



UNITED OVERSEAS AUSTRALIA LTD

ACN 009 245 890

Suite 1, 467 Scarborough Beach Road, OSBORNE PARK WA 6017

P.O. Box 1788, Osborne Park DC, W.A. 6017

Tel: (+618) 9217 9800 • Fax: (+618) 9217 9899

30 March 2017

Company Announcements Manager
Australian Security Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Company Announcements Manager
Singapore Stock Exchange
2 Shenton Way
#19 SGX Centre
SINGAPORE 068804

"Transmitted Electronically"

Dear Sirs,

Re: 2016 Annual Report and Financial Statements

Please find attached the Company's Annual Report and Financial Statements for the year ended 31 December 2016.

Yours faithfully,

ALAN C WINDUSS
Company Secretary

MALAYSIAN OFFICE:

UOA Corporate Tower

Lobby A, Avenue 10, The Vertical, Bangsar South City

No. 8, Jalan Kerinchi, 59200. KUALA LUMPUR

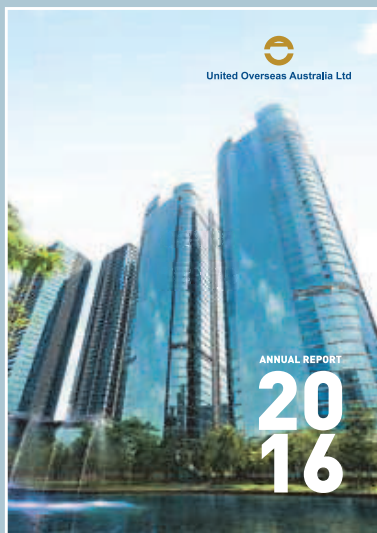
Tel: (+603) 2245 9188 • Fax: (+603) 2245 9128



United Overseas Australia Ltd

ANNUAL REPORT

20
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On Cover:

Actual Photo of The Vertical @ Bangsar South

Contents

| | |
|---|----|
| Corporate Directory | 2 |
| Chairman's Message | 3 |
| Executive Director's Review of Operations | 4 |
| Directors' Report | 21 |
| Auditor's Independence Declaration | 44 |

Corporate Directory

A.C.N 009 245 890

A.B.N 81 009 245 890

DIRECTORS

Mr. Chong Soon Kong
*(Executive Chairman and
Chief Executive Officer)*

Mr. Pak Lim Kong

Mr. Alan Charles Winduss

Mr. Chee Seng Teo

Ms. May Chee Kong

(alternate for C.S. Kong)

COMPANY SECRETARY

Mr. Alan Charles Winduss

ASX Code

UOS

REGISTERED OFFICE

Suite1

467 Scarborough Beach Road

Osborne Park, Perth

Western Australia 6017

Telephone +618 9217 9800

Facsimile +618 9217 9899

Email alan_winduss@winduss.com.au

PRINCIPAL PLACE OF MANAGEMENT

UOA Corporate Tower

Lobby A, Avenue 10, The Vertical

Bangsar South City

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

SHARE REGISTRY

Advanced Share Registry Services Ltd

110 Stirling Highway

Nedlands, Perth

Western Australia 6009

AUDITORS

Grant Thornton Audit Pty Ltd

Level One

10 Kings Park Road

West Perth

Western Australia 6005

Chairman's Message

Dear Valued Shareholders,

The financial year ended 31 December 2016 has again been a positive year for the Company whilst operating in challenging market conditions. The Company has this year placed emphasis on the residential component of our operations to meet consumer interest and demand, while the hospitality division has begun to fulfill expectations.

I am pleased to report that after adjusting for minority interests and taxation, a profit of \$162 million is attributable to members of United Overseas Australia Ltd. This is an increase of \$44 million or 36.7% compared to the results achieved for year ended 31 December 2015.

The Board of Directors has unanimously resolved to declare a final dividend of 2.5c (two point five cents) unfranked per ordinary share payable in June 2017, making a total dividend of 3c (three cents) for the year.

On behalf of the Board of Directors and the Senior Management, I would like to extend my sincere appreciation to our customers, shareholders, business associates and staff for all your continued support and contribution to our achievements in the past year.

Moving forward, we will continue in our efforts to deliver value to our shareholders in year 2017 by focusing on both the residential and commercial components with a residential bias based on our current projects while the expansion in hospitality will serve as an ancillary business to complement our integrated developments.

Thank you.

C.S. Kong
Chairman & Chief Executive Officer

Executive Director's Review of Operations



Lobby B, UOA Corporate Tower

As seen from this report the year ended December 2016 has again been one of profitable operations for the Group and allowing it to retain a very strong and positive balance sheet.

In order that our shareholders may have a complete understanding of the members of our Group and their operations, we have included in this review extracts from the Annual Reports of UOA Development Bhd (69.28% owned) and UOA Real Estate Investment Trust (46.26% owned) the financial results of which are consolidated into the Group accounts.

A full set of the financial statements and reports for UOA Real Estate Investment Trust can be downloaded at www.uoareit.com.my and for UOA Development Bhd at www.uoa.com.my

REVIEW OF OPERATIONS

UOA Development Bhd and its subsidiaries (the “Group”) has delivered another year of satisfactory results despite the volatile market conditions in the domestic and global economy. The Group achieved a total revenue of \$324.08 million and profit after tax of \$220.14 million.

Total property sales of \$461.95 million were achieved in financial year 2016 attributed mainly to newly launched development projects in the year; United Point Residence, Sentul Point, Danau Kota and continuing sales of existing projects such as The Vertical Business Suites.

The increase in fair value gain was due, mainly, to the completion of UOA Corporate Tower and the associated parking station. The increase in Other Income was derived from the expansion of activities in the hospitality areas of our business including VE Hotel which commenced operations in the first half of 2016, Capri By Fraser serviced suites, Connexion Conference and Event Centre at the Vertical and at Nexus in Bangsar South.



UOA Business Park

COMPLETED DEVELOPMENTS

UOA Business Park ("UBP") was completed ahead of schedule in the financial year 2016. UBP is a mixed development located close to the suburb of Subang and is connected directly to the KTM commuter train and Light Rail Transit train stations via a pedestrian bridge which link the project to the interchange stations. This development consists of 11 blocks of office towers and 26 units of retail shops.

Other projects completed in 2016 were Desa Green in Taman Desa, The Vertical Corporate Towers which are located within the commercial development of Bangsar South; this was fully completed in the fourth quarter of 2016. These three completed projects have an estimated GDV of \$1.02 billion collectively.



Desa Green



The Vertical Corporate Towers



Suria@North Kiara



Sentul Village



Southbank Residence



South View Serviced Apartments

CURRENT DEVELOPMENTS

Four development projects with an estimated GDV of \$621.36 million are expected to be completed in the financial year 31 December 2017. They include Suria@ North Kiara, Sentul Village, Southbank Residence and South View Serviced Apartments.

Suria@North Kiara consist of a mix of serviced apartments and retail spaces and is located adjacent to Scenaria@ North Kiara Hills. Sentul Village comprises of 1 block of 462 units of serviced apartments and 3 storeys of retail shops. Southbank Residence comprises 674 units of serviced apartments and 6 blocks of boutique office towers on Old Klang Road; South View Serviced Apartments which comprise 1,200 units of serviced apartments is located in close proximity to Bangsar South.



United Point Residence



Sentul Point



Danau Kota Suite Apartments

Danau Kota Suite Apartments are located in the matured township of Setapak off Jalan Genting Kelang and is complemented by excellent infrastructure facilities. This project consists of 285 units of apartment suites and 25 units of shop offices. The construction of this project is on-going and is expected to be completed in financial year 2018 with an anticipated GDV on completion of \$74.82 million.

Sentul Point in Sentul, Kuala Lumpur and United Point Residence in Kepong are amongst the major project launches during financial year 2016. Both projects consist of 3 blocks of residences respectively. The latter also comprises of a commercial complex that has a direct link to the soon-to-be-constructed KTM commuter train station.



Desa Center

FUTURE DEVELOPMENTS

Desa Center, a commercial project which is located adjacent to the recently completed Desa Green in Taman Desa, along with an affordable home project in Selayang are slated to be launched in financial year 2017. The two projects have an estimated GDV of \$126.87 million collectively.

Sales for Sentul Point and United Point Residences which collectively have a total estimated GDV of \$975.96 million are expected to continue through financial year 2017.

The Group's strategy remains firmly focused on development at targeted geographical locations and efforts to explore for opportune development land acquisitions that meet the objective of Group will continue.

UOA DEVELOPMENT BHD
GROUP FINANCIAL SUMMARY

| Group Year Under Review Summary Year Ended 31 December (\$'000) | 2016 | 2015 | 2014 | 2013 |
|--|-----------|-----------|-----------|-----------|
| Revenue | 324,081 | 560,949 | 365,720 | 410,015 |
| Profit before tax | 302,340 | 220,287 | 156,319 | 190,247 |
| Profit after tax | 231,184 | 166,604 | 121,078 | 133,549 |
| Profit attributable to shareholders | 220,152 | 142,360 | 107,262 | 119,443 |
| Paid-up capital | 25,295 | 24,249 | 24,973 | 22,919 |
| Shareholders' equity | 1,181,690 | 1,004,819 | 959,525 | 836,463 |
| Total assets employed | 1,544,822 | 1,397,685 | 1,202,982 | 1,060,403 |
| Total net tangible assets | 1,220,132 | 1,050,643 | 991,287 | 869,894 |
| Basic earnings per share (\$) | 0.14 | 0.10 | 0.08 | 0.09 |
| Net tangible assets per share (\$) | 0.78 | 0.71 | 0.65 | 0.60 |
| Share price – High (\$) | 0.90 | 0.78 | 0.82 | 0.90 |
| Share price – Low (\$) | 0.67 | 0.60 | 0.61 | 0.55 |

Executive Director's Review Of Operations

Extracts From UOA Real Estate Investment Trust's Annual Report

(Cont'd)

The year ended 31 December 2016 shows a marginally lower result when compared with the 2015. The rental market in Malaysia for this year was extremely competitive with many new buildings coming online in the market place.

Following are extracts from the REIT's Annual Report which shows the results achieved, assets owned and activities carried out during the year.

MANAGER'S REPORT AND FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

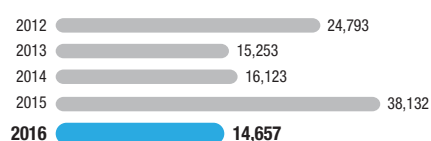
| | Year ended 31 December 2016 | Year ended 31 December 2015 | Year ended 31 December 2014 | Year ended 31 December 2013 | Year ended 31 December 2012 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Total gross income (\$'000) | 29,191 | 31,385 | 30,669 | 28,455 | 27,288 |
| Income before tax (\$'000) | 14,657 | 38,132 | 16,123 | 15,253 | 24,793 |
| Income after tax (\$'000) | | | | | |
| - Realised | 14,710 | 16,222 | 16,098 | 15,143 | 14,877 |
| - Unrealised | 1,436 | 21,438 | 526 | (386) | 8,905 |
| Total | 16,146 | 37,660 | 16,624 | 14,757 | 23,782 |
| Earnings per unit (cents) | | | | | |
| - Realised | 3.48 | 3.84 | 3.81 | 3.58 | 3.52 |
| - Unrealised | 0.34 | 5.07 | 0.13 | (0.10) | 2.11 |
| Total | 3.82 | 8.91 | 3.94 | 3.48 | 5.63 |
| Distribution per unit (cents) | 3.41 | 3.76 | 3.73 | 3.51 | 3.27 |
| Total asset value (\$'000) | 352,660 | 362,041 | 373,630 | 365,071 | 335,398 |
| Net asset value (\$'000) | 28,355 | 223,005 | 221,712 | 216,559 | 199,410 |
| Net asset value per unit (\$) | 0.52 | 0.53 | 0.52 | 0.51 | 0.47 |
| Market price per unit (\$) | 0.55 | 0.51 | 0.50 | 0.50 | 0.43 |
| Distribution yield | 5.95% | 6.89% | 7.69% | 7.36% | 7.65% |
| Annual total returns (\$'000) ⁽¹⁾ | 14,710 | 16,222 | 16,098 | 15,143 | 14,877 |
| Average total returns ⁽²⁾ | | | | | |
| - for one year | 9.50% | 9.98% | 9.97% | 9.66% | 10.00% |
| - for three years | 9.82% | 9.87% | 9.88% | 9.47% | 9.62% |
| - for five years | 9.82% | 9.67% | 9.70% | 10.05% | 10.15% |

⁽¹⁾ Annual total returns are defined as realised income after tax.

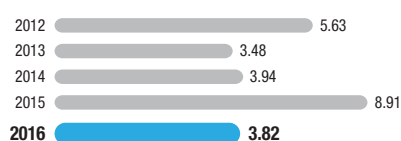
⁽²⁾ Average total returns are calculated based on annual total returns for the respective financial years divided by unitholders' capital for the respective financial years.

Note: Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate in line with economic conditions and subsequent trust performance.

Income Before Tax (\$'000)



Earnings Per Unit (cents)



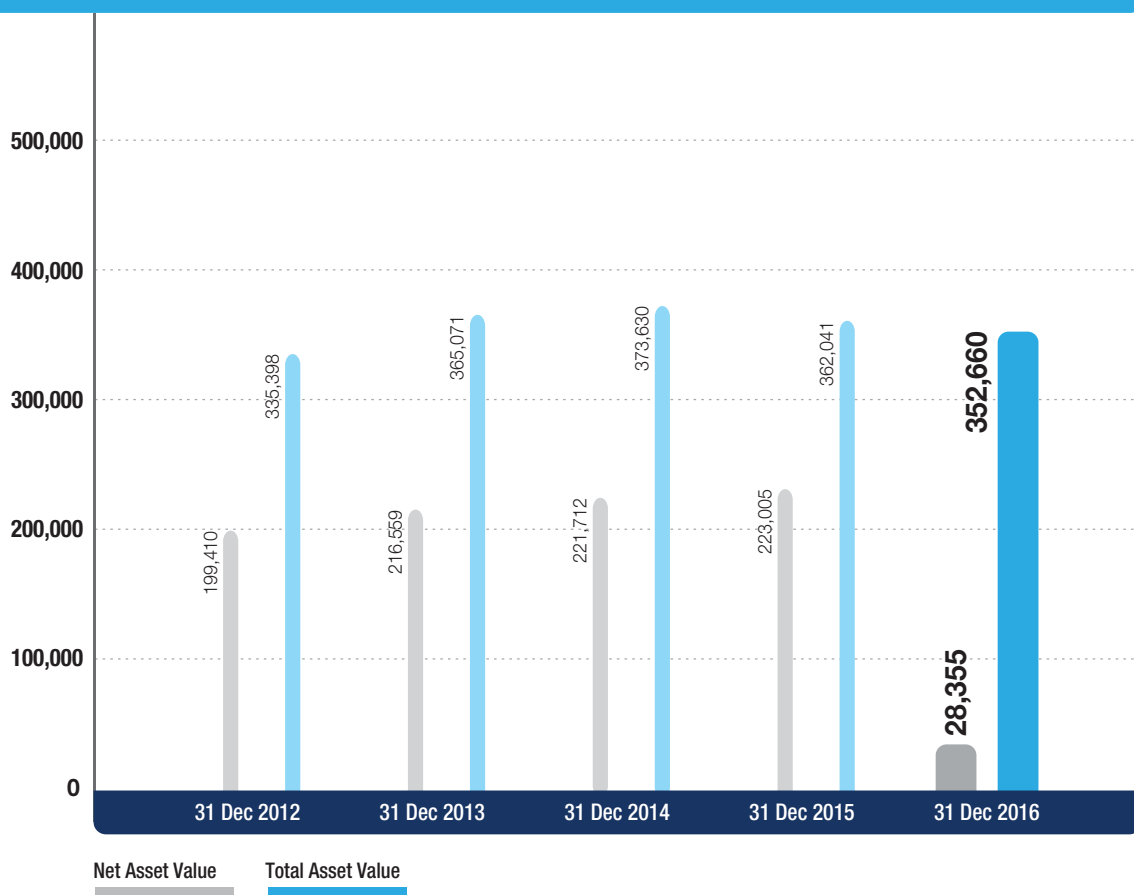
Distribution Per Unit (cents)



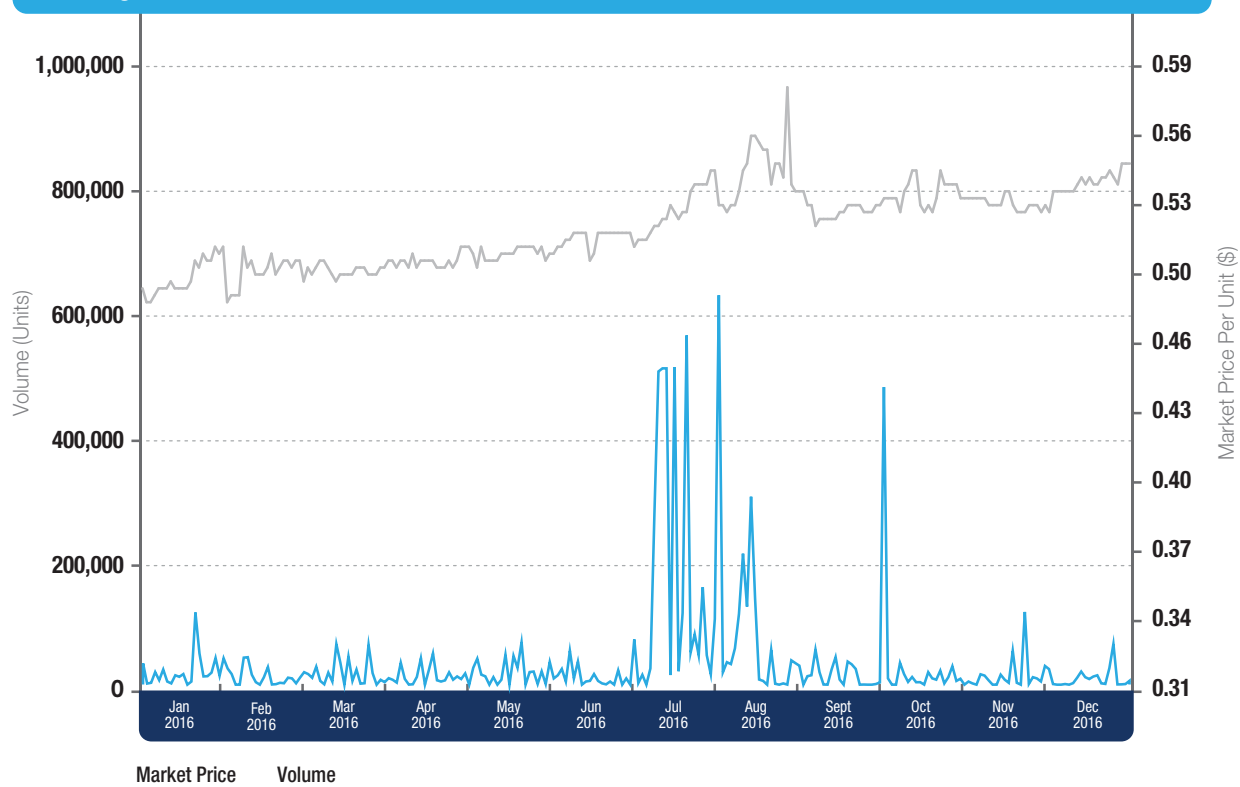
Net Asset Value Per Unit (\$)



Total Asset Value and Net Asset Value (\$'000)



Trading Performance and Market Price Per Unit



Executive Director's Review Of Operations

Extracts From UOA Real Estate Investment Trust's Annual Report

(Cont'd)

MANAGER'S REPORT

UOA Asset Management Sdn Bhd, the Manager of UOA Real Estate Investment Trust ("UOA REIT" or "Trust"), has pleasure in presenting the Manager's Report on UOA REIT together with the audited financial statements of the Group and of the Trust for the year ended 31 December 2016.

