# UNITED OVERSEAS AUSTRALIA LTD
# A.C.N. 009 245 890

# PRELIMINARY FINAL REPORT
# 31 December 2018

United Overseas Australia Ltd and members of the Group have achieved a $196.1 million operating profit for the financial year ended 31st December 2018. This profit is subject to final audit closure; however, the Board is not aware of any likely material changes to this result.

After taxation and non-controlling interests, the operating profit applicable to the members of the Company was $100.8 million, a decrease of $11.5 million or 10.2% when compared with the 2017 profit result.

Gross revenue from ordinary activities was $440.5 million, an increase of $112.7 million over last year's revenue of $327.8 million.

Earnings per share for the year ended 31st December 2018 was 7.22 cents, a decrease of 1.19 cents over earnings of 8.41 cents per share for the same period last year.

***Final Dividend***

The Directors have declared a final dividend (unfranked) of 2.0 cents per share (2017 final dividend (unfranked) of 2.5 cents per share) making a total dividend of 2.5 cents per share for the year.

The dividend will be payable on 10 June 2019. The Company's Dividend Re-Investments Plan (DRIP) will operate in respect of the declared dividend. The Directors have agreed to a 5% discount to market price for the issue of the DRIP shares.

***Finance***

Net operating cash inflow was $147.0 million compared to the previous year cash inflow of $19.6 million.

The net tangible asset backing per ordinary security is $1.02 per share as at 31 December 2018 and at 31 December 2017 it was $0.92 per share.

The Group's net debt to equity ratio is 2.60% in December 2018 as compared to 9.24% in December 2017.

***Operations***

***Australian Operations***

In June 2017 UOA Leederville Pty Ltd (95% owned) purchased a commercial property at 661 Newcastle street, Leederville and subsequently in January 2018 purchased the minority contract of 5% to make UOA Leederville Pty Ltd a 100% owned subsidiary.

***Vietnam***

In July 2017 the Company through its wholly owned subsidiary UOA Investments Pte Ltd incorporated a subsidiary UOA Tower Limited Liability Company to develop a commercial property located along Tan Trao Street, District 7, Ho Chi Minh City. It is proposed to build 24 storey office complex on the site.

Currently construction has started with completion expected in January 2021. Pre-leasing is expected to commence in July 2019.

***UOA Development Bhd***

UOA Development Bhd which is listed on the Malaysian Stock Exchange undertakes all development, building and subsequent property sales in Malaysia for the group and their operating results are included in these consolidated accounts.

At the date of this report United Overseas Australia Ltd has direct equity interest of 0.18% and an indirect interest of 69.81% (via UOA Holdings Sdn Bhd) in UOA Development Bhd.

***Property Development***

For the year under review the Group's gross revenue from property development operations was $440.5 million, an increase of 112.7 million or 34.4% over the 2017 results.

This segment of the Group's operations contributed $124.3 million (2017: $143.6 million) to the net profit result achieved.

***Property Rental & UOA Real Estate Investment Trust***

Gross rentals of $52.9 million were received from properties retained by the Group during the year.

Trust distributions of $9.07 million (2017: $9.29 million) were received from UOA Real Estate Investment Trust during the year ended 31 December 2018.

***Future Outlook & Events***

The Directors believe the continuing outlook for the Group is favourable but are also conscious of competitive market conditions within the industry.

The Directors are also aware that profit determination is dependent on the timely completion and sale of its development projects.

# APPENDIX 4E

| | |
|---|---|
| Name of entity | UNITED OVERSEAS AUSTRALIA LTD |
| ACN or equivalent company reference | 009 245 890 |
| Current reporting period | Year ended 31 December 2018 |
| Previous reporting period | Year ended 31 December 2017 |

# Results for announcement to the market

| | | | | $A’000 |
|---|---|---|---|---|
| Revenue from ordinary activities | Up | 34.40% | to | 440,493 |
| Profit from ordinary activities after tax attributable to members | Down | 10.23% | to | 100,835 |
| Profit/(loss) from extraordinary items after tax attributable to members | Gain/(loss) of | Nil | | Nil |
| Net profit for the year attributable to members | Down | 10.23% | to | 100,835 |

| **Dividends (distributions)** | Amount per security | Franked amount per security |
|---|---|---|
| Final dividend | 2.0¢ | 0¢ |
| Previous corresponding period | 2.5¢ | 0¢ |

| | |
|---|---|
| Record date for determining entitlements to the dividend | 20 May 2019 |

