

UOA DEVELOPMENT BHD
INTERIM FINANCIAL REPORT
FOURTH QUARTER ENDED 31 DECEMBER 2015





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

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(Cover) Danau Kota Suite Apartments is an exciting new project situated in a prime location in Setapak, Kuala Lumpur. The 29-storey development stands primarily as a modern residence, complemented by commercial offerings on its first three levels, created with a vision of further elevating its ever-developing surroundings.

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UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	As At 31 December 2015 RM'000	As At 31 December 2014 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	161,987	160,417
Investment properties	919,143	828,579
Land held for property development	385,846	241,880
Available-for-sale financial assets	24,744	22,115
Investment in an associate	47,253	30,546
Amount owing by associate	-	3,624
Deferred tax assets	36,441	30,795
	<u>1,575,414</u>	<u>1,317,956</u>
Current assets		
Property development costs	933,977	860,390
Inventories	134,662	132,417
Trade and other receivables	717,704	435,867
Amount owing by associate	3,606	-
Current tax assets	29,191	514
Short term investments	371,948	407,751
Fixed deposits with licensed banks	51,934	105,765
Cash and bank balances	564,284	187,808
	<u>2,807,306</u>	<u>2,130,512</u>
TOTAL ASSETS	<u>4,382,720</u>	<u>3,448,468</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	76,039	71,587
Share premium	1,289,004	1,126,188
Merger reserve	2,252	2,252
Fair value reserve	6,650	4,021
Unappropriated profit	1,778,926	1,547,922
Less : Treasury shares	(2,061)	(1,397)
Equity attributable to owners of the Company	<u>3,150,810</u>	<u>2,750,573</u>
Non-controlling interests	143,690	91,049
Total equity	<u>3,294,500</u>	<u>2,841,622</u>
Non-current liabilities		
Amounts owing to non-controlling shareholders of subsidiary companies	24,096	77,591
Hire purchase and finance lease liabilities	12,065	10,710
Long term borrowings	93,589	52,596
Deferred tax liabilities	21,184	22,327
	<u>150,934</u>	<u>163,224</u>
Current liabilities		
Trade and other payables	751,114	427,562
Amount owing to holding company	22	-
Amount owing to a related company	348	1,261
Amounts owing to non-controlling shareholders of subsidiary company	61,041	-
Hire purchase and finance lease liabilities	8,074	7,632
Short term borrowings	94,800	7,167
Current tax liabilities	21,887	-
	<u>937,286</u>	<u>443,622</u>
TOTAL LIABILITIES	<u>1,088,220</u>	<u>606,846</u>
TOTAL EQUITY AND LIABILITIES	<u>4,382,720</u>	<u>3,448,468</u>
Net Asset Per Share (RM)	<u>2.07</u>	<u>1.92</u>
Based on number of shares net of treasury shares	<u>1,519,680,600</u>	<u>1,430,998,000</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Individual Quarter Ended		Cumulative Quarter Ended	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	511,597	333,750	1,643,188	1,077,849
Cost of sales	(343,296)	(189,222)	(973,070)	(609,589)
Gross profit	168,301	144,528	670,118	468,260
Fair value adjustment on investment properties	18,952	-	18,952	38,987
Other income	38,669	32,977	147,203	110,779
Administrative and general expenses	(33,396)	(39,899)	(155,543)	(125,702)
Other expenses	(12,295)	(10,830)	(53,058)	(39,394)
Finance costs	(2,497)	(701)	(8,275)	(5,821)
Share of results of associate	10,595	3,553	25,889	13,595
Profit before tax	188,329	129,628	645,286	460,704
Tax expense	(44,550)	(31,941)	(157,253)	(103,864)
Profit for the period	143,779	97,687	488,033	356,840
Other comprehensive income, net of tax				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Fair value gain/(loss) on available-for-sale financial assets	309	(309)	2,629	(309)
Total comprehensive income for the period	144,088	97,378	490,662	356,531
Profit attributable to:				
Owners of the Company	111,067	88,402	417,016	316,122
Non-controlling interests	32,712	9,285	71,017	40,718
	143,779	97,687	488,033	356,840
Total comprehensive income attributable to:				
Owners of the Company	111,376	88,093	419,645	315,813
Non-controlling interests	32,712	9,285	71,017	40,718
	144,088	97,378	490,662	356,531
Earnings per share (Sen)				
- Basic earnings per share	7.31	6.18	28.32	22.89
- Diluted earnings per share	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

