



United Overseas Australia Ltd

ANNUAL REPORT 2018





Cover:

The Sphere@Bangsar South is a vibrant lifestyle hub encompassing an exciting spectrum of restaurants, cafés and retail outlets; weaved into a modern atmosphere enriched with lush green elements and cool, calming water features.

Contents

Corporate Directory	2
From the Office of Managing Director	3
Executive Director's Review of Operations	4
Directors' Report	20
Auditor's Independence Declaration	36



Corporate Directory

A.C.N 009 245 890

A.B.N 81 009 245 890

DIRECTORS

Mr. Alan Charles Winduss

(Non-Executive Chairman)

Mr. Chong Soon Kong

(Managing Director)

Mr. Pak Lim Kong

Mr. Chee Seng Teo

Ms. May Chee Kong

(alternate for C.S. Kong)

COMPANY SECRETARY

Mr. Alan Charles Winduss

ASX CODE

UOS

REGISTERED OFFICE

Suite B1

661, Newcastle Street

Leederville, Western Australia 6007

Telephone +618 9217 9800

Facsimile +618 9217 9899

Email alan_winduss@winduss.com.au

PRINCIPAL PLACE OF MANAGEMENT

UOA Corporate Tower

Lobby A, Avenue 10, The Vertical

Bangsar South City

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

SHARE REGISTRY

Advanced Share Registry Services Ltd

110, Stirling Highway

Nedlands, Perth

Western Australia 6009

AUDITORS

Grant Thornton Audit Pty Ltd

Central Park

Level 43, 152-158, St Georges Terrace

Perth, Western Australia 6000

From the Office of Managing Director

Dear Valued Shareholders,

I am pleased to report that the Company has again produced positive results amidst challenging market conditions for the financial year ended 31 December 2018.

As in the previous year, emphasis has been placed on residential developments to meet consumer interests in the mid-price residential market. Expansion and growth have continued in the hospitality division; both in hotel and corporate function areas of operation.

After allowing for minority interests and taxation, a profit of \$100.8 million is attributable to shareholders of United Overseas Australia Limited. This is a decrease of 10.2% in comparison to the results for year ended 31 December 2017.

The Board of Directors has resolved to declare a final dividend of 2c (unfranked) for the year ended 31 December 2018.

Together with the Board of Directors and the Senior Management, I would like to express our sincere appreciation to our customers, shareholders, business associates and staff for your support over the past year.

The Company will continue in its endeavours to deliver value to our shareholders in year 2019.

Thank you.

C.S. Kong
Managing Director

Executive Director's

Review of Operations



UOA Business Park

Based on the report, the year ended 31 December 2018 has been one of profitable operations for the Group albeit in a very difficult market, allowing it to continue to retain a strong and positive balance sheet.

In order for our shareholders to have a detailed understanding of the Group and its operations, we have included in this review, extracts from the Annual Reports of UOA Development Bhd (69.99% owned) and UOA Real Estate Investment Trust (46.30% owned) the financial results of which are consolidated into the Group accounts.

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

REVIEW OF OPERATIONS

Australia

East Perth

Practical completion of this project was in August 2018. To date, 60% of units have been sold and extensive marketing is being carried out on this project to further promote it, in the Perth market. The Company is also looking to retain some units for rental income purposes.

Leederville

As previously reported, the Company through its 95% owned subsidiary, UOA Leederville Pty Ltd, purchased a commercial property in the vibrant Perth suburb of Leederville.

In January 2018, the 5% minority interest was purchased to make UOA Leederville Pty Ltd a wholly owned subsidiary.

Refurbishment of the buildings, both interior and exterior, is being carried out on a staged programme basis.

The rental demand in this area is growing and the Company is confident that occupancy levels will continue to rise.

Vietnam

UOA Tower Limited Liability Company (a wholly owned subsidiary) is constructing a commercial office building of 24 storeys in Ho Chi Minh City, Vietnam.

At the date of this report, construction has commenced with the basement levels scheduled to be completed by September 2019; and commencement of super structure construction in October 2019. Estimated completion is expected in January 2021.

Malaysia

UOA Development Bhd and its subsidiaries (the "Group") continued to deliver satisfactory results in financial year 2018 amidst soft sentiment in the property market. As at 31 December 2018, the Group achieved a total revenue of \$421.23 million and profit after tax of \$137.20 million.

Total property sales of AUD \$506.01 million achieved in financial year 2018 were attributable mainly from South Link, United Point Residence, UOA Business Park and Sentul Point.

Executive Director's Review Of Operations
(Cont'd)**COMPLETED DEVELOPMENTS**

The redevelopment of The Sphere, a lifestyle hub which is located in Bangsar South saw its completion during the first quarter of 2018. The project consists of three levels of retail spaces with approximately 50 retail premises, predominantly for food and beverage outlets. At the date of this report, it is 95% leased.

Southbank (Phase II) consists of one block of suite apartments together with strata offices and is located along Old Klang Road. It was completed in the second quarter of 2018.

Desa Commercial Center which is located near Taman Desa, Old Klang Road off the East-West Link Highway, and a mixed development, namely Danau Kota Suite Apartments which is located in the matured township of Setapak off Jalan Genting Kelang were completed in the subsequent quarter. Collectively, the three development projects have a total GDV of AUD\$226.40 million.



Southbank



Desa Commercial Center



East Bank

Executive Director's Review Of Operations

(Cont'd)

CURRENT DEVELOPMENTS

Sentul Point in Sentul consists of three towers which contain 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. This complex has a direct link to the future KTM commuter train station.

The construction of both Sentul Point and United Point Residence are on schedule. The two projects have a combined GDV of AUD \$1.03 billion and completion is expected in the second half of 2019.

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 complex adjacent to South Link Lifestyle Apartments. Both projects are located within close proximity to Bangsar South, the Group's flagship development. The construction of these projects is on-going. The former is expected to be completed in year 2022 while the latter is expected to be completed ahead of schedule in year 2019. These two projects have an anticipated GDV on completion of \$264.12 million.



South Link Lifestyle Apartments



The Sphere, Bangsar South

Executive Director's Review Of Operations
(Cont'd)



United Point Residence



Danau Kota Suite Apartments



Sentul Point

Executive Director's Review Of Operations

(Cont'd)



The Goodwood Residence

FUTURE DEVELOPMENTS

The Bandar Tun Razak development is a project located within the township of Bandar Tun Razak in Cheras, approximately 11 kilometres from Kuala Lumpur City Centre. This project consists of residential units with aged care facilities and is scheduled to be completed in year 2020 with an estimated GDV of \$102.90 million.

The Goodwood Residence (also known as The Park Residence II) is a residential project which is located within the Bangsar South development adjacent to the existing The Park Residence. This project comprises a single 40-storey block of residences and is expected to be completed in year 2021 with an anticipated GDV of AUD \$205.81 million.

The Group is also planning to launch the initial phase of a project comprising 440 residential and commercial units on Sri Petaling Land. The GDV for the entire development is expected to be at AUD \$343.02 million.

The Group continues to seek opportune land acquisitions that meet the objectives of the Group.



Bandar Tun Razak

Executive Director's Review Of Operations
Extracts From UOA Development Bhd's Annual Report
(Cont'd)

Summary of the UOA Development Bhd Group's financial performance for the past five years:

Year Ended 31 December (\$'000)	2018	2017 (Restated)	2016	2015	2014
Revenue	421,226	327,758	324,081	560,949	365,720
Profit Before Tax	168,617	205,442	302,340	220,287	156,319
Finance Cost	2,221	1,268	2,181	2,825	1,975
Profit After Tax	137,199	164,688	231,184	166,604	121,078
Profit Attributable to Shareholders	126,305	153,985	220,152	142,360	107,262
Paid-Up Capital	187,404	97,667	25,295	24,249	24,973
Shareholders' Equity	1,605,564	1,365,872	1,181,690	1,004,819	959,525
Total Assets Employed	1,986,541	1,763,874	1,544,822	1,397,685	1,202,982
Total Net Tangible Assets	1,696,499	1,447,002	1,220,132	1,050,643	991,287
Total Borrowings	26,869	40,009	38,777	66,501	27,247
Debt / Equity (times)	0.02	0.03	0.03	0.07	0.03
Basic Earnings Per Share (\$)	0.07	0.09	0.14	0.10	0.08
Net Tangible Assets Per Share (\$)	0.85	0.76	0.78	0.74	0.67
Share Price – Year High (\$)	0.90	0.84	0.90	0.79	0.82
Share Price – Year Low (\$)	0.61	0.70	0.66	0.57	0.61
Closing Share Price @ End of Financial Year (\$)	0.71	0.73	0.76	0.70	0.72
Total Yearly Share Volume Traded ('000)	42,078	70,066	81,018	34,344	63,290
Market Capitalisation @ End of Financial Year (\$ 'billion)	1.34	1.31	1.91	1.00	1.05

Executive Director's Review Of Operations

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

For the year ended 31 December 2018, realised income before tax shows a marginally lower result when compared with the 2017 year. The rental market in Malaysia for this year was extremely competitive with many new buildings coming online in the market place.

However, due to the weakening of the Australian Dollar in 2018 as compared to 2017, the results of the REIT after translation shows a marginal improvement.

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 2018	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
Total gross income (\$'000)	26,195	25,032	29,191	31,385	30,669
Income before tax (\$'000)	19,217	11,514	14,657	38,132	16,123
Income after tax (\$'000)					
- Realised	11,667	11,554	14,710	16,222	16,098
- Unrealised	7,512	(40)	1,436	21,438	526
Total	19,179	11,514	16,146	37,660	16,624
Earnings per unit (cents)					
- Realised	2.76	2.73	3.48	3.84	3.81
- Unrealised	1.78	(0.01)	0.34	5.07	0.13
Total	4.54	2.72	3.82	8.91	3.94
Distribution per unit (cents)	3.04	2.60	3.41	3.76	3.73
Total asset value (\$'000)	359,993	359,510	352,660	362,041	373,630
Net asset value (\$'000)	248,769	222,810	218,355	223,005	221,712
Net asset value per unit (\$)	0.59	0.53	0.52	0.53	0.52
Market price per unit (\$)	0.45	0.51	0.55	0.51	0.50
Distribution yield	6.97%	5.28%	5.95%	6.89%	7.69%
Annual total returns (\$'000) ⁽¹⁾	11,667	11,554	14,710	16,222	16,098
Average total returns ⁽²⁾					
- for one year	7.35%	7.98%	9.50%	9.98%	9.97%
- for three years	8.28%	9.15%	9.82%	9.87%	9.88%
- for five years	8.96%	9.42%	9.82%	9.67%	9.70%

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

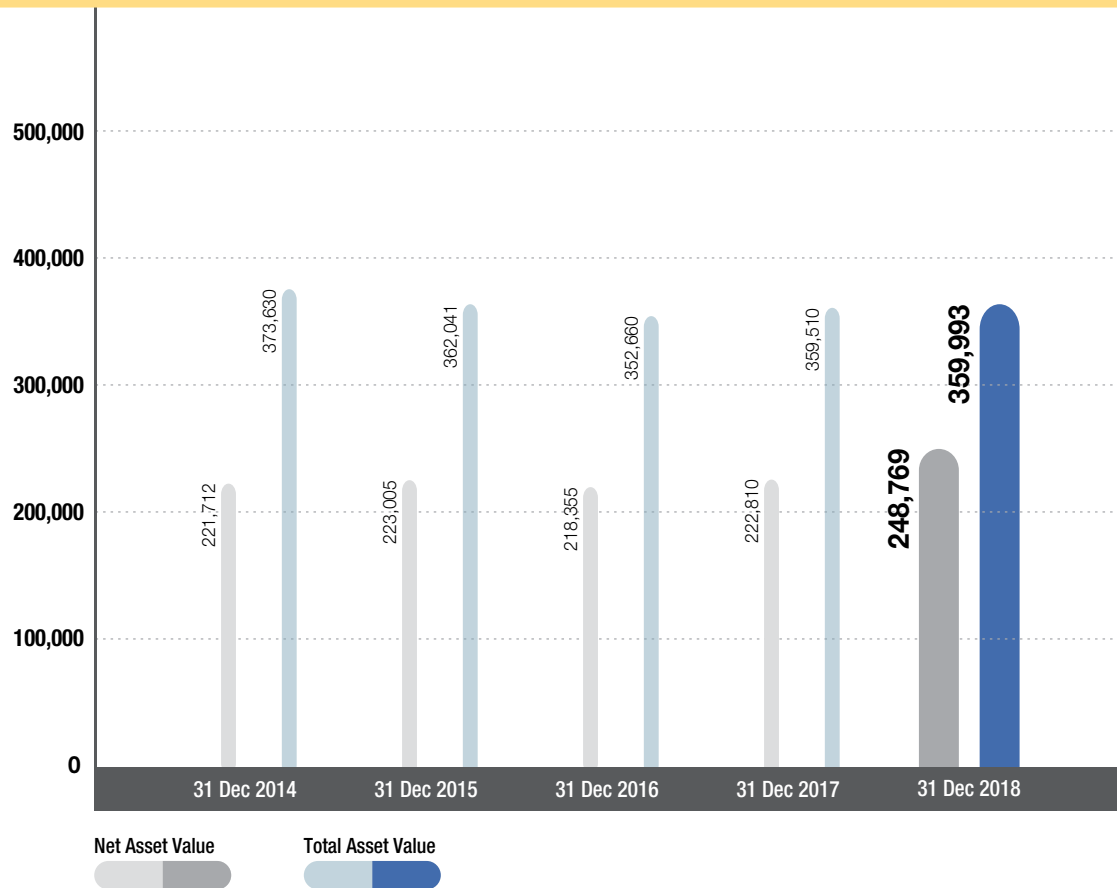
(2) Average total returns are calculated based on annual total returns for the respective financial years divided by unitholders' capital for the respective financial years.

