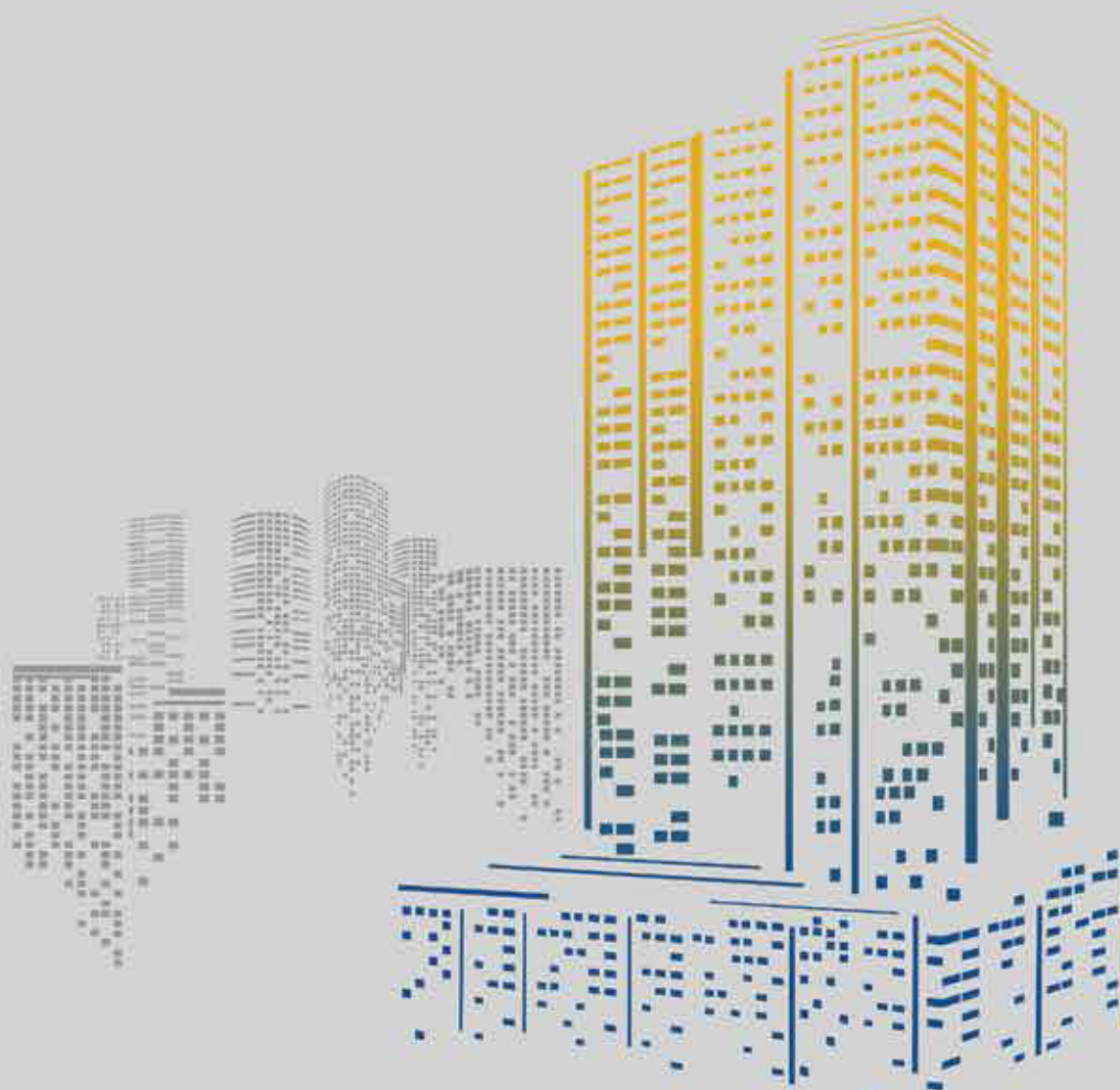




United Overseas Australia Ltd



ANNUAL REPORT 2017



On Cover:

An illustration of South Link Lifestyle Apartments - a freehold development that is complemented by a myriad of amenities and conveniences. It is easily accessible via major highways and public transportation with its strategically connected location at Bangsar South.

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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

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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

Central Park

Level 43, 152-158 St Georges Terrace

Perth

Western Australia 6000

Chairman's Message

Dear Valued Shareholders,

The financial year ended 31 December 2017 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 fulfil expectations.

I am pleased to report that after adjusting for minority interests and taxation, a profit of \$109 million is attributable to members of United Overseas Australia Ltd. This is a decrease of \$53 million or 32.5% compared to the results achieved for year ended 31 December 2016.

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 2018, 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 2018 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



East Bank

As seen from this report the year ended December 2017 has been one of profitable operations for the Group allowing it to continue to retain a 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 (69.58% owned) and UOA Real Estate Investment Trust (46.28% 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.uoadev.com.my

REVIEW OF OPERATIONS

Australia

As announced in June 2017, the company through its wholly owned subsidiary UOA International Pty Ltd entered into a joint venture (UOA 51%) to develop a project of 70 residential units and 3 commercial units in the inner-city Perth suburb of East Perth.

The project has a gross sale value of \$34 million.

At the date of this report practical completion is expected to be in July 2018.

In June 2017 UOA Leederville Pty Ltd (95% owned) purchased a commercial property at 661 Newcastle Street, Leederville for \$14,312,000.

This property comprises 29 offices & showrooms, while the company is considering future plans for this site, minor refurbishments are being carried out and a concentrated rental campaign is under way to tenant vacant units.

Vietnam

In July 2017 the Company through its wholly owned subsidiary UOA Tower Limited Liability Company incorporated in Vietnam began the procedures to develop a commercial property to be located at Tan Trao Street, District 7, Ho Chi Minh City.

It is proposed to develop a commercial office building with an estimated GDV of \$58.55 million on this site.

Building commenced in February 2018 and completion is expected in year 2020.

Malaysia

UOA Development Bhd and its subsidiaries (the "Group") has delivered another year of satisfactory results despite difficult conditions in the domestic and global economics. The Group achieved a total revenue of \$328.77 million and profit after tax of \$149.30 million.

Total property sales of \$394.34 million were achieved in financial year 2017.

Executive Director's Review Of Operations

(Cont'd)

COMPLETED DEVELOPMENTS

A total of four development projects with an estimated GDV of \$602.52 million collectively were completed in financial year 2017. They include South View Serviced Apartments, Suria@ North Kiara, Sentul Village and Southbank Residence.

Finished in 2017, South View Serviced Apartments consists of 1,204 units of serviced apartments in a complex which is located within close proximity to Bangsar South. Suria@North Kiara comprises a mix of serviced apartments and retail spaces which are located in Segambut. Another mixed development, namely Sentul Village which is located in Sentul saw its completion in the second quarter of 2017 while Southbank Residence consisting of serviced apartments and boutique office towers located along Old Klang Road was completed in the third quarter of 2017.



Suria@North Kiara



South View Serviced Apartments



Sentul Village



Southbank Residence

Executive Director's Review Of Operations

(Cont'd)

CURRENT DEVELOPMENTS

Danau Kota Suite Apartment development is located in the matured township of Setapak off Jalan Genting Kelang and is complemented by excellent local facilities. This project consists of 285 units of apartments together with 25 units of shop offices. It is expected to be completed in year 2018 with an estimated GDV of \$72.55 million.

Sentul Point in Sentul consists of 3 blocks of residences consisting of 2,352 units of serviced apartments and 142 units of retail shops.

United Point Residence in Kepong, consists of 2,509 units of serviced apartments and a commercial complex, it has a direct link to the future KTM commuter train station. The construction of these projects are on-going and are expected to be completed in year 2020 with an estimated total GDV of \$946.37 million.

The Sphere, a lifestyle hub which is located in Bangsar South, is scheduled to be opened for operation in the first quarter of 2018. This project consists of 3 levels of retail spaces with approximately 50 retail lots which are predominantly for food and beverage outlets.



Danau Kota Suite Apartments



United Point Residence

Executive Director's Review Of Operations

(Cont'd)



Sentul Point



The Sphere

Executive Director's Review Of Operations

(Cont'd)



South Link Lifestyle Apartments

FUTURE DEVELOPMENTS

Desa Commercial Center (formerly known as Desa Center) is a commercial project located near Taman Desa, Old Klang Road off the East-West Link Highway. This project comprises 2 blocks of boutique office buildings each of 16-stories with an anticipated GDV of \$94.64 million.

South Link Lifestyle Apartments comprises 1,422 units of freehold serviced apartments, along with a 2-storey lifestyle retail podium.

South Point is a hotel adjacent to South Link Lifestyle Apartments.

Both projects are located within close proximity to Bangsar South. The construction of these projects is on-going, and the latter is expected to be completed in year 2020 while the former is expected to be completed in year 2022. These two projects have an anticipated GDV on completion of \$242.90 million.

Bandar Tun Razak development is a project located within the thriving township of Bandar Tun Razak in Cheras, which is approximately 11 kilometers



Desa Commercial Center

from Kuala Lumpur City Centre. This development consists of residential units with age care facilities and is slated to be completed in year 2020 with an estimated GDV of \$94.64 million.

The Group's geographical focus on development within the Greater Kuala Lumpur will remain unchanged and efforts to seek opportune land acquisitions will continue.

Executive Director's Review Of Operations
Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

The year ended 31 December 2017 shows a marginally lower result when compared with the 2016 year. 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 2017	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
Total gross income (\$'000)	25,032	29,191	31,385	30,669	28,455
Income before tax (\$'000)	11,514	14,657	38,132	16,123	15,253
Income after tax (\$'000)					
- Realised	11,554	14,710	16,222	16,098	15,143
- Unrealised	(40)	1,436	21,438	526	(386)
Total	11,514	16,146	37,660	16,624	14,757
Earnings per unit (cents)					
- Realised	2.73	3.48	3.84	3.81	3.58
- Unrealised	(0.01)	0.34	5.07	0.13	(0.10)
Total	2.72	3.82	8.91	3.94	3.48
Distribution per unit (cents)	2.60	3.41	3.76	3.73	3.51
Total asset value (\$'000)	359,510	352,660	362,041	373,630	365,071
Net asset value (\$'000)	222,810	218,355	223,005	221,712	216,559
Net asset value per unit (\$)	0.53	0.52	0.53	0.52	0.51
Market price per unit (\$)	0.51	0.55	0.51	0.50	0.50
Distribution yield	5.28%	5.95%	6.89%	7.69%	7.36%
Annual total returns (\$'000) ⁽¹⁾	11,554	14,710	16,222	16,098	15,143
Average total returns ⁽²⁾					
- for one year	7.98%	9.50%	9.98%	9.97%	9.66%
- for three years	9.15%	9.82%	9.87%	9.88%	9.47%
- for five years	9.42%	9.82%	9.67%	9.70%	10.05%

⁽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.