UOA DEVELOPMENT BHD (654023-V)
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Current Year To Date 31 December 2015 RM'000	Preceding Year To Date 31 December 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	645,286	460,704
Adjustments for:		
Non-cash items	9,953	(19,620)
Non-operating items	(26,159)	(13,964)
Dividend income	(1,709)	(1,649)
Net interest income	(19,786)	(24,993)
Operating profit before changes in working capital	607,585	400,478
Net changes in inventories	16,165	49,692
Net changes in property development costs	(224,303)	(97,519)
Net changes in receivables	(284,605)	(81,353)
Net changes in payables	323,569	(39,135)
Cash generated from operations	438,411	232,163
Interest received	9,114	6,410
Tax paid	(170,832)	(111,761)
Net cash generated from operating activities	276,693	126,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment from/(Advances to) associate company	18	(20)
Dividend received	1,709	1,649
Proceeds from disposal of property, plant and equipment	1,271	73,046
Acquisition of shares in new subsidiary company, net of cash	-	58
Additions to investment properties	(71,612)	(65,721)
Purchase of property, plant and equipment	(8,801)	(17,087)
Purchase of land held for property development	(7,707)	(174,976)
Interest income	17,255	18,232
Net cash used in investing activities	(67,867)	(164,819)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from holding company	22	-
(Repayment to)/Advances from related company	(930)	1,147
Payment of hire purchase and finance lease liabilities	(8,928)	(6,808)
Listing expenses	(130)	(179)
Dividends paid to owners of the Company	(18,630)	(8,536)
Dividends paid to non-controlling shareholders of subsidiary companies	(18,400)	(49,300)
Issue of shares of a subsidiary to non-controlling shareholders	40	-
Net drawdown of borrowings	128,626	4,342
Fixed deposit pledged to secure bank borrowings	58	(1,147)
Advances from/(Repayment to) non-controlling shareholders of subsidiary companies	5,012	(742)
Shares repurchased at cost	(664)	(1,338)
Interest paid	(8,002)	(5,370)
Net cash generated from/(used in) financing activities	78,074	(67,931)
Net increase/(decrease) in cash and cash equivalents	286,900	(105,938)
Cash and cash equivalents at beginning of period	699,220	805,158
Cash and cash equivalents at end of year	986,120	699,220
Cash and cash equivalents at end of period comprise:		
Short term investments	371,948	407,751
Fixed deposits with licensed banks	51,934	105,765
Cash and bank balances	564,284	187,808
	988,166	701,324
Fixed deposit pledged to secure bank borrowings	(2,046)	(2,104)
	986,120	699,220

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

EXPLANATORY NOTES TO THE INTERIM REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015**A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (“FRS”) 134, INTERIM FINANCIAL REPORTING****A1 BASIS OF PREPARATION**

The interim financial report has been prepared in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial report.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (“the Group”) since the year ended 31 December 2014.