PRINCIPAL ACTIVITY OF THE MANAGER

The Manager, a company incorporated in Malaysia, is a subsidiary company of UOA Corporation Bhd (an effectively 60% owned subsidiary company of UOA Holdings Sdn Bhd which in turn, is a wholly owned subsidiary company of United Overseas Australia Ltd, a company incorporated in Australia and listed on the Australian Stock Exchange and the Stock Exchange of Singapore). The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the financial year.

PRINCIPAL ACTIVITIES AND INVESTMENT OBJECTIVE OF THE TRUST

UOA REIT is a Malaysia-domiciled real property trust fund constituted under a Deed dated 28 November 2005 ("Deed") by UOA Asset Management Sdn Bhd ("Manager") and RHB Trustees Berhad ("Trustee").

UOA REIT commenced operations on 1 December 2005 and was listed on the Main Market of Bursa Malaysia Securities Berhad on 30 December 2005. The principal activity of UOA REIT is to invest in a diversified portfolio of real estate and real estate-related assets used, or predominantly used, for commercial purposes, whether directly or indirectly through the ownership of single-purpose companies, who wholly own real estate with the objective of achieving a stable return from rental income and long term capital growth. There has been no significant change in the nature of this activity during the financial year.

UOA REIT will continue its operations until such time as determined by the Trustee and the Manager as provided under Clause 26 of the Deed.

INVESTMENT STRATEGIES

During the financial year, the Manager continued to adopt the following strategies in achieving the Group's investment objective:

(I) Operating Strategy

The Group's operating strategy is to continue to enhance the performance of the Properties by increasing yields and returns from the Properties through a combination of retaining existing tenants, reducing vacancy levels, adding and/or optimising retail/office space at the Properties and minimising interruptions in rental income and operational costs. The Manager expects to apply the following key operating and management principles:

- (a) to optimise rental rates via active management of tenancies, renewals and new tenancies;
- (b) maintaining a close relationship with tenants to optimise tenant retentions;
- (c) actively working with the Property Manager to pursue new tenancy opportunities;
- (d) to optimise tenant mix and space configuration;
- (e) continuous review of tenant mix and if practicable, reconfigure lettable space; and
- (f) continually maintain the quality of the Properties.

(II) Acquisition Strategy

The Manager seeks to increase cash flow and enhance unit value through selective acquisitions. The acquisition strategy takes into consideration:

- (a) location;
- (b) occupancy and tenant mix;
- (c) building and facilities specifications;
- (d) opportunities; and
- (e) yield thresholds.

The Manager has access to a network of and good relationships with leading participants in the real estate industry which may assist the Group in identifying (a) acquisition opportunities that have favourable returns on invested capital and growth in cash flow; and (b) under-performing assets. The Manager believes that these deal-sourcing capabilities are an important competitive advantage of the Group.

The Manager intends to capitalise on the relationship with UOA Holdings Group, which is one of Malaysia's leading property development, property investment, property management services and construction group of companies. This relationship is expected to accord the Group competitive advantages and benefits towards achieving its long term objectives.

The Manager intends to hold the Properties on a long term basis. In the future where the Manager considers that any property has reached a stage that offers only limited scope for growth, they may consider selling the property and using the proceeds from the sale for alternative investments in properties that meet their investment criteria.

(III) Capital Management Strategy

The Manager aims to optimise the Group's capital structure and cost of capital within the borrowing limits prescribed by the Securities Commission's Guidelines on Real Estate Investment Trusts ("REIT Guidelines") and intends to use a combination of debt and equity funding for future acquisitions and improvement works at the Properties. Our capital management strategies involve:

- (a) adopting and maintaining an optimal gearing level; and
- (b) adopting an active interest rate management strategy to manage risks associated with changes in interest rates

while maintaining flexibility in the Group's capital structure to meet future investment and/or capital requirements.

Executive Director's Review Of Operations

Extracts From UOA Real Estate Investment Trust's Annual Report

(Cont'd)

INVESTMENT POLICIES

(I) Portfolio Composition

The Group's investments may be allocated in the following manner, as prescribed by the REIT Guidelines:

- (a) to invest in real estate, single-purpose companies whose principal assets comprise real estate, real estate-related assets, non-real estate-related assets or liquid assets;
- (b) at least 50% of the Group's total assets must be invested in real estate or single-purpose companies whose principal assets comprise real estate, at all times; and
- (c) not more than 25% of the Group's total assets may be invested in non-real estate-related assets and/or liquid assets.

(II) Diversification

The Group will seek to diversify its real estate portfolio by property and location type. The Group will focus on investing in properties that are primarily used for office, retail and/or residential purposes and will continue to look for opportunities in these type of properties. In addition, it may also look into other properties that will provide attractive risk-adjusted returns.

(III) Leverage

The Group will be able to leverage on its borrowings to make the permitted investments. Leveraging on its borrowings will increase the returns to unitholders. The Group is permitted to procure borrowings of up to 50% of its total asset value.

DISTRIBUTION POLICY

At least 90% of the distributable income of the Trust will be distributed semi-annually or at such other intervals as determined by the Manager, in arrears.

The details of the real estate properties as at 31 December 2016 are as follows:

UOA Centre Parcels

Address/Location

Within UOA Centre at No. 19, Jalan Pinang, 50450 Kuala Lumpur.

Description

Parcels within the 33-storey office building known as UOA Centre inclusive of 6 levels of car park space.

Title details

Twenty-eight (28) strata titles within UOA Centre identified as Bangunan M1, held under Master Title Geran 46212, Lot No. 1312, Section 57, Town and District of Kuala Lumpur, State of Wilayah Persekutuan KL.

Property type

Office parcels

Net lettable area

123,950 sq ft

Age

Approximately 22 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

- Dats Management Sdn Bhd
- Bank Kerjasama Rakyat Malaysia Bhd
- Mondial Assistance Services (Malaysia) Sdn Bhd

Occupancy rate (based on secured tenancies)

78.5%

Rental received/receivable

\$2,056,315

Maintenance costs and capital expenditure

Maintenance costs amount to \$552,588. No capital expenditure incurred during the financial year.

Encumbrances

Charged to a financial institution as security for revolving credit facilities.



Date of acquisition

29 November 2005

Cost of acquisition

\$17,348,743

Last valuation

\$26,341,723

Date of last valuation

31 December 2015

Basis of valuation

Investment and Comparison Method

Independent valuer

PA International Property Consultants (KL) Sdn Bhd

Net book value

\$26,341,723

UOA II Parcels



Date of acquisition

29 November 2005 (Excluding Level 17, UOA II)
 22 March 2010 (Level 17, UOA II)

Cost of acquisition

\$60,276,774

Last valuation

\$91,111,373

Date of last valuation

31 December 2015

Basis of valuation

Investment and Comparison Method

Independent valuer

PA International Property Consultants (KL) Sdn Bhd

Net book value

\$91,111,393

Address/Location

Within UOA II at No. 21, Jalan Pinang, 50450 Kuala Lumpur.

Description

Parcels within the 39-storey office building known as UOA II inclusive of 5 levels of car park space.

Title details

Sixty-eight (68) strata titles within UOA II identified as Bangunan M2, held under Master Title Geran 46212, Lot No. 1312, Section 57, Town and District of Kuala Lumpur, State of Wilayah Persekutuan KL.

Property type

Office parcels

Net lettable area

425,749 sq ft

Age

Approximately 18 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

- a) Dats Management Sdn Bhd
- b) Envico Enterprises Sdn Bhd
- c) SIP JDA Sdn Bhd

Occupancy rate (based on secured tenancies)

90.4%

Rental received/receivable

\$7,529,063

Maintenance costs and capital expenditure

Maintenance costs amount to \$1,414,940. No capital expenditure incurred during the financial year.

Encumbrances

Charged to a financial institution as security for revolving credit facilities (There are no encumbrances on Level 17, UOA II).

UOA Damansara Parcels

Address/Location

Within UOA Damansara at No. 50, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur.

Description

Parcels within the 13 storey office building known as UOA Damansara inclusive of 4 levels of basement car park space.

Title details

Thirty (30) strata titles within UOA Damansara identified as Bangunan M1, held under Master Title Geran 67371, Lot No. 55917, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan KL.

Property type

Office parcels

Net lettable area

186,395 sq ft

Age

Approximately 19 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

- a) Skrine
- b) Dats Management Sdn Bhd
- c) Kerajaan Malaysia (Kementerian Perumahan dan Kerajaan Tempatan)

Occupancy rate (based on secured tenancies)

87.9%

Rental received/receivable

\$3,202,729

Maintenance costs and capital expenditure

Maintenance costs amount to \$935,783. Capital expenditure of \$289,106 was incurred during the financial year to enhance the property.

Encumbrances

Charged to a financial institution as security for revolving credit facilities.



Date of acquisition

29 November 2005

Cost of acquisition

\$22,312,989

Last valuation

\$37,188,315

Date of last valuation

31 December 2015

Basis of valuation

Investment and Comparison Method

Independent valuer

PA International Property Consultants (KL) Sdn Bhd

Net book value

\$37,477,422

Wisma UOA Pantai



Date of acquisition

2 April 2008

Cost of acquisition

\$26,651,626

Last valuation

\$29,440,750

Date of last valuation

31 December 2015

Basis of valuation

Investment and Comparison Method

Independent valuer

PA International Property Consultants (KL) Sdn Bhd

Net book value

\$29,441,937

Address/Location

No. 11, Jalan Pantai Jaya, 59200 Kuala Lumpur.

Description

A 5 storey office building with 2 mezzanine floors and 3 levels of basement car park space.

Title details

Geran 68832, Lot No. 57687, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan KL.

Property type

Commercial building

Net lettable area

157,083 sq ft

Age

Approximately 9 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

- a) Solid Waste and Public Cleansing Management Corporation
- b) Dats Management Sdn Bhd
- c) Tenaga Nasional Berhad

Occupancy rate (based on secured tenancies)

55.7%

Rental received/receivable

\$2,601,772

Maintenance costs and capital expenditure

Maintenance costs amount to \$722,773. No major capital expenditure incurred during the financial year.

Encumbrances

Nil

Wisma UOA Damansara II

Address/Location

No. 6, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur.

Description

A 16 storey office building with 3 levels of elevated car park space and 5 levels of basement car park space.

Title details

Geran 6837, Lot No. 38415, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan KL.

Property type

Commercial building

Net lettable area

291,155 sq ft

Age

Approximately 9 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

- a) Dats Management Sdn Bhd
- b) Radimax Group Sdn Bhd
- c) Securities Commission Malaysia

Occupancy rate (based on secured tenancies)

79.3%

Rental received/receivable

\$5,196,809

Maintenance costs and capital expenditure

Maintenance costs amount to \$1,232,066. Capital expenditure of \$63,806 was incurred during the financial year to enhance the property.

Encumbrances

Charged to a financial institution as security for revolving credit facilities.



Date of acquisition

17 January 2011

Cost of acquisition

\$65,389,455

Last valuation

\$72,207,312

Date of last valuation

31 December 2015

Basis of valuation

Investment and Comparison Method

Independent valuer

PA International Property Consultants (KL) Sdn Bhd

Net book value

\$72,271,118

Parcel B – Menara UOA Bangsar



Address/Location

Within Menara UOA Bangsar at No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur.

Description

A tower block, namely Tower B comprising 15 levels of office space, 3 levels of retail podium, 6 levels of elevated car park and 4 levels of basement car park (which form part of a development known as Menara UOA Bangsar).

Title details

Fourteen (14) strata titles within Menara UOA Bangsar, identified as Bangunan M1 and M1-A, held under Master Title Pajakan Negeri (WP) 43411, Lot No. 421, Section 96, Town and District of Kuala Lumpur, State of Wilayah Persekutuan KL.

Property type

Commercial building

Net lettable area

309,627 sq ft

Age

Approximately 8 years

Existing use

Commercial

Date of acquisition

17 January 2011

Cost of acquisition

\$89,561,860

Last valuation

\$92,970,789

Date of last valuation

31 December 2015

Basis of valuation

Investment and Comparison Method

Independent valuer

PA International Property Consultants (KL) Sdn Bhd

Net book value

\$92,974,411

Status of holding

99 years leasehold expiring in 2106 (unexpired term of approximately 90 years)

Major tenants (based on monthly rental receivable)

- a) Perbadanan Harta Intelek Malaysia
- b) Dats Management Sdn Bhd
- c) Prasarana Malaysia Bhd

Occupancy rate (based on secured tenancies)

97.6%

Rental received/receivable

\$8,493,139

Maintenance costs and capital expenditure

Maintenance costs amount to \$1,797,740. No major capital expenditure incurred during the financial year.

Encumbrances

Charged to a financial institution as security for revolving credit facilities.

These extracts are part of the complete Annual Reports which can be downloaded at www.uoadev.com.my or www.uoareit.com.my

Directors' Report

The Directors present their report together with the Financial Report of United Overseas Australia Ltd (the Company) and of the Group, being the Company, its subsidiaries and the Group's interest in any jointly controlled entities for the financial year ended 31 December 2016 together with the report of the Company's Auditors.

| Name | Current Occupation/Position |
|----------------------------|--|
| Chong Soon Kong @ Chi Suim | Executive Chairman/Chief Executive Officer |
| Pak Lim Kong | Executive Director |
| Alan Charles Winduss | Non-Executive Director/Non-independent |
| Chee Seng Teo | Independent Director |
| May Chee Kong | Alternate Director to Chong Soon Kong @ Chi Suim |

Information on the areas of prime responsibility, the business and working experience of the Directors is set out below

Kong Chong Soon @ Chi Suim (Managing Director/Non-Independent Director)

Kong Chong Soon @ Chi Suim, Malaysian, male, aged 76, is responsible for the overall group management and strategy development. He has over 33 years of experience in the construction and property development industries, both in Malaysia and Singapore. He played a key role as Project Advisor to the Harapan group of companies where he was instrumental in overseeing the successful construction of three internationally-rated hotels in Singapore, namely Hotel Meridien, Glass Hotel and Changi Meridien Hotel, valued in excess of SGD866.0 million, during the 1970s and 1980s.

In 1987, Mr. Kong co-founded United Overseas Australia Ltd ("UOA" or "Parent Group") and spearheaded our Parent Group's rapid growth in Malaysia. Over the last 25 years, our Parent Group together with other Group members have successfully completed numerous residential, industrial and commercial developments in various parts of Kuala Lumpur. He has in the past served in various capacities in several public-listed companies both in Malaysia and Singapore which included Raleigh Bhd, Town and City Properties Ltd and Tuan Sing Holdings Ltd.

Mr. Kong graduated with an Associateship in Civil Engineering from Perth Technical College (now known as Curtin University) in 1964 and is a member of the Chartered Engineers of Australia.

He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years or any conflict of interest with the Company.

May Chee Kong alternate director for him on United Overseas Australia Limited and Sze Choon Kong alternate director for him on UOA Development Bhd, are both children of Mr. Kong.

Mr. Kong is a Director of:

UOA Development Bhd

Bursa Malaysia Securities Berhad Listed

Directors' Report

(Cont'd)

Pak Lim Kong (Executive Director/Non-Independent Director)

Pak Lim Kong, Malaysian, male, aged 64, oversees the planning and design of the Group's commercial and residential projects and is also responsible for the identification and negotiation of all new land acquisitions.

Mr. Kong has over 38 years of experience in the construction, mining and property development industries in both Malaysia and Australia. He has worked extensively in various capacities in Australia, among them as Project Engineer in Davis Wemco in charge of mining design, construction and material handling and as a Director of Ferro Engineering Pty Ltd responsible for structural and mechanical fabrication of oil & gas and mining equipment.

He co-founded United Overseas Australia Ltd ("UOA" or "Parent Group") with Mr. Kong Chong Soon and played an integral part in spearheading the Parent and our Group's rapid growth over the years.

Mr. Kong graduated with a Bachelor of Engineering Degree with Honours from University of Western Australia in 1975. He is a member of the Institute of Engineers Malaysia and the Association of Professional Engineers Malaysia.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

Mr. Kong is a Director of:

UOA Development Bhd

Bursa Malaysia Securities Berhad Listed

Alan Charles Winduss (Non-Independent Non-Executive Director)

Alan Charles Winduss, Australian, male, aged 76 is also a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee. He is a Director of Winduss & Associates Pty Ltd Chartered Accountants. He has been involved in the professional accounting public practice for over 30 years, specialising in matters relating to corporate management, restructuring, corporate finance and company secretarial matters including the Australian Securities Exchange ("ASX") and the Australian Securities and Investments Commission compliance. The accounting practice of Winduss & Associates Pty Ltd lists among its field of expertise matters relating to property development, management and ownership.

Mr. Winduss sits on the Board of two companies listed on the ASX and serves on the Board of Australian incorporated private limited companies. He is a Director of United Overseas Australia Ltd and is also a Non-Independent, Non-Executive Chairman of UOA Asset Management Sdn Bhd, which is the Manager for the UOA Real Estate Investment Trust.

Mr. Winduss graduated from Perth Technical College (now known as Curtin University) with a Diploma in Accounting in 1963. He is a member of various professional bodies including Chartered Accountants Australia and New Zealand and the CPA Australia. In addition, he is an Associate Fellow of the Australian Institute of Management, a Fellow of the Taxation Institute of Australia, a Fellow of the Australian Institute of Company Directors and a registered Australian Company Auditor.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

Mr. Winduss is a Director of:

Advanced Share Registry Limited

UOA REIT

UOA Development Bhd

ASX Listed

Bursa Malaysia Securities Berhad Listed

Bursa Malaysia Securities Berhad Listed

Chee Seng Teo (Independent Non-Executive Director)

Mr. Chee Seng Teo, Singaporean, male, aged 62, is an Independent Non-Executive Director of the Company. He is also a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences, and there is no sanction or penalty imposed on him by any regulatory bodies over the past 5 years.

Mr. Teo is a Director of:

| | |
|--|---|
| Lasseters International Holdings Limited | SGX-ST Listed |
| Etika International Holdings Limited | SGX-ST Listed |
| Soilbuild Group Holdings Ltd | SGX-ST Listed |
| UOA Development Bhd | Bursa Malaysia Securities Berhad Listed |

May Chee Kong (Alternate Director to Kong Chong Soon @ Chi Suim)

May Chee Kong, Singaporean, female, aged 43, is the alternate Director for Kong Chong Soon @ Chi Suim.

May Chee Kong is the daughter of Kong Chong Soon @ Chi Suim.

Company Secretary**Alan Charles Winduss**

| Director | Director's Meetings | | Audit | |
|-------------|---------------------|----------|-------|----------|
| | Held | Attended | Held | Attended |
| C S Kong | 5 | 5 | - | - |
| P L Kong | 5 | 5 | 4 | 4 |
| A C Winduss | 5 | 5 | 4 | 4 |
| C S Teo | 5 | 3 | 4 | 2 |

Corporate Governance Statement

Approach to Corporate Governance

United Overseas Australia Ltd (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the ASX Corporate Governance Council Principles and Recommendations 3rd edition (**Principles & Recommendations**). The Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.uoa.com.my, under the section marked "Investor Relations", "UOA Limited":

Charters

Board

Audit

Remuneration

Policies and Procedures

Corporate Code of Conduct

Risk Management Policy

Policy and Procedure for the Selection and (Re) Appointment of Directors

Process for Performance Evaluations

Continuous Disclosure Policy

Shareholder Communication Policy

The Company reports below on whether it has followed each of the recommendations during the financial year ended 31 December 2016 (**Reporting Period**). The information in this statement is current at 20 March 2017.

