

UNITED OVERSEAS AUSTRALIA LTD

ACN 009 245 890

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ASX Announcement

30 August 2021

RELEASE OF UNREVIEWED HALF YEAR RESULTS AND INTERIM DIVIDEND ADVICE

Release of Unreviewed Half Year Results

The Board of United Overseas Australia Ltd (**ASX:UOS, “Company”**) has considered the impact of COVID-19 on preparation of the half year results due to various control measures that have been in place in Kuala Lumpur, Malaysia, where the Group’s financial reports are maintained and collated.

The Company advises it will be relying on the Amended ASIC Relief and Class Waiver Decision of ASX giving effect to the Relief to present the Group’s reviewed half-year accounts once the review of the financial reports have been completed after 31 August 2021.

The Company attaches the information required by Appendix 4D together with the unreviewed half-year accounts as required by the Class Waiver Decision, and undertakes to advise the market immediately if it becomes aware of any material differences between the unreviewed financial statements and the reviewed financial statements.

Interim Dividend

The Board has considered the trading results of the Group for the half year noting the impact and continued uncertainty of the COVID-19 pandemic on the Group, particularly its hospitality business operations, together with the cash requirements of the Group to continue its projects in Vietnam and Malaysia.

The Board has determined it would be prudent to continue to conserve its cash reserves for use within the Group’s operations. Although the direction that the pandemic will take remains unpredictable, the Board continues to believe the Group has the financial resources to withstand the impact for the foreseeable future.

The Directors thank the Company’s members for their understanding and continued support at this time.

For further enquiries, please contact:

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Company Secretary

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APPENDIX 4D

Name of entity	UNITED OVERSEAS AUSTRALIA LTD
ACN or equivalent company reference	009 245 890
Current reporting period	Half year ended 30 June 2021
Previous reporting period	Half year ended 30 June 2020

Results for announcement to the market

				\$'000
Revenue from ordinary activities	Down	37.42%	to	116,438
Profit from ordinary activities after tax attributable to members	Down	31.34%	to	16,686
Net profit for the year attributable to members	Down	31.34%	to	16,686

Dividends	Amount per security	Franked amount per security
Current period		
Final dividend for the year ended 31 December 2020 - paid on 4 June 2021	2.0¢	0¢
Previous corresponding period		
Final dividend for the year ended 31 December 2019 - paid on 6 June 2020	2.0¢	0¢

Brief explanation of the figures reported above

Please refer to the Review and Results of Operations section of the Directors' Report for further comment.

The information in the Half Year Report should be read in conjunction with the details and explanations provided herewith, along with the most recent Annual Report.

Net tangible assets per share

	Current period	Previous corresponding period
Net tangible assets per share	100.68 ¢	103.22 ¢

Dividends

	Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
Final dividend for the year ended 31 December 2020	2.0¢	Nil	Nil
Interim dividend for the year ending 31 December 2021	Nil	Nil	Nil

Control gained or lost over entities having material effect

On 17 May 2021, the Group acquired a 51% equity interest in Tong Xin Tang Healthcare International Sdn Bhd ("TXT") for a consideration of \$99,843. TXT is in the business of operating a Chinese medical, acupuncture and physiotherapy care centre and a dealer in Chinese medicine.

Details of Associates and Joint Venture Entities

Name of entities	Percentage of holding %		Profit/(loss) contribution \$'000	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Advanced Informatics & Management Centre Sdn Bhd	30	30	-	-
Asli Security Services Sdn Bhd	30	30	(7)	3
Dats Management Sdn Bhd	49	49	101	62

Audit review

This report is based on the financial statements which have not yet been reviewed by the auditor as the Group is relying on the extended time period permitted by ASIC and ASX for the lodgement of the reviewed reports. The Group does not expect any material changes during completion of the audit review to the information contained in this report, but will immediately inform the market of any such changes should they occur.