A2 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements of the Group for the year ended 31 December 2014, except for the adoption of the following Amendments to FRSs and Issues Committee Interpretation (“IC Interpretation”) that are relevant to its operations:

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendments to FRS 2, FRS 3, FRS 8, FRS 116, FRS 124 and FRS 138	Annual Improvements to FRSs 2010-2012 Cycle
Amendments to FRS 3, FRS 13 and FRS 140	Annual Improvements to FRSs 2011-2013 Cycle

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

Malaysian Financial Reporting Standards

On 19 November 2011, the MASB issued a new MASB approved accounting framework, i.e. Malaysian Financial Reporting Standards (“MFRS”). MFRS is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for Construction of Real Estate*, including the entities’ parent, significant investor and venturer (herein referred to as ‘Transitioning Entities’ collectively). Transitioning Entities are allowed to defer adoption of MFRS, and continue to use the existing FRS framework until the MFRS framework is mandated by the MASB. The Group falls within the definition of Transitioning Entities and has opted to defer adoption of MFRS.

According to an announcement made by the MASB on 8 September 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.

A3 QUALIFIED AUDIT REPORT

The auditors' report of the financial statements of the Company for the financial year ended 31 December 2014 was not qualified.

A4 COMMENTS ON SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

A5 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the quarter under review.

A6 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates that have had a material effect in the current quarter results.

A7 DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and/or equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter.

(a) Share buyback by the Company

During the current quarter, there was no buyback of shares nor resale or cancellation of treasury shares.

(b) As at 31 December 2015, the Company has 1,108,800 ordinary shares held as treasury shares and the issued and paid-up share capital of the Company remained unchanged at 1,520,789,400 ordinary shares of RM0.05 each.

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 2015	31 December 2014
	RM'000	RM'000
Dividend in respect of financial year ended 31 December 2014:		
- First and final single tier dividend of 13 sen per share	186,028	-
Dividend in respect of financial year ended 31 December 2013:		
- First and final single tier dividend of 13 sen per share	-	174,075

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

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 31 December 2015</u>					
Revenue					
External revenue	1,427,118	289,622	-	(73,552)	1,643,188
Inter-segment revenue	147,417	905,460	-	(1,052,877)	-
Total revenue	1,574,535	1,195,082	-	(1,126,429)	1,643,188
Results					
Segment results	542,425	101,258	(24,286)	-	619,397
Share of results of associate					25,889
Tax expense					(157,253)
Profit for the period					488,033

	Property development RM'000	Construction RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Cumulative quarter ended 31 December 2014</u>					
Revenue					
External revenue	966,835	148,804	-	(37,790)	1,077,849
Inter-segment revenue	48,000	691,890	-	(739,890)	-
Total revenue	1,014,835	840,694	-	(777,680)	1,077,849
Results					
Segment results	415,271	59,035	(27,197)	-	447,109
Share of results of associate					13,595
Tax expense					(103,864)
Profit for the period					356,840

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 2015 RM'000
Corporate guarantees given to banks to secure banking facilities granted to subsidiary companies	146,715

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 2015 RM'000
Approved and contracted for	
- Purchase of plant and equipment	18,613
- Purchase of investment property	312,751
	331,364

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 December 2015 was at RM511.6 million representing an increase of 53.3% from the corresponding quarter in the preceding year. Total expenditure for the quarter under review of RM48.2 million comprises mainly marketing expenses of RM9.0 million and administrative and operating expenses of RM24.4 million.

The Group's revenue and profit attributable to the Company for the quarter under review were mainly derived from the progressive recognition of the Group's on-going development projects namely Desa Green, Scenaria @ North Kiara Hills, South View Serviced Apartments, Southbank Residence, Desa Sentul and The Vertical Corporate Towers.

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

The Group's profit before tax of RM188.3 million for the fourth quarter ended 31 December 2015 was lower than the immediate preceding quarter of RM227.4 million. The lower profit was mainly due to the contribution from Vertical Office Suites which were completed in the preceding quarter.

B3 PROSPECTS

The total property sales for the financial year ended 31 December 2015 was approximately RM800.1 million. There was no new property launch during the fourth quarter of financial year 2015. The property sales in the fourth quarter were mainly from existing projects including Southbank Residence and Scenaria @ North Kiara Hills which was completed in the same quarter. Major projects such as Desa Sentul Phase 2 and development in Kepong will be launched progressively in 2016. This is expected to back the property sales in 2016.