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 2017.

PRINCIPAL ACTIVITY OF THE MANAGER

The Manager, a company incorporated in Malaysia, is a subsidiary of UOA Corporation Bhd, (a subsidiary of UOA Holdings Sdn Bhd which in turn, is a wholly owned subsidiary 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 its 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.

Executive Director's Review Of Operations
Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

(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 Group of companies, 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 its 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.

Executive Director's Review Of Operations
Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

The details of the real estate properties as at 31 December 2017 are as follows:

UOA Centre Parcels

Address/Location

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

Description

Parcels within the thirty-three (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 23 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

- a) HHQ Training & Management Services Sdn Bhd
- b) Bank Kerjasama Rakyat Malaysia Berhad
- c) Dats Management Sdn Bhd

Occupancy rate (based on secured tenancies)

84.1%

Rental received/receivable

\$1,895,516

Maintenance costs and capital expenditure

Maintenance costs amount to \$533,791. Capital expenditure of \$8,328 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

\$17,659,596

Last valuation

\$26,813,711

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

\$26,822,039

Executive Director's Review Of Operations

Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

UOA II Parcels

Address/Location

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

Description

Parcels within the thirty-nine (39) storey office building known as UOA II inclusive of five (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 19 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

- a) Sabah International Petroleum Sdn Bhd
- b) Envico Enterprises Sdn Bhd
- c) Dats Management Sdn Bhd

Occupancy rate (based on secured tenancies)

88.0%

Rental received/receivable

\$6,612,091

Maintenance costs and capital expenditure

Maintenance costs amount to \$1,365,521. 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).

Date of acquisition

29 November 2005 (Excluding Level 17, UOA II)

22 March 2010 (Level 17, UOA II)

Cost of acquisition

\$61,356,805

Last valuation

\$92,743,894

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

\$92,743,894

Executive Director's Review Of Operations
Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

UOA Damansara Parcels

Address/Location

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

Description

Parcels within the thirteen (13) storey office building known as UOA Damansara inclusive of four (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 20 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

- a) Kerajaan Malaysia
- b) Dats Management Sdn Bhd
- c) Skrine

Occupancy rate (based on secured tenancies)

86.5%

Rental received/receivable

\$2,840,461

Maintenance costs and capital expenditure

Maintenance costs amount to \$882,009. Capital expenditure of \$6,527 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

\$22,712,790

Last valuation

\$37,854,651

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

\$38,155,464

Executive Director's Review Of Operations

Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

Wisma UOA Pantai

Address/Location

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

Description

A five (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 10 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

- a) Tenaga Nasional Berhad
- b) Perbadanan Pengurusan Sisa Pepejal Dan Pembersihan Awam
- c) Dats Management Sdn Bhd

Occupancy rate (based on secured tenancies)

51.0%

Rental received/receivable

\$1,699,088

Maintenance costs and capital expenditure

Maintenance costs amount to \$587,461. Capital expenditure of \$10,047 was incurred during the financial year to enhance the property.

Encumbrances

Nil

Date of acquisition

2 April 2008

Cost of acquisition

\$27,129,166

Last valuation

\$29,968,265

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

\$29,979,521

Executive Director's Review Of Operations
Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

Wisma UOA Damansara II

Address/Location

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

Description

A sixteen (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

290,793 sq ft

Age

Approximately 10 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

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

Occupancy rate (based on secured tenancies)

80.4%

Rental received/receivable

\$3,984,796

Maintenance costs and capital expenditure

Maintenance costs amount to \$1,199,542. Capital expenditure of \$17,122 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

\$66,561,094

Last valuation

\$73,501,114

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

\$73,583,185

Executive Director's Review Of Operations

Extracts From UOA Real Estate Investment Trust's Annual Report
(Cont'd)

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 fifteen (15) levels of office space, three (3) levels of retail podium, six (6) levels of elevated car park space and four (4) levels of basement car park space (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 9 years

Existing use

Commercial

Status of holding

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

Major tenants (based on monthly rental receivable)

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

Occupancy rate (based on secured tenancies)

96.1%

Rental received/receivable

\$7,906,901

Maintenance costs and capital expenditure

Maintenance costs amount to \$1,533,214. Capital expenditure of \$2,713 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

\$91,166,617

Last valuation

\$94,636,627

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

\$94,643,027

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 2017 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
Terence Teo Chee Seng	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 (Executive Chairman/Chief Executive Officer)

Kong Chong Soon @ Chi Suim, Malaysian, male, aged 77, is responsible for the overall group management and strategy development. He has over 35 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 26 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 and Executive Director of UOA REIT, are both children of Mr. Kong.

Dickson Kong, Head of the Group Hospitality Division and Chief Investment Officer for the Group Vietnam Operations is a child 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 65, 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 39 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.

Stephanie Kong Pei Zen, Alternative Director for Pak Lim Kong on UOA Development Bhd is a daughter of Mr. Kong.

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 77 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 Real Estate Investment Trust

UOA Development Bhd

ASX Listed

Bursa Malaysia Securities Berhad Listed

Bursa Malaysia Securities Berhad Listed

Directors' Report

(Cont'd)

Terence Teo Chee Seng (Independent Non-Executive Director)

Mr. Chee Seng Teo, Singaporean, male, aged 63, 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 44, 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	6	6	-	-
P L Kong	6	6	4	4
A C Winduss	6	6	4	4
C S Teo	6	4	4	2

Directors' Report

(Cont'd)

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 2017 (**Reporting Period**). The information in this statement is current at 20 March 2018.

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 disclosed in full on the Company's website.

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.

Directors' Report*(Cont'd)*

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 20.

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 has 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.

Directors' Report*(Cont'd)***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 21.

Details of each of the director's qualifications are set out in the Directors' Report on page 19. 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.

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 21.

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 37. 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.

Directors' Report

(Cont'd)

Board, its Committees and Individual Directors

(Recommendations: 1.6)

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

An evaluation of the Board and individual directors will take place in the first half of the current accounting period in 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	490 out of 1,712 (29%)
Senior executive positions (which means Key Management Personnel as defined in the Accounting Standards)	106 out of 215 (49%)
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.

Directors' Report

(Cont'd)

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 is not 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.

Directors' Report*(Cont'd)*

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.

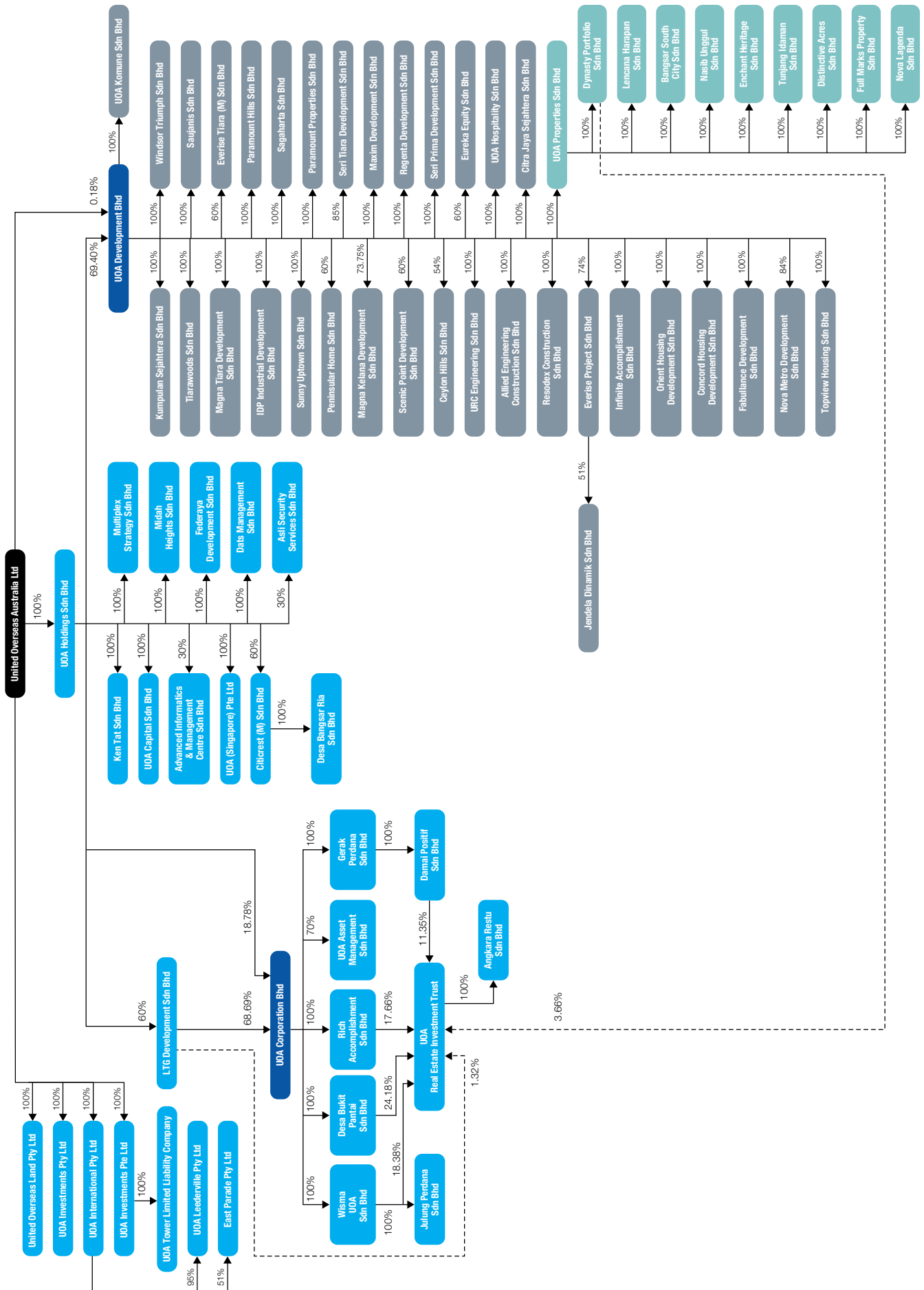
The internal audit function is structured to review the Company's operational and reporting procedures to ensure that the Company's policies and procedures are being followed. The Company has an internal audit department that has reviewed various aspects of the Group's internal controls during the year 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 2016 shown as recommended in the 2016 report	
• On ordinary shares	2.5

Directors' Report (Cont'd)

UOA GROUP - Corporate Structure as at 31.12.2017



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
- Operation 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 1,195 Malaysian employees and 517 Asian workers as at 31 December 2017 (2016: 1,309 Malaysian employees and 556 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 0.18% and an indirect interest of 69.40% (via UOA Holdings Sdn Bhd) in UOA Development Bhd.