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

HALF-YEAR REPORT
30 June 2021

(SUBJECT TO AUDIT REVIEW)

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Corporate Information

Directors

Alan Charles Winduss (Non-Executive Chairman) (*ceased on 14 July 2021*)

Chong Soon Kong

Pak Lim Kong

Chee Seng Teo

Stuart Alexander Third (*appointed on 29 July 2021*)

May Chee Kong (Alternate Director for C S Kong)

Company Secretary

Alan Charles Winduss (*ceased on 14 July 2021*)

Stuart Alexander Third (*appointed on 15 July 2021*)

Registered Office

Suite B1,
661, Newcastle Street
Leederville
Western Australia 6007

Bankers

National Australia Bank Limited
Cnr Howe and Sundercombe Street
Osborne Park, Western Australia 6017

Share Registry

Advanced Share Registry Services Ltd
110 Stirling Highway
Nedlands, Perth, Western Australia 6009

Auditors

Grant Thornton Audit Pty Ltd
Chartered Accountants
Central Park
Level 43, 152-158 St Georges Terrace
Perth, Western Australia 6000

ASX Code: UOS

Directors' Report

Your directors submit their report for the half-year ended 30 June 2021.

DIRECTORS

The names and details of the directors holding office during the period 1 January 2021 to 30 June 2021 and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

A.C. Winduss I.C.A.A. (AFF) CPA AFAIM FAICD (Non-Executive Chairman) (*ceased on 14 July 2021*)

C.S. Kong C.P Eng. M.I.E. Aust (Chief Executive Officer)

P.L. Kong B.E. Hons M.I.E.P.E (Executive Director)

C.S. Teo

S.A. Third B.Bus M.Tax FCA CTA AGIA (*appointed on 29 July 2021*)

M.C. Kong (alternate for C.S. Kong)

REVIEW AND RESULTS OF OPERATIONS

As will be seen from the financial statements the Group recorded an after tax profit of \$16.7 million for the six-month period ended 30 June 2021 (30 June 2020: \$24.3 million).

OPERATIONAL ACTIVITIES

Current & Future

The current state of on-going and planned developments being carried out by the Company's controlled entities UOA Development Bhd and UOA Real Estate Investment Trust are detailed below :-

RESIDENTIAL

SOUTHLINK

SouthLink is located within close proximity to Bangsar South and is situated adjacent to our residential projects namely, South View Serviced Apartment and Komune Living. This project comprises 1 block of 44-storey freehold lifestyle apartments with 1,422 units, and 2-storey trendy lifestyle retail podium.

The construction of this project was completed in the second quarter of year 2021. The GDV of this project is approximately AUD 177 million.

ASTER GREEN RESIDENCE

This is a development located within the matured township of Sri Petaling, which has ample amenities within short distance. This project comprises 1 block of residences with 440 units.

The construction of this project is on-going and is expected to be completed in the year 2022 with an estimated GDV of AUD 80 million.

KOMUNE LIVING WELLNESS

Komune Living Wellness (previously known as Bandar Tun Razak Development) is a project located within the thriving township of Cheras, which is approximately 11 kilometers from Kuala Lumpur City Centre. This project is intended to be operated as residences with an emphasis on wellness and medical services.

The construction of this project is on-going and is expected to be completed in year 2022 with an anticipated GDV on completion of AUD 96 million.

THE GOODWOOD RESIDENCE

The Goodwood Residence is located within the Bangsar South and is adjacent to Acacia and Begonia (The Park Residences I). This project consists of 1 block of 40-storey residential tower with 678 units.

The construction of this project is on-going and is expected to be completed in year 2022 with the estimated GDV of this development being AUD 193 million.

MIXED DEVELOPMENT

SENTUL POINT

Sentul Point is located in Sentul, Kuala Lumpur adjacent to Desa Sentul Phase I with close proximity to public transportation hubs and major highways. This project consists of 3 blocks of freehold 44-storey suite apartments with a total of 2,352 units and 142 retail lots.

The project was fully completed during first half of the year with a GDV of approximately AUD 482 million.

HOSPITALITY OPERATIONS

The evolving Covid-19 situation has created a precarious business climate where there has been a general decline in demand for hotel services as the market is constantly fluctuating due to border closures and changes in travel restrictions. The impacts are reflective of leisure activity limitations, caused by the tightening and loosening of movement control regulations.

For the first half of 2021, Invito Hotel adopted a modern apartment living concept that offers long term rental services. VE Hotel & Residence and Komune Living operated at reduced capacity while embarking on cost-cutting measures to mitigate the negative financial and operational impacts of Covid-19.