Board

Roles and Responsibilities of the Board and Senior Executives (Recommendations: 1.1, 4.2)

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter. The Board Charter is now disclosed in full on the Company's website. A summary of the Board Charter was disclosed on the Company's website during the Reporting Period.

The Board has a responsibility for protecting the rights and interests of shareholders and is responsible for the overall direction, monitoring and governance of the Company.

Responsibility for managing the business on a day-to-day basis has been delegated to the Executive Chairman/Chief Executive Officer – Mr Chong Soon Kong, Executive Director – Mr Pak Lim Kong and the management team.

The Board is responsible for the overall corporate governance of the Company and its subsidiaries. Responsibilities and functions of the Board are set out in the Board Charter and include:

- (a) setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;
- (b) ensuring that there are adequate resources available to meet the Company's objectives;
- (c) appointing the Chief Executive Officer and evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;
- (d) evaluating the performance of the Board and its Directors on an annual basis;
- (e) determining remuneration levels of Directors;
- (f) approving and monitoring financial reporting and capital management;
- (g) approving and monitoring the progress of business objectives;
- (h) ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licence(s);
- (i) ensuring that adequate risk management procedures exist and are being used;
- (j) ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of corporate and social responsibility;
- (k) ensuring that the Board is and remains appropriately skilled to meet the changing needs of the Company; and
- (l) ensuring procedures are in place for ensuring the Company's compliance with the law, and financial and audit responsibilities, including the appointment of an external auditor and reviewing the Board's financial statements, accounting policies and management processes.

The Executive Chairman/Chief Executive Officer and the Executive Director are responsible for daily management and corporate activities of the Company under the delegated authority of the Board, as set out in the Board Charter.

Prior to the approval of the Company's financial statements, the Board requires its Chief Executive and Chief Financial Officers to provide a declaration that, in their opinion, the financial records of the Company have been properly maintained, and that the financial statements comply with the appropriate accounting standards giving a true and fair view of the financial position and performance of the Company, which is also required under the Corporations Act 2001. The opinion of these officers is to be formed based on the system of risk management and internal controls that the Company has adopted to minimise the risks associated with the recording and reporting of its financial information.

Skills, Experience, Expertise and Period of Office of Each Director (Recommendations: 2.2, 2.3, 2.6)

A profile of each Director setting out their skills, experience, expertise and period of office is set out in the Directors' Report on page 21.

The mix of skills and diversity for which the Board is looking to achieve in its membership is represented by the composition of the current Board. The Board comprises directors who possess the following skills and qualifications: experience in construction and property development, qualifications in engineering, accounting and law and general business acumen. The Board considers that this mix of skills is appropriate for the Company's current and projected operations.

Directors are encouraged to undertake appropriate professional development to maintain the skills and knowledge needed to perform their role with the Company effectively, and the Company provides opportunities for this to occur from time to time.

Directors' Report

(Cont'd)

Director Independence

(Recommendations: 2.3, 2.4, 2.5)

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations and applicable materiality thresholds. The Board has agreed that the materiality thresholds applicable to assessing the independence of directors will be determined on a case by case basis.

The Board does not have a majority of directors who are independent. The Board comprises one independent director, Mr Chee Seng Teo. Mr Chee Seng Teo is independent as he is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Two of the remaining three Board members are also executives of the Company whilst one is Non-Executive but classified as Non-Independent. The Board considers that given the scope of the Company's current operations, and the relevant experience of the Board members in the development, construction and property industry, that the Board is appropriately structured to discharge its duties in a manner that is in the best interests of the Company from both a long term strategic and operational perspective.

The non-independent Chair of the Board is Mr Chong Soon Kong, who is also the Company's Chief Executive Officer. The Board believes that Mr Chong Soon Kong is the most appropriate person for the position of Chair because of his experience in Malaysia and his industry experience and knowledge. The Board believes that Mr Chong Soon Kong makes decisions that are in the best interests of the Company.

Independent Professional Advice

(Recommendation: 1.1)

To assist directors with independent judgement, it is the Board's policy that each director has the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chair and which shall not be unreasonably withheld.

Selection and (Re) Appointment of Directors

(Recommendation: 1.2, 1.3, 2.1, 2.2, 2.6)

In determining candidates for the Board, the Board considers the skills, personal attributes and capability to devote the necessary time and commitment to the role, as well as requiring the candidate to complete questionnaires to enable the Board to assess their business experience, character (by requiring disclosure of any convictions or findings against the candidate) and relationships with any entities that may give rise to a conflict of interest within the Group. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

Upon the appointment or election of a new director, the Company will provide the director with a written agreement outlining their role and responsibilities within the Company and the expectations of the Company on the director, and will conduct a briefing with the new director on the Company's operations and activities, including site visits to projects, to provide an understanding of the Company's operations.

An election of directors is held each year. All directors are subject to re-election by rotation every three years. Re-appointment of directors is not automatic. The Company provides relevant information on any director to shareholders whose appointment is to be ratified or who is to be re-elected in the Notice of Meeting pertaining to the meeting at which the director is to be considered.

The Company's Policy and Procedure for the Selection and Re (Appointment) of Directors is disclosed on the Company's website.

Responsibility of the Company Secretary

(Recommendation: 1.4)

The Company Secretary is directly accountable to the Board, through the Chair, on all matters associated with the proper functioning of the Board. The Company Secretary advises the Board and its Committees on governance matters, including the procedures and policies that have been adopted by the Company. The Company Secretary is responsible for coordinating the Board's and Committees' meetings and documents for those meetings, as well as ensuring proceedings at the meetings are accurately recorded. It is open for each director to be able to communicate directly with the Company Secretary. The Company Secretary is appointed, and may be removed, by the Board.

Board Committees

Nomination Committee

(Recommendation: 2.1)

The Board has not established a separate Nomination Committee, nor has it adopted a Nomination Committee Charter. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a Nomination Committee are discussed at Board meetings from time to time as required.

The full Board did not officially convene in its capacity as a Nomination Committee during the Reporting Period, however nomination-related discussions, which included matters associated with the composition of the Board and longevity of service of the Board, occurred from time to time during the year as required.

Audit Committee

(Recommendation: 4.1, 4.3)

The Board has established an Audit Committee but is unable to form an Audit Committee that complies with Recommendation 4.1. However, the Board considers that it is appropriate that the Company's sole independent director, Mr Chee Seng Teo, Chair the committee (Mr Chee Seng Teo is not also Chair of the Board), and that Mr Alan Winduss is a member of the committee as he is a Chartered Accountant.

The Audit Committee met four times during the Reporting Period. Details of director attendance at Audit Committee meetings during the Reporting Period are set out in a table in the Directors' Report on page 23.

Details of each of the director's qualifications are set out in the Directors' Report on page 21. Each member of the Audit Committee considers himself to be financially literate and to have an understanding of the industry in which the Company operates. Mr Winduss is a Chartered Accountant.

The Company has adopted an Audit Committee Charter, which is disclosed on the Company's website.

The Company has not established a procedure for the selection, appointment and rotation of its external auditor, however, complies with its obligations as set out in the *Corporations Act 2001* (Cth) in relation to the appointment and rotation of its external auditor. The performance of the external auditor is reviewed on an annual basis by the Audit Committee and any recommendations are made to the Board. The Company's external auditor is required to attend the Annual General Meeting of the Company and to be available at that meeting to answer questions relevant to the audit.

Directors' Report

(Cont'd)

Risk Management Committee

(Recommendation: 7.1)

As is required, the Board is ultimately responsible for the risk management of the Company. Given the present size and structure of the Board, the establishment of a separate Committee would not add value to the Company's risk procedures. The Board, however, recognises the importance of risk management within the Company, and whilst it has not established a separate Risk Management committee, the Board has adopted the Risk Management policy as outlined below which allows it to focus and allocate its risk management strategies to those that are best able to address risks as they become identified.

Remuneration Committee

(Recommendations: 8.1, 8.2, 8.3, 8.4)

The Board has established a Remuneration Committee, which is described as a sub-committee of the Audit Committee as it has the same composition as the Audit Committee and meets at the same time as the Audit Committee.

The Remuneration Committee is not structured in accordance with Recommendation 8.1 as with only one independent non-executive director, the Board is unable to establish a committee that meets the structural requirements of the recommendation.

The Remuneration Committee met four times during the Reporting Period. Details of director attendance at Remuneration Committee meetings held during the Reporting Period are set out in a table in the Directors' Report on page 23.

The Board has adopted a Remuneration Committee Charter, which is disclosed on the Company's website.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms part of the Directors' Report and commences on page 39. The Company's policy on remuneration distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior executives.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

The Company does not currently have a policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes as the Company does not have any equity based remuneration schemes in place.

Performance Evaluation

Senior Executives

(Recommendations: 1.7)

The Company does not employ any executives at the Company level, other than its executive Board members. The performance of each of the executive Board members is reviewed in conjunction with their review as a Board member. Each Board member completes a questionnaire, which is submitted to the Chair. The results of the questionnaires are then discussed on an informal round table basis, and on a one-on-one basis with the Chair if necessary.

The Chairman/Chief Executive Officer's performance is reviewed by the Board on an informal basis. During the review, performance is evaluated against the key performance indicators set for the previous year, and key performance indicators for the ensuing year are set.

During the Reporting Period an evaluation of the executive directors and the Chief Executive Officer took place in November 2016 accordance with the process disclosed above.

Board, its Committees and Individual Directors
(Recommendations: 1.6)

Please see above in relation to the evaluation of the Board and individual directors.

During the Reporting Period an evaluation of the Board and individual directors took place in November 2016 accordance with the process disclosed above.

The Company's Process for Performance Evaluation is disclosed on the Company's website.

Ethical and Responsible Decision Making

Code of Conduct
(Recommendation: 3.1)

The Company has established a corporate Code of Conduct, a copy of which is disclosed on the Company's website.

Diversity
(Recommendations: 1.5)

The Company has not established a Diversity Policy, nor has it set measurable objectives for achieving gender diversity. The Board considers that the Company and its subsidiaries have in place adequate arrangements to encourage diversity in employment. Further, due to the Company's small number of direct employees, the Board considers that it is difficult to set meaningful measurable objectives for achieving gender diversity.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board are set out in the following table:

| | Proportion of Women |
|--|------------------------|
| Whole organisation | 455 out of 1,865 (24%) |
| Senior executive positions (which means Key Management Personnel as defined in the Accounting Standards) | 72 out of 202 (36%) |
| Board | 0 out of 4 (0%) |

Continuous Disclosure
(Recommendation: 5.1)

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive level for that compliance.

The Company's Continuous Disclosure Policy is disclosed on the Company's website.

Shareholder Communication

(Recommendations: 6.1, 6.2, 6.3, 6.4)

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

The Company's Shareholder Communication Policy is disclosed on the Company's website.

The Company's website (<http://uoa.com.my/>) provides information to its shareholders on the Company and the related Malaysian listed entities in which the Company holds a stake. Specific to the Company, <http://uoa.com.my/uoa-limited> provides the Company's corporate governance, financial and dividend information for shareholders. Updates on the Company's and the other listed entities' operations and projects are provided on the website for the information of its investors and other interested parties. The Company plans to undertake a review of its website to provide further information to investors in relation to the Group and to facilitate easier communication by investors with the Company. The Company is not yet in a position to offer electronic attendance at its general meetings, but the meetings are conducted in Malaysia where the greatest proportion of shareholders reside which allows easier participation for the majority of the Company's investors. The Company offers electronic communication methods to its investors both through its share registry and its website.

Risk Management

(Recommendations: 7.1, 7.2, 7.3, 7.4)

The Board has adopted a Risk Management Policy that sets out a framework for a system of risk management and internal compliance and control whereby the Board delegates day-to-day management of risk to the Chief Executive Officer. The Chief Executive Officer, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

The Board is responsible for supervising the management's framework of control and accountability systems to enable risk to be assessed and managed.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- the Board has established defined guidelines for capital expenditure. These include levels of authority, appraisal procedures and due diligence requirements on potential acquisitions or disposals;
- the Board has adopted a continuous disclosure policy for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board approves an annual budget for the Company. Quarterly actual results are reported against budget and revised forecasts are prepared regularly.

The Company's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Company's activities. The Board aims to review the Company's risk management framework at least annually, and has undertaken the review in the past year.

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively. However, the Board receives regular reports from management as to the effectiveness of the Company's management of its material business risks, and the Board believes that management is effectively communicating its significant and material risks to the Board.

The categories of risk reported on as part of the Company's systems and processes for managing material business risks are financial and operational. The Group's risks are inherently within the subsidiary entities of the Group and reports received from subsidiaries are considered by the Board. The reports received indicated that the risk management strategies currently adopted are effective, and the reports did not disclose any additional risks that had not previously been considered.

The Board has considered the Group's exposure to economic, environmental and social sustainability risks. Whilst the Group's activities are predominately within the property development and investment sector, the Board believes that the Group's operations are suitably diversified between development and investment activities in order to mitigate the potential economic risks associated with the property sector. The Group has begun to identify investment opportunities outside Malaysia in order to further mitigate the risk of exposure to an economic downturn in the property sector in that market. The Group's environmental risks are generally associated with its development activities. The policies and procedures of the Group in relation to its projects attempt to mitigate any risk associated with environmental factors, including waste management. The Group also considers its social responsibilities and endeavours to engage the community wherever possible to mitigate any concerns that may arise from its operations.

A copy of the Company's Risk Management Policy is disclosed on the Company's website.

Internal Audit

(Recommendation: 7.3)

The Company has established an internal audit function which is overseen by the Audit Committee.

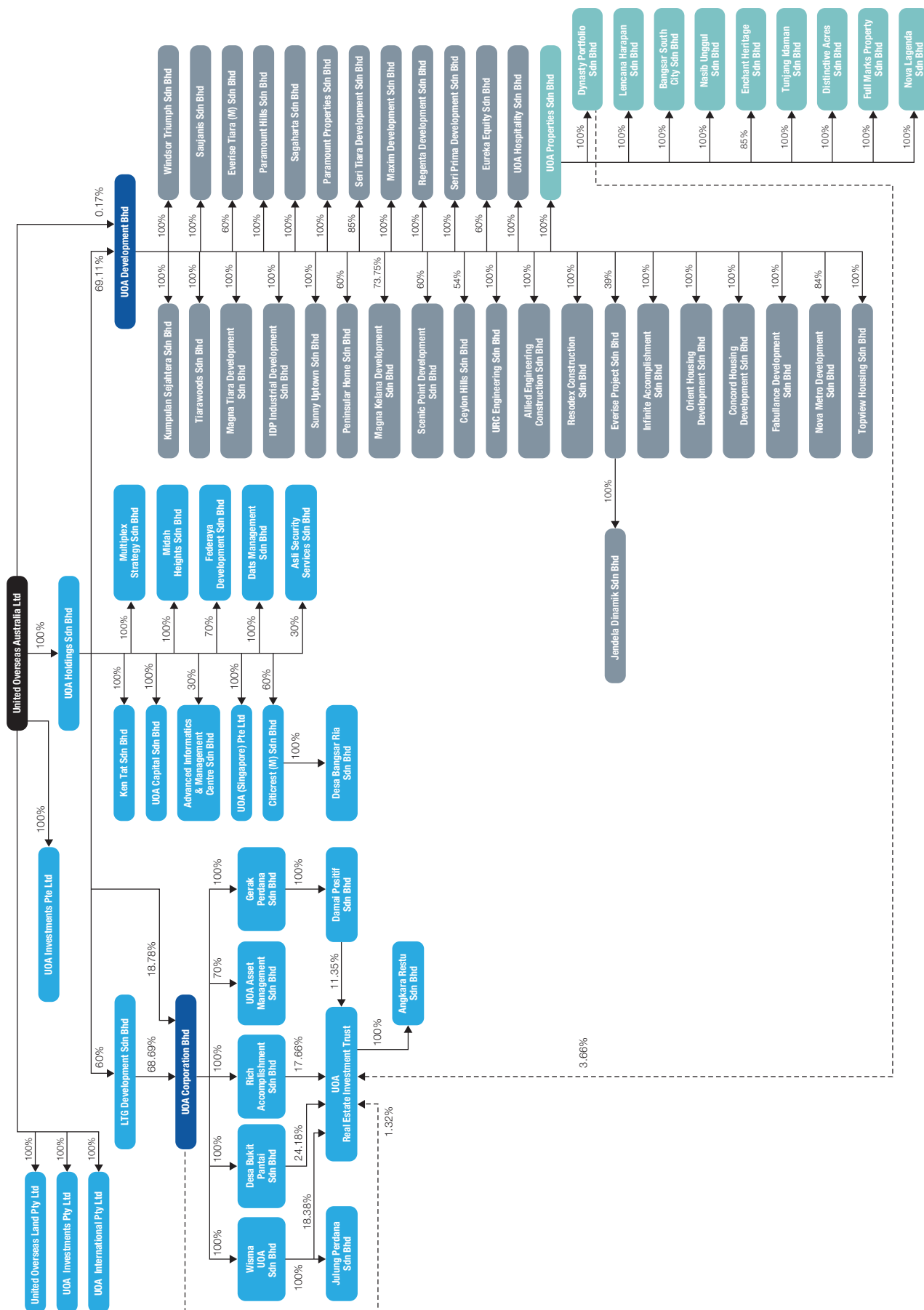
The internal audit function is structured to review the Company's operational and reporting procedures to ensure that the Company's policies and procedures are being followed. The Company has an internal audit department that has reviewed various aspects of the Group's internal controls during the year including their effectiveness and compliance with policies and procedures, review of health and safety procedures, review of debtors and debtors control systems and a review of related party transactions. The internal audit department reports to the Audit Committee and where any contraventions in procedures or weaknesses in controls are identified, the Audit Committee determines the actions required to address the issues raised by the internal auditors.

Directors' Report

(Cont'd)

| Dividends | Cents |
|--|-------|
| Final dividend recommended | |
| • On ordinary shares | 2.5 |
| Dividends paid in the year | |
| Interim for the year | |
| • On ordinary shares | 0.5 |
| Final for 2015 shown as recommended in the 2015 report | |
| • On ordinary shares | 2.5 |

UOA GROUP - Corporate Structure



Directors' Report

(Cont'd)

Nature of Operations and Principal Activities of The Group

The principal activities during the year of the members of the consolidated entities were:

- Development and resale of land and buildings
- Investment in the form of rental properties
- Investment in the UOA Real Estate Investment Trust
- Operations of hotels and food and beverages outlets

There have been no significant changes in the nature of activities during the year.

Employees

The consolidated entity employed 1,309 Malaysian employees and 556 Asian workers as at 31 December 2016 (2015: 1,029 Malaysian employees and 755 Asian workers).

Review and Results of Operations

Group Overview

The Company was incorporated in Western Australia in 1987 as United Overseas Securities Limited and a prospectus issued to facilitate a listing on the 'Second Board' of the Australian Stock Exchange-Perth; the Company transferred to the Main Board of the Australian Stock Exchange on January 1st 1992.

UOA Development Bhd

On the 8 June 2011 the Company's majority owned subsidiary UOA Development Bhd listed on the Malaysian Stock Exchange (Bursa Malaysia).

At the date of this report United Overseas Australia Ltd has a direct equity interest of 0.17% and an indirect interest of 69.11% (via UOA Holdings Sdn Bhd) in UOA Development Bhd.