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

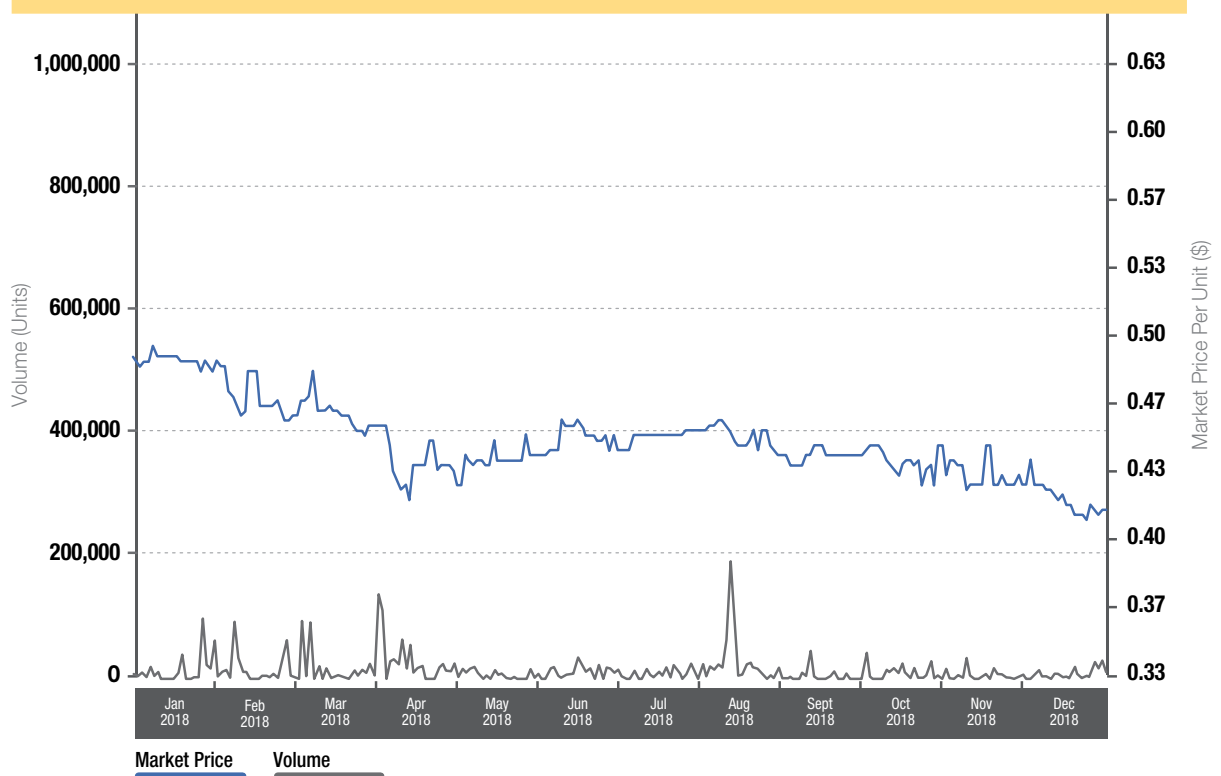
Income Before Tax (\$'000)**Earnings Per Unit (Cents)****Distribution Per Unit (Cents)****Net Asset Value Per Unit (\$)**

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

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



Trading Performance and Market Price Per Unit



Executive Director's Review Of Operations

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

MANAGER'S REPORT

UOA Asset Management Sdn Bhd, the Manager of UOA Real Estate Investment Trust ("UOA REIT" or "Trust"), has pleasure in presenting the Manager's Report on UOA REIT together with the audited financial statements of the Group and of the Trust for the year ended 31 December 2018.

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 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:

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)

Acquisition Strategy

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

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

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

The Manager intends to capitalise on the relationship with UOA Holdings Group 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.

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**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.

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.

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 2018 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 six (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 24 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

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

Occupancy rate (based on secured tenancies)

84.9%

Rental received/receivable

\$2,074,781

Maintenance costs and capital expenditure

Maintenance costs amount to \$624,119. No capital expenditure incurred during the financial year.

Encumbrances

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

Date of acquisition

29 November 2005

Cost of acquisition

\$19,202,445

Last valuation

\$29,190,621

Date of last valuation

31 December 2018

Basis of valuation

Comparison and Income Approach

Independent valuer

PPC International Sdn Bhd

Net book value

\$29,190,621

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

428,544 sq.ft.

Age

Approximately 20 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

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

Occupancy rate (based on secured tenancies)

85.1%

Rental received/receivable

\$7,042,911

Maintenance costs and capital expenditure

Maintenance costs amount to \$1,401,021. 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

\$66,717,307

Last valuation

\$100,846,562

Date of last valuation

31 December 2018

Basis of valuation

Comparison and Income Approach

Independent valuer

PPC International Sdn Bhd

Net book value

\$100,846,562

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 21 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

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

Occupancy rate (based on secured tenancies)

93.4%

Rental received/receivable

\$3,195,588

Maintenance costs and capital expenditure

Maintenance costs amount to \$949,439. No capital expenditure incurred during the financial year.

Encumbrances

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

Date of acquisition

29 November 2005

Cost of acquisition

\$24,697,117

Last valuation

\$41,504,878

Date of last valuation

31 December 2018

Basis of valuation

Comparison and Income Approach

Independent valuer

PPC International Sdn Bhd

Net book value

\$41,504,878

Executive Director's Review Of Operations

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

UOA Damansara II**Address/Location**

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

Description

A sixteen (16) storey office building with three (3) levels of elevated car park space and five (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 11 years

Existing use

Commercial

Status of holding

Freehold

Major tenants (based on monthly rental receivable)

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

Occupancy rate (based on secured tenancies)

90.8%

Rental received/receivable

\$4,392,948

Maintenance costs and capital expenditure

Maintenance costs amount to \$1,034,866. Capital expenditure of \$594,767 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

\$72,376,274

Last valuation

\$80,608,647

Date of last valuation

31 December 2018

Basis of valuation

Comparison and Income Approach

Independent valuer

PPC International Sdn Bhd

Net book value

\$80,608,647

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

307,551 sq.ft.

Age

Approximately 10 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) Perbadanan Harta Intelek Malaysia
- b) Dats Management Sdn Bhd
- c) Prasarana Malaysia Bhd

Occupancy rate (based on secured tenancies)

98.1%

Rental received/receivable

\$8,653,573

Maintenance costs and capital expenditure

Maintenance costs amount to \$1,743,418. No capital expenditure incurred during the financial year.

Encumbrances

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

Date of acquisition

17 January 2011

Cost of acquisition

\$99,131,485

Last valuation

\$102,904,655

Date of last valuation

31 December 2018

Basis of valuation

Comparison and Income Approach

Independent valuer

PPC International Sdn Bhd

Net book value

\$102,904,655

These extracts are part of the complete Annual Reports which can be downloaded at www.uoa.dev.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 2018 together with the report of the Company's Auditors.

Name	Current Occupation/Position
Alan Charles Winduss	Non-Executive Chairman/Independent Director
Chong Soon Kong @ Chi Suim	Managing Director
Pak Lim Kong	Executive Director
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

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

Alan Charles Winduss, Australian, male, aged 78, 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 and is Independent Non-Executive Chairman of UOA Asset Management Sdn Bhd, which is the Manager for the UOA Real Estate Investment Trust. He is also a Non-executive Chairman of UOA Development Bhd.

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)**Chong Soon Kong @ Chi Suim** (Managing Director)

Chong Soon Kong @ Chi Suim, Malaysian, male, aged 78, 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 Ltd 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

Pak Lim Kong (Executive Director)

Pak Lim Kong, Malaysian, male, aged 66, 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 40 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 with Mr. Chong Soon Kong and has 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, Alternate 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

Directors' Report*(Cont'd)***Terence Teo Chee Seng** (Independent Non-Executive Director)

Mr. Chee Seng Teo, Singaporean, male, aged 64, 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 Chong Soon Kong @ Chi Suim)

May Chee Kong, Singaporean, female, aged 45, is the Alternate Director for Chong Soon Kong @ Chi Suim.

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

Company Secretary**Alan Charles Winduss**

Director	Director's Meetings		Audit	
	Held	Attended	Held	Attended
A C Winduss	6	6	4	4
C S Kong	6	6	-	-
P L Kong	6	6	4	4
C S Teo	6	5	4	3

Directors' Report
(Cont'd)**Corporate Governance Statement**

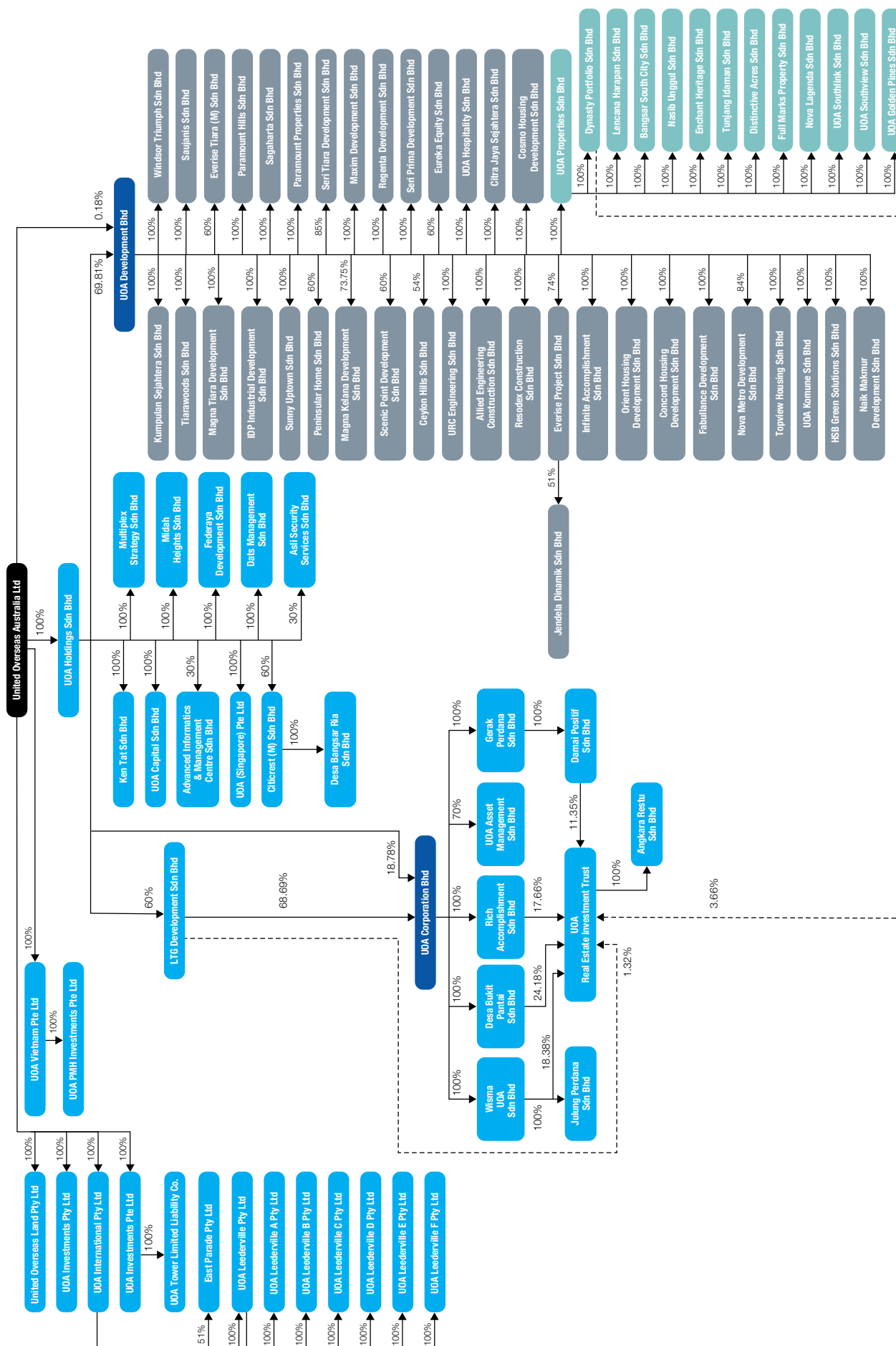
The Company has established a Corporate Governance framework which is set out in the Company's Corporate Governance Statement which is available on its website (www.uoa.com.my) under the section marked "Investor relations UOA Ltd".

Dividends	Cents
Final dividend recommended	
• On ordinary shares	2.0
Dividends paid in the year	
Interim for the year	
• On ordinary shares	0.5
Final for 2017 shown as recommended in the 2017 report	
• On ordinary shares	2.5

UOA GROUP - Corporate Structure

Directors' Report

(Cont'd)



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
- Rental of co-sharing office facilities

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

Employees

The consolidated entity employed 1,311 Malaysian employees and 506 Asian workers as at 31 December 2018 (2017: 1,195 Malaysian employees and 517 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 Securities Exchange-Perth; the Company transferred to the Main Board of the Australian Securities 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 69.81% (via UOA Holdings Sdn Bhd) in UOA Development Bhd.

UOA Real Estate Investment Trust

As at 31 December 2018, the Group has an effective equity holding of 46.30% in the Trust.