The pandemic-related disruptions have resulted in a temporary suspension of operations for Connexion Convention and Event Centre (CCEC). It is now focused primarily on assisting clients with postponement and alternative arrangement of events, food delivery and takeaway services as well as lead generation from the fourth quarter of 2021 onwards in preparation for the initial rebound in travel demand.

AUSTRALIA

The residential and commercial project in East Perth Western Australia consists of 70 residential and 3 commercial units.

All commercial units in the project have been sold and over 80% of the residential units have also now sold. While the remaining units continue to be held for sale, they are also being placed to allow rental income to be received. Interest in the remaining units is continuing and sales have been recorded through to July 2021.

UOA Leederville Pty Ltd, a 100% owned subsidiary is currently 65% occupied with continued marketing being carried out to obtain further tenants.

VIETNAM

“UOA Tower” located in District 7 Ho Chi Minh City has been completed and leasing of the building is now being facilitated.

A second project “UOA Tower TTS” is located along Trao Street, the main street of the Commercial District in Phu My Hung City Centre and is currently being designed and necessary approvals being applied for.

UOA DEVELOPMENT BHD

At the date of this report, the Group holds a 71.53% interest in UOA Development Bhd which is listed on Bursa Malaysia.

UOA REAL ESTATE INVESTMENT TRUST (UOA REIT)

At the time of this report, the Group currently holds 34.1% equity in the UOA REIT.

The trust has declared a distribution of 1.39 cents per unit for the period ended 30 June 2021 and the Group will receive a gross distribution payment of \$5.1 million for the period.

DIRECTORS' REPORT

Impact of COVID-19 on Group Activities

The Covid-19 pandemic has caused an unprecedented disruption to the global economy. The imposition of government restrictions during the various phases of the movement control order in the first half of 2021 continues to bring much uncertainty and challenges in the property market.

Border closures and restriction on movement of people within countries and localities have made it necessary for the Group to manage, by adopting agility practices in response to the volatile operating environment, our business operations impacted by the restrictions which include but not limited to:

- Closure of facilities arising from government order (conference, event and hotel/leisure facilities)
- Reduction in operating revenues from various operations within the Group due to restrictions imposed by the government
- Reduction in rental revenues from properties due to tenants being impacted by Covid-19 in the same manner as the Group

The disruptions have also led to scaled down new project launches and lower level of transactional activity for the Group's project portfolio due to a more cautious outlook by purchasers. This has in turn contributed to a slowdown in sales amidst the softened property market sentiments

The Group is re-evaluating its new project launch plans by focusing on market-driven products with attractive price points in line with the market demand, to better position its upcoming developments.

Hotel operations, including convention and function facilities, have also been adversely affected due to the sporadic lockdowns and prolonged restrictions on cross-border travel, resulting in low occupancy rates and significant decline in demand for hotel accommodation.

As the market environment is expected to remain challenging amidst prevailing uncertainties, the Group has undertaken a slew of cost management measures for its hospitality segment to enable a more streamlined and agile infrastructure that commensurate with current economic conditions. These include but not limited to:

- staff reduction and unpaid leaves
- clustering of resources and deployment of internal task forces for cross-team collaboration
- improved energy efficiency in utility-related areas in response to low occupancy
- reduction on discretionary expenditure including non-essential travel, vendor costs and consultant costs

The Group has conducted assessments for this half year review to ascertain the impact of the Covid-19 pandemic on the value of the Group's properties. Valuations received from externally appointed valuers indicated that pressure on occupancy and rental revenue caused by the pandemic have adversely affected the value of some properties held within the Group.

Based on the valuation methodology, which reflects a building's value on a revenue basis, an impairment loss has been recorded for the first half year from the valuation updates received, taking into account the lower revenue generated from those properties. The consolidated fair value adjustment of the Group's investment properties was a reduction in value of \$6.454 million (Note 6(ii)).

We remain cautious as we continue to improve on cost and operating efficiencies which are key to our business continuity plans to mitigate the effects of the pandemic amid the current challenging market environment.

Dividend

The Directors have recommended that no interim dividend be paid for this period.

Rounding

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.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 for the half year ended 30 June 2021 will be attached upon completion of the review.

Signed in accordance with the resolution of Directors.



P.L. Kong

Director

Perth

30th August 2021

DIRECTORS' 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 30 June 2021 and of its performance for the half-year ended on that date; and
 - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting*; 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.