UOA Real Estate Investment Trust

As at 31 December 2016, the Group has an effective equity holding of 46% in the Trust.

| | 2016 Revenue (\$000) | 2016 Results (\$000) | 2015 Revenue (\$000) | 2015 Results (\$000) |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Summarised Operating Results are as follows: | | | | |
| Operating Segments | | | | |
| Land Development and Sale | 638,255 | 158,498 | 982,619 | 165,173 |
| Investment | 487,356 | 77,139 | 205,512 | 27,842 |
| Other | 13,278 | 6,262 | 11,420 | 4,822 |
| | 1,138,889 | 241,899 | 1,199,551 | 197,837 |
| Consolidated adjustments | (581,686) | - | (515,511) | - |
| Non-segment unallocated revenue | - | - | - | - |
| | 557,203 | 241,899 | 684,040 | 197,837 |

Shareholder Returns

The Board of Directors approved a 0.5 (half of one) cent dividend, which was paid on 4 November 2016. After consideration of the final profit for the year ended 31 December 2016, the Board proposed the payment of the final dividend of 2.5 cents, making a total for the year of 3.0 cents. The final dividend will be eligible for participation in the Company's Dividend Reinvestment Plan.

| | 2016 | 2015 | 2014 | 2013 |
|----------------------------------|-------|-------|-------|-------|
| Basic earnings per share (cents) | 12.77 | 9.86 | 7.60 | 8.93 |
| Return on assets (%) | 19.66 | 37.81 | 25.77 | 31.98 |
| Return on equity (%) | 29.01 | 26.80 | 19.52 | 26.51 |
| Net debt/equity ratio (%) | 14.32 | 19.25 | 17.15 | 16.94 |

Directors' Report

(Cont'd)

Cash Flows from Operations

The cash flow from operations of the Group has increased over the year in review. It is expected that the Group's future cash flow from operations will be sufficient to meet its funding requirements. It is the Group's intention to repay debt with any cash surpluses that may be generated from operations. Cash surpluses will also be used to internally fund the construction of on-going development projects as the Group does not intend to increase its levels of gearing.

Liquidity and Funding

The Group relies in part from its bankers to support some acquisitions of property. There are adequate facilities and securities available to meet any unforeseen expenditure. However, it is the Director's policy to use the internally generated funds wherever possible.

Risk Management

The Directors of the parent Company and members of the Board of Group Companies are actively committed to risk management criteria as outlined in the Company's Corporate Governance Statement.

Significant Event after the Reporting Date

After the reporting date, the Board has proposed the payment of a final dividend of 2.5 cents, making a total for the year of 3.0 cents per share. Apart from the proposed dividend and matters noted in the Group's overview, at the date of this report, no other matter or circumstance has arisen since 31 December 2016 that has significantly affected or may significantly affect the operations of the consolidated entity constituted by United Overseas Australia Ltd and the entities it controls from time to time and the results expected to be realised from these entities.

Subsequent to balance sheet date, the company through its wholly owned subsidiary UOA International Pty Ltd has acquired a 51% interest in East Parade Pty Ltd to develop and market a project of 70 condominiums and 3 commercial units in East Perth, an inner-city suburb of Perth, Western Australia.

Likely Development and Results

The Directors believe that the likely developments in the operations of the consolidated entity and the expected results of these operations have been adequately disclosed in the review of the Group's activities.

Share Capital

During the year 74,636,007 shares were issued under the Company's Dividend Reinvestment Plan.

Insurance of Officers

There has been no premium paid or indemnification given to any person who is a Director or Officer of the Company.

Rounding of Amounts

The amounts contained in this report and the Company's financial report have been rounded to the nearest \$1,000.00 (where rounding is applicable) under the option available to the Company under Legislative Instrument 2016/191. The Company is an entity to which the Class Order applies.

Environmental Regulations and Performance

The Group is subject to environmental issues arising from Malaysian regulations and at all times the Companies and their Officers act in the best code of conduct in respect of environmental issues. The Group is not subject to any significant Australian environmental regulations.

There has been no breach of regulations.

Remuneration Report (Audited)

The Remuneration Report outlines the Director and Executive Remuneration Agreements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and Corporations Regulations 2001. For the purposes of this report, the Key Management Personnel (KMP) are those persons identified as having authority and responsibility for planning, directing and controlling the activities of the Company and the Group, directly or indirectly, including its Directors, whether executive or not.

The Remuneration Report is set out under the following main headings:

- a Principles used to determine the nature and amount of remuneration
- b Details of remuneration
- c Service agreements
- d Bonuses included in remuneration; and
- e Other information

a Principles used to determine the nature and amount of remuneration

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent

The Company has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board has established a Nomination and Remuneration Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Director and the Executive Team.

The remuneration structure that has been adopted by the Group consists of the following components.

- fixed remuneration being annual salary; and
- short term incentives, being employee share schemes and bonuses

The Nomination and Remuneration Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive Team.

The payment of bonuses, share options and other incentive payments are reviewed by the Nomination and Remuneration Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria.

Directors' Report

(Cont'd)

Short Term Incentive (STI)

The Group performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Company values.

The performance measures are set annually after consultation with the Directors and Executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators (KPI's) for the Executive Team are summarised as follows:

Performance areas

- financial – operating profit and earnings per share; and
- non-financial – strategic goals set by each individual business unit based on job descriptions

The STI Program incorporates both cash and share-based components for the Executive Team and other employees.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

Voting and comments made at the Company's last Annual General Meeting

The Company received 100% of 'yes' votes on its Remuneration Report for the financial year ended 31 December 2015. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|-----------------------------|---------|---------|---------|---------|---------|
| EPS (cents) | 12.77 | 9.86 | 7.60 | 8.93 | 7.86 |
| Dividends (cents per share) | 3.0 | 3.0 | 2.5 | 2.5 | 2.5 |
| Net profit (\$'000) | 249,557 | 206,810 | 143,885 | 157,750 | 133,406 |
| Share price (\$) | 0.63 | 0.50 | 0.50 | 0.54 | 0.41 |

b Details of remuneration

Details of the nature and amount of each element of the remuneration of each key management (KMP) of United Overseas Australia Ltd are shown in the table below:

| Year Ended 31 December 2016 | Date of appointment | Base fee | Bonus | Consultancy | Superannuation | Equivalent | Non-Monetary | Others | Total | Performance Related (%) |
|---|---------------------|-----------|-----------|-------------|----------------|------------|--------------|--------|-----------|-------------------------|
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Non-Executive Directors | | | | | | | | | | |
| A C Winduss | 05/12/1990 | 54,653 | - | - | - | - | - | 5,272 | 59,925 | - |
| Non-Independent | | | | | | | | | | |
| C S Teo | 11/06/2008 | 39,038 | - | - | - | - | - | 2,277 | 41,315 | - |
| Independent | | | | | | | | | | |
| M C Kong | 01/08/2000 | 36,108 | 5,843 | - | - | 7,128 | - | - | 49,079 | 12 |
| Alternate/Non-Independent | | | | | | | | | | |
| Sub Total Non-Executive Directors | | 129,799 | 5,843 | - | - | 7,128 | - | 7,549 | 150,319 | |
| Executive Directors | | | | | | | | | | |
| C S Kong | 01/07/1989 | 898,663 | 819,805 | - | - | 203,921 | 4,457 | 20,471 | 1,947,317 | 42 |
| Managing Director | | | | | | | | | | |
| P L Kong | 17/06/1987 | 898,663 | 819,805 | - | - | 203,882 | 6,238 | 27,165 | 1,955,753 | 42 |
| Executive Director | | | | | | | | | | |
| Other Key Management Personnel ("KMP") | | | | | | | | | | |
| E P Tong | 01/01/1988 | 226,091 | 157,008 | - | - | 46,214 | 17,590 | 10,833 | 457,736 | 34 |
| COO* (Construction) | | | | | | | | | | |
| C Chan | 01/09/1992 | 62,396 | 34,159 | 182,179 | - | - | 7,170 | - | 285,904 | 12 |
| Property Director | | | | | | | | | | |
| K I Ang | 16/03/1994 | 216,272 | 213,149 | - | - | 51,531 | 5,072 | 6,389 | 492,413 | 43 |
| Chief Financial Officer | | | | | | | | | | |
| S C Kong | 09/10/2006 | 93,516 | 16,859 | 50,578 | - | 13,247 | 6,677 | 4,086 | 184,963 | 10 |
| CEO (UOA REIT) | | | | | | | | | | |
| B H Ng | 17/06/2014 | 156,153 | 108,331 | - | - | 31,738 | 4,457 | 241 | 300,920 | 36 |
| COO (Planning) | | | | | | | | | | |
| Sub Total Executive KMP | | 2,551,754 | 2,169,116 | 232,757 | - | 550,533 | 51,661 | 69,185 | 5,625,006 | |
| TOTAL | | 2,681,553 | 2,174,959 | 232,757 | - | 557,661 | 51,661 | 76,734 | 5,775,325 | |

* Chief Operating Officer (COO)

b Details of remuneration

| Year Ended 31 December 2015 | Base fee | Bonus | Consultancy | Equivalent Superannuation Fund | Non-Monetary Benefits | Others | Total | Performance Related (%) |
|---|-----------|-----------|-------------|--------------------------------|-----------------------|--------|-----------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Non-Executive Directors | | | | | | | | |
| A C Winduss | 57,352 | - | - | - | - | 5,422 | 62,774 | - |
| C S Teo | 40,966 | - | - | - | - | 2,048 | 43,014 | - |
| M C Kong | 35,066 | 13,272 | - | 8,219 | - | - | 56,557 | 23 |
| Sub Total Non-Executive Directors | 133,384 | 13,272 | - | 8,219 | - | 7,470 | 162,345 | |
| Executive Directors | | | | | | | | |
| C S Kong | 553,033 | 1,228,963 | - | 211,849 | 5,837 | 25,401 | 2,025,083 | 61 |
| P L Kong | 553,033 | 1,228,963 | - | 211,847 | 4,267 | 25,622 | 2,023,732 | 61 |
| Other Key Management Personnel ("KMP") | | | | | | | | |
| E P Tong | 219,677 | 99,201 | - | 38,691 | 25,382 | 8,836 | 391,787 | 25 |
| C Chan | 141,838 | 31,748 | 85,003 | - | 3,789 | 7,118 | 269,496 | 12 |
| K I Ang | 206,466 | 199,706 | - | 49,151 | 4,267 | 18,717 | 478,307 | 42 |
| E C J Lee | 153,661 | 139,692 | - | 35,571 | 1,809 | 1,284 | 332,017 | 42 |
| J Tee | 245,362 | 125,470 | - | 44,678 | 4,685 | - | 420,195 | 30 |
| Sub Total Executive KMP | 2,073,070 | 3,053,743 | 85,003 | 591,787 | 50,036 | 86,978 | 5,940,617 | |
| TOTAL | 2,206,454 | 3,067,015 | 85,003 | 600,006 | 50,036 | 94,448 | 6,102,962 | |

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

| Name | Fixed Remuneration \$ | At Risk - STI \$ | At Risk - Options \$ |
|---------------------------------------|--------------------------|---------------------|-------------------------|
| <i>Executive Directors</i> | | | |
| C S Kong | 898,663 | 819,805 | - |
| P L Kong | 898,663 | 819,805 | - |
| <i>Other Key Management Personnel</i> | | | |
| E P Tong | 226,091 | 157,008 | - |
| C Chan | 62,396 | 34,159 | - |
| K I Ang | 216,272 | 213,149 | - |
| S C Kong | 93,516 | 16,859 | - |
| B H Ng | 156,153 | 108,331 | - |

Since the long-term incentives are provided exclusively by way of options, the percentage disclosed also reflect the value of remuneration consisting of options, based on the value of options expensed during the year.

c Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

| Name | Base salary | Term of agreement | Notice period |
|---------------------------------------|-------------|-------------------|---------------|
| <i>Executive Directors</i> | | | |
| C S Kong | 898,663 | unspecified | unspecified |
| P L Kong | 898,663 | unspecified | unspecified |
| <i>Other Key Management Personnel</i> | | | |
| E P Tong | 226,091 | unspecified | 6 months |
| C Chan | 62,396 | unspecified | 6 months |
| K I Ang | 216,272 | unspecified | 6 months |
| S C Kong | 93,516 | unspecified | 6 months |
| B H Ng | 156,153 | unspecified | 6 months |

d Bonuses included in remuneration

Details of the short-term incentive cash bonuses awarded as remuneration to each Key Management Personnel, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

| Name | Included in Remuneration \$ | Percentage Vested During the Year % | Percentage Forfeited During the Year % |
|---------------------------------------|-----------------------------------|---|--|
| <i>Executive Directors</i> | | | |
| C S Kong | 819,805 | 42 | - |
| P L Kong | 819,805 | 42 | - |
| <i>Other Key Management Personnel</i> | | | |
| E P Tong | 157,008 | 34 | - |
| C Chan | 34,159 | 12 | - |
| K I Ang | 213,149 | 43 | - |
| S C Kong | 16,859 | 10 | - |
| B H Ng | 108,331 | 36 | - |

Directors' Report

(Cont'd)

e Other information

Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2016 reporting period held by each of the Group's key management personnel, including their related parties, is set out below.

| Parent Entity Directors | Balance at start of year | Granted as remuneration | Received on exercise | Other changes | Held at the end of reporting period |
|----------------------------|-----------------------------|----------------------------|-------------------------|------------------|--|
| <u>Direct interest</u> | | | | | |
| Mr. C S Kong | 100,000 | - | - | 901 | 100,901 |
| Mr. P L Kong | 453,360 | - | - | 28,922 | 482,282 |
| Mr. A C Winduss | 27,314 | - | - | 1,744 | 29,058 |
| Ms. M C Kong | 400,055 | - | - | 25,523 | 425,578 |
| Mr. C S Teo | 141,921 | - | - | 9,053 | 150,974 |
| | 1,122,650 | - | - | 66,143 | 1,188,793 |
| <u>Indirect interest</u> | | | | | |
| Mr. C S Kong | 855,764,357 | - | - | 54,592,366 | 910,356,723 |
| Mr. P L Kong | 656,803,714 | - | - | 41,899,342 | 698,703,056 |
| Mr. A C Winduss | 1,813,839 | - | - | 83,250 | 1,897,089 |
| | 1,514,381,910 | - | - | 96,574,958 | 1,610,956,868 |

Key Management Personnel

| | | | | | |
|--------------------------|-----------|---|---|---------|-----------|
| <u>Direct interest</u> | | | | | |
| Mr. E P Tong | 11,772 | - | - | 752 | 12,524 |
| Ms. K I Ang | 387,213 | - | - | 24,702 | 411,915 |
| Ms. C Chan | 1,284,725 | - | - | 81,958 | 1,366,683 |
| Mr. S C Kong | 516,712 | - | - | 32,962 | 549,674 |
| | 2,200,422 | - | - | 140,374 | 2,340,796 |
| <u>Indirect interest</u> | | | | | |
| Mr. E P Tong | 5,362,552 | - | - | 342,098 | 5,704,650 |
| Ms. K I Ang | 18,010 | - | - | 1,149 | 19,159 |
| | 5,380,562 | - | - | 343,247 | 5,723,809 |

Other transactions with Key Management Personnel

The Group receives accounting and secretarial services from a company, Winduss & Associates. During the year, the fees paid to Winduss & Associates totalled \$122,084 (2015 : \$100,343).

End of Remuneration Report

Non-Audit Services

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied with the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reason:

- All non-audit services are reviewed and approved by the Audit Committee prior to the commencement to ensure they do not adversely affect the integrity and objectivity of the auditors.
- The nature of the services provided do not compromise the general principles relating to the auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia Professional Statement APES 110: Professional and Independence.

Auditors Independence Declaration

The Lead Auditor's Independence Declaration for the year ended 31 December 2016 has been received and can be found on page 44 of the Directors' Report.

Signed in accordance with a Resolution of the Directors



Alan Charles Winduss

Director

Perth, March 30 2017

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF UNITED OVERSEAS AUSTRALIA LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of United Overseas Australia Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner - Audit & Assurance

Perth, 30 March 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Financial Statements

| | |
|--|-----|
| Statement of Profit or Loss and Other Comprehensive Income | 46 |
| Statement of Financial Position | 47 |
| Statement of Cash Flows | 48 |
| Statement of Changes in Equity | 50 |
| Notes to the Financial Statements | 52 |
| Director's Declaration | 100 |
| Independent Auditor's Report | 101 |
| ASX Additional Information | 105 |

Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2016

| | Notes | CONSOLIDATED | |
|---|-------|----------------|----------------|
| | | 2016 \$'000 | 2015 \$'000 |
| Property and construction revenue | 2 | 324,081 | 560,949 |
| Cost of sales | 3 | (147,579) | (332,137) |
| Gross profit | | 176,502 | 228,812 |
| Other revenues | 2 | 99,283 | 93,592 |
| Other income | 2 | 133,839 | 29,499 |
| General and administrative expenses | 3 | (84,970) | (89,210) |
| Foreign exchange (loss)/gain | | (1,113) | 1,521 |
| Profit from ordinary activities before tax and finance costs | | 323,541 | 264,214 |
| Finance costs | 3 | (7,674) | (8,754) |
| Share of results of associates | | 6,982 | 8,868 |
| Profit before income tax | | 322,849 | 264,328 |
| Income tax expense | 4 | (73,292) | (57,518) |
| Profit for the year | | 249,557 | 206,810 |
| Other comprehensive income, net of tax | | | |
| Items that may be subsequently reclassified to the profit or loss | | | |
| Available for sale financial assets | | | |
| - current year (loss)/gain | | (607) | 123 |
| - reclassification to profit or loss | | 260 | - |
| Exchange differences on translating foreign operations | | (30,821) | (77,666) |
| Other comprehensive loss for the year | | (31,168) | (77,543) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 218,389 | 129,267 |
| Profit attributable to: | | | |
| Owners of the parent | | 161,671 | 118,269 |
| Non-controlling interest | | 87,886 | 88,541 |
| | | 249,557 | 206,810 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | 130,581 | 40,687 |
| Non-controlling interest | | 87,808 | 88,580 |
| | | 218,389 | 129,267 |
| Earnings per share (cents per share) | | | |
| - basic for profit for the year | 5 | 12.77 | 9.86 |
| - diluted for profit for the year | 5 | 12.77 | 9.86 |
| - unfranked dividends per share (cents per share) | 6 | 3.0 | 3.0 |

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2016

| | Notes | CONSOLIDATED | |
|---|-------|------------------|------------------|
| | | 2016 \$'000 | 2015 \$'000 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 9 | 398,552 | 486,954 |
| Trade and other receivables | 10 | 217,877 | 196,302 |
| Amount owing by associate | | 1,172 | 1,150 |
| Inventories | 11 | 384,951 | 395,271 |
| Current tax assets | | 8,770 | 9,366 |
| Total Current Assets | | 1,011,322 | 1,089,043 |
| Non-Current Assets | | | |
| Property, plant and equipment | 13 | 94,209 | 57,689 |
| Investment properties | 14 | 823,059 | 668,368 |
| Land held for property development | 11 | 143,466 | 123,050 |
| Investment in associates | 15 | 20,145 | 15,347 |
| Available for sale financial assets | 16 | 5,151 | 3,909 |
| Deferred tax assets | 17 | 11,513 | 11,844 |
| Total Non-Current Assets | | 1,097,543 | 880,207 |
| TOTAL ASSETS | | 2,108,865 | 1,969,250 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 18 | 249,965 | 271,731 |
| Other financial liabilities | 19 | 151,737 | 156,134 |
| Current tax liabilities | | 6,054 | 7,740 |
| Total Current Liabilities | | 407,756 | 435,605 |
| Non-Current Liabilities | | | |
| Other payables | 18 | 7,860 | 7,684 |
| Other financial liabilities | 19 | 7,989 | 33,707 |
| Deferred tax liabilities | 17 | 36,492 | 8,807 |
| Total Non-Current Liabilities | | 52,341 | 50,198 |
| TOTAL LIABILITIES | | 460,097 | 485,803 |
| NET ASSETS | | 1,648,768 | 1,483,447 |
| EQUITY | | | |
| Parent entity interest | | | |
| Share capital | 20 | 145,668 | 110,268 |
| Reserves | 21 | (67,803) | (36,713) |
| Retained profits | | 1,037,244 | 912,499 |
| Total parent entity interest in equity | | 1,115,109 | 986,054 |
| Total non-controlling interest | | 533,659 | 497,393 |
| TOTAL EQUITY | | 1,648,768 | 1,483,447 |