The total unbilled sales as at 31 December 2015 was approximately RM1.1 billion.

The Group will continue its focus on development in Greater Kuala Lumpur and source for strategic development lands that meet the criteria.

B4 VARIANCES BETWEEN ACTUAL PROFIT AND FORECAST PROFIT

Not applicable as no profit forecast was published.

B5 TAX EXPENSE

The breakdown of the tax components is as follows:

	Current Quarter		Year To Date	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- income tax	45,470	34,611	162,255	111,697
- deferred tax	(2,402)	(1,660)	(8,209)	(9,933)
- deferred Real Property Gains Tax (RPGT)	1,464	(1,104)	1,489	758
In respect of prior period				
- income tax	39	182	1,759	1,426
- deferred tax	(21)	(88)	(41)	(84)
Tax expense for the period	44,550	31,941	157,253	103,864

The Group's effective tax rate for the current quarter and year to date was lower than the statutory tax rate of 25% mainly due to certain income not subjected to tax. The effective tax rate for the corresponding quarter of the preceding year approximated the statutory tax rate of 25%. The effective tax rate for the corresponding year to date of the preceding year was lower than the statutory tax rate of 25% mainly due to the difference between the income tax and RPGT rates applicable on fair value adjustments on investment properties.

B6 STATUS OF CORPORATE PROPOSAL

Save as disclosed below, there were no other corporate proposals announced but not completed during the current financial quarter and financial period to date under review.

B7 BORROWINGS AND DEBT SECURITIES

The Group does not have any debt securities. The Group borrowings are denominated in Ringgit Malaysia ("RM") as follows:

	As at 31 December 2015 Secured RM'000	As at 31 December 2014 Secured RM'000
<u>Current</u>		
- Revolving credit	88,000	-
- Term loan	-	7,167
- Bridging loan	6,800	-
<u>Non-current</u>		
- Term loan	62,942	35,843
- Bridging loan	30,647	16,753
	188,389	59,763

B8 DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not have any derivative financial instruments as at the date of this report.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

The Group does not have any financial liabilities that are measured at fair value at the date of this report.

B10 DISCLOSURE OF REALISED AND UNREALISED PROFITS

	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,764,871	1,489,163
- Unrealised	290,114	286,134
	2,054,985	1,775,297
Total share of retained profits from associate company		
- Realised	46,918	21,029
- Unrealised	(18,495)	(9,313)
	28,423	11,716
Less : Consolidated adjustments	(304,482)	(239,091)
Total Group retained profits as per consolidated financial statements	1,778,926	1,547,922

B11 MATERIAL LITIGATION

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

B12 DIVIDENDS**(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 2015 of 15 sen per share on 1,519,680,600 ordinary shares of RM0.05 each, amounting to a net dividend payable of RM227,952,090 (31 December 2014: final dividend of 13 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 2015 are 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 December 2015	31 December 2014	31 December 2015	31 December 2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(6,885)	(2,844)	(28,061)	(30,814)
Other income including investment income	(31,951)	(12,153)	(70,459)	(79,519)
Interest expense	2,497	701	8,275	5,821
Depreciation and amortisation	4,497	3,860	16,708	13,021
Bad and doubtful debts	2,341	18	2,768	92
Provision for and write off of inventories	-	-	-	-
(Gain)/Loss on disposal - Quoted/unquoted investments	-	-	-	-
- Property, plant and equipment	3	(82)	(270)	(369)
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	(7)	-	(10)	-
(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 December 2015	31 December 2014	31 December 2015	31 December 2014
Profit attributable to owners of the Company (RM'000)	111,067	88,402	417,016	316,122
Weighted average number of ordinary shares	1,519,680,600	1,430,998,000	1,472,342,722	1,381,134,773
Basic EPS (Sen)	7.31	6.18	28.32	22.89

- 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 2016