Directors' Report

(Cont'd)

	2018 Revenue (\$000)	2018 Results (\$000)	2017 Revenue (\$000)	2017 Results (\$000)
Summarised Operating Results are as follows:				
Operating Segments				
Land Development and Sale	727,901	121,008	528,375	143,576
Investment	323,168	31,273	305,716	18,378
Other	20,655	7,938	15,762	7,340
	1,071,724	160,219	849,853	169,294
Consolidated adjustments	(512,396)	-	(404,372)	-
Non-segment unallocated revenue	-	-	-	-
	559,328	160,219	445,481	169,294

Shareholder Returns

The Board of Directors approved a 0.5 (half of one) cent dividend, which was paid on 7 November 2018. After consideration of the final profit for the year ended 31 December 2018, the Board proposed the payment of the final dividend of 2.0 cents, making a total for the year of 2.5 cents. The final dividend will be eligible for participation in the Company's Dividend Reinvestment Plan.

	2018	2017	2016	2015
Basic earnings per share (cents)	7.22	8.42	12.77	9.86
Return on assets (%)	20.19	17.36	19.66	37.81
Return on equity (%)	13.97	17.56	29.01	26.80
Net debt/equity ratio (%)	8.81	13.58	14.32	19.25

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 2017 of \$34,178,083 (2.5 cents per share) was paid on 7 June 2018 (2017: \$32,576,081). The interim dividend for year ended 31 December 2018 of \$7,084,776 (0.5 cents per share) was paid on 7 November 2018 (2017: \$6,781,273).

After the reporting date, the Board has proposed the payment of a final dividend of \$28,550,638 (2.0 cents per share) to be paid on 7 June 2019 (2017: \$34,178,083).

Significant Events after the Reporting Date

There have been no material events subsequent to reporting date which impact on the state of affairs 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 60,408,603 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 marketplace 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 2017. 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:

	2018	2017	2016	2015	2014
EPS (cents)	7.22	8.42	12.77	9.86	7.60
Dividends (cents per share)	2.5	3.0	3.0	3.0	2.5
Net profit (\$'000)	160,220	175,762	249,557	206,810	143,885
Share price (\$)	0.68	0.64	0.63	0.50	0.50

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 2018	Date of Appointment	Base Fee	Bonus	Consultancy	Superannuation Fund	Equivalent Fund	Non-Monetary Benefits	Others Allowance	Total	Performance Related (%)
Non-Executive Directors										
A C Winduss	05/12/1990	56,000	-	-	-	-	-	6,172	62,172	-
Independent										
C S Teo	11/06/2008	40,000	-	-	-	-	-	3,000	43,000	-
Independent										
M C Kong	01/08/2000	39,190	6,342	-	-	7,749	-	-	53,281	12
Alternate/Non-Independent										
Sub Total Non-Executive Directors		135,190	6,342	-	-	7,749	-	9,172	158,453	
Executive Directors										
C S Kong	01/07/1989	604,928	1,338,000	-	-	230,514	5,333	21,190	2,199,965	61
Managing Director										
P L Kong	17/06/1987	604,928	1,338,000	-	-	230,514	8,200	18,385	2,200,027	61
Executive Director										
Other Key Management Personnel ("KMP")										
E P Tong	01/01/1988	262,468	258,492	-	-	62,768	8,032	19,120	610,880	42
COO* (Construction)										
C Chan	01/09/1992	160,508	151,424	-	-	-	2,200	6,800	320,932	47
Property Director										
K I Ang	16/03/1994	282,580	264,073	-	-	65,909	4,656	34,354	651,572	41
Chief Financial Officer										
S C Kong	09/10/2006	156,022	97,585	-	-	31,544	6,842	-	291,993	33
CEO (UOA REIT)										
B H Ng	17/06/2014	184,800	98,000	-	-	34,212	4,567	-	321,579	30
COO (Planning)										
Sub Total Executive KMP		2,256,234	3,545,574	-	-	655,461	39,830	99,849	6,596,948	
TOTAL		2,391,424	3,551,916	-	-	663,210	39,830	109,021	6,755,401	

* Chief Operating Officer (COO)

Directors' Report
(Cont'd)

b Details of remuneration (cont'd)

Year Ended 31 December 2017	Date of Appointment	Base Fee	Bonus	Consultancy	Superannuation Fund	Equivalent Fund	Monetary Benefits	Non-Monetary Allowance	Others	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	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	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	502,464	42
COO* (Construction)											
C Chan	01/09/1992	138,085	99,581	-	-	-	3,374	6,307	247,347	247,347	40
Property Director											
K I Ang	16/03/1994	222,287	218,919	-	-	53,323	4,951	34,365	533,845	533,845	41
Chief Financial Officer											
S C Kong	09/10/2006	146,465	82,269	-	-	28,804	6,239	13,716	277,493	277,493	30
CEO (UOA REIT)											
B H Ng	17/06/2014	153,201	72,953	-	-	27,503	4,164	3,292	261,113	261,113	28
COO (Planning)											
Sub Total Executive KMP		1,939,877	2,873,557	-	-	547,150	37,310	109,710	5,507,604	5,507,604	
TOTAL		2,097,396	2,876,480	-	-	553,799	37,310	118,772	5,683,757	5,683,757	

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	604,928	1,338,000	-
P L Kong	604,928	1,338,000	-
<i>Other Key Management Personnel</i>			
E P Tong	262,468	258,492	-
C Chan	160,508	151,424	-
K I Ang	282,580	264,073	-
S C Kong	156,022	97,585	-
B H Ng	184,800	98,000	-

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	604,928	unspecified	unspecified
P L Kong	604,928	unspecified	unspecified
<i>Other Key Management Personnel</i>			
E P Tong	262,468	unspecified	6 months
C Chan	160,508	unspecified	6 months
K I Ang	282,580	unspecified	6 months
S C Kong	156,022	unspecified	6 months
B H Ng	184,800	unspecified	6 months

Directors' Report
(Cont'd)**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	1,338,000	61	-
P L Kong	1,338,000	61	-
<i>Other Key Management Personnel</i>			
E P Tong	258,492	42	-
C Chan	151,424	47	-
K I Ang	264,073	41	-
S C Kong	97,585	33	-
B H Ng	98,000	30	-

Directors' Report

(Cont'd)

e Other information**Shares held by Other Key Management Personnel**

The number of ordinary shares in the Company during the 2018 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/ (Disposal)	Held at the end of reporting period
<u>Direct interest</u>					
Mr. A C Winduss	30,558	-	-	22,326	52,884
Mr. C S Kong	106,101	-	-	64,013	170,114
Mr. P L Kong	507,132	-	-	(507,132)	-
Ms. M C Kong	447,508	-	-	20,578	468,086
Mr. C S Teo	158,753	-	-	7,300	166,053
	1,250,052	-	-	(392,915)	857,137
<u>Indirect interest</u>					
Mr. A C Winduss	1,937,985	-	-	38,374	1,976,359
Mr. C S Kong	992,827,881	-	-	48,260,380	1,041,088,261
Mr. P L Kong	761,671,985	-	-	35,991,726	797,663,711
Ms. M C Kong	-	-	-	3,939,028	3,939,028
	1,756,437,851	-	-	88,229,508	1,844,667,359

Other Key Management Personnel

<u>Direct interest</u>					
Mr. E P Tong	13,170	-	-	607	13,777
Ms. K I Ang	576,049	-	-	(121,756)	454,293
Ms. C Chan	1,437,102	-	-	66,076	1,503,178
Mr. S C Kong	577,996	-	-	26,575	604,571
	2,604,317	-	-	(28,498)	2,575,819
<u>Indirect interest</u>					
Mr. E P Tong	5,998,581	-	-	275,805	6,274,386
Ms. K I Ang	20,147	-	-	928	21,075
	6,018,728	-	-	276,733	6,295,461

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 \$244,123 (2017 : \$188,716). 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.

Auditors Independence Declaration

The Lead Auditor's Independence Declaration for the year ended 31 December 2018 has been received and can be found on page 36 of the Directors' Report.

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

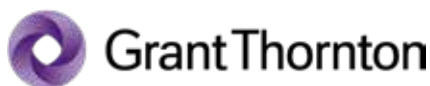
United Overseas Australia Ltd is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to nearest \$1,000, or in certain cases, to the nearest dollar.

Signed in accordance with a Resolution of the Directors



Alan Charles Winduss
Director

Perth, March 29 2019



Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9480 2050
E info.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of United Overseas Australia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of United Overseas Australia Limited for the year ended 31 December 2018, 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.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

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

M J Hillgrove
Partner – Audit & Assurance

Perth, 29 March 2019

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

www.grantthornton.com.au

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income	38
Statement of Financial Position	39
Statement of Cash Flows	40
Statement of Changes in Equity	42
Notes to the Financial Statements	44
Director's Declaration	110
Independent Auditor's Report	111
ASX Additional Information	115

Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2018

	Notes	CONSOLIDATED	
		2018 \$'000	2017 \$'000 (Restated)
Property and construction revenue	5	440,493	327,757
Cost of sales	6	(270,250)	(157,955)
Gross profit		170,243	169,802
Other revenues	6	107,622	90,298
Other income	6	11,213	27,426
Impairment losses of financial assets		(3,119)	(674)
General and administrative expenses	6	(93,003)	(77,217)
Foreign exchange gain/(loss)		2,304	(800)
Share of results of associates		(17)	6,286
Finance income		8,787	11,318
Finance costs	6	(7,962)	(6,653)
Profit before income tax		196,068	219,786
Income tax expense	7	(35,848)	(44,024)
Profit for the year		160,220	175,762
Other comprehensive income, net of tax			
<i>Items that may be subsequently reclassified to the profit or loss</i>			
Available for sale financial assets			
- current year gain		-	356
- reclassification to profit or loss		-	274
Exchange differences on translating foreign operations		107,415	21,877
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income		(1,235)	-
Other comprehensive income for the year		106,180	22,507
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		266,400	198,269
Profit attributable to:			
Owners of the parent		100,836	112,355
Non-controlling interest		59,384	63,407
		160,220	175,762
Total comprehensive income attributable to:			
Owners of the parent		207,461	134,666
Non-controlling interest		58,939	63,603
		266,400	198,269
Earnings per share (cents per share)			
- basic for profit for the year	8	7.22	8.42
- diluted for profit for the year	8	7.22	8.42
Unfranked dividends per share (cents per share)	9	2.5	3.0

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2018

	Notes	31.12.2018 \$'000	CONSOLIDATED 31.12.2017 \$'000 (Restated)	1.1.2017 \$'000 (Restated)
ASSETS				
Current Assets				
Cash and cash equivalents	12	322,558	277,201	398,552
Trade and other receivables	13	216,052	180,279	183,307
Contract assets	14	101,209	94,878	45,935
Amount owing by associate companies		971	733	1,172
Inventories	15	571,293	558,997	384,951
Current tax assets		21,474	13,347	8,770
Total Current Assets		1,233,557	1,125,435	1,022,687
Non-Current Assets				
Property, plant and equipment	17	143,779	99,402	94,209
Investment properties	18	1,012,253	941,662	823,059
Inventories	15	174,624	158,013	143,466
Investment in associates	19	242	238	20,145
Available for sale financial assets	20	-	3,982	4,970
Equity investments	20	2,997	-	-
Goodwill		133	133	-
Deferred tax assets	21	15,911	12,775	11,513
Total Non-Current Assets		1,349,939	1,216,205	1,097,362
TOTAL ASSETS		2,583,496	2,341,640	2,120,049
LIABILITIES				
Current Liabilities				
Trade and other payables	22	223,866	218,659	238,429
Contract liabilities	14	-	-	8,793
Other financial liabilities	23	123,635	160,364	151,737
Current tax liabilities		6,915	8,173	6,054
Total Current Liabilities		354,416	387,196	405,013
Non-Current Liabilities				
Other payables	22	9,068	14,892	10,603
Other financial liabilities	23	5,021	9,934	7,989
Deferred tax liabilities	21	33,487	41,512	39,176
Total Non-Current Liabilities		47,576	66,338	57,768
TOTAL LIABILITIES		401,992	453,534	462,781
NET ASSETS		2,181,504	1,888,106	1,657,268
EQUITY				
Parent entity interest				
Share capital	24	222,910	183,245	145,668
Reserves	25	60,730	(45,895)	(68,206)
Retained profits		1,176,447	1,116,529	1,043,404
Total attributable to owners of parent		1,460,087	1,253,879	1,120,866
Total non-controlling interest		721,417	634,227	536,402
TOTAL EQUITY		2,181,504	1,888,106	1,657,268

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	196,066	219,786
Adjustments for :		
Impairment losses of financial assets	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)/loss	(2,253)	1,792
Gain on disposal of available for sale financial assets	-	(47)
Gain on disposal of property, plant and equipment	(18)	(135)
Gain on re-measurement of equity interest	-	(27,277)
Interest income	(8,787)	(11,318)
Loss on disposal of investment properties	192	7
Property, plant and equipment written off	72	130
Share of profit of associates	17	(7,229)
Operating profit before working capital changes	191,811	189,223
Decrease in inventories	81,765	4,251
(Increase)/Decrease in receivables	(21,232)	12,178
Decrease/(Increase) in contract assets	1,796	(45,434)
Decrease in payables	(53,304)	(88,179)
Decrease in contract liabilities	-	(8,625)
Cash from operations	200,836	63,414
Interest paid	(7,824)	(6,789)
Interest received	8,583	11,170
Income taxes paid	(57,794)	(47,453)
Net cash generated from operating activities	143,801	20,342

Statement of Cash Flows
for the Year Ended 31 December 2018
(cont'd)