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 31 December 2016

| | CONSOLIDATED | |
|---|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Cash flows from operating activities | | |
| Profit before income tax | 322,849 | 264,328 |
| Adjustments for : | | |
| Bad and doubtful debts | (232) | 2,849 |
| Depreciation of property, plant and equipment | 6,754 | 6,070 |
| Dividend income | (312) | (275) |
| Unrealised gain on investment properties | (131,696) | (28,362) |
| Gain on disposal of investment properties | (293) | (98) |
| Gain on disposal of available for sale financial assets | (202) | - |
| Gain on disposal of property, plant and equipment | (84) | (105) |
| Property, plant and equipment written off | 20 | 89 |
| Listing expenses | 30 | 31 |
| Finance costs | 7,674 | 8,754 |
| Interest income | (13,981) | (15,464) |
| Foreign currency loss | 1,164 | 1,747 |
| Gain on disposal of interests in subsidiaries | (390) | - |
| Share of results of associates | (6,982) | (8,868) |
| Unrealised profit from associate | 1,490 | 3,135 |
| Operating profit before working capital changes | 185,809 | 233,831 |
| Increase in inventories | (24,563) | (114,122) |
| Increase in receivables | (28,243) | (47,121) |
| Increase in payables | 4,144 | 111,085 |
| Cash from operations | 137,147 | 183,673 |
| Interest paid | (8,026) | (8,460) |
| Interest received | 13,769 | 14,668 |
| Income taxes paid | (45,167) | (61,682) |
| Net cash flows generated from operating activities | 97,723 | 128,199 |

Statement of Cash Flows
for the Year Ended 31 December 2016
(cont'd)

| | Notes | CONSOLIDATED | |
|--|----------|------------------|-----------------|
| | | 2016 \$'000 | 2015 \$'000 |
| Cash flows from investing activities | | | |
| Payment for purchase of available for sale financial assets | | (2,928) | (31) |
| Payment for purchase of investment properties | | (80,002) | (22,970) |
| Payment for purchase of property, plant and equipment | | (7,807) | (2,486) |
| Payment for purchase of land held for property development | | (6,238) | (5,693) |
| Proceeds from sale of available for sale financial assets | | 1,373 | - |
| Proceeds from sale of investment properties | | 1,347 | 2,059 |
| Proceeds from sale of property, plant and equipment | | 136 | 426 |
| Sale of subsidiary, net of cash disposed | | (295) | - |
| (Repayment to)/Advances from other entities | | (17,557) | 1,651 |
| Repayment from an associate company | | 2 | 65 |
| Dividend received | | 312 | 275 |
| Net cash flows used in investing activities | | (111,657) | (26,704) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 44,939 | 84,306 |
| Repayment of borrowings | | (68,742) | (39,437) |
| Listing expenses | | (43) | (45) |
| Share buyback | | (27) | (242) |
| Dividends paid to non-controlling shareholders of subsidiary companies | | (53,070) | (31,657) |
| Dividends paid to owners of the Company | | (1,754) | (1,384) |
| Payment of hire purchase and finance lease liabilities | | (2,679) | (4,744) |
| Issue of shares of a subsidiary to non-controlling shareholders | | 18,273 | 13,661 |
| Net cash flows (used in)/generated from financing activities | | (63,103) | 20,458 |
| Net (decrease)/increase in cash and cash equivalents | | (77,037) | 121,953 |
| Cash and cash equivalents at beginning of year | | 486,954 | 400,099 |
| Net foreign exchange differences | | (11,365) | (35,098) |
| Cash and cash equivalents at end of year | 9 | 398,552 | 486,954 |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 31 December 2016

| CONSOLIDATED | Share capital \$'000 | Retained earnings \$'000 | Foreign exchange reserves \$'000 | Other reserve \$'000 | Total \$'000 | Non-Controlling Interest \$'000 | Total equity \$'000 |
|--|-------------------------|-----------------------------|-------------------------------------|-------------------------|-----------------|------------------------------------|------------------------|
| At 1 January 2015 | 82,140 | 823,710 | 40,685 | 184 | 946,719 | 472,252 | 1,418,971 |
| Dividends paid | - | (29,527) | - | - | (29,527) | (31,657) | (61,184) |
| Shares issued during the year | 28,143 | - | - | - | 28,143 | - | 28,143 |
| - dividend re-investment plan | (15) | - | - | - | (15) | - | (15) |
| Share buyback during the year | - | - | - | - | - | (45,155) | (45,155) |
| Other changes in non-controlling interest | - | - | - | - | - | - | - |
| Adjustments to non-controlling interest arising from acquisition | - | - | - | - | - | 14 | 14 |
| Change in stake | - | 47 | - | - | 47 | 13,359 | 13,406 |
| Transaction with owners | 110,268 | 794,230 | 40,685 | 184 | 945,367 | 408,813 | 1,354,180 |
| Profit for the year | - | 118,269 | - | - | 118,269 | 88,541 | 206,810 |
| Other comprehensive income : | | | | | | | |
| Available for sale financial assets | - | - | - | 84 | 84 | 39 | 123 |
| - current year gain | - | - | - | - | - | - | - |
| - reclassification to profit or loss | - | - | - | - | - | - | - |
| Exchange differences on translation of foreign operations | - | - | (77,666) | - | (77,666) | - | (77,666) |
| Total comprehensive income for the year | - | 118,269 | (77,666) | 84 | 40,687 | 88,580 | 129,267 |
| At 31 December 2015 | 110,268 | 912,499 | (36,981) | 268 | 986,054 | 497,393 | 1,483,447 |

Statement of Changes in Equity
for the Year Ended 31 December 2016
(cont'd)

| CONSOLIDATED | | | | | | |
|---|-------------------------|-----------------------------|-------------------------------------|-------------------------|------------------|------------------------------------|
| | Share capital \$'000 | Retained earnings \$'000 | Foreign exchange reserves \$'000 | Other reserve \$'000 | Total \$'000 | Non-Controlling Interest \$'000 |
| At 1 January 2016 | 110,268 | 912,499 | (36,981) | 268 | 986,054 | 497,393 |
| Dividends paid | - | (37,170) | - | - | (37,170) | (90,240) |
| Shares issued during the year | | | | | | |
| - dividend re-investment plan | 35,416 | - | - | - | 35,416 | - |
| Share buyback during the year | (16) | - | - | - | (16) | - |
| Other changes in non-controlling interest | - | - | - | - | - | (16,548) |
| Increase in shares in a subsidiary | - | - | - | - | - | 16 |
| Change in stake | - | 244 | - | - | 244 | 18,060 |
| Transaction with owners | 145,668 | 875,573 | (36,981) | 268 | 984,528 | 445,851 |
| Profit for the year | - | 161,671 | - | - | 161,671 | 87,886 |
| Other comprehensive income : | | | | | | |
| Available for sale financial assets | | | | | | |
| - current year loss | - | - | - | (529) | (529) | (78) |
| - reclassification to profit or loss | - | - | - | 260 | 260 | - |
| Exchange differences on translation of foreign operations | - | - | (30,821) | - | (30,821) | - |
| Total comprehensive income for the year | - | 161,671 | (30,821) | (269) | 130,581 | 87,808 |
| At 31 December 2016 | 145,668 | 1,037,244 | (67,802) | (1) | 1,115,109 | 533,659 |
| | | | | | | 1,648,768 |

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

for the Year Ended 31 December 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers the Group of United Overseas Australia Ltd and controlled entities, and United Overseas Australia Ltd as an individual parent entity. United Overseas Australia Ltd is a public listed company, incorporated and domiciled in Australia.

The financial report of United Overseas Australia Ltd and controlled entities, and United Overseas Australia Ltd as an individual parent entity comply with International Financial Reporting Standards ("IFRS") in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost and accrual basis, except for investment properties and available for sale financial assets that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under Legislative Instrument 2016/191. The Company is an entity to which the class order applies.

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include International Financial Reporting Standards ("IFRS"). Compliance with IFRS ensures that the financial report, comprising the financial statements and notes thereto.

New Accounting Standards and Interpretations

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2016. Information on the more significant standard(s) is presented below.

AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent

AASB 2015-4 amends AASB 128 *Investments in Associates and Joint Ventures* to ensure that its reporting requirements on Australian groups with a foreign parent align with those currently available in AASB 10 *Consolidated Financial Statements* for such groups. AASB 128 will now only require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

AASB 2015-4 is applicable to annual reporting periods beginning on or after 1 July 2015.

The adoption of this amendment has not had a material impact on the Group.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting Policies

(a) Principles of Consolidation

Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2016. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Business combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Principles of Consolidation (cont'd)

Investments in associates and joint arrangements

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Investments in associates and joint ventures are accounted for using the equity method. Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

(b) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Australian Dollars (A\$), which is the Company's presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange differences arising on monetary items that form part of the Group's net investment in a foreign subsidiary are initially recognised in other comprehensive income and accumulated under foreign exchange reserve in equity. The foreign exchange reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign Currency Translation (cont'd)

Group companies

The functional currency of the overseas subsidiaries is Ringgit Malaysia (RM) and Singapore Dollar (SGD).

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities of foreign operations are translated into A\$ at the rate of exchange ruling at reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- (iii) All resulting exchange differences arising on the translation are taken directly to other comprehensive income; and
- (iv) On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss as part of the gain or loss on disposal.

(c) Property, Plant and Equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is contracted as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred. Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, Plant and Equipment (cont'd)

Depreciation

Freehold land is not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting the residual value from cost.

| | 2016 | 2015 |
|-------------------------------------|---------------|--------------|
| Plant and equipment: | | |
| - plant and equipment | 5 – 10 years | 5 – 10 years |
| - furniture, fittings and equipment | 10 years | 10 years |
| - motor vehicles | 5 years | 5 years |
| - land & buildings | 40 – 50 years | 40 years |

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

(d) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowings costs are expensed in the period in which they are incurred and reported in 'finance costs' (see note 3).

(e) Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation, rather than for use in production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

Investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date.

Fair value is determined by independent valuation performed by an independent valuer at least once every three years. The directors assess the valuation of each investment property at each reporting date to ensure that the carrying amount reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values are included in the profit or loss in the period in which they arise.

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in the profit or loss in the period of derecognition.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Assets

Impairment of non-financial assets

Goodwill

Goodwill is reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised in the profit or loss when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. The recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

Property, plant and equipment, investment properties, land held for development and investment in associate and subsidiaries

Property, plant and equipment, investment properties, land held for development and investment in associate and subsidiaries are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the profit or loss.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

Impairment of financial assets

All financial assets except for financial assets categorised as fair value through profit or loss are assessed at each reporting date for any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is objective evidence of impairment.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Assets (cont'd)

Impairment of financial assets (cont'd)

Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Such impairment losses are not reversed in subsequent periods.

(g) Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

The Group determines the classification of the financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available for sale financial assets.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (cont'd)

Financial assets (cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets, principally equity securities, that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. After initial recognition, available for sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(h) Inventories

Inventories consist of stocks of properties, property held for development and resale and construction work in progress.

Stocks of properties

Stocks of properties are stated at the lower of cost and net realisable value. Cost of inventories of completed houses held for sale is determined based on the specific identification method.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

Property held for development and resale

Property held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of land acquisition, development, and interest on funds borrowed for the development and holding costs until completion of development. Interest and holding charges incurred after completion of the development are expensed as incurred.

Property held for development and resale is classified under two categories i.e. land held for property development and property development costs.

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these lands. Accordingly, land held for property development is classified as non-current assets on the statement of financial position and is stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Inventories (cont'd)

Property held for development and resale (cont'd)

Where the outcome of a development can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is either determined by the proportion that costs incurred to-date bear to estimated total costs or surveys of work performed. In applying the cost incurred method of determining stage of completion, only those costs that reflect actual development work performed are included as costs incurred.

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in the profit or loss over the billings to purchasers of properties is recognised as accrued billings under current assets.

The excess of billings to purchasers of properties over revenue recognised in the profit or loss is recognised as progress billings under current liabilities.

Construction work in progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect on the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of time value of money and, where appropriate, the risks specific to the liability.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Leases

Finance lease

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

(l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from sales of development properties

Revenue from the sale of development properties represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

Revenue from the sale of completed development properties is measured at the fair value of the consideration receivable and is recognised in the profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

Rental income

Rental income is accounted for on a straight-line basis over the specific tenure of the respective leases. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

Interest income

Interest income is recognised on a time proportion basis.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Construction contracts

Revenue from construction contracts represents the proportionate contract value of construction contracts attributable to the percentage of contract work performed during the financial year.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Income Tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax included in the determination of profit or loss for the financial year.

Current tax is the expected income tax payable or receivable on the taxable income or for the year, estimated using the tax rates enacted or substantially enacted by the end of the reporting period.

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

(n) Share Capital

Ordinary shares are classified as equity and are recognised at the fair value of the consideration received. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(o) Significant Accounting Judgements, Estimates and Assumptions

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable and based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Investment Properties

The basis for determination of the fair value of investment properties has been set out in Note 14. Fair value is time specific as of a given date. Because market conditions may change, the amount reported as fair value may be incorrect or inappropriate if estimated as of another time. The fair value of investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Significant Accounting Judgements, Estimates and Assumptions (cont'd)

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Provision for maintenance

In determining the level of provision required for maintenance the Group has made judgements in respect of the expected maintenance required on any of the development properties. Historical experience and current knowledge of the performance of products has been used in determining the provision.

Parent entity carrying value of investments and loans in subsidiaries

Investments in and loans to subsidiaries by the parent entity have been reviewed for impairment. No impairment has been considered to have occurred and therefore no impairment has been provided for at 31 December 2016. Refer to parent entity information within Note 7.

Recognition construction contract revenue

When the outcome can be assessed reliably, contract revenue and associated costs are recognised by reference to the stage of completion of the contract activity at the reporting date. Revenue is measured at the fair value of consideration received or receivable in relation to that activity. When the Group cannot measure the outcome of a contract reliably, revenue is recognised only to the extent of contract costs that have been incurred and are recoverable. Contract costs are recognised in the period in which they are incurred.

In either situation, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss.

A construction contracts' stage of completion is assessed by management based on milestones (usually defined in the contract) for the activities to be carried out under the contract and other available relevant information at the reporting date. The maximum amount of revenue to be recognised for each milestone is determined by estimating relative contract fair values of each project phase (i.e. by comparing the Group's overall contract revenue with the expected profit for each corresponding milestone). Progress and related contract revenue in-between milestones is determined by comparing costs incurred to date with the total estimated costs for that particular milestone (a procedure sometimes referred to as the cost-to-cost method).

The gross amount due from customers for contract work is presented within trade and other receivables for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. The gross amount due to customers for contract work is presented within other liabilities for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Recognising construction contract revenue also requires significant judgement in determining milestones, actual work performed and the estimated costs to complete the work.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Earnings per Share

Basic earnings per share is calculated as net profit attributable to the members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(q) Operating Segments

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the financial report have been included.

(r) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(s) New and amended accounting policies issued but not yet effective

The following Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group as at financial reporting date.

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

1. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
2. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
3. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) New and amended accounting policies issued but not yet effective (cont'd)

AASB 9 Financial Instruments (cont'd)

4. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
5. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
 - the remaining change is presented in profit or loss
6. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:
 - classification and measurement of financial liabilities; and derecognition requirements for financial assets and liabilities

Effective date 1 January 2018.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 15 Revenue from Contracts with Customers

AASB 15:

- replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations:
- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

Effective date 1 January 2018.

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

AASB 16 Leases

AASB 16:

- replaces AASB 117 *Leases* and some lease-related Interpretations
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides new guidance on the application of the definition of lease and on sale and lease back accounting
- largely retains the existing lessor accounting requirements in AASB 117
- requires new and different disclosures about leases

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2019.

When these amendments are first adopted for the year ending 31 December 2017 and 31 December 2018 (respectively), there will be no material impact on the entity.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) New and amended accounting policies issued but not yet effective (cont'd)

Transfers of Investment Property (Amendments to IAS 40)

The amendments clarify that transfers to, or from, investment property are required when, and only when, there is a change in use of property supported by evidence. The amendments also re-characterise the list of circumstances appearing in IAS 40.57(a)-(d) as a non-exhaustive list of examples of evidence that a change in use has occurred. In addition, the IASB has clarified that a change in management's intent, by itself, does not provide sufficient evidence that a change in use has occurred. Evidence of a change in use must be observable.

Effective date 1 January 2018

When these amendments are first adopted for the year ending 31 December 2018, there will be no material impact on the financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 looks at what exchange rate to use for translation when payments are made or received in advance of the related asset, expense or income.

Although IAS 21 *The Effects of Changes in Foreign Exchange Rates* sets out requirements about which exchange rate to use when recording a foreign currency transaction on initial recognition in an entity's functional currency, IFRIC had observed diversity in practice in circumstances in which an entity recognises a non-monetary liability arising from advance consideration. The diversity resulted from the fact that some entities were recognising revenue using the spot exchange rate at the date of the receipt of the advance consideration while others were using the spot exchange rate at the date that revenue was recognised.

IFRIC 22 addresses this issue by clarifying that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

Effective date 1 January 2018

When this Interpretation is first adopted for the year ending 31 December 2018, there will be no material impact on the financial statements.

2. REVENUE

| | CONSOLIDATED | |
|---|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| (i) Property and construction revenue | | |
| Property development revenue | 306,360 | 487,187 |
| Construction revenue | 17,721 | 73,762 |
| | 324,081 | 560,949 |
| (ii) Other revenues | | |
| Rental revenue | 38,029 | 44,302 |
| Parking fee revenue | 8,321 | 7,693 |
| Dividends received from investment - other corporations | 312 | 275 |
| Interest received from investments - other corporations | 13,769 | 14,668 |
| Other services | 38,852 | 26,654 |
| Total other revenue | 99,283 | 93,592 |
| (iii) Other income | | |
| Doubtful debts no longer required | 962 | 138 |
| Fair value of financial liabilities | 212 | 796 |
| Gain on disposal of property, plant and equipment | 84 | 105 |
| Gain on disposal of investment properties | 293 | 98 |
| Gain on disposal of available for sale financial assets | 202 | - |
| Gain on disposal of subsidiary companies | 390 | - |
| Unrealised gains on investment properties | 22,319 | 21,892 |
| Unrealised gains on transfer to investment properties | 109,377 | 6,470 |
| Total other income | 133,839 | 29,499 |

3. PROFIT FROM ORDINARY ACTIVITIES

| | CONSOLIDATED | |
|--|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| (i) Cost of sales | | |
| Development expenses | 147,579 | 332,137 |
| (ii) Expenses | | |
| Depreciation of non-current assets | | |
| Freehold and leasehold stratified properties | 1,427 | 959 |
| Plant and equipment | 3,515 | 3,001 |
| | 4,942 | 3,960 |
| Amortisation of non-current assets | | |
| Lease equipment | 1,812 | 2,110 |

3. PROFIT FROM ORDINARY ACTIVITIES (CONT'D)

| | CONSOLIDATED | |
|---|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Bad and doubtful debts | 730 | 2,987 |
| Employee benefit expenses | 20,965 | 20,530 |
| Property, plant and equipment written off | 20 | 89 |
| Property maintenance expenses | 24,257 | 25,603 |
| Marketing expenses | 20,350 | 21,767 |
| Professional fees | 852 | 1,165 |
| Other expenses | 11,042 | 10,999 |
| | 78,216 | 83,140 |
| Total general and administrative expenses | 84,970 | 89,210 |
| (iii) Finance costs | | |
| Interest expense | 8,725 | 10,104 |
| Finance costs capitalised | (1,051) | (1,350) |
| | 7,674 | 8,754 |
| (iv) Significant Revenue and Expenses | | |
| The following significant revenue and expense items are relevant in explaining the financial performance: | | |
| - Gain on disposal of available for sale financial assets * | (202) | - |
| - Gain on disposal of investment properties ** | (293) | (98) |
| - Unrealised gains on investment properties | (131,696) | (28,362) |
| - Unrealised foreign exchange loss | 1,164 | 1,747 |
| - Realised foreign exchange gain | (51) | (3,268) |

* There is no income tax expense applicable as income derived from these transactions is not taxable under the Malaysia tax regime.