Signed in accordance with a resolution of the Directors.

On behalf of the Board



Pak Lim Kong
Director

Perth, Western Australia
30th August 2021

**Statement of Profit or Loss and Other Comprehensive Income
for the Half-Year Ended 30 June 2021**

CONSOLIDATED			
	Notes	June 2021 \$'000	June 2020 \$'000
Property and construction revenue	6	116,438	186,064
Cost of sales	6	<u>(76,211)</u>	<u>(112,035)</u>
Gross profit		40,227	74,029
Other revenues	6	44,031	48,780
Other expenses	6	(6,261)	(16,863)
Impairment losses on financial assets		(1,264)	(106)
General and administrative expenses	6	(32,238)	(40,751)
Foreign exchange gain		222	387
Share of profit of associate companies		94	65
Finance income		4,437	6,588
Finance costs		<u>(3,546)</u>	<u>(2,309)</u>
Profit before income tax		45,702	69,820
Income tax expense		<u>(13,611)</u>	<u>(24,869)</u>
Profit for the period		<u>32,091</u>	<u>44,951</u>
Other comprehensive income, net of tax			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translating foreign operations		(3,128)	(38,916)
<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		397	(1,561)
Other comprehensive loss for the period		<u>(2,731)</u>	<u>(40,477)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>29,360</u>	<u>4,474</u>
Profit attributable to:			
Owners of the parent		16,686	24,302
Non-controlling interests		<u>15,405</u>	<u>20,649</u>
		<u>32,091</u>	<u>44,951</u>
Total comprehensive income attributable to:			
Owners of the parent		13,909	(15,618)
Non-controlling interests		<u>15,451</u>	<u>20,092</u>
		<u>29,360</u>	<u>4,474</u>
Earnings per share (cents per share)			
basic for profit for the half-year	7	1.12	1.64
diluted for profit for the half-year		<u>1.12</u>	<u>1.64</u>

The accompanying notes form part of these financial report.

Statement of Financial Position
As at 30 June 2021

	Notes	CONSOLIDATED	
		As At 30 June 2021 \$'000	As At 31 December 2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	718,413	629,848
Trade and other receivables		127,193	114,534
Contract assets		32,403	59,747
Amount owing by associate companies		1,109	1,079
Inventories		429,482	442,161
Current tax assets		14,896	14,696
Total current assets		<u>1,323,496</u>	<u>1,262,065</u>
Non-current assets			
Property, plant and equipment		139,103	141,900
Investment properties		1,111,230	1,104,608
Inventories		205,696	202,823
Investment in associate companies		696	603
Equity investments		8,480	8,105
Other receivables		182	20,056
Deferred tax assets		15,812	19,536
Goodwill		190	133
Total non-current assets		<u>1,481,389</u>	<u>1,497,764</u>
TOTAL ASSETS		<u>2,804,885</u>	<u>2,759,829</u>
LIABILITIES			
Current liabilities			
Trade and other payables		205,124	176,431
Contract liabilities		34	-
Amount owing to associate companies		451	426
Other financial liabilities		226,698	228,970
Current tax liabilities		6,782	11,502
Total current liabilities		<u>439,089</u>	<u>417,329</u>
Non-current liabilities			
Other payables		4,475	4,474
Other financial liabilities		23,099	21,823
Deferred tax liabilities		21,020	21,679
Total non-current liabilities		<u>48,594</u>	<u>47,976</u>
TOTAL LIABILITIES		<u>487,683</u>	<u>465,305</u>
NET ASSETS		<u>2,317,202</u>	<u>2,294,524</u>
EQUITY			
Parent entity interest			
Share capital	9	288,214	260,651
Reserves	10	(37,572)	(34,795)
Retained earnings		1,282,597	1,294,914
Total attributable to owners of parent		<u>1,533,239</u>	<u>1,520,770</u>
Total non-controlling interests		<u>783,963</u>	<u>773,754</u>
TOTAL EQUITY		<u>2,317,202</u>	<u>2,294,524</u>

The accompanying notes form part of these financial report.