	Notes	CONSOLIDATED	
		2018 \$'000	2017 \$'000 (Restated)
Cash flows from investing activities			
Acquisition of additional shares in existing subsidiaries		(350)	-
Acquisition of shares in new subsidiary companies, net of cash	33	(20,881)	(51,305)
Dividend received		262	379
Payment for purchase of investment properties		(38,159)	(53,948)
Additions to inventories - land held for property development		(6,641)	(19,387)
Payment for purchase of property, plant and equipment		(23,192)	(10,188)
Proceeds from disposal of available for sale financial assets		-	1,689
Proceeds from sale of investment properties		40,486	239
Proceeds from sale of property, plant and equipment		24	296
Advances to an associate company		(169)	(759)
Net cash used in investing activities		(48,620)	(132,984)
Cash flows from financing activities			
Advances from other entities		9,238	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		(74,574)	(10,614)
Net increase/(decrease) in cash and cash equivalents		20,607	(123,256)
Cash and cash equivalents at beginning of year		277,201	398,552
Net foreign exchange differences		24,750	1,905
Cash and cash equivalents at end of year		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	Retained earnings	Foreign exchange reserves	Other reserve	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	145,668	1,037,244	(67,802)	(1)	533,659	1,648,768
Change in accounting policy (Refer to Note 3)	-	6,160	(403)	-	2,743	8,500
Balance at 1 January 2017 (restated)	145,668	1,043,404	(68,205)	(1)	536,402	1,657,268
Dividends paid	-	(39,357)	-	-	(32,144)	(71,501)
Shares issued during the year	37,577	-	-	-	-	37,577
- dividend re-investment plan	-	-	-	-	12,832	12,832
Other changes in non-controlling interest (restated)	-	-	-	-	(127)	(127)
Increase in shares in a subsidiary	-	-	-	-	53,661	53,661
Change in stake (restated)	-	127	-	-	-	127
Transaction with owners	183,245	1,004,174	(68,205)	(1)	570,624	1,689,837
Profit for the year (restated) (Refer to Note 3)	-	112,355	-	-	63,407	175,762
Other comprehensive income (restated):						
Available for sale financial assets	-	-	-	160	196	356
- current year gain	-	-	-	274	-	274
- reclassification to profit or loss	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	21,877	-	-	21,877
Total comprehensive income for the year	-	112,355	21,877	434	63,603	198,269
Balance at 31 December 2017 (restated)	183,245	1,116,529	(46,328)	433	634,227	1,888,106

Statement of Changes in Equity
for the Year Ended 31 December 2018
(cont'd)

	Attributable to owners of parent					
	←	Share capital	Retained earnings	Foreign exchange reserves	Other reserve	→
	\$'000	\$'000	\$'000	\$'000	\$'000	Total equity \$'000
Balance at 1 January 2018	183,245	1,107,056	(46,154)	433	1,244,580	1,874,669
Change in accounting policy (Refer to Note 3)	-	9,473	(174)	-	9,299	13,437
Balance at 1 January 2018 (restated)	183,245	1,116,529	(46,328)	433	1,253,879	1,888,106
Dividends paid	-	(41,263)	-	-	(41,263)	(87,241)
Shares issued during the year	39,665	-	-	-	39,665	39,665
- dividend re-investment plan	-	-	-	-	-	56,304
Other changes in non-controlling interest	-	345	-	-	345	18,270
Change in stake	-	-	-	-	-	-
Transaction with owners	222,910	1,075,611	(46,328)	433	1,252,626	1,915,104
Profit for the year	-	100,836	-	-	100,836	160,220
Other comprehensive income :						
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	(790)	(790)	(1,235)
Exchange differences on translation of foreign operations	-	-	107,415	-	107,415	107,415
Total comprehensive income for the year	-	100,836	107,415	(790)	207,461	266,400
Balance at 31 December 2018	222,910	1,176,447	61,087	(357)	1,460,087	2,181,504

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 principal 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 STATEMENT OF COMPLIANCE

The 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 on Page 2.

The consolidated financial statements for the year ended 31 December 2018 were approved and authorised for issue by the Board of Directors on 29 March 2019.

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 explanation and financial impacts on the adoption of AASB 15 are disclosed in Note 3.

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 adoption of AASB 9 *Financial Instruments* from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 3 below. In accordance with the transitional provision, comparative figures have not been restated with the exception of certain aspects of hedge accounting.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

As disclosed in Note 2, 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

AASB 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces AASB 139.

AASB 9 requires financial assets to be classified into four measurement categories, i.e. fair value through profit or loss (FVTPL), Equity instruments at fair value through other comprehensive income (Equity FVOCI), Debt instruments at fair value through other comprehensive income (Debt FVOCI) and amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the AASB 139 requirements.

AASB 9 contains a new impairment model based on expected losses (as oppose to 'incurred loss' model under AASB 139), i.e. a loss event need not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Group applied AASB 9 with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under AASB 139. There were no material differences arising from the adoption of AASB 9.

The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available for sale and assets with a fair value of \$3,982,000 were reclassified from available for sale financial assets to financial assets at FVOCI on 1 January 2018. There was no impact on the amounts recognised in relation to these assets from adoption of AASB 9.

AASB 15 Revenue from Contracts with Customers

The application of AASB 15 resulted in a difference in the timing of revenue recognition.

The Group assessed expenses incurred by the Group in securing contracts with customers, these incremental costs have been capitalised as costs to obtain the contract. The costs to obtain contract will be amortised to profit or loss by reference to the progress towards completing the performance obligation under the contract.

In addition, legal fees incurred by the Group in securing contracts with customers will be accounted for as a reduction against the gross development value of the project.

During the financial year, sales commission amounting \$10,732,000 (2017 : \$7,130,000) was amortised to cost of sales and legal fees amounting \$2,905,000 (2017 : \$1,017,000) was amortised against revenue.

Contract assets recognised in advance of progress billings on construction contracts were previously presented as part of trade and other receivables (1.1.2017 : \$45,935,000, 31.12.2017 : \$94,878,000) were reclassified to contract assets.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 For the year ended 31 December 2017	As previously reported \$'000	AASB 15 \$'000	AASB 9 \$'000	As restated \$'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	-	(11,170)	90,298
Other income	28,464	-	(1,038)	27,426
Impairment loss of financial assets	-	-	(674)	(674)
General and administrative expenses	(92,994)	14,213	1,564	(77,217)
Foreign exchange loss	(800)	-	-	(800)
Share of results of associates	6,286	-	-	6,286
Finance income	-	-	11,318	11,318
Finance costs	(6,653)	-	-	(6,653)
Profit before income tax	213,720	6,066	-	219,786
Income tax expense	(42,568)	(1,456)	-	(44,024)
Profit for the year	171,152	4,610	-	175,762

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
Other comprehensive income for the year	22,278	229	-	22,507
Total comprehensive income for the year	193,430	4,839	-	198,269

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Statement of Profit or Loss and Other Comprehensive Income	As previously reported	AASB 15	AASB 9	As restated
For the year ended 31 December 2017	\$'000	\$'000	\$'000	\$'000
Profit attributable to:				
Owners of the parent	109,066	3,289	-	112,355
Non-controlling interest	62,086	1,321	-	63,407
	171,152	4,610	-	175,762
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	0.25	-	8.42
- diluted for profit for the year	8.17	0.25	-	8.42

Statement of Financial Position (Extract)	As previously reported	AASB 15	As restated
As at 1 January 2017	\$'000	\$'000	\$'000
Non-current assets			
Land held for property development	143,466	(143,466)	-
Inventories	-	143,466	143,466
Current assets			
Trade and other receivables	217,877	(34,751)	183,126
Contract assets	-	45,935	45,935
Non-current liability			
Deferred tax liabilities	36,492	2,684	39,176
Current liabilities			
Trade and other payables	249,965	(8,793)	241,172
Contract liabilities	-	8,793	8,793
Equity			
Reserves	(67,803)	(403)	(68,206)
Retained profits	1,037,244	6,160	1,043,404
Non-controlling interest	533,659	2,743	536,402

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Statement of Financial Position (Extract) As at 31 December 2017	As previously reported \$'000	AASB 15 \$'000	As restated \$'000
Non-current assets			
Land held for property development	158,013	(158,013)	-
Inventories	-	158,013	158,013
Current assets			
Trade and other receivables	258,025	(77,198)	180,827
Contract assets	-	94,878	94,878
Non-current liability			
Deferred tax liabilities	37,269	4,243	41,512
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

4. SUMMARY OF 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 2018. 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.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(a) Principles of Consolidation (cont'd)

Business combination

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

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

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

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.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(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.

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 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

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

Depreciation

Freehold land is not depreciated.

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

The principal annual rates used for this purpose are:

	2018	2017
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 6).

(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 of 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 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(f) Impairment of non-financial assets

Goodwill

Goodwill is tested for impairment annually, 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 when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. 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.

There is no impairment loss recognised during the financial year.

Property, plant and equipment and land held for development

Property, plant and equipment and land held for development 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 recognised in profit or loss except assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments

Initial recognition and measurement

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 substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

Accounting policies applied from 1 January 2018

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- equity instruments at fair value through profit or loss ("Equity FVOCI")
- debt instruments at fair value through other comprehensive income ("Debt FVOCI")
- fair value through profit or loss ("FVTPL")

The classification is determined by both:

- the Company's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

In the years presented, the Group do not have any financial assets categorised as FVTPL.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade and other receivables which is presented within other expenses.

Accounting policies applied until 31 December 2017

Financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity financial assets, available for sale financial assets or loans and receivables, as appropriate. Management determines the classification of the financial assets upon initial recognition which depends on the nature and purpose of the financial assets. The Group does not have any held-to-maturity financial assets.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place. A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (cont'd)

Financial assets – subsequent measurement

Accounting policies applied from 1 January 2018

Financial assets amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables, amount owing by associate companies and cash and cash equivalents fall into this category of financial instruments.

Financial assets at FVOCI

Financial assets are measured at FVOCI if the assets meet the following conditions:

- they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at FVOCI comprise investments in quoted shares which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

On disposal of these investments, any relevant balance within the fair value reserve is reclassified to retained profits.

Accounting policies applied until 31 December 2017

Financial assets at fair value through profit or loss

This category includes financial assets held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) and financial assets that are specifically designated into this category upon initial recognition. On initial recognition, these financial assets are measured at fair value.

The subsequent measurement of financial assets in this category is at fair value with changes in fair value recognised as gains or losses.

Available for sale financial assets

This category comprises investment in equity and debt securities that are not held for trading or designated at fair value through profit or loss.

The subsequent measurement of financial assets in this category is at fair value, unless the fair value cannot be measured reliably, in which case they are measured at cost less impairment loss.

Any gains or losses arising from changes in fair value of a financial asset in this category are recognised in other comprehensive income, except for impairment losses, until the investment is derecognised, at which time the cumulative gain or loss previously reported in other comprehensive income is reclassified to the income statement. Interest calculated for a debt instrument using the effective interest method is recognised in the income statement.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (cont'd)

Financial assets – subsequent measurement (cont'd)

Loans and receivables

This category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

The subsequent measurement of financial assets in this category is at amortised cost using the effective interest method, less allowance for impairment losses.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in equity is recognised in the profit or loss.

Financial assets – impairment

Accounting policies applied from 1 January 2018

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces AASB 139's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group or the Company first identifying a credit loss event. Instead the Group or the Company consider a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (cont'd)

Financial assets – impairment (cont'd)

Trade receivables and contract assets

The Group makes use of a simplified approach in accounting for trade receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Accounting policies applied until 31 December 2017

All financial assets, except for financial assets categorised as fair value through profit or loss, investment in subsidiaries, associates, are assessed at each reporting date whether there is 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.

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.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against carrying amount of the financial asset.

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.

Available for sale financial assets

If there is objective evidence that an impairment loss on available for sale financial assets has been incurred, the amount of the loss is measured as the difference between the asset's acquisition cost and the asset's current fair value, less any impairment loss previously recognised. When a decline in the fair value of an asset has been previously recognised in other comprehensive income, the cumulative losses in other comprehensive income are reclassified from equity to profit or loss.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (cont'd)

Financial liabilities - classification and measurement

As the accounting for financial liabilities remains largely the same under AASB 9 compared to AASB 139, the Group's and the Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

At the reporting date, the Group and the Company carry only financial liabilities measured at amortised cost on their statements of financial position.

The Group's and the Company's financial liabilities comprise trade and other payables and amounts owing to subsidiary, related and associate companies, amount owing to non-controlling shareholders of subsidiary companies, borrowings, hire purchase and finance lease liabilities.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(h) Inventories

Inventories comprise of land held for property for development, completed properties held for sale, property held for development and resale.

Inventories are valued 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 is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sales.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(h) Inventories (cont'd)

Land held for property development

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.

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.

(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) 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 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(k) Revenue from contracts with customers

Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group’s customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes.

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group’s performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at a point in time.

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group’s efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development or contract costs incurred to date as a percentage of the estimated total development or contract costs of the contract, i.e. the stage of completion).

Revenue from sales of completed properties is recognised upon delivery of properties where the control of the properties has been passed to the buyers.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(k) Revenue from contracts with customers (cont'd)

Revenue recognition (cont'd)

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 contract assets.

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

Other revenue earned by the Group and the Company are recognised on the following bases:

- Distribution from short term investments is recognised when the right to receive payment is established.
- Dividend income is recognised when the right to receive payment is established.
- Interest income is recognised on a time proportion basis.
- Rental income is recognised on a straight-line basis over the specific tenure of the respective leases. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(l) 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.

(m) 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.

