM1.64 billion.

The Group's strategy remains focused on development at targeted geographical locations and continue to explore for opportune development land acquisition.

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 2018	**31 March 2017**	**31 March 2018**	**31 March 2017**
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	14,474	18,881	14,474	18,881
- deferred tax	(3,160)	275	(3,160)	275
In respect of prior period				
- deferred tax	312	-	312	-
Tax expense for the period	11,626	19,156	11,626	19,156

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

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 2018 Secured RM'000	**As at 31 December 2017 Secured** RM'000
Current		
Secured		
- Revolving credit	61,000	60,882
- Bridging loan	24,983	39,734
- Term loan	6,888	-
Unsecured		
- Revolving credit	1,000	8,000
	93,871	108,616
Non-current		
Secured		
- Bridging loan	10,000	10,000
	103,871	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 dividend of 15 sen per share under single tier system which is tax exempt in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967 in respect of the financial year ended 31

December 2017, based on 1,733,113,500 ordinary shares (net of treasury shares at the date of this report), amounting to a net dividend payable of RM259,967,025 (31 December 2016: 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 2017 is as follows:

a) Proposed single-tier final dividend of 15 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 March 2018 RM'000	**31 March 2017** RM'000	**31 March 2018** RM'000	**31 March 2017** RM'000
Interest income	(5,637)	(3,247)	(5,637)	(3,247)
Other income including investment income	(24,020)	(12,784)	(24,020)	(12,784)
Interest expense	2,593	1,132	2,593	1,132
Depreciation and amortisation	1,739	5,250	1,739	5,250
Bad and doubtful debts	1,690	(86)	1,690	(86)
Provision for and write off of inventories	-	-	-	-
(Gain)/Loss on disposal				
- Quoted/unquoted investments	-	-	-	-
- Property, plant and equipment	(2)	(216)	(2)	(216)
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	1	2	1	2
(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 March 2018	**31 March 2017 *(Restated)***	**31 March 2018**	**31 March 2017 *(Restated)***
Profit attributable to owners of the Company (RM'000)	32,272	48,979	32,272	48,979
Weighted average number of ordinary shares	1,733,113,500	1,631,341,756	1,733,113,500	1,631,341,756
Basic EPS (Sen)	1.86	3.00	1.86	3.00

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

24 MAY 2018