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

| | | CONSOLIDATED | |
|---|---|---|---|
| | Notes | 2018 $'000 | 2017 $'000 *(Restated)* |
| Property and construction revenue | 4 | 440,493 | 327,757 |
| Cost of sales | 4 | (270,250) | (157,955) |
| **Gross profit** | | 170,243 | 169,802 |
| Other revenues | 4 | 116,205 | 101,468 |
| Other income | 4 | 11,878 | 28,417 |
| Property maintenance expenses | | (31,351) | (25,358) |
| Occupancy expenses | | (83) | (50) |
| Marketing expenses | | (3,163) | (7,008) |
| Administrative expenses | | (31,797) | (26,512) |
| Other expenses from ordinary activities | | (30,190) | (19,853) |
| Foreign exchange gain/(loss) | | 2,304 | (800) |
| Share of results of associate | | (17) | 6,286 |
| Finance costs | | (7,962) | (6,653) |
| **Profit before income tax** | | 196,067 | 219,739 |
| Income tax expense | | (35,848) | (44,024) |
| **Profit for the year** | | 160,219 | 175,715 |
| **Other comprehensive income, net of tax** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Exchange differences on translating foreign operations | | 107,415 | 21,877 |
| *Items that will not be reclassified to profit or loss* | | | |
| Changes in the fair value of equity investments at fair value through other comprehensive income | | (1,235) | 677 |
| **Other comprehensive income for the year** | | 106,180 | 22,554 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | 266,399 | 198,269 |
| Profit attributable to: | | | |
| Owners of the parent | | 100,835 | 112,322 |
| Non-controlling interest | | 59,384 | 63,393 |
| | | 160,219 | 175,715 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | 207,460 | 134,666 |
| Non-controlling interest | | 58,939 | 63,603 |
| | | 266,399 | 198,269 |
| Earnings per share (cents per share) | | | |
| basic for profit for the year | | 7.22 | 8.41 |
| diluted for profit for the year | | 7.22 | 8.41 |

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2018**

| | Notes | As At 31 December 2018 $'000 | As At 31 December 2017 $'000 |
|---|---|---|---|
| **ASSETS** | | | *(Restated)* |
| **Current assets** | | | |
| Cash and cash equivalents | 9 | 322,558 | 277,201 |
| Trade and other receivables | | 215,843 | 180,094 |
| Contract assets | | 85,872 | 79,043 |
| Amount due from associates | | 971 | 733 |
| Inventories | | 586,631 | 574,832 |
| Current tax assets | | 21,474 | 13,347 |
| **Total Current Assets** | | 1,233,349 | 1,125,250 |
| **Non-current assets** | | | |
| Property, plant and equipment | | 143,779 | 99,402 |
| Investment properties | | 1,012,153 | 941,662 |
| Inventories | | 174,624 | 158,013 |
| Investment in an associate | | 242 | 238 |
| Financial assets at fair value through other comprehensive income | | 3,198 | 4,167 |
| Deferred tax assets | | 15,911 | 12,775 |
| Goodwill | | 133 | 133 |
| **Total Non-Current Assets** | | 1,350,040 | 1,216,390 |
| **TOTAL ASSETS** | | 2,583,389 | 2,341,640 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 227,199 | 221,257 |
| Other financial liabilies | | 123,635 | 160,364 |
| Current tax liabilities | | 6,915 | 8,173 |
| **Total Current Liabilities** | | 357,749 | 389,794 |
| **Non-current liabilities** | | | |
| Other payables | | 5,629 | 12,294 |
| Other financial liabilies | | 5,021 | 9,934 |
| Deferred tax liabilities | | 33,487 | 41,512 |
| **Total Non-Current Liabilities** | | 44,137 | 63,740 |
| **TOTAL LIABILITIES** | | 401,886 | 453,534 |
| **NET ASSETS** | | 2,181,503 | 1,888,106 |
| **EQUITY AND LIABILITIES** | | | |
| **Parent entity interest** | | | |
| Share capital | 6 | 222,910 | 183,245 |
| Reserves | | 60,730 | (45,895) |
| Retained profits | | 1,176,446 | 1,116,529 |
| Total attributable to owners of parent | | 1,460,086 | 1,253,879 |
| Total non-controlling interest | | 721,417 | 634,227 |
| **TOTAL EQUITY** | | 2,181,503 | 1,888,106 |