(n) Significant Accounting Judgements, Estimate and Assumptions

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual result may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(n) Significant Accounting Judgements, Estimate and Assumptions (cont'd)

Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below:

Useful lives of depreciable assets

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be between 5 and 50 years.

At the reporting date, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. However, changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Inventories

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories are reviewed on a regular basis and the Group will make an impairment loss for the inventories based primarily on historical trends and management estimates of expected and future demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's inventories, the Group might be required to reduce the value of its inventories and additional impairment losses for inventories may be required.

Fair value of investment properties

The Group measures its investment properties at fair value with any change in fair value recognised in the profit or loss. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and reliance on the work of specialists. The Group engages an independent professional valuer to determine fair value.

Information regarding the valuation techniques and inputs used in determining the fair value is disclosed in Note 18 to the financial statements.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(n) Significant Accounting Judgements, Estimate and Assumptions (cont'd)

Estimation uncertainty (cont'd)

Property development activities and construction contracts

As revenue from ongoing property development activities and construction contracts are recognised over time, the amount of revenue recognised at the reporting date depends on the extent to which the performance obligation has been satisfied. This is done by determining the stage of completion. The stage of completion is determined by the proportion that property development or contract costs incurred for work performed to date bear to the estimated total property development or contract costs.

Significant judgement is required in determining the percentage of completion, the extent of the development 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.

Provision for expected credit losses (ECLs) of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward- looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward- looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustments to market risk and the appropriate adjustment to asset-specific risk factors.

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.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(n) Significant Accounting Judgements, Estimate and Assumptions (cont'd)

Significant management judgements

The following are significant judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the financial statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed the criteria in making that judgement. Investment property is a property held to earn rentals or capital appreciation or both.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. The Group accounts for the portions separately if the portions could be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or 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 an investment property.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined, based on evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the investment properties and the present value of minimum lease payments not amounting to substantially all of the fair value of the investment properties, that it retains all the significant risks and rewards of ownership of these investments properties and accounts for the contracts as operating leases.

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 the judgement, 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 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(o) 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.

(p) 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.

(q) Comparative Figures

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

(r) 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 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 Group plans to adopt AASB 16 retrospectively to each prior reporting year presented with the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying AASB 117 and Int. 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying AASB 117 and Int. 4.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

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

AASB 16 Leases (cont'd)

The Group has performed a detailed impact assessment of AASB 16. As the Group mainly acts as a lessor, the impact of AASB 16 adoption is expected to be insignificant to the financial statements.

The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

Due to the adoption of AASB 16, the Group's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under AASB 117.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate of Joint Ventures

The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*.

The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128.

The mandatory effective date of AASB 2014-10 has been deferred to 1 January 2022 by AASB 2017-5.

When these amendments are first adopted for the year ending 31 December 2022, there will be no material impact on the financial statements.

AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

AASB 2017-4 amends AASB 1 *First-time Adoption of Australian Accounting Standards* to add paragraphs arising from AASB Interpretation 23 *Uncertainty over Income Tax Treatments*.

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.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(r) 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.

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.

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-6 amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Effective date 1 January 2020.

When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

4. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

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

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.

5. REVENUE

(i) Disaggregated revenue information

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
		(Restated)
Types of revenue		
Property and construction revenue		
Sales of inventories	153,976	37,264
Sales of property development	286,517	290,493
	440,493	327,757
Timing of recognition		
Performance obligation satisfied at a point in time	153,976	37,264
Performance obligation satisfied over time	286,517	290,493
	440,493	327,757

(ii) Contract balances

	31.12.2018	CONSOLIDATED	
	\$'000	31.12.2017	1.1.2017
		\$'000	\$'000
		(Restated)	(Restated)
Trade receivables	132,584	90,414	114,532
Contract assets	101,209	94,878	45,935

The significant progress in development properties which met the conditions of the sales and purchase agreements signed with customers resulted in a significant increase of trade receivables.

The significant increase in contract assets in 2017 and 2018 are the result of the significant progress in development properties where the actual progress was higher than the amount billed to customers.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

5. REVENUE (CONT'D)

(ii) Contract balances (cont'd)

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Revenue recognised that was included in contract liabilities at the beginning of the year	-	8,793

There was no revenue recognised from performance obligations satisfied in previous years.

(iii) Performance obligations

Sale of properties

For sale of development properties under construction, the performance obligation is satisfied over time as the Group's performance does not create an asset with an alternative use to the entity and the Group has an enforceable right to payment for performance completed to date.

For the sale of completed properties, the performance obligation is satisfied upon delivery of the properties.

The payment terms for progress billings made to purchasers are disclosed in Note 13 to the Financial Statements.

The nature of the properties that the Group has promised to transfer to purchasers are residential houses and commercial units/buildings.

The Group's properties are subject to Defects Liability Period of generally twenty-four (24) months from the sale. This requires the Group to make good on any defects which may appear and which are due to design, materials, goods, workmanship or equipment not in accordance with the sale and purchase agreements.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the reporting date are as follows:

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Sale of development properties under construction	539,938	406,908

The remaining performance obligations are expected to be recognised within 1-5 years which are in accordance with the agreed time frames stated in the sales and purchase agreements signed with purchasers.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

6. PROFIT FROM ORDINARY ACTIVITIES

	CONSOLIDATED	
	2018 \$'000	2017 \$'000 (Restated)
(i) Other revenues		
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
Other services	7,804	10,263
	107,622	90,298
(ii) Other income		
Gain on disposal of property, plant and equipment	18	135
Loss on disposal of investment properties	(192)	(7)
Gain on disposal of available for sale financial assets	-	47
Gain on re-measurement of equity interest	-	27,277
Fair value adjustment on investment properties	11,387	(26)
	11,213	27,426
	118,835	117,724
(iii) Cost of sales		
Development expenses	270,250	157,955
(iv) Expenses		
Depreciation and amortisation		
Leasehold stratified properties	1,869	1,657
Plant and equipment	4,679	3,771
	6,548	5,428
Amortisation of non-current assets		
Lease equipment	660	1,112

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

6. PROFIT FROM ORDINARY ACTIVITIES (CONT'D)

	CONSOLIDATED	
	2018 \$'000	2017 \$'000 (Restated)
Employee benefit expenses	27,445	23,767
Property, plant and equipment written off	72	130
Property maintenance expenses	31,352	25,358
Marketing expenses	3,163	7,008
Professional fees	1,772	1,473
Other expenses	21,991	12,941
	85,795	70,677
Total general and administrative expenses	93,003	77,217
(v) Finance costs		
Interest expense	8,484	7,363
Finance costs capitalised	(522)	(710)
	7,962	6,653
(vi) Significant Revenue and Expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
- Loss on disposal of investment properties	192	7
- Fair value adjustment on investment properties*	(11,387)	26
- Gain on re-measurement of equity interest *	-	(27,277)

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

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

7. INCOME TAX EXPENSE

	Notes	CONSOLIDATED	
		2018 \$'000	2017 \$'000
(i) The components of tax expense comprise:			
- Current tax		52,173	46,522
- Current RPGT		12	-
- Deferred tax	21	(4,709)	318
- Deferred RPGT	21	(11,421)	-
		36,055	46,840
(Over)/Under provision in prior years			
- Current tax		(3,052)	(2,721)
- Deferred tax	21	2,845	(95)
		(207)	(2,816)
		35,848	44,024
(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		47,056	51,293
Effect of difference in tax rate		(859)	(84)
Tax effect of			
Income not subject to tax		(8,820)	(8,559)
Non-deductible expenses		11,620	6,584
Utilisation of capital allowances		-	(1,342)
Utilisation of deferred tax assets previously not recognised		(1,261)	(218)
Deferred tax assets not recognised		485	673
Effect of share of results of associates		4	(1,509)
Effect of change in RPGT tax rate		(11,738)	-
Difference between income tax and RPGT rate applicable on fair value adjustments on investment properties		(444)	2
RPGT on disposal of investment properties		12	-
Over provision in prior years		(207)	(2,816)
Income tax expense attributable to ordinary activities		35,848	44,024
The effective tax rate		24%	21%

The increase in the effective tax rate from 21% in 2017 to 24% in 2018 is mainly due to certain expenses being not tax deductible.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

8. EARNINGS PER SHARE

	CONSOLIDATED	
	2018 \$'000	2017 \$'000 (Restated)
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Profit for the year	160,220	175,762
Adjustments:		
Profits attributable to non-controlling interest	(59,384)	(63,407)
Earnings used in calculating basic and diluted earnings per share	100,836	112,355

	2018 Number of shares	2017 Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share:	1,397,114,457	1,334,888,170
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	1,397,114,457	1,334,888,170

9. DIVIDENDS PAID AND PROPOSED

	COMPANY	
	2018 \$'000	2017 \$'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 2018 and 2017 were as follows:		
(i) Paid in cash		
Final 2017 (2017 – Final 2016)	1,329	1,511
Interim 2018 (2017 – Interim 2017)	269	269
	1,598	1,780
(ii) Satisfied by issue of shares		
Final 2017 (2017 – Final 2016)	32,849	31,065
Interim 2018 (2017 – Interim 2017)	6,816	6,512
	39,665	37,577
	41,263	39,357

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

9. DIVIDENDS PAID AND PROPOSED (CONT'D)

	COMPANY	
	2018	2017
	\$'000	\$'000
(b) Dividends proposed and not recognised as a liability		
- unfranked dividends (2.0 cents per share)		
(2017: 2.5 cents per share)	28,551	34,178

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 2018 but will be brought to account in 2019.

- (c) Franking credit balance
There is no franking credit balance for United Overseas Australia Ltd during the year ended 31 December 2018.

10. PARENT COMPANY INFORMATION

	2018	2017
	\$'000	\$'000
Statement of financial position		
Current assets	36,520	19,775
Total assets	274,762	216,873
Current liabilities	388	354
Total liabilities	900	951
Equity		
Issued capital	222,910	183,245
Fair value reserve	302	407
Retained earnings	50,650	32,270
	273,862	215,922
Financial performance		
Profit for the year	59,643	38,942
Total comprehensive income	59,643	38,942

11. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2018	2017
	\$	\$
Audit and review of financial statements		
- auditors of Grant Thornton Australia	172,956	181,464
- overseas Grant Thornton network firms	217,093	-
- other auditors	14,196	222,555
	404,245	404,019

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

12. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	31.12.2018	31.12.2017
	\$'000	\$'000
Cash at bank and in hand	118,910	83,391
Short term funds	75,205	85,435
Short term bank deposits	128,443	108,375
	322,558	277,201

The effective interest rate on short term bank deposits was 2.62% (2017: 2.37%) 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 \$62,796,610 (2017: \$43,238,376) maintained in the Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

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.

13. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		
	31.12.2018	31.12.2017	1.1.2017
	\$'000	\$'000	\$'000
Trade receivables	137,654	92,263	114,857
Less: Allowance for expected credit losses	(5,070)	(1,849)	(325)
	132,584	90,414	114,532
Loan receivables	14,083	2,413	5,024
Sundry receivables	52,657	71,722	47,054
Less: Allowance for expected credit losses	(1,894)	(1,620)	(2,422)
	64,846	72,515	49,656
Deposits	18,622	17,350	19,119
	216,052	180,279	183,307

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 expected credit losses is raised when some doubt as to collection exists.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

13. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in the provision for impairment loss were as follows:

	31.12.2018	CONSOLIDATED	
	\$'000	31.12.2017	1.1.2017
		\$'000	\$'000
		(Restated)	(Restated)
At 1 January	3,469	2,747	3,616
Charge for the year	3,572	1,539	304
Foreign exchange translation	393	73	(64)
Provision for expected credit losses no longer required	(467)	(890)	(957)
Provision no longer required due to bad debts written off	(3)	-	(67)
Disposal of subsidiary company	-	-	(85)
At 31 December	6,964	3,469	2,747

14. CONTRACT ASSETS/CONTRACT LIABILITIES

	31.12.2018	CONSOLIDATED	
	\$'000	31.12.2017	1.1.2017
		\$'000	\$'000
		(Restated)	(Restated)
Contract assets			
Revenue recognised to date	1,033,688	920,870	1,002,578
Progress billings issued to date	(953,106)	(843,673)	(976,619)
	80,582	77,197	25,959
Contract costs			
Costs to obtain contracts	20,627	17,681	11,183
	101,209	94,878	37,142
Contract assets	101,209	94,878	45,935
Contract liabilities	-	-	(8,793)
	101,209	94,878	37,142

Costs to obtain contracts comprises the following costs which resulted from obtaining contracts:-

- sales commission paid to intermediaries; and
- expenses incurred on behalf of customers (i.e. legal fees and other expenses).

Sales commission paid to intermediaries are amortised to cost of sales when the related revenues are recognised.

Expenses incurred on behalf of customers are considered as consideration payable to customers and are amortised against revenue when the related revenues are recognised.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

15. INVENTORIES

		CONSOLIDATED	
	31.12.2018	31.12.2017	1.1.2017
	\$'000	\$'000	\$'000
CURRENT			
<i>At cost</i>			
Stock of properties	379,712	304,386	65,989
Property held for development and resale	191,273	254,338	318,722
Consumables	308	273	240
	571,293	558,997	384,951
NON-CURRENT			
Land held for property development	174,624	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 4.82% to 5.20% (2017: 4.60% to 4.82%).

Interest capitalised during the financial year amounted to \$469,000 (2017: \$710,000).