** With effect from 1 January 2014, gains on disposal of investment properties will be subject to Real Property Gains Tax as follows:

- (i) Properties held for 3 years or less will be taxed at 30%.
- (ii) Properties held for more than 3 years but up to 4 years will be taxed at 20%.
- (iii) Properties held for more than 4 years but up to 5 years will be taxed at 15%.
- (iv) Properties held for more than 5 years will be taxed at 5%.

4. INCOME TAX EXPENSE

| | Notes | CONSOLIDATED | |
|---|-------|----------------|----------------|
| | | 2016 \$'000 | 2015 \$'000 |
| (i) The components of tax expense comprise: | | | |
| Current tax | | 43,534 | 58,815 |
| Deferred tax | 17 | (2,468) | (2,445) |
| Real property gains tax ("RPGT") | 17 | 31,791 | 523 |
| Under provision in prior years | | 435 | 625 |
| | | 73,292 | 57,518 |
| (ii) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows: | | | |
| Prima facie tax on profit from ordinary activities | | 77,484 | 66,082 |
| Effect of difference in tax rate | | 528 | (7) |
| Tax effect of | | | |
| Income not subject to tax | | (3,980) | (4,329) |
| Non-deductible expenses | | 2,964 | 3,935 |
| Utilisation of capital allowances | | (1,429) | (898) |
| Deferred tax assets not recognised | | 257 | 435 |
| Effect of share of results of associates | | (1,676) | (2,217) |
| Effect of change in RPGT tax rate | | (1,526) | (390) |
| Difference between income tax and RPGT rate applicable on fair value adjustments on investment properties | | 235 | (5,718) |
| Under provision in prior years | | 435 | 625 |
| Income tax expense attributable to ordinary activities | | 73,292 | 57,518 |
| The effective tax rate | | 23% | 22% |

The increase in the effective tax rate from 22% in 2015 to 23% in 2016 is mainly due to the provision for the difference between income tax and RPGT rates.

5. EARNINGS PER SHARE

| | CONSOLIDATED | |
|---|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| The following reflects the income and shares data used in the calculations of basic and diluted earnings per share: | | |
| Profit for the year | 249,557 | 206,810 |
| Adjustments: | | |
| Profits attributable to non-controlling interest | (87,886) | (88,541) |
| Earnings used in calculating basic and diluted earnings per share | 161,671 | 118,269 |

5. EARNINGS PER SHARE (CONT'D)

| | 2016 | 2015 |
|--|------------------|------------------|
| | Number of shares | Number of shares |
| Weighted average number of ordinary shares used in calculating basic earnings per share: | 1,266,301,368 | 1,199,427,791 |
| Effects of dilutive securities: | | |
| Nil (There are no securities other than ordinary shares.) | - | - |
| Adjusted weighted average number of ordinary shares used in calculating basic earnings per share | 1,266,301,368 | 1,199,427,791 |

6. DIVIDENDS PAID AND PROPOSED

| | CONSOLIDATED | |
|--|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| (a) Dividends paid during the year | | |
| Dividends paid or satisfied by the issue of shares under the dividend reinvestment plan during the year ended 31 December 2016 and 2015 were as follows: | | |
| (i) Paid in cash | | |
| Final 2015 (2015 – Final 2014) | 1,462 | 1,101 |
| Interim 2016 (2015 – Interim 2015) | 292 | 283 |
| | 1,754 | 1,384 |
| (ii) Satisfied by issue of shares | | |
| Final 2015 (2015 – Final 2014) | 29,248 | 22,346 |
| Interim 2016 (2015 – Interim 2015) | 6,168 | 5,797 |
| | 35,416 | 28,143 |
| | 37,170 | 29,527 |
| (b) Dividends proposed and not recognised as a liability - unfranked dividends (2.5 cents per share) (2015: 2.5 cent per share) | 32,576 | 30,710 |

After the reporting date, the above dividends were proposed for approval at the Company's Annual General Meeting. The amounts have not been recognised as a liability in 2016 but will be brought to account in 2017.

- (c) Franking credit balance
There is no franking credit balance for United Overseas Australia Ltd during the year ended 31 December 2016.

7. PARENT COMPANY INFORMATION

| | 2016 \$'000 | 2015 \$'000 |
|--|----------------|----------------|
| Statement of financial position | | |
| Current assets | 74,330 | 56,428 |
| Total assets | 179,093 | 143,522 |
| Current liabilities | 316 | 329 |
| Total liabilities | 316 | 329 |
| Equity | | |
| Issued capital | 145,668 | 110,268 |
| Fair value reserve | 424 | 435 |
| Retained earnings | 32,685 | 32,490 |
| | 178,777 | 143,193 |
| Financial performance | | |
| Profit for the year | 37,365 | 31,455 |
| Total comprehensive income | 37,365 | 31,455 |

8. AUDITOR'S REMUNERATION

| | CONSOLIDATED | |
|--|--------------|------------|
| | 2016 \$ | 2015 \$ |
| Remuneration of the auditor of the parent entity for: - auditing and reviewing the financial report | 125,599 | 122,012 |
| Remuneration of other auditors of subsidiaries for: - auditing and reviewing the financial report | 213,324 | 213,699 |
| | 338,923 | 335,711 |

9. CASH AND CASH EQUIVALENTS

| | CONSOLIDATED | |
|--------------------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Cash at bank and in hand | 149,854 | 185,949 |
| Short term funds | 102,501 | 171,203 |
| Short term bank deposits | 146,197 | 129,802 |
| | 398,552 | 486,954 |

The effective interest rate on short term bank deposits was 2.85% (2015: 2.89%) per annum. All funds are readily available and refundable to the Group at the discretion of the Group

Included in the cash assets of the Group is \$98,138,134 (2015: \$142,273,734) held in Housing Development Accounts as required by Section 7A of the Housing Developers (Control and Licensing) Act 1966 and Regulations in Malaysia. The cash is restricted in use by the Act which regulates and ensures that the funds are used to complete the relevant housing projects.

The short term funds are managed and invested into fixed income securities and money market instruments by fund management companies. The short term funds are readily convertible to cash.

10. TRADE AND OTHER RECEIVABLES

| | CONSOLIDATED | |
|-------------------------------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Trade receivables | 149,608 | 158,803 |
| Less: Allowance for impairment loss | (325) | (969) |
| | 149,283 | 157,834 |
| Sundry receivables | 51,897 | 26,834 |
| Deposits | 19,119 | 14,281 |
| Less: Allowance for impairment loss | (2,422) | (2,647) |
| | 217,877 | 196,302 |

Terms and conditions relating to the above financial instruments:

- (i) Trade receivables are interest bearing and generally on 14 - 30 days term.
- (ii) Sundry receivables are non-interest bearing.
- (iii) Debts that are known to be not collectible are written off. A provision for impairment loss is raised when some doubt as to collection exists.
- (iv) Details of the terms and conditions of related parties are set out in note 27.

Movements in the provision for impairment loss were as follows:

| | CONSOLIDATED | |
|---|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| At 1 January | 3,616 | 1,152 |
| Charge for the year | 304 | 2,881 |
| Foreign exchange translation | (64) | (279) |
| Provision no longer required | (957) | (35) |
| Provision no longer required due to bad debts written off | (67) | (103) |
| Disposal of subsidiary companies | (85) | - |
| At 31 December | 2,747 | 3,616 |

At 31 December, the ageing analysis of trade receivables is as follows:

| Consolidated | Total \$'000 | 0 - 30 days \$'000 | 31 - 60 days \$'000 | 61 - 90 days PDNI* \$'000 | 61 - 90 days CI** \$'000 | 90 + days PDNI* \$'000 | 90 + days CI** \$'000 |
|--------------|-----------------|--------------------------|---------------------------|------------------------------------|-----------------------------------|---------------------------------|--------------------------------|
| | | | | | | | |
| 2016 | 149,608 | 71,595 | 1,157 | 7,435 | 1 | 69,096 | 324 |
| 2015 | 158,803 | 109,585 | 1,745 | 20,268 | - | 26,236 | 969 |

* Past due not impaired ("PDNI")

** Considered impaired ("CI")

11. INVENTORIES

| | CONSOLIDATED | |
|--|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| CURRENT | | |
| At cost | | |
| Stock of properties | 65,989 | 41,624 |
| Property held for development and resale | 306,480 | 297,778 |
| Consumables | 240 | 183 |
| Construction work in progress | 12,242 | 55,686 |
| | 384,951 | 395,271 |
| NON-CURRENT | | |
| Land held for property development | 143,466 | 123,050 |

Included in property held for development and resale is the cost of land held for resale and land rights. These land assets include finance costs, which have been recognised during the financial year as part of the carrying amount of the asset. These costs have been capitalised at a rate of 4.59% to 5.02% (2015: 4.84% to 5.20%).

Interest capitalised during the financial year amounted to \$1,051,000 (2015 : \$1,350,000).

Revenue of \$17,721,000 (2015 : \$73,762,000) relating to construction contract for construction service has been included in revenue for the current reporting period.

The amounts recognised in the statement of financial position relate to construction contracts in progress at the end of the reporting period. The amounts are calculated as the net amounts of costs incurred plus recognised profits less recognised losses and progress billings. The carrying amounts of assets and liabilities are analysed as follows:

| | CONSOLIDATED | |
|---|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Aggregate amounts of costs incurred and recognised profits and losses for all contracts in progress | 189,174 | 215,797 |
| Less : Progress billing | (176,932) | (160,111) |
| | 12,242 | 55,686 |
| Recognised as: | | |
| Due from customers for construction contract work, recognised in inventories | 12,242 | 55,686 |

12. CONTROLLED ENTITIES

(a) Controlled entities consolidated

| Name | Country of incorporation | Domicile of the company | Notes | Ownership interest held by Group | |
|--|--------------------------|-------------------------|--------------|----------------------------------|-----------|
| | | | | 2016 % | 2015 % |
| United Overseas Land Pty Ltd | Australia | Australia | | 100 | 100 |
| UOA Investments Pty Ltd | Australia | Australia | | 100 | 100 |
| UOA Holdings Sdn Bhd* | Malaysia | Malaysia | | 100 | 100 |
| Ken Tat Sdn Bhd* | Malaysia | Malaysia | | 100 | 100 |
| UOA Capital Sdn Bhd* | Malaysia | Malaysia | | 100 | 100 |
| Midah Heights Sdn Bhd* | Malaysia | Malaysia | | 100 | 100 |
| Multiplex Strategy Sdn Bhd* | Malaysia | Malaysia | | 100 | 100 |
| Federaya Development Sdn Bhd* | Malaysia | Malaysia | | 70 | 70 |
| UOA (Singapore) Pte Ltd* | Singapore | Singapore | | 100 | 100 |
| UOA Investments Pte Ltd* | Singapore | Singapore | | 100 | 100 |
| Dats Management Sdn Bhd* | Malaysia | Malaysia | | 100 | 100 |
| Citicrest (M) Sdn Bhd* | Malaysia | Malaysia | | 60 | 60 |
| Desa Bangsar Ria Sdn Bhd* | Malaysia | Malaysia | | 60 | 60 |
| LTG Development Sdn Bhd* | Malaysia | Malaysia | | 60 | 60 |
| UOA Corporation Bhd* | Malaysia | Malaysia | | 60 | 60 |
| Rich Accomplishment Sdn Bhd* | Malaysia | Malaysia | | 60 | 60 |
| Desa Bukit Pantai Sdn Bhd* | Malaysia | Malaysia | | 60 | 60 |
| Wisma UOA Sdn Bhd* | Malaysia | Malaysia | | 60 | 60 |
| Julung Perdana Sdn Bhd* | Malaysia | Malaysia | | 60 | 60 |
| UOA Asset Management Sdn Bhd* | Malaysia | Malaysia | 12(c) | 42 | 42 |
| UOA Real Estate Investment Trust (UOA REIT)* | Malaysia | Malaysia | 12(c) | 46.27 | 46.26 |
| - Ankara Restu Sdn Bhd | Malaysia | Malaysia | 12(b), 12(c) | 46.27 | - |
| Gerak Perdana Sdn Bhd* | Malaysia | Malaysia | | 60 | 60 |
| Damai Positif Sdn Bhd* | Malaysia | Malaysia | | 60 | 60 |
| UOA Development Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Allied Engineering Construction Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - URC Engineering Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Resodex Construction Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Tiarawoods Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Kumpulan Sejahtera Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Windsor Triumph Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Saujanis Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Magna Tiara Development Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Paramount Properties Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Paramount Hills Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Sagaharta Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Sunny Uptown Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - IDP Industrial Development Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - UOA Properties Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Lencana Harapan Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Dynasty Portfolio Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Bangsar South City Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |

12. CONTROLLED ENTITIES (CONT'D)

(a) Controlled entities consolidated (cont'd)

| Name | Country of incorporation | Domicile of the company | Notes | Ownership interest held by Group | |
|--|--------------------------|-------------------------|-------|----------------------------------|-----------|
| | | | | 2016 % | 2015 % |
| - Nasib Unggul Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Tunjang Idaman Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - UOA Hospitality Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Peninsular Home Sdn Bhd* | Malaysia | Malaysia | 12(c) | 41.57 | 41.37 |
| - Everise Tiara (M) Sdn Bhd* | Malaysia | Malaysia | 12(c) | 41.57 | 41.37 |
| - Seri Tiara Development Sdn Bhd* | Malaysia | Malaysia | | 58.89 | 58.61 |
| - Enchant Heritage Sdn Bhd* | Malaysia | Malaysia | | 58.89 | 58.61 |
| - Magna Kelana Development Sdn Bhd* | Malaysia | Malaysia | | 51.09 | 50.85 |
| - Scenic Point Development Sdn Bhd* | Malaysia | Malaysia | 12(c) | 41.57 | 41.37 |
| - Ceylon Hills Sdn Bhd* | Malaysia | Malaysia | 12(c) | 37.41 | 37.23 |
| - Maxim Development Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Infinite Accomplishment Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Regenta Development Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Seri Prima Development Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Orient Housing Development Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Eureka Equity Sdn Bhd* | Malaysia | Malaysia | 12(c) | 41.57 | 41.37 |
| - Distinctive Acres Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Full Marks Property Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Concord Housing Development Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Fabullane Development Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Solid Chef Sdn Bhd* | Malaysia | Malaysia | 12(d) | - | 48.27 |
| - Nova Metro Development Sdn Bhd* | Malaysia | Malaysia | | 58.20 | 57.92 |
| - Botanica Deli Sdn Bhd* | Malaysia | Malaysia | 12(d) | - | 55.16 |
| - Topview Housing Sdn Bhd* | Malaysia | Malaysia | | 69.28 | 68.95 |
| - Nova Lagenda Sdn Bhd* | Malaysia | Malaysia | 12(b) | 69.28 | - |

* These entities have been audited by firms of auditors other than Grant Thornton.

(b) Acquisition of Controlled entities

On 4 May 2016, the Group acquired 100% equity interest in Nova Lagenda Sdn Bhd for a cash consideration of \$1.

On 13 June 2016, the Group acquired 100% equity interest in Ankara Restu Sdn Bhd for a cash consideration of \$1.

12. CONTROLLED ENTITIES (CONT'D)

- (c) Controlled entities with less than 50% ownership

The financial statements of UOA Asset Management Sdn Bhd, UOA REIT and Ankara Restu Sdn Bhd were consolidated because the parent entity can exercise control and influence over the Board of Directors of UOA Asset Management Sdn Bhd, which in turn is the asset manager of UOA REIT.

Under the Trust Deed signed between UOA Asset Management Sdn Bhd and RHB Trustees Berhad (the trustee), UOA Asset Management Sdn Bhd is responsible for the 'day to day' management of the assets held by UOA REIT, investment strategies, policy setting and compliance with all relevant Acts, Legislation, Regulations and Guidelines.

The financial statements of Peninsular Home Sdn Bhd, Everise Tiara (M) Sdn Bhd, Scenic Point Development Sdn Bhd, Ceylon Hills Sdn Bhd and Eureka Equity Sdn Bhd were consolidated because the parent entity can exercise control and influence over the Board of Directors of the subsidiary companies.

- (d) Disposal of Controlled entities

On 13 October 2016 and 31 December 2016, the Group disposed 70% equity interest in Solid Chef Sdn Bhd and 80% equity interest in Botanica Deli Sdn Bhd respectively.

13. PROPERTY, PLANT AND EQUIPMENT

| | Notes | CONSOLIDATED | |
|---|-------|----------------|----------------|
| | | 2016 \$'000 | 2015 \$'000 |
| <i>Freehold and leasehold stratified properties</i> | | | |
| At cost | | 82,221 | 43,103 |
| Accumulated depreciation | | (4,366) | (3,067) |
| | 13(a) | 77,855 | 40,036 |
| <i>Plant and equipment</i> | | | |
| At cost | | 31,385 | 26,044 |
| Accumulated depreciation | | (19,499) | (15,234) |
| | 13(a) | 11,886 | 10,810 |
| <i>Leased plant and equipment</i> | | | |
| At cost | | 8,815 | 11,243 |
| Accumulated depreciation | | (4,347) | (4,400) |
| | 13(a) | 4,468 | 6,843 |
| <i>Total property, plant and equipment</i> | | | |
| Cost | | 122,421 | 80,390 |
| Accumulated depreciation | | (28,212) | (22,701) |
| Total written down amount | | 94,209 | 57,689 |

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

| 2016 CONSOLIDATED | Freehold and leasehold stratified properties \$'000 | Plant and equipment \$'000 | Leased plant and equipment \$'000 | Total \$'000 |
|--|--|----------------------------------|---|-----------------|
| Balance at the beginning of the year | 40,036 | 10,810 | 6,843 | 57,689 |
| Additions | 3,567 | 4,467 | 223 | 8,257 |
| Disposals | - | (52) | - | (52) |
| Depreciation | (1,427) | (3,515) | (1,812) | (6,754) |
| Written off | - | (20) | - | (20) |
| Disposal of subsidiary companies | - | (347) | - | (347) |
| Transfer from investment properties | 36,639 | - | - | 36,639 |
| Reclassification | - | 680 | (680) | - |
| Net foreign currency movements | (960) | (137) | (106) | (1,203) |
| Carrying amount at the end of the year | 77,855 | 11,886 | 4,468 | 94,209 |

| 2015 CONSOLIDATED | Freehold and leasehold stratified properties \$'000 | Plant and equipment \$'000 | Leased plant and equipment \$'000 | Total \$'000 |
|--|--|----------------------------------|---|-----------------|
| Balance at the beginning of the year | 43,999 | 11,208 | 6,886 | 62,093 |
| Additions | - | 3,086 | 3,187 | 6,273 |
| Disposals | - | (321) | - | (321) |
| Depreciation | (959) | (3,001) | (2,110) | (6,070) |
| Written off | - | (89) | - | (89) |
| Reclassification | - | 668 | (668) | - |
| Net foreign currency movements | (3,004) | (741) | (452) | (4,197) |
| Carrying amount at the end of the year | 40,036 | 10,810 | 6,843 | 57,689 |

(b) Valuation

Based on the directors' valuations on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction, and review of the property, plant and equipment balance there has been no impairment loss during the year.