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | CONSOLIDATED 2018 $'000 | 2017 $'000 *(Restated)* |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before income tax | | 196,067 | 219,739 |
| Adjustments for: | | | |
| Bad and doubtful debts | | 3,119 | 674 |
| Depreciation of property, plant and equipment | | 7,208 | 6,540 |
| Discount on acquisition | | (120) | - |
| Dividend income | | (262) | (379) |
| Fair value adjustment on investment properties | | (11,387) | 26 |
| Finance costs | | 7,962 | 6,653 |
| Foreign currency (gain)/losses | | (2,253) | 1,792 |
| Gain on disposal of investment properties | | 192 | 7 |
| Gain on re-measurement of equity interest | | - | (27,277) |
| Interest income | | (8,787) | (11,318) |
| Loss on disposal of property, plant and equipment | | (18) | (135) |
| Property, plant and equipment written off | | 72 | 130 |
| Share of results of associates | | 17 | (7,229) |
| **Operating profit before working capital changes** | | 191,810 | 189,223 |
| Net changes in inventories | | 83,549 | (1,192) |
| Net changes in receivables | | (21,224) | 11,405 |
| Net changes in contract assets | | (32) | (39,925) |
| Net changes in payables | | (50,068) | (88,179) |
| Net changes in contract liabilities | | - | (8,625) |
| **Cash from operations** | | 204,035 | 62,707 |
| Interest paid | | (7,781) | (6,789) |
| Interest received | | 8,583 | 11,170 |
| Income taxes paid | | (57,794) | (47,453) |
| **Net cash generated from operating activities** | | 147,043 | 19,635 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Advances to an associate company | | (169) | (52) |
| Acquisition of additional shares in existing subsidiary | | (350) | - |
| Acquisition of shares in new subsidiary companies, net of cash | | (20,881) | (51,305) |
| Dividend received | | 262 | 379 |
| Payment for purchase of investment properties | | (38,059) | (53,948) |
| Payment for purchase of property, plant and equipment | | (23,192) | (10,188) |
| Proceeds from sale of financial assets at fair value through other comprehensive income | | - | 1,689 |
| Proceeds from sale of investment properties | | 40,486 | 239 |
| Proceeds from sale of property, plant and equipment | | 24 | 296 |
| Additions to inventories - land held for property development | | (6,641) | (19,387) |
| **Net cash used in investing activities** | | (48,520) | (132,277) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Advances from other entities | | 5,799 | 6,818 |
| Dividends paid to non-controlling shareholders of subsidiary companies | | (45,978) | (32,144) |
| Dividends paid to owners of the Company | | (1,598) | (1,780) |
| Issue of shares of a subsidiary to non-controlling shareholders | | 18,620 | 17,771 |
| Payment of hire purchase and finance lease liabilities | | (3,063) | (2,171) |
| Proceeds from borrowings | | 36,567 | 42,005 |
| Repayment of borrowings | | (88,360) | (41,106) |
| Share buyback | | - | (7) |
| **Net cash used in financing activities** | | (78,013) | (10,614) |
| Net increase/(decrease) in cash and cash equivalents | | 20,510 | (123,256) |
| Cash and cash equivalents at beginning of year | | 277,201 | 398,552 |
| Net foreign exchange differences | | 24,847 | 1,905 |
| **Cash and cash equivalents at end of year** | 9 | 322,558 | 277,201 |

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Attributable to owners of parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Share capital $'000** | **Retained earnings $'000** | **Foreign exchange reserves $'000** | **Other reserve $'000** | **Total $'000** | **Non-controlling interest $'000** | **Total equity $'000** |
| **Balance at 1 January 2017** | 145,668 | 1,037,244 | (67,802) | (1) | 1,115,109 | 533,659 | 1,648,768 |
| Change in accounting policy | - | 6,160 | (403) | - | 5,757 | 2,743 | 8,500 |
| **Balance at 1 January 2017 *(restated)*** | 145,668 | 1,043,404 | (68,205) | (1) | 1,120,866 | 536,402 | 1,657,268 |
| Dividends paid | - | (39,357) | - | - | (39,357) | (32,144) | (71,501) |
| Shares issued during the year - dividend re-investment plan | 37,577 | - | - | - | 37,577 | - | 37,577 |
| Other changes in non-controlling interest *(restated)* | - | - | - | - | - | 12,832 | 12,832 |
| Increase in shares in a subsidiary | - | - | - | - | - | (127) | (127) |
| Change in stake *(restated)* | - | 127 | - | - | 127 | 53,661 | 53,788 |
| **Transaction with owners** | **183,245** | **1,004,174** | **(68,205)** | **(1)** | **1,119,213** | **570,624** | **1,689,837** |
| Profit for the year *(restated)* | - | 112,322 | - | - | 112,322 | 63,393 | 175,715 |
| Derecognition upon disposal of equity investment | - | 33 | - | (47) | (14) | 14 | - |
| **Other comprehensive income *(restated)* :** | | | | | | | |
| Changes in the fair value of equity investments at fair value through other comprehensive income | - | - | - | 481 | 481 | 196 | 677 |
| Exchange differences on translation of foreign operations | - | - | 21,877 | - | 21,877 | - | 21,877 |
| **Total comprehensive income for the year** | **-** | **112,355** | **21,877** | **434** | **134,666** | **63,603** | **198,269** |
| **Balance at 31 December 2017 *(restated)*** | **183,245** | **1,116,529** | **(46,328)** | **433** | **1,253,879** | **634,227** | **1,888,106** |