UOA Real Estate Investment Trust

As at 31 December 2017, the Group has an effective equity holding of 46% in the Trust.

Directors' Report

(Cont'd)

	2017 Revenue (\$000)	2017 Results (\$000)	2016 Revenue (\$000)	2016 Results (\$000)
Summarised Operating Results are as follows:				
Operating Segments				
Land Development and Sale	535,860	138,966	638,255	158,498
Investment	310,179	18,378	487,356	77,139
Other	17,039	7,340	13,278	6,262
	863,078	164,684	1,138,889	241,899
Consolidated adjustments	(404,372)	-	(581,686)	-
Non-segment unallocated revenue	-	-	-	-
	458,706	164,684	557,203	241,899

Shareholder Returns

The Board of Directors approved a 0.5 (half of one) cent dividend, which was paid on 6 November 2017. After consideration of the final profit for the year ended 31 December 2017, 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.

	2017	2016	2015	2014
Basic earnings per share (cents)	8.17	12.77	9.86	7.60
Return on assets (%)	17.54	19.66	37.81	25.77
Return on equity (%)	17.20	29.01	26.80	19.52
Net debt/equity ratio (%)	13.68	14.32	19.25	17.15

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.

Directors' Report*(Cont'd)***Dividends**

In respect of the current year, a final dividend for year ended 31 December 2016 of \$32,576,081 (2.5 cents per share) was paid on 8 June 2017 (2016: \$30,710,180). The interim dividend for year ended 31 December 2017 of \$6,781,273 (0.5 cents per share) was paid on 6 November 2017 (2016: \$6,459,678).

After the reporting date, the Board has proposed the payment of a final dividend of \$34,178,083 (2.5 cents per share) to be paid on 7 June 2018 (2016: \$30,710,180).

Significant Event after the Reporting Date

Subsequent to balance date, the company through its wholly owned subsidiary UOA International Pty Ltd has acquired the 5% minority interest in UOA Leederville Pty Ltd it did not own to make it a wholly owned subsidiary.

On 23 February 2018, the Group acquired 100% equity interest in Cosmo Housing Development Sdn Bhd for a consideration of \$19,262,503.

Apart from the matters noted above, no other matter or circumstances has arisen since 31 December 2017 that has significantly affected or may significantly affect the operations of the consolidated entity.

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 64,080,087 shares were issued under the Company's Dividend Reinvestment Plan.

Indemnities given to, and insurance premiums paid for, auditors and officers

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

Indemnities given to, and insurance premiums paid for, auditors and officers

The Group has agreed to indemnify its auditors, Grant Thornton, to the extent permitted by law, against any claim by a third party arising from the Group's breach of its agreement. The indemnity requires the Group to meet the full amount of any such liabilities including a reasonable amount of legal costs.

Environmental Legislation

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 particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

There has been no breach of regulations.

Directors' Report*(Cont'd)***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 2016. 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:

	2017	2016	2015	2014	2013
EPS (cents)	8.17	12.77	9.86	7.60	8.93
Dividends (cents per share)	3.0	3.0	3.0	2.5	2.5
Net profit (\$'000)	171,152	249,557	206,810	143,885	157,750
Share price (\$)	0.64	0.63	0.50	0.50	0.54

Directors' Report
 (Cont'd)

b Details of remuneration

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

Year Ended 31 December 2017	Date of appointment	Base fee	Bonus	Consultancy	Superannuation	Equivalent Fund	Non-Monetary Benefits	Others Allowance	Total	Performance Related (%)
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors										
A C Winduss	05/12/1990	84,910	-	-	-	-	-	6,174	91,084	-
Non-Independent										
C S Teo	11/06/2008	36,476	-	-	-	-	-	2,888	39,364	-
Independent										
M C Kong	01/08/2000	36,133	2,923	-	-	6,649	-	-	45,705	6
Alternate/Non-Independent										
Sub Total Non-Executive Directors		157,519	2,923	-	-	6,649	-	9,062	176,153	
Executive Directors										
C S Kong	01/07/1989	531,125	1,094,291	-	-	192,913	4,864	19,504	1,842,697	59
Managing Director										
P L Kong	17/06/1987	531,125	1,094,291	-	-	192,879	7,479	16,871	1,842,645	59
Executive Director										
Other Key Management Personnel ("KMP")										
E P Tong	01/01/1988	217,589	211,253	-	-	51,728	6,239	15,655	502,464	42
COO* (Construction)										
C Chan	01/09/1992	138,085	99,581	-	-	-	3,374	6,307	247,347	40
Property Director										
K I Ang	16/03/1994	222,287	218,919	-	-	53,323	4,951	34,365	533,845	41
Chief Financial Officer										
S C Kong	09/10/2006	146,465	82,269	-	-	28,804	6,239	13,716	277,493	30
CEO (UOA REIT)										
B H Ng	17/06/2014	153,201	72,953	-	-	27,503	4,164	3,292	261,113	28
COO (Planning)										
Sub Total Executive KMP		1,939,877	2,873,557	-	-	547,150	37,310	109,710	5,507,604	
TOTAL		2,097,396	2,876,480	-	-	553,799	37,310	118,772	5,683,757	

* Chief Operating Officer (COO)

Directors' Report

(Cont'd)

b Details of remuneration (cont'd)

Year Ended 31 December 2016	Base fee	Bonus	Consultancy	Equivalent Superannuation Fund	Non-Monetary Benefits	Others Allowance	Total	Performance Related (%)
	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors								
A C Winduss	54,653	-	-	-	-	5,272	59,925	-
C S Teo	39,038	-	-	-	-	2,277	41,315	-
M C Kong	36,108	5,843	-	7,128	-	-	49,079	12
Sub Total Non-Executive Directors	129,799	5,843	-	7,128	-	7,549	150,319	
Executive Directors								
C S Kong	898,663	819,805	-	203,921	4,457	20,471	1,947,317	42
P L Kong	898,663	819,805	-	203,882	6,238	27,165	1,955,753	42
Other Key Management Personnel ("KMP")								
E P Tong	226,091	157,008	-	46,214	17,590	10,833	457,736	34
C Chan	62,396	34,159	182,179	-	7,170	-	285,904	12
K I Ang	216,272	213,149	-	51,531	5,072	6,389	492,413	43
S C Kong	93,516	16,859	50,578	13,247	6,677	4,086	184,963	10
B H Ng	156,153	108,331	-	31,738	4,457	241	300,920	36
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	

Directors' Report

(Cont'd)

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	531,125	1,094,291	-
P L Kong	531,125	1,094,291	-
<i>Other Key Management Personnel</i>			
E P Tong	217,589	211,253	-
C Chan	138,085	99,581	-
K I Ang	222,287	218,919	-
S C Kong	146,465	82,269	-
B H Ng	153,201	72,953	-

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	531,125	unspecified	unspecified
P L Kong	531,125	unspecified	unspecified
<i>Other Key Management Personnel</i>			
E P Tong	217,589	unspecified	6 months
C Chan	138,085	unspecified	6 months
K I Ang	222,287	unspecified	6 months
S C Kong	146,465	unspecified	6 months
B H Ng	153,201	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	1,094,291	59	-
P L Kong	1,094,291	59	-
<i>Other Key Management Personnel</i>			
E P Tong	211,253	42	-
C Chan	99,581	40	-
K I Ang	218,919	41	-
S C Kong	82,269	30	-
B H Ng	72,953	28	-

Directors' Report*(Cont'd)***e Other information****Shares held by Other Key Management Personnel**

The number of ordinary shares in the Company during the 2017 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	Acquisition	Held at the end of reporting period
<u>Direct interest</u>					
Mr. C S Kong	100,901	-	-	5,200	106,101
Mr. P L Kong	482,282	-	-	24,850	507,132
Mr. A C Winduss	29,058	-	-	1,500	30,558
Ms. M C Kong	425,578	-	-	21,930	447,508
Mr. C S Teo	150,974	-	-	7,779	158,753
	1,188,793	-	-	61,259	1,250,052
<u>Indirect interest</u>					
Mr. C S Kong	910,356,723	-	-	82,471,158	992,827,881
Mr. P L Kong	698,703,056	-	-	62,968,929	761,671,985
Mr. A C Winduss	1,897,089	-	-	40,896	1,937,985
	1,610,956,868	-	-	145,480,983	1,756,437,851
Other Key Management Personnel					
<u>Direct interest</u>					
Mr. E P Tong	12,524	-	-	646	13,170
Ms. K I Ang	411,915	-	-	164,134	576,049
Ms. C Chan	1,366,683	-	-	70,419	1,437,102
Mr. S C Kong	549,674	-	-	28,322	577,996
	2,340,796	-	-	263,521	2,604,317
<u>Indirect interest</u>					
Mr. E P Tong	5,704,650	-	-	293,931	5,998,581
Ms. K I Ang	19,159	-	-	988	20,147
	5,723,809	-	-	294,919	6,018,728

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 \$188,716 (2016 : \$122,084). Mr. A C Winduss is currently a Director of Winduss & Associates.

End of Remuneration Report

Directors' Report*(Cont'd)***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.

Proceedings of behalf of the Company

No person has applied to the Court under section 237 of the Corporation Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of Amounts

United Overseas Australia Ltd is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to nearest \$1,000, or in certain cases, to the nearest dollar.