14. INVESTMENT PROPERTIES

| | CONSOLIDATED | |
|---|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Balance at beginning of the year | 668,368 | 679,147 |
| Transfer from inventories | 5,801 | - |
| Transfer to property, plant and equipment | (36,639) | - |
| Net foreign currency movements | (25,115) | (60,150) |
| Additions | 80,002 | 22,970 |
| Disposals | (1,054) | (1,961) |
| Fair value adjustments | 131,696 | 28,362 |
| Balance at end of the year | 823,059 | 668,368 |

The fair value model is applied to all investment properties. Investment properties are independently revalued, which are performed on an open market basis, which represents the amounts for which the assets could be exchanged between knowledgeable willing buyer and knowledgeable willing seller in an arm's length transaction at a valuation date.

The fair value of the investment properties held by the UOA Real Estate Investment Trust ("UOA REIT") were assessed by the Board of Directors of UOA Asset Management Sdn Bhd, the Manager of UOA REIT based on an update valuation by an Independent Property Valuer, PA International Property Consultants (KL) Sdn Bhd on 31 December 2016. In arriving at the market values, the valuer has applied the Investment and Comparison Methods to assess the market values of the investment properties.

The directors have reviewed the valuation of two commercial properties which were done on 26 August 2016 and 15 December 2016 by PA International Property Consultants (KL) Sdn Bhd, an Independent Property Valuer based on the Comparison Method and opined that the carrying values reflect the fair value of the investment properties.

The directors have reviewed the update valuations of two commercial properties which were done on 31 December 2016 by PA International Property Consultants (KL) Sdn Bhd, an Independent Property Valuer based on the Comparison Method, and opined that the carrying value reflects the fair value of the investment properties.

The directors have reviewed the valuations of all commercial properties which were done on 31 December 2016 by PA International Property Consultants (KL) Sdn Bhd based on the investment, comparison and cost methods and are of the opinion that the carrying values reflect the fair value of the investment properties.

The directors have reviewed the valuations of all residential properties which were done on 31 December 2016 by PA International Property Consultants (KL) Sdn Bhd based on the Comparison Method and opined that the carrying values reflect the fair value of the investment properties.

A loan of \$78,219,000 (2015: \$80,493,000) was secured by legal charges over UOA Centre Parcels, UOA II Parcels (excluding level 17, UOA II) and Wisma UOA Damansara II. The fair value of assets pledged, as security was \$185,386,000 (2015: \$190,070,700).

14. INVESTMENT PROPERTIES (CONT'D)

A loan of \$40,210,000 (2015: \$40,151,000) was secured by Loan Agreements cum Assignment, Deeds of Extension of Deed of Assignment, Deeds of Assignment of Rental Proceeds ("DARP"), Deeds of Extension of DARP and four Power of Attorney and legal charges over UOA Damansara Parcels and Parcel B - Menara UOA Bangsar. The fair value of assets pledged, as security was \$130,452,000 (2015: \$133,941,000).

The management has applied the following assumptions in the valuation:

- (i) The comparison method entails comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, size, building construction and finishes, building services, management and maintenance, age and state of repair, market conditions and other relevant characteristics.
- (ii) In the cost method, the value of the land is added to the replacement cost of the buildings and other site improvements. The replacement cost of the buildings is derived from estimation of reproduction cost of similar new buildings based on current market prices for materials, labour and present construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.
- (iii) The investment method entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income.

The fair value hierarchy of the Group's investment properties as at the end of the reporting period is as follows:

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|---------------------------------|-------------------|-------------------|-------------------|
| Freehold condominium | - | 1,610 | - |
| Freehold bungalows | - | 14,844 | - |
| Freehold commercial properties | - | 40,411 | 256,647 |
| Leasehold commercial properties | - | 328,020 | 167,967 |

The fair values of the investment properties included in Level 2 was determined using the comparison method and Level 3 was determined using the cost and investment methods. The most significant input into this valuation approach is price per square foot.

There has been no change in valuation methods used during the year except for the valuation of a leasehold commercial property which was previously valued based on cost method as it was newly completed at the time. In the current year, the property has been substantially tenanted. The Group adopted the investment method instead, to reflect the current use of the property in arriving at its valuation.

14. INVESTMENT PROPERTIES (CONT'D)

There is no transfer between the fair value hierarchy except for the reclassification for Level 3 as stated below:

Reconciliation of Level 3 Fair Value Measurement

| | \$'000 |
|---|----------|
| At 1 January 2016 | 475,970 |
| Fair value gains recognised in profit or loss | 6,506 |
| Additions | 358 |
| Transferred to Level 2 | (44,471) |
| Net foreign currency movements | (13,749) |
| At 31 December 2016 | 424,614 |

Details of Level 3 fair value measurements are as follows:

| Valuation method and key inputs | Significant unobservable inputs | Relationship of unobservable inputs and fair value |
|---|--|---|
| Cost method which estimates the amount of reconstructing a building based on current market prices | Estimated replacement costs | The higher the estimated costs, replacement costs, the higher the fair value. |
| Investment method which capitalises the actual or estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields. | Discount rate of 6.25% to 7.00% | The higher the discount rate, the lower the fair value. |
| | Estimated market yield of 6.00% to 6.50% | The higher the estimated market yield, the lower the fair value. |
| | Occupancy rates of 45.10% to 99.83% | The higher the occupancy rate, the higher the fair value. |

The commercial buildings currently under construction are measured at cost because the fair value is not yet determinable as of 31 December 2016. The fair value of the property is expected to be reliably determinable when construction is complete.

15. INVESTMENT IN ASSOCIATES

| | CONSOLIDATED | |
|--------------------------------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Unquoted shares, at cost | 6,084 | 6,261 |
| Share of post-acquisition reserves | 23,373 | 16,197 |
| | 29,457 | 22,458 |
| Less : Unrealised profit | (7,507) | (6,314) |
| Exchange differences | (1,805) | (797) |
| | 20,145 | 15,347 |
| Less : Accumulated impairment losses | - | - |
| | 20,145 | 15,347 |

15. INVESTMENT IN ASSOCIATES (CONT'D)

| Name of entities | Country of incorporation | Principal activities | Ownership interest | |
|---|--------------------------|---|--------------------|--------|
| | | | 2016 % | 2015 % |
| Advanced Informatics & Management Centre Sdn Bhd (AIMAC)* | Malaysia | Providing telehealth or e-health facilities | 30 | 30 |
| Everise Project Sdn Bhd (EP)* | Malaysia | Property development | 39 | 39 |
| Asli Security Services Sdn Bhd* | Malaysia | Provision of security services | 30 | 30 |

* These entities have been audited by firms of auditors other than Grant Thornton.

The reporting date of AIMAC is 30 September 2016. For the purposes of applying the equity method of accounting, the financial statements of AIMAC for period ended 31 December 2016 have been used.

The Group receives construction revenue from EP, EP has awarded a construction contract to a controlled entity, Allied Engineering Construction Sdn Bhd on the development known as UOA Business Park (formerly known as Kencana Square). During the year, the construction revenue received from EP totaled \$23,693,034 (2015: \$98,870,610). Amount receivable from EP at reporting date is \$70,058,083 (2015: \$41,383,746).

Summarised financial information in respect of the Group's associates is set out below:

| | CONSOLIDATED | |
|-------------------------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Financial position: | | |
| Total assets | 182,946 | 160,407 |
| Total liabilities | (113,665) | (106,643) |
| Net assets | 69,281 | 53,764 |
| Financial performance: | | |
| Total revenue | 32,046 | 65,384 |
| Total profit for the year | 17,884 | 22,740 |

16. AVAILABLE FOR SALE FINANCIAL ASSETS

| | CONSOLIDATED | |
|--|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| (a) Listed investments, at fair value - shares in listed corporations | 4,970 | 3,722 |
| (b) Investments in golf membership, at cost | 181 | 187 |
| Total available for sale financial assets | 5,151 | 3,909 |

16. AVAILABLE FOR SALE FINANCIAL ASSETS (CONT'D)

Available for sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

Gains and losses arising from changes in fair value of available for sale financial assets are recognised as other reserves in the statement of changes in equity in the period in which they arise.

17. DEFERRED TAX LIABILITIES/(ASSETS)

| | Notes | CONSOLIDATED | |
|--|-------|----------------|----------------|
| | | 2016 \$'000 | 2015 \$'000 |
| Deferred tax liabilities | | | |
| - tax allowance relating to property, plant and equipment | | 445 | 497 |
| - real property gains tax | | 36,047 | 8,310 |
| | | 36,492 | 8,807 |
| Deferred tax assets | | | |
| - property development and construction profits | | (11,494) | (11,787) |
| - other deductible temporary differences | | (19) | (57) |
| | | (11,513) | (11,844) |
| | | 24,979 | (3,037) |
| (a) Reconciliation | | | |
| The overall movement in the deferred tax account is as follows: | | | |
| Opening balance | | (3,037) | (1,331) |
| Charge to profit or loss | 4 | 29,318 | (1,952) |
| Charge to equity | | (1,302) | 246 |
| Closing balance | | 24,979 | (3,037) |
| (b) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(m) occur | | | |
| - Unabsorbed tax losses | | 6,652 | 5,612 |
| - Unabsorbed capital allowances | | 4,948 | 5,115 |

18. TRADE AND OTHER PAYABLES

| | CONSOLIDATED | |
|---|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| CURRENT | | |
| Trade payables | 166,618 | 195,798 |
| Sundry payables and accrued expenses | 81,236 | 56,467 |
| Non-trade amount payable to directors and director related entities | - | - |
| | 247,854 | 252,265 |
| Amounts payable to non-controlling shareholders of subsidiary companies | 2,111 | 19,466 |
| | 249,965 | 271,731 |
| NON-CURRENT | | |
| Amounts payable to non-controlling shareholders of subsidiary companies | 7,860 | 7,684 |

Terms and conditions relating to the above financial instruments:

- (i) Trade payables are non-interest bearing and are normally on a 30 – 40 days term.
- (ii) Other payables are non-interest bearing.
- (iii) Details of the terms and conditions of related parties are set out in note 27.

19. OTHER FINANCIAL LIABILITIES

| | Notes | CONSOLIDATED | |
|----------------------------|-------|----------------|----------------|
| | | 2016 \$'000 | 2015 \$'000 |
| CURRENT | | | |
| <i>Secured liabilities</i> | | | |
| Lease liabilities | 22 | 1,930 | 2,606 |
| <i>Secured liabilities</i> | | | |
| Term loans | 25 | 149,807 | 153,528 |
| | | 151,737 | 156,134 |
| NON-CURRENT | | | |
| <i>Secured liabilities</i> | | | |
| Lease liabilities | 22 | 2,229 | 3,861 |
| <i>Secured liabilities</i> | | | |
| Long term loans | 25 | 5,760 | 29,846 |
| | | 7,989 | 33,707 |

Terms and conditions relating to the above financial instruments:

- (i) The revolving credit facility is secured by legal charges over the Group's strata-titled properties, a floating charge over leasehold strata property and corporate guarantees by certain controlled entities. The interest rates ranging from 1.91% to 5.27% (2015: 1.46% to 4.49%).
- (ii) The term loan is secured by a legal charge over a vacant commercial land and corporate guarantees by certain controlled entities. The interest rates ranging from 4.59% to 5.02% (2015: 4.84% to 5.20%).

19. OTHER FINANCIAL LIABILITIES (CONT'D)

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

| | CONSOLIDATED | |
|--|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Current | | |
| <i>Fixed charge</i> | | |
| Inventories | 26,861 | 32,569 |
| Total current assets pledged as security | 26,861 | 32,569 |
| Non-current | | |
| <i>Fixed charge</i> | | |
| Investment properties | 315,837 | 304,627 |
| Property, plant and equipment | 5,277 | 4,966 |
| <i>Finance leases</i> | | |
| Leased plant and equipment | 4,468 | 6,844 |
| Total non-current assets pledged as security | 325,582 | 316,437 |
| Total assets pledged | 352,443 | 349,006 |

The terms and conditions relating to the financial assets are as follows:

Investment properties and property, plant and equipment are pledged against secured bank loans on a fixed charge for the terms of the various secured loans.

20. SHARE CAPITAL

| | 2016 \$'000 | 2015 \$'000 |
|--------------------------------|----------------|----------------|
| (a) Issued and paid up capital | | |
| Ordinary shares fully paid | 145,668 | 110,268 |

| | 2016 | | 2015 | |
|----------------------------------|------------------|---------|------------------|---------|
| | Number of shares | \$'000 | Number of shares | \$'000 |
| (b) Movements in shares on issue | | | | |
| Balance at beginning of the year | 1,228,407,215 | 110,268 | 1,172,376,947 | 82,140 |
| Issued during the year | | | | |
| - dividend reinvestment plan | 74,636,007 | 35,416 | 56,030,268 | 28,143 |
| Buyback during the year | - | (16) | - | (15) |
| Balance at end of the year | 1,303,043,222 | 145,668 | 1,228,407,215 | 110,268 |

The ordinary shares of the Company are shares of no par value.

20. SHARE CAPITAL (CONT'D)

The final dividend for year ended 31 December 2015 was paid on 7 June 2016. Some shareholders elected to take ordinary shares in lieu of cash, totaling 63,528,425 shares.

The interim dividend for year ended 31 December 2016 was paid on 3 November 2016. Some shareholders elected to take ordinary shares in lieu of cash, totaling 11,107,582 shares.

Terms and conditions of issued capital:

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(c) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2016, management paid dividends of \$37,170,000 (2015: \$29,527,000). Management's objective for dividend payments for 2017 to 2021 is to maintain the current level of dividends, assuming business and economic conditions allow.

Management monitors capital through the gearing ratio (net debt/total capital). The target for the Group's gearing ratio are between 10% to 25%. The gearing ratios based on continuing operations at 31 December 2016 and 2015 were as follows:

| | CONSOLIDATED | |
|---------------------------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Total borrowings* | 415,440 | 449,790 |
| Less: Cash and cash equivalents | (398,552) | (486,954) |
| Net cash | 16,888 | (37,164) |
| Total equity | 1,115,109 | 986,054 |
| Total capital | 1,131,997 | 948,890 |
| Gearing ratio | 1.49% | - |

* Includes interest bearing loans and borrowings and trade and other payables

The Group is not subject to any externally imposed capital requirements

21. RESERVES

(a) Foreign Currency Translation Reserve

(i) Nature and purpose of reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements.

(ii) Movements in reserve

| | CONSOLIDATED | |
|----------------------------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Balance at beginning of the year | (36,981) | 40,685 |
| Currency translation differences | (30,821) | (77,666) |
| Balance at end of the year | (67,802) | (36,981) |

(b) Other Reserve

(i) Nature and purpose of reserve

Other reserve records fair value changes of available for sale financial assets.

(ii) Movements in reserve

| | CONSOLIDATED | |
|--|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Balance at beginning of the year | 268 | 184 |
| Currency translation differences | 18 | 17 |
| Net (loss)/gain on available for sale financial assets | (287) | 67 |
| Balance at end of the year | (1) | 268 |

22. CAPITAL AND LEASING COMMITMENTS

| | NOTES | CONSOLIDATED | |
|---|-------|----------------|----------------|
| | | 2016 \$'000 | 2015 \$'000 |
| (a) Finance Lease Commitments | | | |
| Payable – minimum lease payments | | | |
| - not later than one year | | 2,106 | 2,894 |
| - later than one year but not later than five years | | 2,338 | 4,101 |
| Minimum lease payments | | 4,444 | 6,995 |
| Less: future finance charges | | (285) | (528) |
| Present value of minimum lease payments | | 4,159 | 6,467 |
| Current liabilities | 19 | 1,930 | 2,606 |
| Non-current liabilities | 19 | 2,229 | 3,861 |
| | | 4,159 | 6,467 |
| (b) Capital Commitments | | | |
| The Group has the following capital commitments: | | | |
| Property, plant and equipment | | \$ 3,470,833 | |
| Construction of investment properties | | \$ 39,997,805 | |

23. EMPLOYEE BENEFITS

No provision for employee benefits have been made as all employees are required to clear any accrued leave by year end.

24. OPERATING SEGMENTS

The Group has three (3) operating segments: Investment, Land development and resale and Others.

The activities undertaken by the investment segment includes the holding of investment properties to generate rental income, capital appreciation or both.

The activities undertaken by the land development and resale segment includes development, construction and sale of residential and commercial properties.

The activities undertaken under the Others segment includes Operations of hotel and food and beverage outlets, provision of facilities support services and carpark operations, revenue from moneylending services and provision of management services.

Each of these operating segments is managed separately as each of these operating requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under AASB 8 are the same as those used in its financial statements, except that:

- Gain or loss on disposal of property, plant and equipment,
- Gain or loss on disposal of available for sale financial assets,
- Gain or loss on disposal of interests in subsidiaries,
- Share of results of equity accounted investments, and
- revenue, costs and fair value gains from investment property

are not included in arriving at the operating profit of the operating segments.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

24. OPERATING SEGMENTS (CONT'D)

| | Investment | | | Land development and resale | | | Others | | Elimination | | Consolidated | |
|---|----------------|----------------|----------------|-----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 |
| Segment revenue | | | | | | | | | | | | |
| Sales to customers outside the group | - | - | - | 324,081 | 560,949 | - | - | - | - | - | 324,081 | 560,949 |
| Other revenues from customers outside the group | 159,740 | 79,881 | 32,749 | 61,095 | 32,749 | 12,287 | 10,461 | - | - | - | 233,122 | 123,091 |
| Inter segment revenue | 327,616 | 125,631 | 388,921 | 253,079 | 388,921 | 991 | 959 | (581,686) | (515,511) | - | - | - |
| Total revenue | 487,356 | 205,512 | 982,619 | 638,255 | 982,619 | 13,278 | 11,420 | (581,686) | (515,511) | 557,203 | 684,040 | |
| Interest revenue | 7,048 | 8,010 | 7,395 | 6,746 | 7,395 | 187 | 59 | - | - | - | 13,981 | 15,464 |
| Finance costs | (5,648) | (6,010) | (2,743) | (2,023) | (2,743) | (3) | (1) | - | - | - | (7,674) | (8,754) |
| Depreciation and amortisation | (2,217) | (1,631) | (4,327) | (4,415) | (4,327) | (122) | (112) | - | - | - | (6,754) | (6,070) |
| Write off of assets | (7) | (4) | (85) | (13) | (85) | - | - | - | - | - | (20) | (89) |
| Increase in fair value of investment properties | 105,801 | 28,362 | - | 25,895 | - | - | - | - | - | - | 131,696 | 28,362 |
| Other non-cash expenses | (1,806) | (621) | (845) | (36) | (845) | - | - | - | - | - | (1,842) | (1,466) |
| Income tax expense | (31,646) | (3,502) | (53,734) | (41,331) | (53,734) | (315) | (282) | - | - | - | (73,292) | (57,518) |
| Segment net operating profit after tax | 77,139 | 27,842 | 165,173 | 158,498 | 165,173 | 6,262 | 4,822 | - | - | - | 241,899 | 197,837 |
| Reconciliation of segment net operating profit after tax to net profit before tax | | | | | | | | | | | | |
| Segment net operating profit after tax | | | | | | | | | | | 241,899 | 197,837 |
| Gain on disposal of property, plant and equipment | | | | | | | | | | | 84 | 105 |
| Gain on disposal of available for sale financial assets | | | | | | | | | | | 202 | - |
| Gain on disposal of subsidiary companies | | | | | | | | | | | 390 | - |
| Result from equity accounted investments | | | | | | | | | | | 6,982 | 8,868 |
| Total net profit before tax per profit or loss | | | | | | | | | | | 249,557 | 206,810 |

24. OPERATING SEGMENTS (CONT'D)

| | Investment | | | Land development and resale | | | Others | | Elimination | | Consolidated | |
|--|----------------|----------------|--|-----------------------------|----------------|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 | | 2016 \$'000 | 2015 \$'000 | | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 |
| Segment assets | 965,837 | 808,246 | | 1,105,386 | 1,130,321 | | 12,208 | 5,564 | - | - | 2,083,431 | 1,944,131 |
| Reconciliation of segment operating assets to total assets | | | | | | | | | | | | |
| Segment operating assets | | | | | | | | | | | 2,083,431 | 1,944,131 |
| Available for sale financial assets | | | | | | | | | | | 5,151 | 3,909 |
| Deferred tax assets | | | | | | | | | | | 11,513 | 11,844 |
| Current tax assets | | | | | | | | | | | 8,770 | 9,366 |
| Total assets as per the statement of financial position | | | | | | | | | | | 2,108,865 | 1,969,250 |
| Investment in associates | 20,145 | 15,347 | | - | - | | - | - | - | - | 20,145 | 15,347 |
| Capital expenditure | 5,874 | 400 | | 2,259 | 5,856 | | 124 | 17 | - | - | 8,257 | 6,273 |
| Segment liabilities | 174,928 | 148,302 | | 238,789 | 318,004 | | 3,834 | 2,950 | - | - | 417,551 | 469,256 |
| Reconciliation of segment operating liabilities to total liabilities | | | | | | | | | | | | |
| Segment operating liabilities | | | | | | | | | | | 417,551 | 469,256 |
| Deferred tax liabilities | | | | | | | | | | | 36,492 | 8,807 |
| Current tax liabilities | | | | | | | | | | | 6,054 | 7,740 |
| Total liabilities per the statement of financial position | | | | | | | | | | | 460,097 | 485,803 |

25. CASH FLOW INFORMATION

(a) Acquisition of Entities

During the year, the Group acquired 100% equity in Nova Lagenda Sdn Bhd for a consideration of \$1 and Ankara Restu Sdn Bhd for a consideration of \$1.