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Attributable to owners of parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital $'000 | Retained earnings $'000 | Foreign exchange reserves $'000 | Other reserve $'000 | Total $'000 | Non-controlling interest $'000 | Total equity $'000 |
| **Balance at 1 January 2018** | 183,245 | 1,107,056 | (46,154) | 433 | 1,244,580 | 630,089 | 1,874,669 |
| Change in accounting policy | - | 9,473 | (174) | - | 9,299 | 4,138 | 13,437 |
| **Balance at 1 January 2018 *(restated)*** | 183,245 | 1,116,529 | (46,328) | 433 | 1,253,879 | 634,227 | 1,888,106 |
| Dividend paid | - | (41,263) | - | - | (41,263) | (45,978) | (87,241) |
| Shares issued during the year - dividend re-investment plan | 39,665 | - | - | - | 39,665 | - | 39,665 |
| Other changes in non-controlling interest | - | - | - | - | - | 56,304 | 56,304 |
| Change in stake | - | 345 | - | - | 345 | 17,925 | 18,270 |
| **Transaction with owners** | **222,910** | **1,075,611** | **(46,328)** | **433** | **1,252,626** | **662,478** | **1,915,104** |
| Profit for the year | - | 100,835 | - | - | 100,835 | 59,384 | 160,219 |
| **Other comprehensive income:** | | | | | | | |
| Changes in the fair value of equity investments at fair value through other comprehensive income | - | - | - | (790) | (790) | (445) | (1,235) |
| Exchange differences on translation of foreign operations | - | - | 107,415 | - | 107,415 | - | 107,415 |
| **Total comprehensive income for the year** | **-** | **100,835** | **107,415** | **(790)** | **207,460** | **58,939** | **266,399** |
| **Balance at 31 December 2018** | **222,910** | **1,176,446** | **61,087** | **(357)** | **1,460,086** | **721,417** | **2,181,503** |

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 31 DECEMBER 2018

## 1. Nature of operations

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

## 2. General information and basis of preparation

The preliminary final report of the Group are for the year ended 31 December 2018 and are presented in Australian Dollars ($AUD), which is the functional currency of the Parent Company. These general purpose preliminary financial report have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2017 and any public announcements made by the Group during the half year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards. AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments (2014)* became mandatorily effective on 1 January 2018. The Group has changed its accounting policies and made retrospective adjustments. The impact of the adoption of these standards and the new accounting policies are disclosed in Note 3 below.

**New standards adopted as at 1 January 2018**

**AASB 15 *Revenue from Contracts with Customers***

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 January 2018 using the full retrospective approach. Under this method, comparative financial statements have been restated.

The adoption of AASB 15 has mainly affected the property development activities of the Group as follows:

Legal fee borne by the Group in relation to its contracts with customers, when they are incremental and expected to be recovered over more than a year, these costs shall reduce the transaction price progressively based on percentage work performed.

Sales commission paid to intermediaries as a result of obtaining contracts with customers, when they are incremental and expected to be recovered over more than a year, the Group therefore capitalised as contract costs. Capitalised sales commission are amortised on a systematic basis that is consistent with the transfer of the good or services to the customers.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2018

**AASB 9 *Financial Instruments***

AASB 9 *Financial Instruments* replaces AASB 139's *'Financial Instruments: Recognition and Measurement'* requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The Group adopted AASB 9 using full retrospective approach, comparative financial statements have been restated.

The adoption of AASB 9 has mostly impacted the following areas:

- the classification and measurement of the Group's financial assets. Management holds most financial assets to hold and collect the associated cash flows.

- the impairment of financial assets applying the expected credit loss model. This applies now to the Group's trade receivables.

- the measurement of equity investments in listed entities. These investments were classified as available-for-sale under AASB 139. The Group chose to make the irrevocable election on transition to classify these investments as Equity instruments at fair value through other comprehensive income (Equity FVTOCI) as permitted by AASB 9.

## 3. Changes in significant accounting policies

This note explains the impact of the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

**AASB 9 *Financial Instruments***

<u>Classification</u>

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2018

For assets measured at fair values, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transactions costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principle and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2018

Equity investments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**AASB15 *Revenue from Contracts with Customers***

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Performance obligation by segment are as follows:

Land development and resale

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. The transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2018

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time based on the level of completion of the physical proportion of contract work to-date, certified by professional consultants. The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been delivered to the purchasers, being when the properties have been delivered to the purchasers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised on completion.

Investment

Investment revenue consists of holding of investment properties to generate rental income, capital appreciation or both. Rental income for residential and commercial properties is recognised in the profit or loss 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.