Auditors Independence Declaration

The Lead Auditor's Independence Declaration for the year ended 31 December 2017 has been received and can be found on page 43 of the Directors' Report.

Signed in accordance with a Resolution of the Directors

**Alan Charles Winduss****Director**

Perth, March 29 2018



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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 2017, 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, 29 March 2018

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Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2017

	Notes	CONSOLIDATED	
		2017 \$'000	2016 \$'000
Property and construction revenue	2	328,774	324,081
Cost of sales	3	(150,825)	(147,579)
Gross profit		177,949	176,502
Other revenues	2	101,468	99,283
Other income	2	28,464	133,839
General and administrative expenses	3	(92,994)	(84,970)
Foreign exchange loss		(800)	(1,113)
Share of results of associates		6,286	6,982
Finance costs	3	(6,653)	(7,674)
Profit before income tax		213,720	322,849
Income tax expense	4	(42,568)	(73,292)
Profit for the year		171,152	249,557
Other comprehensive income, net of tax			
Items that may be subsequently reclassified to the profit or loss			
Available for sale financial assets			
- current year gain/(loss)		356	(607)
- reclassification to profit or loss		274	260
Exchange differences on translating foreign operations		21,648	(30,821)
Other comprehensive profit/(loss) for the year		22,278	(31,168)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		193,430	218,389
Profit attributable to:			
Owners of the parent		109,066	161,671
Non-controlling interest		62,086	87,886
		171,152	249,557
Total comprehensive income attributable to:			
Owners of the parent		131,148	130,581
Non-controlling interest		62,282	87,808
		193,430	218,389
Earnings per share (cents per share)			
- basic for profit for the year	5	8.17	12.77
- diluted for profit for the year	5	8.17	12.77
- 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 2017

	Notes	CONSOLIDATED	
		2017 \$'000	2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	9	277,201	398,552
Trade and other receivables	10	258,025	217,877
Amount owing by associate		-	1,172
Inventories	11	558,997	384,951
Current tax assets		13,347	8,770
Total Current Assets		1,107,570	1,011,322
Non-Current Assets			
Property, plant and equipment	13	99,402	94,209
Investment properties	14	941,662	823,059
Land held for property development	11	158,013	143,466
Investment in associates	15	238	20,145
Available for sale financial assets	16	4,167	5,151
Goodwill		133	-
Deferred tax assets	17	12,775	11,513
Total Non-Current Assets		1,216,390	1,097,543
TOTAL ASSETS		2,323,960	2,108,865
LIABILITIES			
Current Liabilities			
Trade and other payables	18	221,257	249,965
Other financial liabilities	19	160,364	151,737
Current tax liabilities		8,173	6,054
Total Current Liabilities		389,794	407,756
Non-Current Liabilities			
Other payables	18	12,294	7,860
Other financial liabilities	19	9,934	7,989
Deferred tax liabilities	17	37,269	36,492
Total Non-Current Liabilities		59,497	52,341
TOTAL LIABILITIES		449,291	460,097
NET ASSETS		1,874,669	1,648,768
EQUITY			
Parent entity interest			
Share capital	20	183,245	145,668
Reserves	21	(45,721)	(67,803)
Retained profits		1,107,056	1,037,244
Total parent entity interest in equity		1,244,580	1,115,109
Total non-controlling interest		630,089	533,659
TOTAL EQUITY		1,874,669	1,648,768

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the Year Ended 31 December 2017

	Notes	CONSOLIDATED	
		2017 \$'000	2016 \$'000
Cash flows from operating activities			
Profit before income tax		213,720	322,849
Adjustments for :			
Bad and doubtful debts		674	(232)
Depreciation of property, plant and equipment		6,540	6,754
Dividend income		(379)	(312)
Fair value adjustment on investment properties		26	(131,696)
Loss/(gain) on disposal of investment properties		7	(293)
Gain on disposal of available for sale financial assets		(47)	(202)
Gain on disposal of property, plant and equipment		(135)	(84)
Property, plant and equipment written off		130	20
Listing expenses		-	30
Finance costs		6,653	7,674
Interest income		(11,318)	(13,981)
Foreign currency loss		1,792	1,164
Gain on disposal of interests in subsidiaries		-	(390)
Gain on re-measurement of equity interest	12(b)	(27,277)	-
Share of results of associates		(7,229)	(5,492)
Operating profit before working capital changes		183,157	185,809
Decrease/(Increase) in inventories		4,251	(24,563)
Increase in receivables		(27,897)	(28,243)
(Decrease)/Increase in payables		(96,804)	4,144
Cash from operations		62,707	137,147
Interest paid		(6,789)	(8,026)
Interest received		11,170	13,769
Income taxes paid		(47,453)	(45,167)
Net cash flows generated from operating activities		19,635	97,723

Statement of Cash Flows
for the Year Ended 31 December 2017
(cont'd)

	Notes	CONSOLIDATED	
		2017 \$'000	2016 \$'000
Cash flows from investing activities			
Payment for purchase of available for sale financial assets		-	(2,928)
Payment for purchase of investment properties		(53,948)	(80,002)
Payment for purchase of property, plant and equipment		(10,188)	(7,807)
Payment for purchase of land held for property development		(19,387)	(6,238)
Proceeds from sale of available for sale financial assets		1,689	1,373
Proceeds from sale of investment properties		239	1,347
Proceeds from sale of property, plant and equipment		296	136
Sale of subsidiary, net of cash disposed		-	(295)
(Repayment to)/Advances from an associate company		(52)	2
Acquisition of shares in new subsidiary companies, net of cash	29	(51,305)	-
Dividend received		379	312
Net cash flows used in investing activities		(132,277)	(94,100)
Cash flows from financing activities			
Proceeds from borrowings		42,005	44,939
Repayment of borrowings		(41,106)	(68,742)
Advances from/(Repayment to) other entities		6,818	(17,557)
Listing expenses		-	(43)
Share buyback		(7)	(27)
Dividends paid to non-controlling shareholders of subsidiary companies		(32,144)	(53,070)
Dividends paid to owners of the Company	6	(1,780)	(1,754)
Payment of hire purchase and finance lease liabilities		(2,171)	(2,679)
Issue of shares of a subsidiary to non-controlling shareholders		17,771	18,273
Net cash flows used in financing activities		(10,614)	(80,660)
Net decrease in cash and cash equivalents		(123,256)	(77,037)
Cash and cash equivalents at beginning of year		398,552	486,954
Net foreign exchange differences		1,905	(11,365)
Cash and cash equivalents at end of year		277,201	398,552

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the Year Ended 31 December 2017

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 2016	110,268	912,499	(36,981)	268	986,054	497,393	1,483,447
Dividends paid	-	(37,170)	-	-	(37,170)	(53,070)	(90,240)
Shares issued during the year	35,416	-	-	-	35,416	-	35,416
- dividend re-investment plan	(16)	-	-	-	(16)	-	(16)
Share buyback during the year	-	-	-	-	-	(16,548)	(16,548)
Other changes in non-controlling interest	-	-	-	-	-	16	16
Increase in shares in a subsidiary	-	-	-	-	-	18,060	18,060
Change in stake	-	244	-	-	244	-	244
Transaction with owners	145,668	875,573	(36,981)	268	984,528	445,851	1,430,379
Profit for the year	-	161,671	-	-	161,671	87,886	249,557
Other comprehensive income:							
Available for sale financial assets	-	-	-	(529)	(529)	(78)	(607)
- current year loss	-	-	-	260	260	-	260
- reclassification to profit or loss	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	(30,821)	-	(30,821)	-	(30,821)
Total comprehensive income for the year	-	161,671	(30,821)	(269)	130,581	87,808	218,389
At 31 December 2016	145,668	1,037,244	(67,802)	(1)	1,115,109	533,659	1,648,768

Notes to the Financial Statements

for the Year Ended 31 December 2017

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

Nature of operations

United Overseas Australia Ltd and subsidiaries (the Group) principal activities include the land development and resale, holding of investment properties to generate rental income.

Basis of Preparation

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). United Overseas Australia Ltd is a for-profit entity for the purpose of preparing the financial statements.

United Overseas Australia Ltd is the Group's Ultimate Parent Company. United Overseas Australia Ltd is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business are disclosed in Page 2.

The consolidated financial statements for the year ended 31 December 2017 were approved and authorised for issue by the Board of Directors on 29 February 2018.

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 2017. Information on the more significant standard(s) is presented below.

AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15

This standard extends the mandatory effective date of AASB 15 *Revenue from Contracts with Customers* by 12 months so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017.

AASB 2015-8 is applicable to annual reporting periods beginning on or after 1 January 2017.

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

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

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

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (CONT'D)

New Accounting Standards and Interpretations (cont'd)

AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

This Standard clarifies the scope of AASB 12 *Disclosure of Interests in Other Entities* by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

AASB 2017-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

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

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 2017. 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 acquiree, 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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (CONT'D)

(b) Foreign Currency Translation (cont'd)

Group companies

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

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 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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (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.

The principal annual rates used for this purpose are:

	2017	2016
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
- buildings	40 – 50 years	40 – 50 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 initially 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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (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, land held for development and investment in associate and subsidiaries

Property, plant and equipment, 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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (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

The Group's long term construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to date bear to estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs.

Where the outcome of a long term construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

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 contract work has commenced or not, or of the stage of completion of contract activity, or of the amounts of profits expected to arise on other unrelated contracts.

On the statement of financial position, contracts in progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (CONT'D)

(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.

(k) Leases

A lease is an arrangement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Property, plant and equipment acquired by way of finance leases are stated at amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the leases, if this is determined; if not the Group incremental borrowing rate is used.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or investment properties.

Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to profit or loss on a straight-line basis over the period of the lease.

Leasehold land which in substance is an operating lease is classified as prepaid lease payment.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (CONT'D)

(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.

(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 loss 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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (CONT'D)

(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:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed certain criteria based on AASB 140 Investment Property in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for these portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group reviews the investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in the investment properties over time. Therefore, in making judgement, the management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

Accordingly, the Group recognises deferred taxes in respect of the changes in fair value of investment properties. The final tax outcome could be different from the deferred tax liabilities recognised in the financial statements should the investment properties subsequently be disposed rather than consumed substantially all of the economic benefits embodied over time.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (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.