**Statement of Cash Flows
for the Half-Year Ended 30 June 2021**

	CONSOLIDATED	
	June 2021	June 2020
Notes	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	45,702	69,820
Adjustments for:		
Impairment losses of financial assets	1,264	105
Depreciation of property, plant and equipment	3,075	4,072
Dividend income	(38)	(26)
Fair value adjustment on investment properties	6,454	16,886
Finance costs	3,546	2,309
Foreign currency gain	(222)	(386)
Gain on disposal of investment properties	(127)	-
Interest income	(4,437)	(6,588)
Gain on disposal of property, plant and equipment	(66)	(23)
Property, plant and equipment written off	4	1
Share of profit of associate companies	(94)	(65)
Operating profit before working capital changes	55,061	86,105
Net changes in inventories	7,552	(2,289)
Net changes in receivables	5,632	(22,086)
Net changes in contract assets	26,919	2,433
Net changes in payables	28,784	56,370
Net changes in contract liabilities	34	-
Cash from operations	123,982	120,533
Interest paid	(3,458)	(2,672)
Interest received	4,263	6,411
Income taxes paid	(15,459)	(21,207)
Net cash generated from operating activities	109,328	103,065
Cash flows from investing activities		
Advances to an associate company	(34)	(190)
Acquisition of additional shares in existing subsidiary	(1)	-
Acquisition of shares in new subsidiary company, net of cash	61	-
Dividend received	38	26
Payment for purchase of investment properties	(16,266)	(13,040)
Payment for purchase of property, plant and equipment	(593)	(2,401)
Proceeds from sale of investment properties	2,053	-
Proceeds from sale of property, plant and equipment	94	23
Net cash used in investing activities	(14,648)	(15,582)
Cash flows from financing activities		
Repayment to other entities	-	(194)
Repayment to associated companies	(28)	(442)
Dividends paid to non-controlling shareholders of subsidiary companies	(1,886)	(2,281)
Dividends paid to owners of the Company	(2,138)	(26,427)
Listing expenses	(60)	-
Payment of lease liabilities	(170)	(259)
Drawdown of borrowings	2,403	12,905
Repayment of borrowings	(3,115)	(15,965)
Net cash used in financing activities	(4,994)	(32,663)
Net increase in cash and cash equivalents	89,686	54,820
Cash and cash equivalents at beginning of period	629,848	407,294
Net foreign exchange differences	(1,121)	(14,334)
Cash and cash equivalents at end of period	8 718,413	447,780

The accompanying notes form part of these financial report.

**Statement of Changes in Equity
for the Half-Year Ended 30 June 2021**

	← Attributable to owners of parent →						
	Share capital \$'000	Retained earnings \$'000	Foreign exchange reserves \$'000	Other reserve \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance at 1 January 2020	257,475	1,230,594	86,275	761	1,575,105	749,392	2,324,497
Dividends paid	-	(29,603)	-	-	(29,603)	(2,281)	(31,884)
Shares issued during the year - dividend re-investment plan	3,176	-	-	-	3,176	-	3,176
Other changes in non-controlling interests	-	-	-	-	-	(21,074)	(21,074)
Transaction with owners	260,651	1,200,991	86,275	761	1,548,678	726,037	2,274,715
Profit for the period	-	24,302	-	-	24,302	20,649	44,951
Other comprehensive income:							
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	(1,004)	(1,004)	(557)	(1,561)
Exchange differences on translation of foreign operations	-	-	(38,916)	-	(38,916)	-	(38,916)
Total comprehensive income for the period	-	24,302	(38,916)	(1,004)	(15,618)	20,092	4,474
Balance at 30 June 2020	260,651	1,225,293	47,359	(243)	1,533,060	746,129	2,279,189

The accompanying notes form part of these financial report.

**Statement of Changes in Equity (continued)
for the Half-Year Ended 30 June 2021**

	← Attributable to owners of parent →						Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Foreign exchange reserves \$'000	Other reserve \$'000	Total \$'000	Non-controlling interests \$'000	
Balance at 1 January 2021	260,651	1,294,914	(36,215)	1,420	1,520,770	773,754	2,294,524
Dividends paid	-	(29,701)	-	-	(29,701)	(1,886)	(31,587)
Shares issued during the year - dividend re-investment plan	27,563	-	-	-	27,563	-	27,563
Other changes in non-controlling interests	-	-	-	-	-	(2,638)	(2,638)
Increase in shares in a subsidiary	-	-	-	-	-	-	-
Change in stake	-	698	-	-	698	(718)	(20)
Transaction with owners	288,214	1,265,911	(36,215)	1,420	1,519,330	768,512	2,287,842
Profit for the period	-	16,686	-	-	16,686	15,405	32,091
Other comprehensive income:							
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	351	351	46	397
Exchange differences on translation of foreign operations	-	-	(3,128)	-	(3,128)	-	(3,128)
Total comprehensive income for the period	-	16,686	(3,128)	351	13,909	15,451	29,360
Balance at 30 June 2021	288,214	1,282,597	(39,343)	1,771	1,533,239	783,963	2,317,202

The accompanying notes form part of these financial report.