Other revenue

Revenue from other sources are recognised as follows:

- Operations of hotel and food and beverage outlets, provision of facilities support services and carpark operations and provision of management services. Revenue is recognised when the services are performed.

- Moneylending services, interest income is recognised using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2018

The following tables summarise the impacts of adopting AASB 15 and AASB 9 on the Group's consolidated financial statements.

| Statement of Profit or Loss and Other Comprehensive Income<br>For the year ended 31 December 2017 | As previously reported<br>$'000 | AASB 15<br>$'000 | ASSB 9<br>$'000 | As restated<br>$'000 |
|---|---|---|---|---|
| Property and construction revenue | 328,774 | (1,017) | - | 327,757 |
| Cost of sales | (150,825) | (7,130) | - | (157,955) |
| **Gross profit** | 177,949 | (8,147) | - | 169,802 |
| Other revenues | 101,468 | - | - | 101,468 |
| Other income | 28,464 | - | (47) | 28,417 |
| Property maintenance expenses | (25,358) | - | - | (25,358) |
| Occupancy expenses | (50) | - | - | (50) |
| Marketing expenses | (21,221) | 14,213 | - | (7,008) |
| Administrative expenses | (26,512) | - | - | (26,512) |
| Other expenses from ordinary activities | (19,853) | - | - | (19,853) |
| Finance costs | (6,653) | - | - | (6,653) |
| Share of results of associates | 6,286 | - | - | 6,286 |
| Foreign exchange loss | (800) | - | - | (800) |
| **Profit before income tax** | 213,720 | 6,066 | (47) | 219,739 |
| Income tax expense | (42,568) | (1,456) | - | (44,024) |
| **Profit for the year** | 171,152 | 4,610 | (47) | 175,715 |
| **Other comprehensive income, net of tax** | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Exchange differences on translating foreign operations | 21,648 | 229 | - | 21,877 |
| Available for sale financial assets | | | | |
| - current year gain | 356 | - | (356) | - |
| - reclassification to profit or loss | 274 | - | (274) | - |
| Item that will not be reclassified subsequently to profit or loss | | | | |
| Changes in the fair value of equity investments at fair value through other comprehensive income | - | - | 677 | 677 |
| Other comprehensive income for the year | 22,278 | 229 | 47 | 22,554 |
| **Total comprehensive income for the year** | 193,430 | 4,839 | - | 198,269 |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
## FOR THE YEAR ENDED 31 DECEMBER 2018

| **Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2017** | **As previously reported $'000** | **AASB 15 $'000** | **ASSB 9 $'000** | **As restated $'000** |
|---|---|---|---|---|
| Profit attributable to: | | | | |
| Owners of the parent | 109,066 | 3,289 | (33) | 112,322 |
| Non-controlling interest | 62,086 | 1,321 | (14) | 63,393 |
| | 171,152 | 4,610 | (47) | 175,715 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | 131,148 | 3,518 | - | 134,666 |
| Non-controlling interest | 62,282 | 1,321 | - | 63,603 |
| | 193,430 | 4,839 | - | 198,269 |
| Earnings per share (cents per share) | | | | |
| - basic for profit for the year | 8.17 | 0.24 | - | 8.41 |
| - diluted for profit for the year | 8.17 | 0.24 | - | 8.41 |

| **Statement of Financial Position (Extract) As at 31 December 2017** | **As previously reported $'000** | **AASB 15 $'000** | **ASSB 9 $'000** | **As restated $'000** |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Land held for property development | 158,013 | (158,013) | - | - |
| Inventories | - | 158,013 | - | 158,013 |
| Available for sale financial assets | 4,167 | - | (4,167) | - |
| Financial assets at fair value through other comprehensive income | - | - | 4,167 | 4,167 |
| **Current assets** | | | | |
| Trade and other receivables | 258,025 | (77,198) | - | 180,827 |
| Contract assets | - | 79,043 | - | 79,043 |
| Inventories | 558,997 | 15,835 | - | 574,832 |
| **Non-current liabilities** | | | | |
| Deferred tax liabilities | 37,269 | 4,243 | - | 41,512 |

| Statement of Financial Position (Extract)<br>As at 31 December 2017 | As previously reported<br>$'000 | AASB 15<br>$'000 | ASSB 9<br>$'000 | As restated<br>$'000 |
|---|---|---|---|---|
| **Equity** | | | | |
| Reserves | (45,721) | (174) | - | (45,895) |
| Retained profits | 1,107,056 | 9,473 | - | 1,116,529 |
| Non-controlling interest | 630,089 | 4,138 | - | 634,227 |