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 2017. Refer to parent entity information within Note 7.

Revenue recognition of property development activities and construction contracts

The Group recognises revenue from property development activities and construction contracts based on the percentage of completion method. The stage of completion of the property development activities and construction contracts is measured in accordance with the accounting policies set out below.

Significant judgement is required in determining the percentage of completion, the extent of the development project and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract cost. In making these judgements, management relies on past experience and, if necessary, the work of specialists.

Allowance for doubtful debts

The collectability of receivables is assessed on an ongoing basis. An allowance for doubtful debts is made for any receivables considered to be doubtful of collection.

The allowance for doubtful debts is made based on a review of all outstanding amounts as at the financial reporting date. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial condition of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Income taxes

Significant judgement is involved in determining the capital allowances and deductibility of expenses during the estimation of the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Controlled entities without majority voting rights

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.

Refer note 12(c) for further information.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (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:

- a. 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.
- b. 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.
- c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d. 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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (CONT'D)

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

AASB 9 Financial Instruments (cont'd)

- e. 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

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

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Effective date 1 January 2018.

When this standard is first adopted for the year ending 31 December 2018, there will be no material impact on the transactions and balances recognised in the financial statements.

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 Group has performed assessment of the effects of adopting AASB 15.

Under AASB 15, the Group will capitalise sales commissions as costs of obtaining a contract with a customer when they are incremental and expected to be recovered over more than a year. These costs will then be amortised consistently with the transfer of the good or service to the customer. Currently, these costs are recognised in the statement of comprehensive income.

The Group will reduce the legal fees in the transaction price borne by the Group in relation to its contracts with a customer when they are incremental and expected to be recovered over more than a year. These legal fees will then be charged out based on the percentage of development work performed. Currently, these costs are recognised in the statement of comprehensive income.

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

Arising from the above, the Group estimates the impact to its consolidated financial statements on the property development costs and retained earnings by approximately \$17,022,311.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (CONT'D)

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

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

Effective date 1 January 2019.

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.

AASB 2016-3 Amendments to Australia Accounting Standards – Clarifications to AASB 15

The amendments clarify the application of AASB 15 in three specific areas to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. They will help companies:

1. Identify performance obligations (by clarifying how to apply the concept of 'distinct');
2. Determine whether a company is a principal or an agent in a transaction (by clarifying how to apply the control principle);
3. Determine whether a licence transfers to a customer at a point in time or over time (by clarifying when a company's activities significantly affect the intellectual property to which the customer has rights).

The amendments also create two additional practical expedients available for use when implementing AASB 15:

1. For contracts that have been modified before the beginning of the earliest period presented, the amendments allow companies to use hindsight when identifying the performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations.
2. Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented.

Effective date 1 January 2018

Likely impact on initial application. Refer to the section on AASB 15 above.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE (CONT'D)

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

AASB 2017-7 Amendments to Australian Accounting Standards – Long-term interests in Associates and Joint Ventures

AASB 2017-7 amends AASB 128 *Investments in Associates and Joint Ventures* to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 *Financial Instruments* before applying the loss allocation and impairment requirements in AASB 128.

Effective date 1 January 2019

When these amendments are first adopted for the year ending 31 December 2019, there will be no material impact on the financial statements.

Interpretation 23 Uncertainty Over Income Tax Treatments

Interpretation 23 clarifies how the recognition and measurement requirements of AASB 112 *Income Taxes* are applied where there is uncertainty over income tax treatments.

Effective date 1 January 2019

When this Interpretation is first adopted for the year ending 31 December 2019, there will be no material impact on the financial statements.

Annual Improvements to AASB 2018-1 Cycle

This standard makes a number of relatively minor amendments to AASB 3 *Business Combinations*, AASB 11 *Joint Arrangements*, AASB 112 *Income Taxes* and AASB 123 *Borrowing Costs*.

Effective date 1 January 2019

When this Interpretation is first adopted for the year ending 31 December 2019, there will be no material impact on the financial statements.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

2. REVENUE AND OTHER INCOME

CONSOLIDATED		
	2017	2016
	\$'000	\$'000
(i) Property and construction revenue		
Sales of inventories	37,264	7,387
Sales of development properties	291,510	298,973
Construction revenue	-	17,721
	328,774	324,081
(ii) Other revenues		
Rental revenue	37,356	38,029
Parking fee revenue	9,807	8,321
Management fee received	3,156	2,843
Hotel operations revenue	29,337	23,032
Dividends received from investment - other corporations	379	312
Interest received from investments - other corporations	11,170	13,769
Other services	10,263	12,977
	101,468	99,283
(iii) Other income		
Doubtful debts no longer required	890	962
Financial Liabilities measured at amortised cost	148	212
Gain on disposal of property, plant and equipment	135	84
(Loss)/gain on disposal of investment properties	(7)	293
Gain on disposal of available for sale financial assets	47	202
Gain on re-measurement of equity interest (see note 12)	27,277	-
Gain on disposal of subsidiary companies	-	390
Fair value adjustment on investment properties	(26)	131,696
	28,464	133,839

3. PROFIT FROM ORDINARY ACTIVITIES

CONSOLIDATED		
	2017	2016
	\$'000	\$'000
(i) Cost of sales		
Development expenses	150,825	147,579
(ii) Expenses		
Depreciation of non-current assets		
Freehold and leasehold stratified properties	1,657	1,427
Plant and equipment	3,771	3,515
	5,428	4,942
Amortisation of non-current assets		
Lease equipment	1,112	1,812

Notes to the Financial Statements

for the Year Ended 31 December 2017

(cont'd)

3. PROFIT FROM ORDINARY ACTIVITIES (CONT'D)

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Bad and doubtful debts	1,563	730
Employee benefit expenses	23,767	20,965
Property, plant and equipment written off	130	20
Property maintenance expenses	25,358	24,257
Marketing expenses	21,221	20,350
Professional fees	1,473	852
Other expenses	12,942	11,042
	86,454	78,216
Total general and administrative expenses	92,994	84,970
(iii) Finance costs		
Interest expense	7,363	8,725
Finance costs capitalised	(710)	(1,051)
	6,653	7,674
(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 *	(47)	(202)
- Loss/(gain) on disposal of investment properties **	7	(293)
- Fair value adjustment on investment properties	26	(131,696)
- Gain on re-measurement of equity interest (see note 12)	(27,277)	-

* 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%.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

4. INCOME TAX EXPENSE

		CONSOLIDATED	
		2017	2016
		\$'000	\$'000
(i)	The components of tax expense comprise:		
	- Current tax	46,522	43,534
	- Deferred tax	17 (1,138)	(2,468)
	- Real property gains tax ("RPGT")	17 -	31,791
		45,384	72,857
	(Over)/Under provision in prior years		
	- Current tax	(2,721)	440
	- Deferred tax	17 (95)	(5)
		(2,816)	435
		42,568	73,292
(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	51,293	77,484
	Effect of difference in tax rate	(84)	528
	Tax effect of		
	Income not subject to tax	(8,559)	(3,980)
	Non-deductible expenses	5,114	2,964
	Utilisation of capital allowances	(1,342)	(1,429)
	Utilisation of deferred tax assets previously not recognised	(218)	-
	Deferred tax assets not recognised	687	257
	Effect of share of results of associates	(1,509)	(1,676)
	Effect of change in RPGT tax rate	-	(1,526)
	Difference between income tax and RPGT rate applicable on fair value adjustments on investment properties	2	235
	(Over)/Under provision in prior years	(2,816)	435
	Income tax expense attributable to ordinary activities	42,568	73,292
	The effective tax rate	21%	23%

The decrease in the effective tax rate from 23% in 2016 to 21% in 2017 is mainly due to certain income being not taxable.

5. EARNINGS PER SHARE

		CONSOLIDATED	
		2017	2016
		\$'000	\$'000
The following reflects the income and shares data used in the calculations of basic and diluted earnings per share:			
Profit for the year		171,152	249,557
Adjustments:			
Profits attributable to non-controlling interest		(62,086)	(87,886)
Earnings used in calculating basic and diluted earnings per share		109,066	161,671

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

5. EARNINGS PER SHARE (CONT'D)

	2017	2016
	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:		
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	1,334,888,170	1,266,301,368

6. DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED	
	2017 \$'000	2016 \$'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 2017 and 2016 were as follows:		
(i) Paid in cash		
Final 2016 (2016 – Final 2015)	1,511	1,462
Interim 2017 (2016 – Interim 2016)	269	292
	1,780	1,754
(ii) Satisfied by issue of shares		
Final 2016 (2016 – Final 2015)	31,065	29,248
Interim 2017 (2016 – Interim 2016)	6,512	6,168
	37,577	35,416
	39,357	37,170
(b) Dividends proposed and not recognised as a liability		
- unfranked dividends (2.5 cents per share) (2015: 2.5 cent per share)	34,178	32,576

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 2017 but will be brought to account in 2018.

(c) Franking credit balance

There is no franking credit balance for United Overseas Australia Ltd during the year ended 31 December 2017.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

7. PARENT COMPANY INFORMATION

	2017 \$'000	2016 \$'000
Statement of financial position		
Current assets	19,775	74,330
Total assets	216,873	179,093
Current liabilities	354	316
Total liabilities	951	316
Equity		
Issued capital	183,245	145,668
Fair value reserve	407	424
Retained earnings	32,270	32,685
	215,922	178,777
Financial performance		
Profit for the year	38,942	37,365
Total comprehensive income	38,942	37,365

8. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2017 \$	2016 \$
Remuneration of the auditor of the parent entity for: - auditing and reviewing the financial report	181,464	125,599
Remuneration of other auditors of subsidiaries for: - auditing and reviewing the financial report	222,555	213,324
	404,019	338,923

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Cash at bank and in hand	83,391	149,854
Short term funds	85,435	102,501
Short term bank deposits	108,375	146,197
	277,201	398,552

The effective interest rate on short term bank deposits was 2.37% (2016: 2.85%) 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 \$43,238,376 (2016: \$98,138,134) 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	
	2017 \$'000	2016 \$'000
Trade receivables	169,461	149,608
Less: Allowance for impairment loss	(1,849)	(325)
	167,612	149,283
Sundry receivables	74,683	51,897
Deposits	17,350	19,119
Less: Allowance for impairment loss	(1,620)	(2,422)
	258,025	217,877

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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

10. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in the provision for impairment loss were as follows:

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
At 1 January	2,747	3,616
Charge for the year	1,539	304
Foreign exchange translation	73	(64)
Provision no longer required	(890)	(957)
Provision no longer required due to bad debts written off	-	(67)
Disposal of subsidiary company	-	(85)
At 31 December	3,469	2,747

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

Consolidated	Total \$'000	0 - 30 days	31 - 60 days	61 - 90 days	61 - 90 days	90 + days	90 + days
		\$'000	\$'000	PDNI* \$'000	CI** \$'000	PDNI* \$'000	CI** \$'000
2017	169,461	154,551	3,949	2,863	-	6,249	1,849
2016	149,608	71,595	1,157	7,435	1	69,096	324

* Past due not impaired ("PDNI")

** Considered impaired ("CI")

Notes to the Financial Statements

for the Year Ended 31 December 2017

(cont'd)

11. INVENTORIES

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
CURRENT		
<i>At cost</i>		
Stock of properties	304,386	65,989
Property held for development and resale	254,338	306,480
Consumables	273	240
Construction work in progress	-	12,242
	558,997	384,951
NON-CURRENT		
Land held for property development	158,013	143,466

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 4.60% to 4.82% (2016: 4.59% to 5.02%).