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

16. CONTROLLED ENTITIES

(a) Controlled entities consolidated

Name	Country of incorporation	Domicile of the company	Notes	Ownership interest held by Group	
				2018 %	2017 %
United Overseas Land Pty Ltd	Australia	Australia		100	100
UOA Investments Pty Ltd	Australia	Australia		100	100
UOA International Pty Ltd	Australia	Australia		100	100
- East Parade Pty Ltd	Australia	Australia		51	51
- UOA Leederville Pty Ltd	Australia	Australia		100	95
- UOA Leederville A Pty Ltd	Australia	Australia	16(b)	100	-
- UOA Leederville B Pty Ltd	Australia	Australia	16(b)	100	-
- UOA Leederville C Pty Ltd	Australia	Australia	16(b)	100	-
- UOA Leederville D Pty Ltd	Australia	Australia	16(b)	100	-
- UOA Leederville E Pty Ltd	Australia	Australia	16(b)	100	-
- UOA Leederville F Pty Ltd	Australia	Australia	16(b)	100	-
UOA Investments Pte Ltd^	Singapore	Singapore		100	100
- UOA Tower Limited Liability Company^	Vietnam	Vietnam		100	100
UOA Vietnam Pte Ltd^	Singapore	Singapore	16(b)	100	-
- UOA PMH Investments Pte Ltd^	Singapore	Singapore	16(b)	100	-
UOA Holdings Sdn Bhd*	Malaysia	Malaysia		100	100
Ken Tat Sdn Bhd*	Malaysia	Malaysia		100	100
UOA Capital Sdn Bhd*	Malaysia	Malaysia		100	100
Midah Heights Sdn Bhd*	Malaysia	Malaysia		100	100
Multiplex Strategy Sdn Bhd*	Malaysia	Malaysia		100	100
Federaya Development Sdn Bhd*	Malaysia	Malaysia		100	100
UOA (Singapore) Pte Ltd^	Singapore	Singapore		100	100
Dats Management Sdn Bhd*	Malaysia	Malaysia		100	100
Citicrest (M) Sdn Bhd*	Malaysia	Malaysia		60	60
Desa Bangsar Ria Sdn Bhd*	Malaysia	Malaysia		60	60
LTG Development Sdn Bhd*	Malaysia	Malaysia		60	60
UOA Corporation Bhd*	Malaysia	Malaysia		60	60
Rich Accomplishment Sdn Bhd*	Malaysia	Malaysia		60	60
Desa Bukit Pantai Sdn Bhd*	Malaysia	Malaysia		60	60
Wisma UOA Sdn Bhd*	Malaysia	Malaysia		60	60
Julung Perdana Sdn Bhd*	Malaysia	Malaysia		60	60
UOA Asset Management Sdn Bhd*	Malaysia	Malaysia	16(c)	42	42
UOA Real Estate Investment Trust (UOA REIT)*	Malaysia	Malaysia	16(c)	46.30	46.28
- Ankara Restu Sdn Bhd*	Malaysia	Malaysia	16(c)	46.30	46.28
Gerak Perdana Sdn Bhd*	Malaysia	Malaysia		60	60
Damai Positif Sdn Bhd*	Malaysia	Malaysia		60	60
UOA Development Bhd*	Malaysia	Malaysia		69.99	69.58
- Allied Engineering Construction Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- URC Engineering Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Resodex Construction Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Tiawoods Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Kumpulan Sejahtera Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Windsor Triumph Sdn Bhd*	Malaysia	Malaysia		69.99	69.58

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

16. CONTROLLED ENTITIES (CONT'D)

(a) Controlled entities consolidated (cont'd)

Name	Country of incorporation	Domicile of the company	Notes	Ownership interest held by Group	
				2018 %	2017 %
- Saujanis Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Magna Tiara Development Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Paramount Properties Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Paramount Hills Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Sagaharta Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Sunny Uptown Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- IDP Industrial Development Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- UOA Properties Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Lencana Harapan Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Dynasty Portfolio Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Bangsar South City Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Nasib Unggul Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Tunjang Idaman Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- UOA Hospitality Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Peninsular Home Sdn Bhd*	Malaysia	Malaysia	16(c)	41.99	41.75
- Everise Tiara (M) Sdn Bhd*	Malaysia	Malaysia	16(c)	41.99	41.75
- Seri Tiara Development Sdn Bhd*	Malaysia	Malaysia		59.49	59.14
- Enchant Heritage Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Magna Kelana Development Sdn Bhd*	Malaysia	Malaysia		51.62	51.32
- Scenic Point Development Sdn Bhd*	Malaysia	Malaysia	16(c)	41.99	41.75
- Ceylon Hills Sdn Bhd*	Malaysia	Malaysia	16(c)	37.79	37.57
- Maxim Development Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Infinite Accomplishment Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Regenta Development Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Seri Prima Development Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Orient Housing Development Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Eureka Equity Sdn Bhd*	Malaysia	Malaysia	16(c)	41.99	41.75
- Distinctive Acres Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Full Marks Property Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Concord Housing Development Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Fabullane Development Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Nova Metro Development Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Topview Housing Sdn Bhd *	Malaysia	Malaysia		69.99	69.58
- Nova Lagenda Sdn Bhd *	Malaysia	Malaysia		69.99	69.58
- UOA Komune Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Citra Jaya Sejahtera Sdn Bhd*	Malaysia	Malaysia		69.99	69.58
- Everise Project Sdn Bhd*	Malaysia	Malaysia		51.79	51.49
- Cosmo Housing Development Sdn Bhd*	Malaysia	Malaysia	16(b)	69.99	-
- HSB Green Solutions Sdn Bhd*	Malaysia	Malaysia	16(b)	69.99	-
- Naik Makmur Development Sdn Bhd*	Malaysia	Malaysia	16(b)	69.99	-
- UOA Southlink Sdn Bhd#	Malaysia	Malaysia	16(b)	69.99	-
- UOA Southview Sdn Bhd#	Malaysia	Malaysia	16(b)	69.99	-
- UOA Golden Pines Sdn Bhd#	Malaysia	Malaysia	16(b)	69.99	-

* Audited by a member firm of Grant Thornton.

^ Audited by firms other than Grant Thornton.

There is no statutory requirement for this financial statements in respect of financial period ended 31 December 2018 to be audited.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

16. CONTROLLED ENTITIES (CONT'D)

(b) Acquisition of Controlled entities

Name of subsidiary companies acquired	Purchase consideration \$	Group's effective interest %	Effective acquisition date
Cosmo Housing Development Sdn Bhd	22,381,763	100	2 March 2018
UOA Vietnam Pte Ltd	99	100	3 April 2018
UOA PMH Investments Pte Ltd	99	100	3 April 2018
UOA Leederville A Pty Ltd	1	100	14 June 2018
UOA Leederville B Pty Ltd	1	100	14 June 2018
UOA Leederville C Pty Ltd	1	100	14 June 2018
UOA Leederville D Pty Ltd	1	100	14 June 2018
UOA Leederville E Pty Ltd	1	100	14 June 2018
UOA Leederville F Pty Ltd	1	100	14 June 2018
HSB Green Solutions Sdn Bhd	171,508	100	13 August 2018
UOA Southlink Sdn Bhd	1	100	1 October 2018
UOA Golden Pines Sdn Bhd	1	100	1 October 2018
UOA Southview Sdn Bhd	1	100	2 October 2018
Naik Makmur Development Sdn Bhd	1	100	27 December 2018

(c) Controlled entities with less than 50% ownership

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

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

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

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

16. 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	
	2018 %	2017 %	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
LTG Development Sdn Bhd	40%	40%	3,520	2,154	60,909	58,836
UOA Corporation Bhd	13%	13%	1,517	898	26,341	25,179
UOA Real Estate Investment Trust	23%	23%	4,496	2,700	60,062	53,612
UOA Development Bhd	30%	30%	38,114	47,050	481,660	414,870
Everise Tiara (M) Sdn Bhd	40%	40%	2,254	1,309	8,750	13,359
Ceylon Hills Sdn Bhd	46%	46%	126	175	2,383	2,435
Scenic Point Development Sdn Bhd	40%	40%	44	212	928	812
Peninsular Home Sdn Bhd	40%	40%	224	111	926	640
Seri Tiara Development Sdn Bhd	15%	15%	617	1,575	9,428	8,087
Eureka Equity Sdn Bhd	40%	40%	2,623	6,381	21,347	17,149
Nova Metro Development Sdn Bhd	16%	16%	720	951	2,108	1,257
Everise Project Sdn Bhd	26%	26%	4,295	-	45,072	37,389
Other immaterial entities					1,503	602
					721,417	634,227

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below:

2018	LTG Development Sdn Bhd Group \$'000	UOA Development Bhd Group \$'000
Financial position at reporting date		
Non-current assets	374,284	937,043
Current assets	20,424	1,049,498
Non-current liabilities	(140,727)	(142,483)
Current liabilities	(101,716)	(238,494)
Net assets	152,265	1,605,564
Summary of financial performance for the financial year		
Profit for the year	17,898	137,199
Other comprehensive income	-	(1,598)
Total comprehensive income	17,898	135,601
Included in the total comprehensive income is:		
Revenue	26,564	421,226

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

16. CONTROLLED ENTITIES (CONT'D)

(d) Non-controlling interest (cont'd)

2018	LTG Development Sdn Bhd Group \$'000	UOA Development Bhd Group \$'000
Summary of cash flows for the financial year		
Net cash inflows/(outflows) from operating activities	13,949	108,225
Net cash inflows/(outflows) from investing activities	38,359	(76,936)
Net cash inflows/(outflows) from financing activities	(66,404)	(28,457)
Net cash inflows/(outflows)	(14,096)	2,832
Other information		
Dividends paid to non-controlling interest	6,056	26,514

2017	LTG Development Sdn Bhd Group \$'000	UOA Development Bhd Group \$'000
-------------	---	---

Financial position at reporting date

Non-current assets	374,154	828,514
Current assets	30,768	935,360
Non-current liabilities	(128,721)	(136,716)
Current liabilities	(129,116)	(263,409)
Net assets	147,085	1,363,749

Summary of financial performance for the financial year

Profit for the year	10,806	164,688
Other comprehensive income	(1)	(20)
Total comprehensive income	10,805	164,668

Included in the total comprehensive income is:

Revenue	25,294	327,758
---------	--------	---------

Summary of cash flows for the financial year

Net cash inflows/(outflows) from operating activities	14,305	45,071
Net cash inflows/(outflows) from investing activities	811	(91,753)
Net cash inflows/(outflows) from financing activities	(6,811)	(18,134)
Net cash inflows/(outflows)	8,305	(64,816)

Other information

Dividends paid to non-controlling interest	-	22,851
--	---	--------

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

17. PROPERTY, PLANT AND EQUIPMENT

	Notes	CONSOLIDATED	
		2018 \$'000	2017 \$'000
<i>Freehold and leasehold stratified properties</i>			
At cost		90,586	83,669
Accumulated depreciation		(8,585)	(6,138)
	17(a)	82,001	77,531
<i>Plant and equipment</i>			
At cost		57,097	44,956
Accumulated depreciation		(34,617)	(25,807)
	17(a)	22,480	19,149
<i>Leased plant and equipment</i>			
At cost		3,425	5,862
Accumulated depreciation		(2,198)	(3,140)
	17(a)	1,227	2,722
<i>Construction work in progress</i>			
At cost	17(a)	38,071	-
<i>Total property, plant and equipment</i>			
Cost		189,179	134,487
Accumulated depreciation		(45,400)	(35,085)
Total written down amount		143,779	99,402

(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:

2018 CONSOLIDATED	Freehold and leasehold stratified properties \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Construction work in progress \$'000	Total \$'000
Balance at the beginning of the year	77,531	19,149	2,722	-	99,402
(Reversal)/Additions	(347)	5,493	-	18,431	23,577
Disposals	-	(6)	-	-	(6)
Depreciation	(1,869)	(4,679)	(660)	-	(7,208)
Written off	(5)	(67)	-	-	(72)
Transfer from investment properties	-	-	-	19,640	19,640
Reclassification	(3)	1,057	(1,054)	-	-
Net foreign currency movements	6,694	1,533	219	-	8,446
Carrying amount at the end of the year	82,001	22,480	1,227	38,071	143,779

Notes to the Financial Statements

for the Year Ended 31 December 2018

(cont'd)

17. 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

18. INVESTMENT PROPERTIES

	CONSOLIDATED	
	2018 \$'000	2017 \$'000
Balance at beginning of the year	941,662	823,059
Transfer to property, plant and equipment	(19,640)	-
Transfer from inventories - land held for property development	-	8,993
Acquisition of a subsidiary company	-	41,187
Net foreign currency movements	81,310	14,747
Additions	38,212	53,948
Disposals	(40,678)	(246)
Fair value adjustments	11,387	(26)
Balance at end of the year	1,012,253	941,662

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

18. INVESTMENT PROPERTIES (CONT'D)

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 at which the properties could be exchanged on an open market basis between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the reporting date. The fair value should also reflect market conditions at the reporting 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 a valuation by an independent firm of professional valuers registered with Board of Valuers, Appraisers & Estate Agents Malaysia, PPC International Sdn Bhd on 31 December 2018. In arriving at the market values, the valuer has applied the comparison and income method of valuation to assess the market values of the investment properties.

The directors have reviewed the valuations of two commercial properties a vacant commercial land which were done on 31 December 2018 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 update valuations of the remaining commercial properties and all residential properties which were done on 31 December 2018 by PA International Property Consultants (KL) Sdn Bhd based on the comparison method and investment method, and opined that the carrying values reflect the fair value of the investment properties.

A loan of \$41,608,000 (2017: \$73,028,000) 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 \$210,646,000 (2017: \$188,733,000).

A loan of \$53,510,000 (2017: \$49,211,000) 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 (4) 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 \$144,410,000 (2017: \$132,798,000).