| Statement of Cash Flows (Extract)<br>For the year ended 31 December 2017 | As previously reported<br>$'000 | AASB 15<br>$'000 | ASSB 9<br>$'000 | As restated<br>$'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit before income tax | 213,720 | 6,066 | (47) | 219,739 |
| Adjustments for: | | | | |
| Gain on disposal of financial assets at fair value through profit or loss | (47) | - | 47 | - |
| Net changes in inventories | 4,251 | (5,443) | - | (1,192) |
| Net changes in receivables | (27,897) | 39,302 | - | 11,405 |
| Net changes in contract assets | - | (39,925) | - | (39,925) |
| Net changes in payables | (96,804) | 8,625 | - | (88,179) |
| Net changes in contract liabilities | - | (8,625) | - | (8,625) |
| **Cash flows from investing activities** | | | | |
| Proceeds from sale of available for sale financial assets | (1,689) | - | (1,689) | - |
| Proceeds from sale of financial assets at fair value through other comprehensive | - | - | 1,689 | 1,689 |

## 4. REVENUE AND EXPENSES

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

| | | CONSOLIDATED | |
|---|---|---|---|
| | | **2018** | **2017** |
| | | **$'000** | **$'000** |
| | | | *(Restated)* |
| **(i)** | **Property and construction revenue** | | |
| | Sales of inventories | 153,950 | 37,264 |
| | Sales of development properties | 286,543 | 290,493 |
| | | 440,493 | 327,757 |
| **(ii)** | **Other revenue** | | |
| | Rental revenue | 52,876 | 37,356 |
| | Parking fee revenue | 11,930 | 9,807 |
| | Management fee received | 2,459 | 3,156 |
| | Hotel operations revenue | 32,291 | 29,337 |
| | Dividends received from investments – other corporations | 262 | 379 |
| | Interest received from investments – other corporations | 8,583 | 11,170 |
| | Other services | 7,804 | 10,263 |
| | | 116,205 | 101,468 |
| **(iii)** | **Other income** | | |
| | Doubtful debts no longer required | 461 | 890 |
| | Financial liabilities measured at amortised cost | 204 | 148 |
| | Gain on disposal of property, plant and equipment | 18 | 135 |
| | Loss on disposal of investment properties | (192) | (7) |
| | Gain on re-measurement of equity interest | - | 27,277 |
| | Fair value adjustment on investment properties | 11,387 | (26) |
| | | 11,878 | 28,417 |
| **(iv)** | **Cost of sales** | | |
| | Development expenses | 270,250 | 157,955 |
| **(v)** | **Expenses** | | |
| | Depreciation and amortisation | 7,208 | 6,540 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2018

## 5. DIVIDENDS PAID AND DECLARED

| | CONSOLIDATED | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| **(a) Dividends paid during the year** | | |
| *Prior year final dividend (paid on 7 June 2018)* | | |
| Final unfranked dividend paid at 2.5 cents (2016: 2.5 cents) per share | 34,178 | 32,576 |
| *Current year interim dividend (paid on 7 November 2018)* | | |
| Interim unfranked dividend paid at 0.5 cents (2017: 0.5 cents) per share | 7,085 | 6,781 |
| | 41,263 | 39,357 |
| **(b) Dividends proposed and not recognised as a liability** | | |
| *Current year final dividend (expected to be paid on 10 June 2019)* | | |
| Final unfranked dividend proposed at 2.0 cents (2017: 2.5 cents) per share | 28,551 | 34,178 |

## 6. SHARE CAPITAL

| | CONSOLIDATED | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000s** | **$'000s** |
| **Amounts in thousand shares** | | |
| Shares issued and fully paid: | | |
| • Beginning of the year | 1,367,123 | 1,303,043 |
| • Issued under share-based payment plans | - | - |
| • Share issue | 60,409 | 64,080 |
| **Shares issued and fully paid** | 1,427,532 | 1,367,123 |
| Shares authorised for share based payments | - | - |
| **Total shares authorised at the end of the year** | - | - |

## 7. CONTINGENT ASSETS AND LIABILITIES

The contingent liabilities of the Company as at the end of the current quarter are as follows:

| | | As at 31 December 2018 $'000 |
|---|---|---|
| (a) | Corporate guarantees given to banks to secure banking facilities granted to subsidiary companies | 4,364 |

(b) As announced by the Company on 12 February 2019, two of its wholly-owned subsidiaries, namely Windsor Triumph Sdn Bhd and Sunny Uptown Sdn Bhd were served by the Inland Revenue Board of Malaysia ("IRB") with Notices of Additional Assessment for the Year of Assessment 2013, for additional income tax totaling RM25,558,750.50 and penalty totaling RM14,057,312.78 as follows:

| Name of Company | Additional Assessment (RM) | Penalty (RM) | Total Amount (RM) |
|---|---|---|---|
| Windsor Triumph Sdn Bhd | 8,990,750.00 | 4,944,912.50 | 13,935,662.50 |
| Sunny Uptown Sdn Bhd | 16,568,000.50 | 9,112,400.28 | 25,680,400.78 |

The additional assessment raised against Windsor Triumph Sdn Bhd by the IRB arises from an adjustment by the IRB of the market value of properties that Windsor Triumph Sdn Bhd has withdrawn as a stock-in-trade to hold as investment property.