(b) Financing facilities available

Finance Lease Transactions

During the year, the Group acquired plant and equipment with an aggregate value of \$429,000 (2015: \$3,420,000) by means of finance leases.

Dividend Reinvestment Plan

Under the terms of the dividend reinvestment plan, dividends amounting to \$35,416,398 (2015: \$28,143,193) were paid via the issuance of the equivalent of 74,636,007 shares (please refer to Note 20) (2015: 56,030,268).

(c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

| | Notes | CONSOLIDATED | |
|-------------------------------------|-------|----------------|----------------|
| | | 2016 \$'000 | 2015 \$'000 |
| Total facilities | | | |
| - credit standby arrangements | | 48,035 | 33,485 |
| - bank loans | | 243,273 | 263,823 |
| Facilities used at reporting date | | | |
| - credit standby arrangements | | 23,417 | 14,176 |
| - bank loans | 19 | 155,567 | 183,374 |
| Facilities unused at reporting date | | | |
| - credit standby arrangements | | 24,618 | 19,309 |
| - bank loans | | 87,706 | 80,449 |

The major credit facilities are guarantees supplied by the bank, with the general terms and conditions being set and agreed annually. They may be drawn at any time.

The major loan facilities are revolving, term and bridging loans. The terms of the loans vary from one to five years and all carry variable interest rates.

The revolving, term and bridging loans are subject to periodic review and are repayable through redemption from the sale of property units.

Finance provided under all facilities provided the Company and the Group have not breached any borrowing requirements and the required financial ratios are met.

26. EVENTS AFTER THE REPORTING DATE

- (a) On 22 February 2017, the directors of United Overseas Australia Ltd proposed a final dividend of 2.5 cents per ordinary shares (totalling \$32,576,081) in respect of the financial year ended 31 December 2016. This dividend has not been provided for in the 31 December 2016 financial statements.
- (b) The Company has entered into a contract whereby it has acquired a 51% interest in East Parade Pty Ltd for a development project of 73 up market condominiums in East Perth West Australia. This was announced to Australia Securities Commission on 24 February 2017. To this end final negotiations and due diligence are currently being conducted. Stakeholders and the market will be kept updated on the project.
- (c) The financial report was authorised for issue on 30 March 2017 by the Board of Directors at a Board Meeting held on 30 March 2017.

27. RELATED PARTY TRANSACTIONS

The Group's related parties include its associates, key management, post-employment benefit plans for the Group's employees and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with key management personnel

Key management of the Group are the executive members of United Overseas Australia Ltd's Board of Directors and members of the Executive Council. Key Management Personnel remuneration includes the following expenses:

| | 2016 \$ | 2015 \$ |
|---------------------------------|------------------|------------------|
| Short term employee benefits: | | |
| • salaries including bonuses | 4,856,512 | 5,273,469 |
| • non-monetary benefits | 51,661 | 50,036 |
| • others | 292,632 | 179,451 |
| Post-employment benefits: | | |
| • defined benefit pension plans | 557,661 | 600,006 |
| Total remuneration | 5,758,466 | 6,102,962 |

The parent entity receives accounting and secretarial services from a company, Winduss & Associates. During the year, the fees paid to Winduss & Associates totalled \$122,084 (2015: \$100,343).

Entity with significant influence over the Group – Griyajaya Sdn Bhd

Griyajaya Sdn Bhd owns 31.11% (2015: 31.02%) of the ordinary shares in United Overseas Australia Ltd.

Employees

Contributions to superannuation funds on behalf of employees are disclosed in the Directors' Report.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

27. RELATED PARTY TRANSACTIONS (CONT'D)

Allowance for impairment loss on trade receivables

For the year ended 31 December 2016, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2015: Nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises allowance for the impairment loss.

Sale of residential properties to directors, key management personnel and their associates

There is no transactions with the directors, key management personnel and their associates in the financial year ended 31 December 2016.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, bank loans, finance leases, hire purchase contracts, available for sale financial assets, short term investments, cash and short term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees on policies for managing each of these risks as summarised below.

Risk Exposures and Responses

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's long term debt obligations. The level of debt is disclosed in Note 19.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to a variable interest rate risk that are not designated in cash flow hedges:

| | CONSOLIDATED | |
|-------------------------------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Financial Assets | | |
| Cash and cash equivalents | 398,552 | 486,954 |
| Available for sale financial assets | 5,151 | 3,909 |
| | 403,703 | 490,863 |
| Financial liabilities | | |
| Bank loans | (155,567) | (183,374) |
| Lease liabilities | (4,159) | (6,467) |
| | (159,726) | (189,841) |
| Net exposure | 243,977 | 301,022 |

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Interest rate risk (cont'd)

The Group's policy is to manage its finance costs using a mix of fixed and variable debt. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

| | Post Tax Profit Higher/(Lower) | | Equity Higher/(Lower) | |
|--------------|-----------------------------------|----------------|--------------------------|----------------|
| | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 |
| Consolidated | | | | |
| + 1% | 2,440 | 3,010 | - | - |
| - 0.5% | (1,220) | (1,505) | - | - |

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The movement in equity is due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges. The sensitivity is lower in 2016 than in 2015 due to a decrease in cash and cash equivalents and borrowings which resulted in a lower net exposure position.

Foreign currency risk

As a result of significant operations in Malaysia and large purchases of inventory denominated in the Malaysian Ringgit ("MYR"), the Group's statement of financial position can be affected significantly by movements in the MYR/A\$ exchange rates. The Group seeks to mitigate the effects of its foreign currency exposure by borrowing in Malaysian Ringgit.

At 31 December 2016, the Group had the following exposure to the Singapore Dollar ("SGD") foreign currency that is not designated in cash flow hedges:

| | CONSOLIDATED | |
|---------------------------------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Financial Assets | | |
| Cash and cash equivalents | 15,026 | 492 |
| Trade and other receivables | 6,756 | 1,851 |
| | 21,872 | 2,343 |
| Financial liabilities | | |
| Trade and other payables | (72) | (142) |
| Interest bearing loans and borrowings | (2,447) | (2,652) |
| | (2,519) | (2,794) |
| Net exposure | 19,263 | (451) |

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Foreign currency risk (cont'd)

The following sensitivity is based on the foreign currency risk exposures in existence at the end of reporting period.

As at 31 December 2016, had the SGD and A\$ moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

| | Post Tax Profit Higher/(Lower) | | Equity Higher/(Lower) | |
|--------------|-----------------------------------|----------------|--------------------------|----------------|
| | 2016 \$'000 | 2015 \$'000 | 2016 \$'000 | 2015 \$'000 |
| Consolidated | | | | |
| + 10% | 1,926 | (45) | - | - |
| - 5% | (963) | 23 | - | - |

The movements in profit in 2016 are more sensitive than in 2015 due to the higher levels of SGD cash and cash equivalents at reporting date.

Management believes the reporting date risk exposures are representative of the risk exposure inherent in the financial instruments.

Price risk

The Group's exposure to commodity and equity securities price risk is minimal.

Equity securities price risk arises from investments in equity securities. To limit this risk the Group diversifies its portfolio in accordance with limits set by the Board. The majority of the equity investments are of a high quality and are publicly traded on Bursa Malaysia. The price risk for both listed and unlisted securities is immaterial in terms of a possible impact on profit and loss to total equity and as such a sensitivity analysis has not been completed.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, trade and other receivables and available for sale financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades substantially with third parties that are backed by loan facilities from financial institutions and such lenders have extended undertakings to the Group to honour payments when due.

The Group also trades with recognised, creditworthy third parties, and such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counter parties.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, finance leases and committed available credit lines.

As at 31 December 2016, 95% of the Group's debt will mature in less than one year (2015: 82%).

The table below reflects all contractually fixed pay-offs and receivables for settlement repayments and interest resulting from recognised financial assets and liabilities. The respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing as 31 December 2016.

The remaining contractual maturities of the Group's financial liabilities are:

| | CONSOLIDATED | |
|------------------|----------------|----------------|
| | 2016 \$'000 | 2015 \$'000 |
| Less than 1 year | 158,256 | 156,421 |
| 1 to 5 years | 8,652 | 38,364 |
| Over 5 years | - | - |
| | 166,908 | 194,785 |

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations such as property, plant and equipment and investments in working capital e.g. inventories and trade receivables. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks the Group has established comprehensive risk reporting covering its business units that reflect expectations of management of expected settlement to financial assets and liabilities.

| CONSOLIDATED | < 1 year \$'000 | 1 - 5 years \$'000 | > 5 years \$'000 | Total \$'000 |
|--------------|-----------------------|--------------------------|------------------------|-----------------|
|--------------|-----------------------|--------------------------|------------------------|-----------------|

Financial Assets

| | | | | |
|-------------------------------------|---------|--------|-------|---------|
| Cash and cash equivalents | 398,552 | - | - | 398,552 |
| Trade and other receivables | 161,622 | 55,045 | 1,210 | 217,877 |
| Available for sale financial assets | - | - | 5,151 | 5,151 |
| | 560,174 | 55,045 | 6,361 | 621,580 |

Financial liabilities

| | | | | |
|---------------------------------------|---------|--------|-------|---------|
| Trade and other payables | 247,854 | 7,860 | - | 255,714 |
| Interest bearing loans and borrowings | 151,737 | 7,989 | - | 159,726 |
| | 399,591 | 15,849 | - | 415,440 |
| Net maturity | 160,583 | 39,196 | 6,361 | 206,140 |

29. DISPOSAL OF SUBSIDIARIES

\$'000

Analysis of assets and liabilities disposed:

| | |
|-------------------------------|---------|
| Property, plant and equipment | 347 |
| Trade and other receivables | 333 |
| Inventories | 88 |
| Cash and bank balances | 527 |
| Trade and other payables | (1,524) |
| Net liabilities disposed | (229) |

Net cash flows on disposal:

| | |
|------------------------------------|-------|
| Consideration received | 232 |
| Cash and cash equivalents disposed | (527) |
| Net cash outflow from disposal | (295) |

Gain on disposal:

| | |
|--------------------------|------|
| Cash consideration | 232 |
| Net assets disposed | 229 |
| Non-controlling interest | (71) |
| Gain on disposal | 390 |

Director's Declaration

In accordance with a resolution of the directors of United Overseas Australia Ltd, I state that:

- (1) In the opinion of the directors:
 - (a) the financial statements and the notes of the consolidated entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (2) The Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view
- (3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Alan Charles Winduss
Director

Perth, Western Australia
30 March 2017

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF UNITED OVERSEAS AUSTRALIA LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of United Overseas Australia Limited (the Company), and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying consolidated financial report of United Overseas Australia Limited, is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

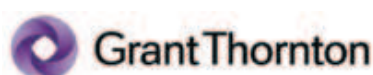
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial report of the current period. These matters were addressed in the context of our audit of the consolidated financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>Valuation of investment properties Note 14</p> <p>The Group holds investment properties located in Malaysia including completed investments and properties under construction amounting to \$823,059 million which represents 40% of total assets as at 31 December 2016. Properties include freehold condominiums \$1,610 million, freehold bungalows \$14,844 million, freehold commercial properties \$297,058 million and leasehold commercial properties \$495,987 million. The total fair value gain (both realised and unrealised) of \$131,696 million was recognised in other revenue from ordinary activities.</p> <p>The Group engages qualified independent valuers to determine fair value. The valuation exercise also relies on the accuracy of the underlying lease and financial information provided to the valuers.</p> <p>The Group reviews the fair value of their property portfolio at each reporting date</p> <p>This is a key audit matter as the valuation of the Group's property portfolio includes significant judgement areas that include a number of assumptions and estimates including estimated replacement costs, rental yields and occupancy rates, future net operating income and discount rates.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> assessed treatment of investment properties in line with the requirements of IAASB 40 <i>Investment Properties</i>; reviewed the valuation reports, evaluating the judgements and assumptions used by independent valuers including expected future net operating income, discount rate, estimated market yield and estimated occupancy rate; assessed the external valuers' competence, capabilities, integrity and independence; challenged key data provided by the valuers on a sample basis and benchmarked key assumptions to relevant available external market data; engaged the services of an independent third party property valuation expert to assess the appropriateness of work completed by the management's expert on a sample basis; assessed the competencies of the expert in line ASA 620: <i>Using the work of an Auditors Expert</i>; assessed management's review of the work of the external valuers; and reviewed the appropriateness of the related disclosures within the financial statements. |



| | |
|---|--|
| Revenue recognition Note 2 | |
| <p>The Group recorded property development and construction revenue of \$324,081 million.</p> <p>The Group recognises revenue from property development activities and construction contracts based on the percentage of completion.</p> <p>Performance against market expectation and profit based targets adopted by management places pressure to distort revenue recognition resulting in potential overstatement or deferral of revenue to meet financial targets or expectations.</p> <p>Significant judgement is required in determining the percentage of completion in relation to construction revenue, in particular estimating the costs to complete, amounts of variation orders to be recognised for each project, and estimated total revenue.</p> <p>This is a key audit matter as there is significant judgement and estimation relating to the recognition and measurement of construction revenue.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • tested the operating effectiveness of internal controls over revenue recognition and the billing process including those controls over the prevention and detection of fraud and errors in revenue recognition and controls governing approvals and variations to contract amounts; • challenged management's arithmetic accuracy of data provided including assumptions on projects recognised in accordance with the percentage of completion method. Sample testing was completed on key estimates, corroborated to supporting evidence and historical accuracy of the Group's ability to estimate in prior periods; • analysed amendments to contract terms and assumptions to corroborating evidence to ensure the consistency of assumptions across similar project types; and • reviewed the appropriateness of the related disclosures within the financial statements. |

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 42 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of United Overseas Australia Limited, for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to be "MJ Hillgrove".

MJ Hillgrove
Partner - Audit & Assurance

Perth, 30 March 2017

Asx Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 16 March 2017.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

| | Ordinary shares | |
|-------------------|-------------------|------------------|
| | Number of holders | Number of shares |
| 1 – 1,000 | 99 | 16,994 |
| 1,001 – 5,000 | 127 | 358,248 |
| 5,001 – 10,000 | 112 | 935,992 |
| 10,001 – 100,000 | 274 | 10,360,571 |
| 100,001 And over* | 122 | 1,291,371,417 |
| | 734 | 1,303,043,222 |

The number of shareholders holding less than a marketable parcel of shares are:

| | Ordinary shares | |
|----------------|-------------------|------------------|
| | Number of holders | Number of shares |
| 1 – 787 | 85 | 3,954 |
| 788 – And over | 649 | 1,303,039,268 |
| | 734 | 1,303,043,222 |

* Included in this figure is 748,290,910 shares in respect of the Company's secondary listing in Singapore

Asx Additional Information*(cont'd)***(b) Twenty largest shareholders**

The names of the twenty largest holders of quoted shares are:

| | | Listed ordinary shares | |
|----|--------------------------------------|------------------------|-------------------------------|
| | | Number of shares | Percentage of ordinary shares |
| 1 | The Central Depository (Pte) Limited | 748,290,910 | 57.43% |
| 2 | Transmetro Sdn Bhd | 94,735,375 | 7.27% |
| 3 | Mahareno Sdn Bhd | 81,473,776 | 6.25% |
| 4 | Transmetro Corporation Sdn Bhd | 81,473,758 | 6.25% |
| 5 | Macrolantic Technology Sdn Bhd | 81,473,758 | 6.25% |
| 6 | Wismara Sdn Bhd | 52,721,678 | 4.05% |
| 7 | Amerena Sdn Bhd | 33,822,613 | 2.60% |
| 8 | Accomplished Portfolio Sdn Bhd | 25,647,481 | 1.97% |
| 9 | Wong Kiu Nguik | 15,916,733 | 1.22% |
| 10 | JP Morgan Nominees Australia Limited | 7,635,543 | 0.58% |
| 11 | Tan Sri Dato' Seri Alwi Jantan | 6,876,091 | 0.53% |
| 12 | Lay Hoon Koh | 5,704,650 | 0.44% |
| 13 | Colin Robert Macewan & Bronwyn Beder | 4,050,000 | 0.31% |
| 14 | EGP Fund No 1 Pty Ltd | 2,850,000 | 0.22% |
| 15 | W Joseph Hughes Nominees Pty Ltd | 2,354,000 | 0.18% |
| 16 | Citicorp Nominees Pty Limited | 2,339,588 | 0.18% |
| 17 | Hegford Pty Ltd | 2,257,544 | 0.17% |
| 18 | Chow Fong Wong | 2,234,313 | 0.17% |
| 19 | Pershing Australia Nominees Pty Ltd | 1,850,000 | 0.14% |
| 20 | Chow Fong Wong | 1,834,960 | 0.14% |
| | | 1,255,542,771 | 96.35% |

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

| | Number of shares Held | % of Issued Shares |
|-----------------|-----------------------|--------------------|
| Chong Soon Kong | 910,356,723 | 69.86% |
| Pak Lim Kong | 699,185,338 | 53.66% |

In calculating the number of shares, the following entities are considered to be associates of both the substantial shareholders and have been included in the total for each shareholder shown above.

| | Number of shares Held | % of Issued Shares |
|----------------------|-----------------------|--------------------|
| Griyajaya Sdn Bhd | 405,358,103 | 31.11% |
| Dream Legacy Sdn Bhd | 164,071,787 | 12.59% |

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

UNITED OVERSEAS AUSTRALIA LTD

UOA Corporate Tower
Lobby A, Avenue 10, The Vertical
Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Telephone : +603 2245 9188 Facsimile : +603 2241 4862

www.uoa.com.my