Interest capitalised during the financial year amounted to \$710,000 (2016 : \$1,051,000).

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	
	2017 \$'000	2016 \$'000
Aggregate amounts of costs incurred and recognised profits and loss for all contracts in progress	-	189,174
Less : Progress billing	-	(176,932)
	-	12,242
Recognised as:		
Due from customers for construction contract work, recognised in inventories	-	12,242

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

12. CONTROLLED ENTITIES

(a) Controlled entities consolidated

Name	Country of incorporation	Domicile of the company	Notes	Ownership interest held by Group	
				2017 %	2016 %
United Overseas Land Pty Ltd	Australia	Australia		100	100
UOA Investments Pty Ltd	Australia	Australia		100	100
UOA International Pty Ltd	Australia	Australia	12(b)	100	-
UOA Leederville Pty Ltd	Australia	Australia	12(b)	95	-
East Parade Pty Ltd	Australia	Australia	12(b)	51	-
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		100	70
UOA (Singapore) Pte Ltd*	Singapore	Singapore		100	100
UOA Investments Pte Ltd*	Singapore	Singapore		100	100
UOA Tower Limited Liability Company*	Vietnam	Vietnam	12(b)	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)	46.28	46.27
- Ankara Restu Sdn Bhd	Malaysia	Malaysia	12(c)	46.28	46.27
Gerak Perdana Sdn Bhd*	Malaysia	Malaysia		60	60
Damai Positif Sdn Bhd*	Malaysia	Malaysia		60	60
UOA Development Bhd*	Malaysia	Malaysia		69.58	69.28
- Allied Engineering Construction Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- URC Engineering Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Resodex Construction Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Tiarawoods Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Kumpulan Sejahtera Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Windsor Triumph Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Saujanis Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Magna Tiara Development Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Paramount Properties Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Paramount Hills Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Sagaharta Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Sunny Uptown Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- IDP Industrial Development Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- UOA Properties Sdn Bhd*	Malaysia	Malaysia		69.58	69.28

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

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	
				2017 %	2016 %
- Lencana Harapan Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Dynasty Portfolio Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Bangsar South City Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Nasib Unggul Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Tunjang Idaman Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- UOA Hospitality Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Peninsular Home Sdn Bhd*	Malaysia	Malaysia	12(c)	41.75	41.57
- Everise Tiara (M) Sdn Bhd*	Malaysia	Malaysia	12(c)	41.75	41.57
- Seri Tiara Development Sdn Bhd*	Malaysia	Malaysia		59.14	58.89
- Enchant Heritage Sdn Bhd*	Malaysia	Malaysia		69.58	58.89
- Magna Kelana Development Sdn Bhd*	Malaysia	Malaysia		51.32	51.09
- Scenic Point Development Sdn Bhd*	Malaysia	Malaysia	12(c)	41.75	41.57
- Ceylon Hills Sdn Bhd*	Malaysia	Malaysia	12(c)	37.57	37.41
- Maxim Development Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Infinite Accomplishment Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Regenta Development Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Seri Prima Development Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Orient Housing Development Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Eureka Equity Sdn Bhd*	Malaysia	Malaysia	12(c)	41.75	41.57
- Distinctive Acres Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Full Marks Property Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Concord Housing Development Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Fabullane Development Sdn Bhd*	Malaysia	Malaysia		69.58	69.28
- Nova Metro Development Sdn Bhd*	Malaysia	Malaysia		58.45	58.20
- Topview Housing Sdn Bhd *	Malaysia	Malaysia		69.58	69.28
- Nova Lagenda Sdn Bhd *	Malaysia	Malaysia	12(b)	69.58	69.28
- UOA Komune Sdn Bhd*	Malaysia	Malaysia	12(b)	69.58	-
- Citra Jaya Sejahtera Sdn Bhd*	Malaysia	Malaysia	12(b)	69.58	-
- Everise Project Sdn Bhd*	Malaysia	Malaysia	12(b)	51.49	-

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

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

12. CONTROLLED ENTITIES (CONT'D)

(b) Acquisition of Controlled entities

On 15 February 2017, the Group acquired 100% equity interest in UOA International Pty Ltd for a cash consideration of \$100.

On 30 March 2017, the Group acquired 95% equity interest in UOA Leederville Pty Ltd for a cash consideration of \$95.

On 5 May 2017, the Group acquired 100% equity interest in UOA Komune Sdn Bhd for a cash consideration of \$1.

On 25 May 2017, the Group acquired 100% equity interest in Citra Jaya Sejahtera Sdn Bhd for a cash consideration of \$1.

On 2 June 2017, the Group acquired 51% equity interest in East Parade Pty Ltd for a cash consideration of \$918.

On 20 July 2017, the Group acquired 100% equity interest in UOA Tower Limited Liability Company for a cash consideration of \$13,031,488.

On 4 December 2017, the Group entered into a share agreement with Kagic Assets Holdings Sdn Bhd (*formerly known as Kencana Assets Holdings Sdn Bhd*) ("Kagic") and Everise Project Sdn Bhd ("EP"), a 39% owned associated company of the Group for the acquisition of 35% shares held by Kagic in EP for a total consideration of \$53,729,154. The Group had re-measure its previously held equity interest in EP at fair value as of acquisition date, consequently gain of \$27,277,239 arising on the re-measurement of the previously held equity investment has been recognised in profit or loss.

(c) Controlled entities with less than 50% ownership

The financial statements of UOA Asset Management Sdn Bhd, UOA REIT and Angkara 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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

12. CONTROLLED ENTITIES (CONT'D)

(d) Non-controlling interest

Details of the Group's subsidiaries that have material non-controlling interests at the end of the reporting period are as follows:

Name of subsidiary	Proportion of ownership interests held by non-controlling interests		Profit allocated to non-controlling interests		Carrying amount of non-controlling interests	
	2017	2016	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
LTG Development Sdn Bhd	40%	40%	2,154	3,570	58,836	55,604
UOA Corporation Bhd	13%	13%	898	1,532	25,179	23,820
UOA Real Estate Investment Trust	23%	23%	2,700	3,786	53,612	52,816
UOA Development Bhd	31%	31%	45,612	67,869	410,804	362,166
Everise Tiara (M) Sdn Bhd	40%	40%	1,309	4,266	13,359	15,508
Ceylon Hills Sdn Bhd	46%	46%	175	411	2,435	5,065
Scenic Point Development Sdn Bhd	40%	40%	212	120	812	582
Peninsular Home Sdn Bhd	40%	40%	111	103	640	516
Seri Tiara Development Sdn Bhd	15%	15%	1,575	1,634	8,087	6,339
Eureka Equity Sdn Bhd	40%	40%	6,381	4,513	17,149	10,342
Nova Metro Development Sdn Bhd	16%	16%	1,068	38	1,185	75
Everise Project Sdn Bhd	26%	-			37,385	-
Other immaterial entities					606	826
					630,089	533,659

13. PROPERTY, PLANT AND EQUIPMENT

	Notes	CONSOLIDATED	
		2017 \$'000	2016 \$'000
<i>Freehold and leasehold stratified properties</i>			
At cost		83,669	82,221
Accumulated depreciation		(6,138)	(4,366)
	13(a)	77,531	77,855
<i>Plant and equipment</i>			
At cost		44,956	31,385
Accumulated depreciation		(25,807)	(19,499)
	13(a)	19,149	11,886
<i>Leased plant and equipment</i>			
At cost		5,862	8,815
Accumulated depreciation		(3,140)	(4,347)
	13(a)	2,722	4,468
<i>Total property, plant and equipment</i>			
Cost		134,487	122,421
Accumulated depreciation		(35,085)	(28,212)
Total written down amount		99,402	94,209

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

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:

2017 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	77,855	11,886	4,468	94,209
Additions	109	10,243	290	10,642
Disposals	(10)	(151)	-	(161)
Depreciation	(1,657)	(3,771)	(1,112)	(6,540)
Written off	-	(130)	-	(130)
Acquisition of a subsidiary company	-	46	-	46
Reclassification	-	962	(962)	-
Net foreign currency movements	1,234	64	38	1,336
Carrying amount at the end of the year	77,531	19,149	2,722	99,402

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

(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.

Notes to the Financial Statements

for the Year Ended 31 December 2017

(cont'd)

14. INVESTMENT PROPERTIES

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Balance at beginning of the year	823,059	668,368
Transfer from inventories	-	5,801
Transfer to property, plant and equipment	-	(36,639)
Transfer from Land held for property development	8,993	-
Acquisition of a subsidiary company	41,187	-
Net foreign currency movements	14,747	(25,115)
Additions	53,948	80,002
Disposals	(246)	(1,054)
Fair value adjustments	(26)	131,696
Balance at end of the year	941,662	823,059

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 2017. 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 valuations of all commercial properties which were done on 31 December 2017 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 2017 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 \$73,028,000 (2016: \$78,219,000) 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 \$188,733,000 (2016: \$185,386,000).

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

14. INVESTMENT PROPERTIES (CONT'D)

A loan of \$49,211,000 (2016: \$40,210,000) 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 \$132,798,000 (2016: \$130,452,000).