Notes to the Condensed Interim Consolidated Financial Statements for the Half-Year Ended 30 June 2021

1. Nature of operations

The principle activities of United Overseas Australia Ltd and subsidiaries (the Group) include the land development and resale, holding of investment properties to generate rental income, operations of hotel and food and beverage outlets, provision of facilities support services and carpark operations, revenue from money lending services and provision of management services.

2. General information and basis of preparation

The condensed interim consolidated financial statements of the Group are for the six months ended 30 June 2021 and are presented in Australian Dollars (\$AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020 and any public announcements made by the Group during the half year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and *Corporations Act 2001*.

The unreviewed interim financial statements have been approved and authorised for issue by the Board of Directors on 30 August 2021.

3. New Standards adopted at 1 January 2021

The Group has adopted new accounting pronouncement which have become effective from 1 January 2021 and have been adopted. The adoption of these pronouncements does not have a significant impact on the Group's financial results or position.

4. Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for year ended 31 December 2020.

5. Estimates and judgements

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Notes to the Condensed Interim Consolidated Financial Statements (Continued) for the Half-Year Ended 30 June 2021

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2020. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

6. Revenue

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	CONSOLIDATED	
	June 2021	June 2020
Types of revenue	\$'000	\$'000
Property and construction revenue		
Sales of inventories	5,170	9,039
Sales of development properties	111,268	177,025
	<u>116,438</u>	<u>186,064</u>
Timing of recognition		
Performance obligation satisfied at a point in time	5,170	9,039
Performance obligation satisfied over time	111,268	177,025
	<u>116,438</u>	<u>186,064</u>

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2021:

	Total
	\$'000
Sale of development properties under construction	<u>48,841</u>

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

Notes to the Condensed Interim Consolidated Financial Statements (Continued) for the Half-Year Ended 30 June 2021

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

	CONSOLIDATED	
	June 2021	June 2020
	\$'000	\$'000
(i) Other revenues		
Rental revenue	33,914	33,181
Parking fee revenue	4,965	6,678
Hotel operations revenue	3,105	7,601
Dividends received from investments – other corporations	38	26
Other services	2,009	1,294
	<u>44,031</u>	<u>48,780</u>
(ii) Other expenses		
Gain on disposal of property, plant and equipment	66	23
Gain on disposal of investment properties	127	-
Fair value adjustment on investment properties	(6,454)	(16,886)
	<u>(6,261)</u>	<u>(16,863)</u>
(iii) Cost of sales		
Development expenses	<u>76,211</u>	<u>112,035</u>
(iv) General and administrative expenses		
Depreciation and amortisation	3,075	4,072
Employee benefit expenses	9,924	13,699
Property, plant and equipment written off	4	1
Property maintenance expenses	11,921	12,235
Marketing expenses	618	864
Professional expenses	1,393	1,631
Other expenses	5,303	8,249
	<u>32,238</u>	<u>40,751</u>

Notes to the Condensed Interim Consolidated Financial Statements (Continued) for the Half-Year Ended 30 June 2021

7. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company (United Overseas Australia Ltd) as the numerator, i.e. no adjustments to profits were necessary during the six months period to 30 June 2021 and 30 June 2020.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	30 June 2021	30 June 2020
Profit attributable to owners of the parent company (\$'000)	16,686	24,302
Weighted average number of shares used in basic earnings per share ('000)	1,490,699	1,480,727
Net earnings per ordinary share (cents)	1.12	1.64

8. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Cash at bank and in hand	230,501	270,320
Short term bank deposits	125,941	81,534
Short term investments	361,971	95,926
	718,413	447,780