The management has applied the following methods 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.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

18. INVESTMENT PROPERTIES (CONT'D)

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 condominiums	-	1,127	-
Freehold bungalows	-	16,430	-
Freehold commercial properties	-	110,875	252,151
Leasehold commercial properties	-	133,790	438,031

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 of which the land component was previously valued based on comparison method as the building on the land was still under construction. In the current year, the construction has been completed. The Group adopted the cost method instead, to reflect the current use of the property in arriving at its valuation.

There is no transfer between the fair value hierarchy except for the reclassification from Level 2 as below:

Reconciliation of Level 3 Fair Value Measurement

	\$'000
At 1 January 2018	605,768
Additions	595
Fair value adjustments	6,446
Disposals	(40,304)
Transfer from Level 2	41,162
Reclassifications from property under construction	23,404
Net foreign currency movements	53,111
At 31 December 2018	690,182

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

18. INVESTMENT PROPERTIES (CONT'D)

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	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 6.50% to 7.00%	The higher the estimated market yield, the lower the fair value.
	Occupancy rates of 84.90% 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 2018. The fair value of the property is expected to be reliably determinable when construction is complete.

Interest capitalised during the financial year amounted to \$53,000 (2017 : NIL).

19. INVESTMENT IN ASSOCIATES

	CONSOLIDATED	
	2018 \$'000	2017 \$'000
Unquoted shares, at cost	275	253
Share of post-acquisition reserves	(31)	(12)
	244	241
Exchange differences	(2)	(3)
	242	238
Less : Accumulated impairment losses	-	-
Aggregate carrying amount of the Group's interest in associates	242	238

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

19. INVESTMENT IN ASSOCIATES (CONT'D)

Name of entities	Country of incorporation	Principal activities	Ownership interest	
			2018 %	2017 %
Advanced Informatics & Management Centre Sdn Bhd (AIMAC)^	Malaysia	Providing telehealth or e-health facilities	30	30
Asli Security Services Sdn Bhd*	Malaysia	Provision of security services	30	30

* Audited by a member firm of Grant Thornton.

^ Audited by firms of auditors other than Grant Thornton.

The reporting date of AIMAC is 30 September 2018. For the purposes of applying the equity method of accounting, the financial statements of AIMAC for period ended 31 December 2018 have been used.

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

	CONSOLIDATED	
	2018 \$'000	2017 \$'000
Financial position:		
Total assets	1,551	1,254
Total liabilities	(1,766)	(1,395)
Net assets	(215)	(141)
Financial performance:		
Loss from continuing operations	(60)	(107)
Other comprehensive income	-	-
Total comprehensive loss	(60)	(107)

20. EQUITY INVESTMENTS AT FVOCI

	CONSOLIDATED	
	Equity investment 2018 \$'000	Available for sale financial assets 2017 \$'000
Listed investments, at fair value		
- shares in listed corporations	2,997	3,982
	2,997	3,982

The hierarchy of the Group's listed investments at market value are all at Level 1.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

21. DEFERRED TAX LIABILITIES/(ASSETS)

Notes	CONSOLIDATED	
	2018 \$'000	2017 \$'000 (Restated)
Deferred tax liabilities		
- tax allowance relating to property, plant and equipment	2,575	314
- real property gains tax	28,423	36,935
- other deductible temporary differences	2,489	4,263
	33,487	41,512
Deferred tax assets		
- property development and construction profits	(15,906)	(12,775)
- tax allowance relating to property, plant and equipment	(5)	-
- other deductible temporary differences	-	-
	(15,911)	(12,775)
	17,576	28,737
(a) Reconciliation		
The overall movement in the deferred tax account is as follows:		
Opening balance	28,737	27,663
Charge to profit or loss	7 (13,285)	223
Charge to equity	2,124	504
Acquisition of a subsidiary company	-	347
Closing balance	17,576	28,737
(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 4(l) occur		
- Unabsorbed tax losses	8,489	7,522
- Unabsorbed capital allowances	16,313	14,504
- Unutilised investment tax allowances	74,242	68,755
- Unutilised investment building allowances	-	1,493

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

22. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
CURRENT		
Trade payables	122,829	148,402
Sundry payables	23,759	21,473
Deposits	16,722	12,866
Accruals	43,532	32,974
	206,842	215,715
Amounts payable to non-controlling shareholders of subsidiary companies	17,024	2,944
	223,866	218,659
NON-CURRENT		
Deposits	3,439	2,598
Amounts payable to non-controlling shareholders of subsidiary companies	5,629	12,294
	9,068	14,892

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) The amount payable to non-controlling shareholders of subsidiaries companies represents non-trade interest free advances which is payable on demand.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

23. OTHER FINANCIAL LIABILITIES

	Notes	CONSOLIDATED	
		2018	2017
		\$'000	\$'000
CURRENT			
<i>Secured liabilities</i>			
Lease liabilities	23(a)	875	1,598
<i>Secured liabilities</i>			
Term loans	29(c)	122,760	158,766
		123,635	160,364
NON-CURRENT			
<i>Secured liabilities</i>			
Lease liabilities	23(a)	658	1,082
<i>Secured liabilities</i>			
Long term loans	29(c)	4,363	8,852
		5,021	9,934

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
(a) Lease liabilities		
Payable – minimum lease payments		
- not later than one year	931	1,702
- later than one year but not later than five years	696	1,133
Minimum lease payments	1,627	2,835
Less: future finance charges	(94)	(155)
Present value of minimum lease payments	1,533	2,680
Current liabilities	875	1,598
Non-current liabilities	658	1,082
	1,533	2,680

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 1.93% to 5.28% (2017: 1.68% to 5.36%).
- (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 5.90% to 7.00% (2017: 4.60% to 4.82%).

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

23. 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	
	2018 \$'000	2017 \$'000
Current		
<i>Fixed charge</i>		
Inventories	7,157	21,971
Total current assets pledged as security	7,157	21,971
Non-current		
<i>Fixed charge</i>		
Investment properties	350,253	323,241
Property, plant and equipment	5,324	5,088
<i>Finance leases</i>		
Leased plant and equipment	1,227	2,722
Total non-current assets pledged as security	356,804	331,051
Total assets pledged	363,961	353,022

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.

24. SHARE CAPITAL

	CONSOLIDATED			
	2018 \$'000		2017 \$'000	
(a) Issued and paid up capital				
Ordinary shares fully paid		222,910		183,245
	2018		2017	
	Number of shares	\$'000	Number of shares	\$'000
(b) Movements in shares on issue				
Balance at beginning of the year	1,367,123,309	183,245	1,303,043,222	145,668
Issued during the year				
- dividend reinvestment plan	60,408,603	39,665	64,080,087	37,577
Buyback during the year	-	-	-	-
Balance at end of the year	1,427,531,912	222,910	1,367,123,309	183,245

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

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

24. SHARE CAPITAL (CONT'D)

The final dividend for year ended 31 December 2017 was paid on 7 June 2018. Some shareholders elected to take ordinary shares in lieu of cash, totaling 49,832,001 shares.

The interim dividend for year ended 31 December 2018 was paid on 7 November 2018. Some shareholders elected to take ordinary shares in lieu of cash, totaling 10,576,602 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 of capital to shareholders, issue new shares or sell assets to reduce debt.

During 2018, management paid dividends of \$41,263,000 (2017: \$39,357,000). Management's objective for dividend payments for 2019 to 2023 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 is between 10% to 25%. The gearing ratios based on continuing operations at 31 December 2018 and 2017 were as follows:

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Total borrowings*	361,590	403,849
Less: Cash and cash equivalents	(322,558)	(277,201)
Net borrowings	39,032	126,648
Total equity	1,460,087	1,253,879
Total capital	1,499,119	1,380,527
Gearing ratio	2.60%	9.17%

* 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

for the Year Ended 31 December 2018

(cont'd)

25. 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	
	2018	2017
	\$'000	\$'000
Balance at beginning of the year	(46,328)	(68,205)
Currency translation differences	107,415	21,877
Balance at end of the year	61,087	(46,328)

(b) Fair Value Reserve

(i) Nature and purpose of reserve

Fair value reserve records fair value changes of equity investments at fair value through other comprehensive income

(ii) Movements in reserve

	CONSOLIDATED	
	Effect on FVOCI reserves	Effect on AFS reserves
	\$'000	\$'000
Opening balance – AASB 139	-	433
Reclassify non-trading equities from available for sale financial assets to FVOCI	433	(433)
Opening balance – AASB 9	433	-
Currency translation differences	(17)	-
Changes in fair value of equity investments at fair value through other comprehensive income	(773)	-
Balance at end of the year	(357)	-
Total reserves at 31 December 2018	60,730	-

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

26. CAPITAL COMMITMENTS

	CONSOLIDATED	
	2018 \$	2017 \$
The Group has the following capital commitments:		
Property, plant and equipment	22,033,582	2,627,764
Construction of investment properties	81,187,772	56,831,146

27. EMPLOYEE BENEFITS

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

28. 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 money lending 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 equity investments at fair value through other comprehensive income,
- 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.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

28. OPERATING SEGMENTS (CONT'D)

[illegible]

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

28. OPERATING SEGMENTS (CONT'D)

	Investment		Land development and resale		Others		Elimination		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Segment assets	1,035,643	985,296	1,477,645	1,310,218	29,693	15,889	-	-	2,542,981	2,331,403
Reconciliation of segment operating assets to total assets										
Segment operating assets										
Goodwill									2,542,981	2,331,403
Equity investments									133	133
Deferred tax assets									2,997	3,982
Current tax assets									15,911	12,775
									21,474	13,347
Total assets as per the statement of financial position									2,583,496	2,341,640
Investment in associates	242	238	-	-	-	-	-	-	242	238
Capital expenditure	44,043	1,962	22,234	8,652	2,231	28	-	-	68,508	10,642
Segment liabilities	137,833	167,171	215,634	231,292	8,123	5,386	-	-	361,590	403,849
Reconciliation of segment operating liabilities to total liabilities										
Segment operating liabilities									361,590	403,849
Deferred tax liabilities									33,487	41,512
Current tax liabilities									6,915	8,173
Total liabilities per the statement of financial position									401,992	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
for the Year Ended 31 December 2018
(cont'd)

29. CASH FLOW INFORMATION

(a) Acquisition of Entities

Name of subsidiary companies acquired	Purchase Considerations \$	Group's effective interest %	Effective acquisition date
Cosmo Housing Development Sdn Bhd	22,381,763	100	2 March 2018
UOA Vietnam Pte Ltd	99	100	3 April 2018
UOA PMH Investments Pte Ltd	99	100	3 April 2018
UOA Leederville A Pty Ltd	1	100	14 June 2018
UOA Leederville B Pty Ltd	1	100	14 June 2018
UOA Leederville C Pty Ltd	1	100	14 June 2018
UOA Leederville D Pty Ltd	1	100	14 June 2018
UOA Leederville E Pty Ltd	1	100	14 June 2018
UOA Leederville F Pty Ltd	1	100	14 June 2018
HSB Green Solutions Sdn Bhd	171,508	100	13 August 2018
Naik Makmur Development Sdn Bhd	1	100	27 December 2018
UOA Southlink Sdn Bhd	1	100	1 October 2018
UOA Golden Pines Sdn Bhd	1	100	1 October 2018
UOA Southview Sdn Bhd	1	100	2 October 2018

(b) Financing facilities available

Finance Lease Transactions

During the year, the Group acquired plant and equipment with an aggregate value of \$385,000 (2017: \$471,000) by means of finance leases.

Dividend Reinvestment Plan

Under the terms of the dividend reinvestment plan, dividends amounting to \$39,664,647 (2017: \$37,577,182) were paid via the issuance of the equivalent of 60,408,603 shares (please refer to Note 24) (2017: 64,080,087).

(c) Financing facilities available

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

	Notes	CONSOLIDATED	
		2018 \$'000	2017 \$'000
Total facilities			
- credit standby arrangements		54,882	50,788
- bank loans		255,177	269,300
- bank overdraft		260	260
Facilities used at reporting date			
- credit standby arrangements		26,986	25,893
- bank loans	23	127,123	167,618
- bank overdraft		-	-
Facilities unused at reporting date			
- credit standby arrangements		27,896	24,895
- bank loans		128,054	101,682
- bank overdraft		260	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.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

29. CASH FLOW INFORMATION (CONT'D)

(c) Financing facilities available (cont'd)

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.

30. EVENTS AFTER THE REPORTING DATE

- (a) On 26 February 2019, the directors of United Overseas Australia Ltd proposed a final dividend of 2.0 cents per ordinary shares (totalling \$28,550,638) in respect of the financial year ended 31 December 2018. This dividend has not been provided for in the 31 December 2018 financial statements.

31. 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 associated companies

	Transaction value		Balance outstanding	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Security services payable	1,263	1,078	142	107
Rental paid	-	591	4	4
Construction service income	-	11,869	-	-
Administrative fee received	-	62	-	-
Management fee received	13	466	-	-

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

31. RELATED PARTY TRANSACTIONS (CONT'D)

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:

	CONSOLIDATED	
	2018	2017
	\$	\$
Short term employee benefits:		
• salaries including bonuses	5,943,340	4,973,876
• non-monetary benefits	39,830	37,310
• others	109,021	118,772
Post-employment benefits:		
• defined benefit pension plans	663,210	553,799
Total remuneration	6,755,401	5,683,757

The parent entity receives accounting and secretarial services from a company, Winduss & Associates. During the year, the fees paid to Winduss & Associates totalled \$244,123 (2017: \$184,234).