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	-	1,380	-
Freehold bungalows	-	15,110	-
Freehold commercial properties	-	82,322	261,284
Leasehold commercial properties	-	160,396	344,484

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 metre.

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 comparison 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.

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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 2017	424,614
Additions	45
Net foreign currency movements	7,608
Reclassify from Level 2	173,501
At 31 December 2017	605,768

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 7.00%	The higher the estimated market yield, the lower the fair value.
	Occupancy rates of 50.98% to 100.00%	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 2017. The fair value of the property is expected to be reliably determinable when construction is complete.

15. INVESTMENT IN ASSOCIATES

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Unquoted shares, at cost	253	6,084
Share of post-acquisition reserves	(12)	23,373
	241	29,457
Less : Unrealised profit	-	(7,507)
Exchange differences	(3)	(1,805)
	238	20,145
Less : Accumulated impairment losses	-	-
Aggregate carrying amount of the Group's interest in associates	238	20,145

Notes to the Financial Statements
for the Year Ended 31 December 2017
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15. INVESTMENT IN ASSOCIATES (CONT'D)

Name of entities	Country of incorporation	Principal activities	Ownership interest	
			2017 %	2016 %
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
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 2017. For the purposes of applying the equity method of accounting, the financial statements of AIMAC for period ended 31 December 2017 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. During the year, the construction revenue received from EP totaled NIL (2016: \$23,693,034). Amount receivable from EP at reporting date is NIL (2016: \$70,058,083).

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

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Financial position:		
Total assets	1,254	182,946
Total liabilities	(1,395)	(113,665)
Net assets	(141)	69,281
Financial performance:		
(Loss)/profit from continuing operations	(107)	49,930
Other comprehensive income	-	-
Total comprehensive (loss)/income	(107)	49,930

16. AVAILABLE FOR SALE FINANCIAL ASSETS

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
(a) Listed investments, at fair value		
- shares in listed corporations	3,982	4,970
(b) Investments in golf membership, at cost	185	181
Total available for sale financial assets	4,167	5,151

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for the Year Ended 31 December 2017
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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	
		2017 \$'000	2016 \$'000
Deferred tax liabilities			
- tax allowance relating to property, plant and equipment		314	445
- real property gains tax		36,935	36,047
- other deductible temporary differences		20	-
		37,269	36,492
Deferred tax assets			
- property development and construction profits		(12,775)	(11,494)
- other deductible temporary differences		-	(19)
		(12,775)	(11,513)
		24,494	24,979
(a) Reconciliation			
The overall movement in the deferred tax account is as follows:			
Opening balance		24,979	(3,037)
Charge to profit or loss	4	(1,233)	29,318
Charge to equity		401	(1,302)
Acquisition of a subsidiary company		347	-
Closing balance		24,494	24,979
(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		7,522	6,652
- Unabsorbed capital allowances		14,504	4,948
- Unutilised investment tax allowances		68,755	69,456
- Unutilised investment building allowances		1,493	745

Notes to the Financial Statements
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18. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
CURRENT		
Trade payables	148,402	166,618
Sundry payables and accrued expenses	69,911	81,236
	218,313	247,854
Amounts payable to non-controlling shareholders of subsidiary companies	2,944	2,111
	221,257	249,965
NON-CURRENT		
Amounts payable to non-controlling shareholders of subsidiary companies	12,294	7,860

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	
		2017 \$'000	2016 \$'000
CURRENT			
<i>Secured liabilities</i>			
Lease liabilities	22	1,598	1,930
<i>Secured liabilities</i>			
Term loans	25	158,766	149,807
		160,364	151,737
NON-CURRENT			
<i>Secured liabilities</i>			
Lease liabilities	22	1,082	2,229
<i>Secured liabilities</i>			
Long term loans	25	8,852	5,760
		9,934	7,989

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 1.68% to 5.36% (2016: 1.91% to 5.27%).
- (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 4.60% to 4.82% (2016: 4.59% to 5.02%).

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

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	
	2017 \$'000	2016 \$'000
Current		
<i>Fixed charge</i>		
Inventories	21,971	26,861
Total current assets pledged as security	21,971	26,861
Non-current		
<i>Fixed charge</i>		
Investment properties	323,241	315,837
Property, plant and equipment	5,088	5,277
<i>Finance leases</i>		
Leased plant and equipment	2,722	4,468
Total non-current assets pledged as security	331,051	325,582
Total assets pledged	353,022	352,443

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

	2017 \$'000	2016 \$'000
(a) Issued and paid up capital		
Ordinary shares fully paid	183,245	145,668

	2017		2016	
	Number of shares	\$'000	Number of shares	\$'000
(b) Movements in shares on issue				
Balance at beginning of the year	1,303,043,222	145,668	1,228,407,215	110,268
Issued during the year				
- dividend reinvestment plan	64,080,087	37,577	74,636,007	35,416
Buyback during the year	-	-	-	(16)
Balance at end of the year	1,367,123,309	183,245	1,303,043,222	145,668

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

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

20. SHARE CAPITAL (CONT'D)

The final dividend for year ended 31 December 2016 was paid on 8 June 2017. Some shareholders elected to take ordinary shares in lieu of cash, totaling 53,211,400 shares.

The interim dividend for year ended 31 December 2017 was paid on 6 November 2017. Some shareholders elected to take ordinary shares in lieu of cash, totaling 10,868,687 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 2017, management paid dividends of \$39,357,000 (2016: \$37,170,000). Management's objective for dividend payments for 2018 to 2022 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 2017 and 2016 were as follows:

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Total borrowings*	403,849	415,440
Less: Cash and cash equivalents	(277,201)	(398,552)
Net borrowings	126,648	16,888
Total equity	1,244,580	1,115,109
Total capital	1,371,228	1,131,997
Gearing ratio	9.24%	1.49%

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

The Group is not subject to any externally imposed capital requirements

Notes to the Financial Statements

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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	
	2017 \$'000	2016 \$'000
Balance at beginning of the year	(67,802)	(36,981)
Currency translation differences	21,648	(30,821)
Balance at end of the year	(46,154)	(67,802)

(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	
	2017 \$'000	2016 \$'000
Balance at beginning of the year	(1)	268
Currency translation differences	9	18
Net gain/(loss) on available for sale financial assets	425	(287)
Balance at end of the year	433	(1)

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for the Year Ended 31 December 2017
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22. CAPITAL AND LEASING COMMITMENTS

		NOTES	CONSOLIDATED	
			2017	2016
			\$'000	\$'000
(a)	Finance Lease Commitments			
	Payable – minimum lease payments			
	- not later than one year		1,702	2,106
	- later than one year but not later than five years		1,133	2,338
	Minimum lease payments		2,835	4,444
	Less: future finance charges		(155)	(285)
	Present value of minimum lease payments		2,680	4,159
	Current liabilities	19	1,598	1,930
	Non-current liabilities	19	1,082	2,229
			2,680	4,159
(b)	Capital Commitments			
	The Group has the following capital commitments:			
	Property, plant and equipment		\$ 2,627,764	
	Construction of investment properties		\$ 56,831,146	

23. EMPLOYEE BENEFITS

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

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

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.

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25. CASH FLOW INFORMATION

(a) Acquisition of Entities

Name of entities	Purchase Considerations \$	Group's effective interest %	Effective acquisition date
UOA International Pty Ltd	100	100	15 February 2017
UOA Leederville Pty Ltd	95	95	30 March 2017
UOA Komune Sdn Bhd	1	100	5 May 2017
Citra Jaya Sejahtera Sdn Bhd	1	100	25 May 2017
East Parade Pty Ltd	918	51	2 June 2017
UOA Tower Limited Liability Company	13,031,488	100	20 July 2017
Everise Project Sdn Bhd	53,729,154	35	4 December 2017

(b) Financing facilities available

Finance Lease Transactions

During the year, the Group acquired plant and equipment with an aggregate value of \$471,000 (2016: \$429,000) by means of finance leases.

Dividend Reinvestment Plan

Under the terms of the dividend reinvestment plan, dividends amounting to \$39,357,354 (2016: \$35,416,398) were paid via the issuance of the equivalent of 64,080,087 shares (please refer to Note 20) (2016: 74,636,007).

(c) Financing facilities available

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

	Notes	CONSOLIDATED	
		2017 \$'000	2016 \$'000
Total facilities			
- credit standby arrangements		50,788	48,035
- bank loans		269,300	243,273
- bank overdraft		260	-
Facilities used at reporting date			
- credit standby arrangements		25,893	23,417
- bank loans	19	167,618	155,567
- bank overdraft		-	-
Facilities unused at reporting date			
- credit standby arrangements		24,895	24,618
- bank loans		101,682	87,706
- bank overdraft		260	-

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.

Notes to the Financial Statements
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26. EVENTS AFTER THE REPORTING DATE

- (a) On 22 February 2018, the directors of United Overseas Australia Ltd proposed a final dividend of 2.5 cents per ordinary shares (totalling \$34,178,083) in respect of the financial year ended 31 December 2017. This dividend has not been provided for in the 31 December 2017 financial statements.
- (b) On 23 February 2018, the Group acquired 100% equity interest in Cosmo Housing Development Sdn Bhd for a consideration of \$19,262,503.

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:

	2017 \$	2016 \$
Short term employee benefits:		
• salaries including bonuses	4,973,876	4,856,512
• non-monetary benefits	37,310	51,661
• others	118,772	292,632
Post-employment benefits:		
• defined benefit pension plans	553,799	557,661
Total remuneration	5,683,757	5,758,466

The parent entity receives accounting and secretarial services from a company, Winduss & Associates. During the year, the fees paid to Winduss & Associates totalled \$184,234 (2016: \$122,084).

Entity with significant influence over the Group – Griyajaya Sdn Bhd

Griyajaya Sdn Bhd owns 31.18% (2016: 31.11%) 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.

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27. RELATED PARTY TRANSACTIONS (CONT'D)

Allowance for impairment loss on trade receivables

For the year ended 31 December 2017, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2016: 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 2017.