The additional assessment raised against Sunny Uptown Sdn Bhd by the IRB arises from an adjustment by the IRB of the selling price at market value, of properties that Sunny Uptown Sdn Bhd had assigned to another wholly-owned subsidiary of the Company on an "as is" basis.

Both subsidiaries relied on valuations by a professional, independent and experienced registered Valuer. These valuations were adjusted by the IRB by substituting them with valuations subsequently conducted by the Jabatan Penilaian dan Perkhidmatan Harta.

Upon consulting the Company's tax solicitors, the Company is of the view that there are strong grounds to challenge the basis and validity of the disputed Notices of Additional Assessment raised by the IRB and the penalty imposed. Windsor Triumph Sdn Bhd and Sunny Uptown Sdn Bhd have filed an appeal to dispute the said Notices of Additional Assessment.

Accordingly, the Directors of the Company are of the opinion that no provision in respect of the tax liability in dispute is required to be made in the financial statements as at the reporting date.

## 8. EVENTS AFTER THE REPORTING DATE

There have been no material events subsequent to reporting date which impact on the state of affairs of the Company.

## 9. ADDITIONAL INFORMATION

For the purposes of the Statement of cash flows, cash and cash equivalents comprise the following at 31 December:

| | CONSOLIDATED | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Cash at bank and in hand | 118,910 | 83,391 |
| Short term investments | 75,205 | 85,435 |
| Short term bank deposits | 128,443 | 108,375 |
| | 322,558 | 277,201 |

## 10. NET TANGIBLE ASSETS

| | **2018** | **2017** |
|---|---|---|
| Net tangible asset backing per ordinary security | 102 cents | 92 cents |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
## FOR THE YEAR ENDED 31 DECEMBER 2018

### 11. OPERATING SEGMENTS

| | Investment | | Land development and resale | | Others | | Elimination | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| | | *(Restated)* | | *(Restated)* | | *(Restated)* | | *(Restated)* | | *(Restated)* |
| Segment revenue | | | | | | | | | | |
| Sales to customers outside the group | - | - | 440,493 | 327,757 | - | - | - | - | 440,493 | 327,757 |
| Other revenues from customers out side the group | 80,665 | 81,596 | 29,360 | 32,171 | 18,058 | 16,118 | - | - | 128,083 | 129,885 |
| Inter segment revenue | 248,091 | 228,536 | 262,372 | 174,915 | 3,599 | 921 | (514,062) | (404,372) | - | - |
| Total revenue | 328,756 | 310,132 | 732,225 | 534,843 | 21,657 | 17,039 | (514,062) | (404,372) | 568,576 | 457,642 |
| Interest revenue | 5,143 | 3,573 | 4,308 | 6,468 | (664) | 1,277 | - | - | 8,787 | 11,318 |
| Finance cost | (5,596) | (5,561) | (2,364) | (1,088) | (2) | (4) | - | - | (7,962) | (6,653) |
| Depreciation and amortisation | (3,728) | (2,584) | (3,223) | (3,815) | (257) | (141) | - | - | (7,208) | (6,540) |
| Write off of assets | (12) | (5) | (48) | (124) | (12) | (1) | - | - | (72) | (130) |
| (Decrease)/Increase in fair value of investment properties | 12,093 | (26) | (706) | - | - | - | - | - | 11,387 | (26) |
| Other non-cash expenses | 2,241 | 26,079 | (3,517) | (1,165) | - | - | - | - | (1,276) | 24,914 |
| Income tax expense | 8,732 | (10,948) | (43,853) | (32,411) | (727) | (665) | - | - | (35,848) | (44,024) |
| Segment net operating profit after tax | 31,272 | 18,378 | 121,008 | 143,576 | 7,938 | 7,340 | - | - | 160,218 | 169,294 |

Reconciliation of segment net operating profit after tax to profit after tax as presented in its financial statements as follows:

| | 2018 | 2017 |
|---|---|---|
| Segment net operating profit after tax | 160,218 | 169,294 |
| Gain on disposal of property, plant and equipment | 18 | 135 |
| Result from equity accounted investments | (17) | 6,286 |
| Total net profit after tax per profit or loss | 160,219 | 175,715 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