Entity with significant influence over the Group – Griyajaya Sdn Bhd

Griyajaya Sdn Bhd owns 31.23% (2017: 31.18%) of the ordinary shares in United Overseas Australia Ltd. There was no related party transaction with Griyajaya Sdn Bhd during the financial year.

Employees

Contributions to superannuation funds on behalf of employees amounting \$2,549,617 (2017 : \$2,217,666).

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. There was no related party transaction with related parties during the financial year.

Allowance for impairment loss on trade receivables

For the year ended 31 December 2018, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2017: Nil). The Group makes use of a simplified approach in accounting for trade receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected short falls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

31. RELATED PARTY TRANSACTIONS (CONT'D)

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

During the financial year ended 31 December 2018, the following units were sold to the directors, key management personnel and their associates:

Purchaser	Project	Unit Number	Purchase Price (\$)
Kong Chong Soon	Southlink	SL/51-20	177,120
Kong Pak Lim	Southlink	SL/52-28	135,367
Kong Pak Nam	Southlink	SL/52-29	140,700
Stephanie Kong Pei Zen	Southlink	SL/51-31	135,737

The sale of each property was conducted on an arm's length basis and on normal commercial terms.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, bank loans, finance leases, hire purchase contracts, equity investments, 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 23.

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	
	2018 \$'000	2017 \$'000
Financial Assets		
Cash and cash equivalents	322,558	277,201
Equity Investments	2,997	-
Available for sale financial assets	-	3,982
	325,555	281,183
Financial liabilities		
Bank loans	(127,123)	(167,618)
Lease liabilities	(1,533)	(2,680)
	(128,656)	(170,298)
Net exposure	196,899	110,885

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

32. 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)	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Consolidated				
+ 1%	1,969	1,109	-	-
- 0.5%	(984)	(554)	-	-

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 higher in 2018 than in 2017 due to an increase in cash and cash equivalents which resulted in a higher 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 2018, the Group had the following exposure to the Singapore Dollar ("SGD") foreign currency that is not designated in cash flow hedges:

	CONSOLIDATED	
	2018 \$'000	2017 \$'000
Financial Assets		
Cash and cash equivalents	277,861	35,106
Trade and other receivables	317,943	2,262
	595,804	37,368
Financial liabilities		
Trade and other payables	(224,633)	(351)
Interest bearing loans and borrowings	(128,657)	(2,263)
	(353,290)	(2,614)
Net exposure	242,514	34,754

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

32. 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 2018, 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)	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Consolidated				
+ 10%	24,251	3,475	-	-
- 5%	(12,126)	(1,738)	-	-

The movements in profit in 2018 are more sensitive than in 2017 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.

Market risk

The Group's principal exposure to market risk arises from changes in value caused by movements in market prices of its quoted investments. The risk of loss is minimised via thorough analysis before investing and continuous monitoring of the performance of the investments. The Group optimises returns by disposing of investments after thorough analysis.

Common to all businesses, the overall performance of the Group's investments is also driven externally by global and domestic economies that are largely unpredictable and uncontrollable.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. The Group do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increase credit risk exposure. The Group extend credit only to recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

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

Credit risk (cont'd)

i. Trade receivables and contract assets

In respect of the Group's development properties, most of the end-buyers obtain end-financing to fund their purchases of the Group's properties. In such cases, the Group mitigates any credit risk it may have by maintaining its name as the registered owner of the development until full settlement by the purchasers of the self-financed portion of the purchase consideration and upon undertaking of end-financing by the purchaser's end-financier.

In respect of the Group's investment properties, the Group customarily obtains three months' rental deposit from tenants as security for the performance of their obligations under the tenancy agreements to mitigate the risk of non-collectability of monthly rentals.

From 1 January 2018, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type and rating, and coverage by collateral). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if the Directors deem them uncollectable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Collateral is considered integral part of trade receivables and considered in the calculation of impairment. At the reporting date, all of the Group's trade receivables are covered by collateral. These collaterals resulted in a decrease in the expected credit losses/impairment losses as at the reporting date. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as trade receivables consists of a large number of customers in various backgrounds.

Consolidated 31.12.2018	Expected credit loss rate %	Total gross carrying amount \$'000	Expected credit loss \$'000
Not past due	-	100,392	-
Between 31 and 60 days past due	-	7,915	-
Between 61 and 90 days past due	-	13,538	-
More than 90 days past due	-	10,485	-
More than 90 days past due	2.81	261	7
More than 91 days after set off with deposits paid	100.00	5,063	5,063
		137,654	5,070
Contract assets	-	101,209	-

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

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

Credit risk (cont'd)

i. Trade receivables and contract assets (cont'd)

The ageing analysis of receivables as at 31.12.2017 and 1.1.2017 which is trade in nature was as follows:

Consolidated 31.12.2017	Gross \$'000	Impairment \$'000
Not past due	77,353	-
Between 31 and 60 days past due	3,949	-
Between 61 and 90 days past due	2,863	-
More than 90 days past due	8,098	1,849
	92,263	1,849
Consolidated 1.1.2017	Gross \$'000	Impairment \$'000
Not past due	25,660	-
Between 31 and 60 days past due	1,157	-
Between 61 and 90 days past due	7,436	1
More than 90 days past due	69,420	324
	103,673	325

ii. Financial institutions and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties.

The Group seeks to invest its surplus cash safely by depositing them with the licensed financial institutions.

iii. Investments and other financial assets

At the end of the reporting year, the Group has investments in foreign and domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

Investments are allowed only in liquid securities and only with counterparties that have good credit ratings.

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

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

Liquidity and cash flow risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due to shortage of funds.

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 2018, 97% of the Group's debt will mature in less than one year (2017: 94%).

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 2018.

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	223,866	9,243	-	233,109
Interest bearing loans and borrowings	129,208	5,911	-	135,119
	253,074	15,154	-	368,228

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 2018
(cont'd)

32. 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	322,558	-	-	322,558
Trade and other receivables	207,862	5,824	3,337	217,023
Equity investments	-	-	2,997	2,997
	530,420	5,824	6,334	542,578
Financial liabilities				
Trade and other payables	223,866	9,243	-	233,109
Interest bearing loans and borrowings	129,208	5,911	-	135,119
	353,074	15,154	-	368,228
Net maturity	177,346	(9,330)	6,334	174,350

33. 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
2018			
Cosmo Housing Development Sdn Bhd	22,381,763	100	2 March 2018
UOA Vietnam Pte Ltd	99	100	3 April 2018
UOA PMH Investments Pte Ltd	99	100	3 April 2018
UOA Leederville A Pty Ltd	1	100	14 June 2018
UOA Leederville B Pty Ltd	1	100	14 June 2018
UOA Leederville C Pty Ltd	1	100	14 June 2018
UOA Leederville D Pty Ltd	1	100	14 June 2018
UOA Leederville E Pty Ltd	1	100	14 June 2018
UOA Leederville F Pty Ltd	1	100	14 June 2018
HSB Green Solutions Sdn Bhd	171,508	100	13 August 2018
Naik Makmur Development Sdn Bhd	1	100	27 December 2018
UOA Southlink Sdn Bhd	1	100	1 October 2018
UOA Golden Pines Sdn Bhd	1	100	1 October 2018
UOA Southview Sdn Bhd	1	100	2 October 2018
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

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

33. 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:

	2018 \$'000
Inventories – land held for property development	8,529
Inventories – property held for development and resale	34,730
Trade and other receivables	1,528
Cash and cash equivalents	1,676
Other payables and accruals	(23,769)
Current tax liability	(17)
Discount on acquisition	(120)
Net assets acquired	22,557
Non-controlling interests	-
Total purchase consideration	22,557
Less: Cash and cash equivalents acquired	(1,676)
Net cash inflow on acquisition during the year	20,881

Notes to the Financial Statements
for the Year Ended 31 December 2018
(cont'd)

34. 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 Group 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	2018 \$'000	2017 \$'000
Not later than one year	308	266
Later than one year but not later than 5 years	15	166
	323	432

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	2018 \$'000	2017 \$'000
Not later than one year	55,646	42,730
Later than one year but not later than 5 years	54,416	39,725
	110,062	82,455

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 2018 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 2018.
- (3) Note 2 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 2019



Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9480 2050
E info.wa@au.gt.com
W www.grantthornton.com.au

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 2018, 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.

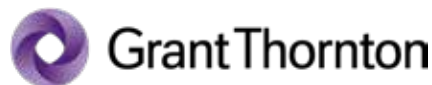
In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 31 December 2018 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 auditor 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.

Independent Auditor's Report
(cont'd)**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.

Key audit matter**How our audit addressed the key audit matter****Valuation of Investment Properties**
(Note 4e and Note 18)

The Group holds investment properties located in Australia, Malaysia and Vietnam that comprises completed investments and properties under construction amounting to \$1,012.253 million that represents 39% of total assets as at 31 December 2018.

Properties include freehold condominiums \$1.127 million, freehold bungalows \$16.430 million, freehold commercial properties \$363.026 million and leasehold commercial properties \$571.821 million. The total fair value gain of \$11.387 million was recognised in other revenue from ordinary activities.

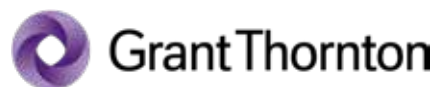
The Group recognises investment properties initially at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Management uses an independent expert to undertake a valuation to determine fair value once every three years. The Directors utilise an independent expert to undertake valuations utilising equivalent market data for the intervening periods rather than a review of the asset itself.

The valuation exercise relies on the accuracy of the underlying lease and financial information provided to the valuers.

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.

Our procedures included, amongst others:

- 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: Using the work of an Auditors Expert; and
- Reviewing the appropriateness of the related disclosures within the financial statements.

Independent Auditor's Report
(cont'd)**Revenue Recognition (Note 4k and Note 5)**

The Group recorded property development and construction revenue of \$153.976 million and \$286.517 million respectively.

The Group recognises revenue from contracts with customers as or when a performance obligation in the contract is satisfied.

The recognition of revenue from property development is over time as it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue from the sale of completed properties, held as inventories is recognised at a point in time, upon delivery of the property.

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.

This is a key audit matter as there is significant judgement and estimation relating to the recognition and measurement of property development and construction revenue.

Our procedures included, amongst others:

- Documenting the design of internal controls and performing testing of key controls identified for each material revenue stream over revenue recognition, the billing process including those controls over the prevention and detection of fraud and errors in revenue recognition and controls governing approvals to contract amounts;
- Assessing the Group's processes and controls in relation to the measurement and timing of revenue recognised;
- Selecting a sample of sales transactions taking place before and after balance sheet date to determine whether those transactions were recognised in the correct period;
- Testing management's arithmetic accuracy of data provided including assumptions on projects recognised over time. 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;
- Reviewing the Group's assessment of the application of the requirements of AASB 15 *Contracts with Customers* and conclusions reached
- Assessing the transition adjustments recorded and ensured these were compliant with the requirements of AASB15; 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 2018, but does not include the financial report and our auditor's report thereon.

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

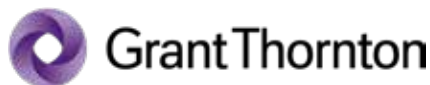
In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the financial report

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

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

Independent Auditor's Report
(cont'd)**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 28 to 34 of the Directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of United Overseas Australia Limited, for the year ended 31 December 2018 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 signature of Grant Thornton.

Grant Thornton Audit Pty Ltd
Chartered Accountants

A stylized signature of M J Hillgrove.

M J Hillgrove
Partner – Audit & Assurance

Perth, 29 March 2019

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 26 March 2019.

(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	126	27,403
1,001 – 5,000	151	426,804
5,001 – 10,000	121	981,029
10,001 – 100,000	306	11,254,054
100,001 And over*	116	1,414,842,622
	820	1,427,531,912

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

	Ordinary shares	
	Number of holders	Number of shares
1 – 746	104	7,063
747 – And over	716	1,427,524,849
	820	1,427,531,912

* Included in this figure is 968,689,640 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	968,689,640	67.86%
2 Mahareno Sdn Bhd	89,610,716	6.28%
3 Transmetro Corporation Sdn Bhd	89,610,696	6.28%
4 Macrolantic Technology Sdn Bhd	89,610,696	6.28%
5 Wismara Sdn Bhd	57,987,093	4.06%
6 Amerena Sdn Bhd	37,200,542	2.61%
7 National Nominees Limited	9,847,096	0.69%
8 Tan Sri Dato' Seri Alwi Jantan	7,562,822	0.53%
9 JP Morgan Nominees Australia Pty Limited	7,318,429	0.51%
10 Lay Hoon Koh	6,274,386	0.44%
11 Chow Fong Wong	4,475,680	0.31%
12 Colin Robert Macewan & Bronwyn Beder	3,925,000	0.27%
13 Transmetro Sdn Bhd	2,611,955	0.18%
14 Hegford Pty Ltd	2,493,558	0.17%
15 Citicorp Nominees Pty Limited	2,138,480	0.15%

Asx Additional Information

(cont'd)

(b) Twenty largest shareholders (cont'd)

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
16	Chartreuse Nominees Pty Ltd	1,976,359	0.14%
17	Reviresco Nominees Pty Ltd	1,600,000	0.11%
18	Ju Lip Chew	1,559,010	0.11%
19	Cecelia Chan	1,503,178	0.11%
20	Mimi Miu-Kuen Ferguson	1,076,321	0.07%
		1,387,071,657	97.16%

(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	1,041,258,375	72.94%
Pak Lim Kong	797,663,711	55.88%

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	445,841,971	31.23%
Dream Legacy Sdn Bhd	180,457,942	12.64%

(d) Voting rights

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

www.uoa.com.my