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	
	2017 \$'000	2016 \$'000
Financial Assets		
Cash and cash equivalents	277,201	398,552
Available for sale financial assets	4,167	5,151
	281,368	403,703
Financial liabilities		
Bank loans	(167,618)	(155,567)
Lease liabilities	(2,680)	(4,159)
	(170,298)	(159,726)
Net exposure	111,070	243,977

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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)	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Consolidated				
+ 1%	1,111	2,440	-	-
- 0.5%	(555)	(1,220)	-	-

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 2017 than in 2016 due to a decrease in cash and cash equivalents 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 2017, the Group had the following exposure to the Singapore Dollar ("SGD") foreign currency that is not designated in cash flow hedges:

	CONSOLIDATED	
	2017 \$'000	2016 \$'000
Financial Assets		
Cash and cash equivalents	35,106	15,026
Trade and other receivables	2,262	6,756
	37,368	21,872
Financial liabilities		
Trade and other payables	(351)	(72)
Interest bearing loans and borrowings	(2,263)	(2,447)
	(2,614)	(2,519)
Net exposure	34,754	19,353

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for the Year Ended 31 December 2017
(cont'd)

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 2017, 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)	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Consolidated				
+ 10%	3,475	1,926	-	-
- 5%	(1,738)	(963)	-	-

The movements in profit in 2017 are more sensitive than in 2016 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.

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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

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

Credit risk (cont'd)

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.

Liquidity and cash flow risk

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of the businesses, the Group seeks to maintain sufficient credit lines available to meet the liquidity requirements while ensuring an effective working capital management within the Group.

As at 31 December 2017, 94% of the Group's debt will mature in less than one year (2016: 95%).

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 2017.

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted cash flows.

CONSOLIDATED	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Total \$'000
Trade and other payables	221,257	12,294	-	233,551
Interest bearing loans and borrowings	167,601	10,518	-	178,119
	388,858	22,812	-	411,670

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.

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

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

Liquidity and cash flow risk (cont'd)

CONSOLIDATED	< 1 year \$'000	1 - 5 years \$'000	> 5 years \$'000	Total \$'000
Financial Assets				
Cash and cash equivalents	277,201	-	-	277,201
Trade and other receivables	242,923	12,736	2,366	258,025
Available for sale financial assets	-	-	4,167	4,167
	520,124	12,736	6,533	539,393
Financial liabilities				
Trade and other payables	221,257	12,294	-	233,551
Interest bearing loans and borrowings	160,364	9,934	-	170,298
	381,621	22,228	-	403,849
Net maturity	138,503	(9,492)	6,533	135,544

29. ACQUISITION OF SHARES IN NEW SUBSIDIARY COMPANIES

The details of the business combination are as follows:

Name of subsidiary companies acquired	Purchase consideration \$	Group's effective interest %	Effective acquisition date
2017			
UOA Leederville Pty Ltd	95	95.00	30 March 2017
UOA Komune Sdn Bhd	1	100.00	5 May 2017
Citra Jaya Sejahtera Sdn Bhd	1	100.00	25 May 2017
East Parade Pty Ltd	918	51.00	2 June 2017
UOA Tower Limited Liability Company	13,031,488	100.00	20 July 2017
Everise Project Sdn Bhd	53,729,154	35.00	4 December 2017
2016			
Nova Lagenda Sdn Bhd	1	100.00	4 May 2016
Angkara Restu Sdn Bhd	1	100.00	13 June 2016

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

29. ACQUISITION OF SHARES IN NEW SUBSIDIARY COMPANIES (CONT'D)

Details of the assets, liabilities and net cash inflow arising from the acquisition of new subsidiary companies were as follows:

	2017 \$'000
Property, plant and equipment	46
Investment properties	41,187
Land held for property development	5,137
Inventories	161,299
Trade and other receivables	7,640
Cash and cash equivalents	15,456
Deferred tax liability	(347)
Other payables and accruals	(63,965)
Term loan	(8,496)
Current tax liability	(1,396)
Net assets acquired	156,561
Non-controlling interests	(35,897)
Fair value on previously held stake	(54,036)
Goodwill	133
Total purchase consideration	66,761
Less: Cash and cash equivalents acquired	(15,456)
Net cash outflow on acquisition during the year	51,305

Notes to the Financial Statements
for the Year Ended 31 December 2017
(cont'd)

30. OPERATING LEASE COMMITMENT

The Group as lessee

The Group leases premises from various parties under operating leases. These leases are non-cancellable and typically run for a period ranging from 1 to 3 years, with the option to renew. None of the leases include contingent rentals. There are no restrictions placed upon the Company by entering into these leases.

The future minimum lease payments payable under the non-cancellable operating leases contracted for as at the reporting date not recognised as payables, are as follows:

As lessee	2017 \$'000	2016 \$'000
Not later than one year	266	252
Later than one year but not later than 5 years	166	299
	432	551

The Group as lessor

The Group leases out its investment properties under non-cancellable operating leases. These leases run typically for a period ranging from 1 to 3 years, with the option to renew. None of the leases include contingent rentals.

The future minimum lease payments receivable under the non-cancellable operating leases contracted for as at the reporting date not recognised as receivables, are as follows:

As lessor	2017 \$'000	2016 \$'000
Not later than one year	42,730	30,058
Later than one year but not later than 5 years	39,725	29,547
	82,455	59,605

Director's Declaration

- (1) In the opinion of the Directors of United Overseas Australia Ltd:
- (a) The consolidated financial statements and notes of United Overseas Australia Ltd are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of its financial position as at 31 December 2017 and of its performance for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards (including the Australian Accounting interpretations) and the Corporations Regulations 2001; and
 - (b) There are reasonable grounds to believe that United Overseas Australia Ltd will be able to pay its debts as and when they become due and payable.
- (2) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2017.
- (3) Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

On behalf of the Board



Director
Alan Charles Winduss

Perth, Western Australia
29 March 2018



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Independent Auditor's Report to the Members 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 2017, 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 financial report of the Group 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 2017 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 independence requirements of 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.

Key Audit Matters

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

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Independent Auditor's Report

(cont'd)



Grant Thornton

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 \$941,662 million which represents 40% of total assets as at 31 December 2017. Properties include freehold condominiums \$1,380 million, freehold bungalows \$15,110 million, freehold commercial properties \$343,606 million and leasehold commercial properties \$504,880 million. The total fair value loss recorded was \$26.0 thousand as recognised in other revenue from ordinary activities.</p> <p>The Group recognises investment properties initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Management uses an independent expert to undertake a valuation to determine fair value once every three years. The Directors utilise an independent expert to undertake valuations utilising equivalent market data for the intervening periods rather than a review of the asset itself.</p> <p>The valuation exercise relies on the accuracy of the underlying lease and financial information provided to the valuers.</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"> • Assessing the scope, objectivity and competency of the Group's independent expert, by obtaining an understanding of their qualification and experience; • Ensuring management appropriately undertake property valuations every three years in line with their accounting policy; • Evaluating for impairment by comparing the valuation against equivalent property sales data; • Evaluating the valuations utilising equivalent market data prepared by management's expert against our independent auditor's expert to evaluate on a sample basis both the key inputs and estimates utilised and agreeing key inputs to external market data; • Assessing the competencies of the auditor's expert in accordance with ASA 620: <i>Using the work of an Auditors Expert</i>; and • Reviewing the appropriateness of the related disclosures within the financial statements.

Independent Auditor's Report

(cont'd)



Revenue recognition Note 2	
<p>The Group recorded property development and construction revenue of \$328,774 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"> • Documenting the design of internal controls and performing testing of key controls identified for each material revenue stream 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; • Testing on a sample basis significant developments under construction to understand the impacts on cost to complete, by inquiry with senior management and project managers and corroboration through inspection of budgets and forecasting reports; • Challenging 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; • Testing a sample for each material revenue stream to supporting documentation to support revenue recognised; • Testing on a sample basis amendments to contract terms and assumptions to corroborating evidence to ensure the consistency of assumptions across similar project types; and • Reviewing 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 included in the Group's annual report for the year ended 31 December 2017, 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.

Independent Auditor's Report

(cont'd)



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_responsibilities/ar1.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 35 to 40 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of United Overseas Australia Limited, for the year ended 31 December 2017, 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 stylized, handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A stylized, handwritten signature in black ink, likely belonging to M J Hillgrove.

M J Hillgrove
Partner - Audit & Assurance

Perth, 29 March 2018

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 19 March 2018.

(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	108	18,369
1,001 – 5,000	127	366,622
5,001 – 10,000	95	784,038
10,001 – 100,000	281	10,548,980
100,001 And over*	115	1,355,405,000
	726	1,367,123,309

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

	Ordinary shares	
	Number of holders	Number of shares
1 – 746	93	4,763
747 – And over	633	1,367,118,546
	726	1,367,123,309

* Included in this figure is 884,029,488 shares in respect of the Company's secondary listing in Singapore

(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	884,029,488	64.66%
2 Mahareno Sdn Bhd	85,671,687	6.27%
3 Transmetro Corporation Sdn Bhd	85,671,668	6.27%
4 Macrolantic Technology Sdn Bhd	85,671,668	6.27%
5 Wismara Sdn Bhd	55,438,147	4.06%
6 Amerena Sdn Bhd	35,565,313	2.60%
7 Accomplished Portfolio Sdn Bhd	26,968,961	1.97%
8 Wong Kiu Nguik	16,736,839	1.22%
9 National Nominees Limited	7,682,539	0.56%
10 JP Morgan Nominees Australia Limited	7,385,288	0.54%
11 Tan Sri Dato' Seri Alwi Jantan	7,230,381	0.53%
12 Lay Hoon Koh	5,998,581	0.44%
13 Chow Fong Wong	4,278,941	0.31%
14 Colin Robert Macewan & Bronwyn Beder	4,075,000	0.30%
15 Hegford Pty Ltd	2,383,948	0.17%

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

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
16	W Joseph Hughes Nominees Pty Ltd	2,354,000	0.17%
17	Citicorp Nominees Pty Limited	2,074,910	0.15%
18	Reviresco Nominees Pty Ltd	1,619,865	0.12%
19	Ju Lip Chew	1,559,010	0.11%
20	Cecelia Chan	1,437,102	0.11%
		1,323,833,336	96.83%

(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	992,933,982	72.63%
Pak Lim Kong	762,179,117	55.75%

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	426,244,047	31.18%
Dream Legacy Sdn Bhd	172,525,532	12.62%

(d) Voting rights

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