Notes to the Condensed Interim Consolidated Financial Statements (Continued) for the Half-Year Ended 30 June 2021

9. Share capital

	30 June 2021		31 December 2020	
	Number of shares	\$'000	Number of shares	\$'000
Shares issued and fully paid:				
• Beginning of the year	1,485,047,796	260,651	1,480,132,327	257,475
• Share issued under dividend re- investments plan	37,887,339	27,563	4,915,469	3,176
Shares issued and fully paid	1,522,935,135	288,214	1,485,047,796	260,651

The final dividend for year ended 31 December 2020 was paid on 4 June 2021. Some shareholders elected to take ordinary shares in lieu of cash, totalling 37,887,339 shares.

10. Other components of equity

The following tables show the movements in other components of equity:

	CONSOLIDATED		
	Translation reserve \$'000	Fair value reserves \$'000	Total \$'000
Balance at 1 January 2021	(36,215)	1,420	(34,795)
Exchange differences on translating foreign operations	(3,128)	-	(3,128)
Changes in fair value of equity investments at fair value through other comprehensive income	-	351	351
Balance at 30 June 2021	(39,343)	1,771	(37,572)

Notes to the Condensed Interim Consolidated Financial Statements (Continued) for the Half-Year Ended 30 June 2021

	CONSOLIDATED		
	Translation reserve	Fair value reserves	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2020	86,275	761	87,036
Exchange differences on translating foreign operations	(122,490)	-	(122,490)
Changes in fair value of equity investments at fair value through other comprehensive income	-	659	659
Balance at 31 December 2020	(36,215)	1,420	(34,795)

11. Seasonal fluctuations

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

12. Dividends

Dividends paid during the half year ended 30 June as follow:

	CONSOLIDATED	
	30 June 2021	30 June 2020
	\$'000	\$'000
Final dividend of 2.0 cents per share, unfranked, paid on 4 June 2021	29,701	-
Final dividend of 2.0 cents per share, unfranked, paid on 9 June 2020	-	29,603
	29,701	29,603

13. Contingent liabilities

There were no contingent liabilities during the period under review.

14. Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Notes to the Condensed Interim Consolidated Financial Statements (Continued) for the Half-Year Ended 30 June 2021

14.1 Fair value hierarchy

- * Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities
- * Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- * Level 3 : inputs for the asset or liability that is not based on observable market data (unobservable inputs)

14.2 Measurement of fair value of financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2021.

Certain financial assets of the Group are measured and recognised at fair value at 30 June 2021 and 31 December 2020 on a recurring basis are as follows:

	30 June 2021 \$'000	31 December 2020 \$'000	Fair value hierarchy	Valuation method and key inputs
Financial assets				
Equity investments				
Quoted shares	8,448	8,073	Level 1	Quoted bid price in active market
Unquoted shares	32	32	Level 3	Carrying value deemed fair value
	<u>8,480</u>	<u>8,105</u>		

All carrying amounts financial assets and liabilities of the Group are considered to be a reasonable approximation of their value value.

Notes to the Condensed Interim Consolidated Financial Statements (Continued) for the Half-Year Ended 30 June 2021

15. Operating segments

	Investment		Land development and resale		Others		Elimination		Consolidated	
	June 2021 \$'000	June 2020 \$'000	June 2021 \$'000	June 2020 \$'000	June 2021 \$'000	June 2020 \$'000	June 2021 \$'000	June 2020 \$'000	June 2021 \$'000	June 2020 \$'000
Segment revenue										
Sales to customers outside the group	-	-	116,438	186,064	-	-	-	-	116,438	186,064
Other revenues from customers outside the group	20,587	9,835	11,213	14,480	5,970	7,602	-	-	37,770	31,917
Inter segment revenue	130,097	85,592	72,046	64,225	154	636	(202,297)	(150,453)	-	-
Total revenue	150,684	95,427	199,697	264,769	6,124	8,238	(202,297)	(150,453)	154,208	217,981
Segment net operating profit after tax	(4,246)	(18,751)	32,512	57,888	3,665	5,726	-	-	31,931	44,863

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

Segment net operating profit after tax	31,931	44,863
Gain on disposal of property, plant and equipment	66	23
Result from equity accounted investments	94	65
Total net profit after tax per profit or loss	32,091	44,951