**11. OPERATING SEGMENTS (CONT'D)**

| | Investment | | Land development and resale | | Others | | Elimination | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| | | *(Restated)* | | *(Restated)* | | *(Restated)* | | *(Restated)* | | *(Restated)* |
| Segment assets | 1,035,334 | 985,111 | 1,477,645 | 1,310,218 | 29,694 | 15,889 | - | - | 2,542,673 | 2,311,218 |
| Reconciliation of segment operating assets to total assets | | | | | | | | | | |
| Segment operating assets | | | | | | | | | 2,542,673 | 2,311,218 |
| Goodwill | | | | | | | | | 133 | 133 |
| Financial assets at fair value through other comprehensive income | | | | | | | | | 3,198 | 4,167 |
| Deferred tax assets | | | | | | | | | 15,911 | 12,775 |
| Current tax assets | | | | | | | | | 21,474 | 13,347 |
| Total assets as per the statement of financial position | | | | | | | | | 2,583,389 | 2,341,640 |
| Investment in associates | 242 | 238 | - | - | - | - | - | - | 242 | 238 |
| Capital expenditure | 43,185 | 1,962 | 16,303 | 8,652 | 2,231 | 28 | - | - | 61,719 | 10,642 |
| Segment liabilities | 137,727 | 167,171 | 215,634 | 231,292 | 8,123 | 5,386 | - | - | 361,484 | 403,849 |
| Reconciliation of segment operating liabilities to total liabilities | | | | | | | | | | |
| Segment operating liabilities | | | | | | | | | 361,484 | 403,849 |
| Deferred tax liabilities | | | | | | | | | 33,487 | 41,512 |
| Current tax liabilities | | | | | | | | | 6,915 | 8,173 |
| Total liabilities per the statement of financial position | | | | | | | | | 401,886 | 453,534 |

The consolidated entity operates predominantly in two businesses; investment and land development and resale, and within two geographical segments; Australia and Malaysia. The Australian operations predominantly relate to the investment segment, with the remainder of the segments being related to the Malaysian operations.

The land development and resale business is predominantly focused on residential and commercial developments in Malaysia, whilst the investment business is made up of both property and share portfolios in Malaysian assets.

Inter segment pricing is based on normal terms and conditions.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2018

## 12. DIVIDENDS

| | |
|---|---|
| Date the dividend (distribution) is payable | 10 June 2019 |
| +Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved) | 20 May 2019 |

**Amount per security**

| | | Amount per security | Franked amount per security at % tax | Amount per security of foreign source dividend |
|---|---|---|---|---|
| **Final dividend:** | Current year | **2.0¢** | **Nil** | **2.0¢** |
| | Previous year | 2.5¢ | Nil | 2.5¢ |
| **Interim dividend:** | Current year | **0.5¢** | **Nil** | **0.5¢** |
| | Previous year | 0.5¢ | **Nil** | **0.5¢** |

**Total dividend (distribution) per security (interim *plus* final)**

| | Current year | Previous year |
|---|---|---|
| +Ordinary securities | **2.5¢** | 3.0¢ |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2018

**Issued and quoted securities at end of current period**

*(Description must include rate of interest and any redemption or conversion rights together with prices and dates)*

| Category of +securities | Total number | Number quoted | Issue price per security (cents) | Amount paid up (per cents) |
|---|---|---|---|---|
| **Preference +securities** *(description)* | N/A | | | |
| Changes during current period<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buybacks, redemptions | | | | |
| **+Ordinary securities** | 1,367,123,309 | 1,367,123,309 | | |
| Changes during current period<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buybacks | 60,408,603<br>- | -<br>- | | |
| **+Convertible debt securities** *(description and conversion factor)* | N/A | | | |
| Changes during current period<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted | | | | |
| **Options** *(description and conversion factor)* | N/A | | Exercise Price | Expiry date *(if any)* |
| Issued during current period | | | | |
| Exercised during current period | | | | |
| Expired during current period | | | | |
| **Debentures** *(description)* | N/A | | | |
| Changes during current period<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted | | | | |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
# FOR THE YEAR ENDED 31 DECEMBER 2018

## 13. COMMENTS BY DIRECTORS

NIL

## 14. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES'

| Name of entities | Percentage of holding % | | Profit contribution $'000 | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Advanced Informatics & Management Centre Sdn Bhd | 30 | 30 | Not material | Not material |
| Asli Security Services Sdn Bhd | 30 | 30 | Not material | Not material |

## 15. CONTROL GAINED OVER ENTITIES

Not Applicable

## 16. LOSS OF CONTROL OVER ENTITIES

Not Applicable

## 17. AUDIT

The $^{+}$accounts are in the process of being audited and the directors are not aware of any material factors which may affect the result.

A C Winduss
Director

Perth, Western Australia
26 February 2019