The consolidated entity operates predominantly in two businesses; investment and land development and resale, and within three geographical segments; Australia, Malaysia and Vietnam. The Australian and Vietnam 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 Condensed Interim Consolidated Financial Statements (Continued) for the Half-Year Ended 30 June 2021

15. Operating segments (continued)

	Investment		Land development and resale		Others		Elimination		Consolidated	
	June 2021 \$'000	June 2020 \$'000	June 2021 \$'000	June 2020 \$'000	June 2021 \$'000	June 2020 \$'000	June 2021 \$'000	June 2020 \$'000	June 2021 \$'000	June 2020 \$'000
Segment assets	1,362,886	1,100,924	1,376,320	1,505,642	26,301	38,140	-	-	2,765,507	2,644,706
Reconciliation of segment operating assets to total assets										
Segment operating assets									2,765,507	2,644,706
Goodwill									190	133
Equity investments									8,480	6,015
Deferred tax assets									15,812	20,679
Current tax assets									14,896	21,315
Total assets as per the statement of financial position									<u>2,804,885</u>	<u>2,692,848</u>
Segment liabilities	293,419	154,313	161,494	203,253	4,968	4,931	-	-	459,881	362,497
Reconciliation of segment operating liabilities to total liabilities										
Segment operating liabilities									459,881	362,497
Deferred tax liabilities									21,020	34,838
Current tax liabilities									6,782	16,324
Total liabilities per the statement of financial position									<u>487,683</u>	<u>413,659</u>

The consolidated entity operates predominantly in two businesses; investment and land development and resale, and within three geographical segments; Australia, Malaysia and Vietnam. The Australian and Vietnam 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 Condensed Interim Consolidated Financial Statements (Continued) for the Half-Year Ended 30 June 2021

16. Capital commitment

The Group has the following capital commitments at 30 June 2021:

	<u>\$'000</u>
Purchase of plant and equipment	1,005
Purchase of investment property	<u>118,662</u>
	<u>119,667</u>

17. Related party transactions

(a) Other transactions of Directors of the Group

The Directors of the Group are entitled to the use of a corporate golf membership held by a controlled entity.

(b) Other related parties

(i) The parent entity receives accounting and secretarial services from a company, Winduss & Associates. During the period, the fees paid to Winduss & Associates totalled \$118,122 (30 June 2020: \$180,530).

(ii) The parent entity receives registry services from Advanced Share Registry. During the period, the fees paid to Advanced Share Registry totalled \$29,269 (30 June 2020: \$31,085). Mr. Alan Winduss was, and Mr. Stuart is now currently, a Director of Advanced Share Registry.

(iii) Transactions with associated companies.

	Transaction value	
	June 2021	June 2020
	\$	\$
Security services payable	246,897	446,887
Rental receivable	56,277	78,731
Administrative fee payable	83,134	104,062
Management fee payable	514,254	660,134
Landscaping fee payable	58,560	63,542
	<u>959,122</u>	<u>1,353,356</u>

Notes to the Condensed Interim Consolidated Financial Statements (Continued) for the Half-Year Ended 30 June 2021

18. Financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

30 June 2021	Amortised cost \$'000	FVOCI \$'000	Total \$'000
Financial assets			
Equity investments	-	8,480	8,480
Other receivables	182	-	182
Trade and other receivables	127,193	-	127,193
Amount owing by associate companies	1,109	-	1,109
Cash and cash equivalents	718,413	-	718,413
Total financial assets	846,897	8,480	855,377
31 December 2020			
	Amortised cost \$'000	FVOCI \$'000	Total \$'000
Financial assets			
Equity investments	-	8,105	8,105
Other receivables	20,056	-	20,056
Trade and other receivables	114,534	-	114,534
Amount owing by associate companies	1,079	-	1,079
Cash and cash equivalents	629,848	-	629,848
Total financial assets	765,517	8,105	773,622

At the reporting date and all years presented, the Group carry only financial liabilities measured at amortised cost on their statement of financial position.

19. Events after the reporting date

There have been no other material events subsequent to reporting date which will impact on the state of affairs of the consolidated entity in future reporting periods.

20. This report has been released prior to the completion of the audit review in accordance with the extension of time permitted by ASIC and ASX for the half year ended 30 June 2021. The audit reviewed report will be released upon completion of the independent auditor's review.