

**UNITED OVERSEAS AUSTRALIA LTD
AND ITS CONTROLLED ENTITIES**

A.C.N 009 245 890

**HALF-YEARLY REPORT
30 June 2019**

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30 JUNE 2019**

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Corporate Information

A.C.N 009 245 890

Directors

Alan Charles Winduss (Non-Executive Chairman)
Chong Soon Kong
Pak Lim Kong
Chee Seng Teo
May Chee Kong (Alternate Director for C S Kong)

Company Secretary

Alan Charles Winduss

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 2019.

DIRECTORS

The names and details of the directors holding office during the period 1 January 2019 to 30 June 2019 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)

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

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 \$49.1 million for the six-month period ended 30 June 2019 (30 June 2018: \$43.0 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 adjacent to our residential project namely, South View Serviced Apartments. This project comprises 1 block of 44-storey freehold lifestyle apartments with 1,422 units, and a modern 2-storey lifestyle retail podium.

The construction of this project is on-going and is expected to be completed in the year 2022 with an anticipated GDV on completion of AUD 190 million.

BANDAR TUN RAZAK DEVELOPMENT

This is a development located within the thriving township of Bandar Tun Razak in Cheras, which is approximately 11 kilometres from Kuala Lumpur City Centre. This project consists of residential units with aged care and medical care facilities.

The estimated GDV of this development is AUD 101 million.

THE GOODWOOD RESIDENCE (FORMERLY KNOWN AS THE PARK RESIDENCES II)

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 a 40-storey residential tower with 678 units and it is expected to be launched in the second half of 2019.

The estimated GDV of this development is AUD 207 million.

SRI PETALING LAND

This is a development located within the matured township of Sri Petaling. This project comprises 1 block of 440 residences.

The estimated GDV of this development is AUD 86 million.

MIXED DEVELOPMENT

SENTUL POINT

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

The construction of this project is on-going and is expected to be completed in year 2020 with an anticipated GDV on completion of AUD 518 million.

UNITED POINT RESIDENCE

United Point Residence is located in Kepong and is accessible via major expressways and public transportation. This development comprises 3 blocks of 45-storey suite apartments with a total of 2,509 units, along with a commercial complex that has a direct link to the soon-to-be constructed commuter train station.

The construction of this project is on-going and is expected to be completed in year 2020 with an anticipated GDV on completion of AUD 518 million.

AUSTRALIA

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

The project is 65% sold and of the remaining units, 10 are being placed for rental income purposes.

UOA Leederville Pty Ltd, a 100% owned subsidiary is progressively renovating its rented properties in Leederville and this is expected to be completed by September 2019.

VIETNAM

United Overseas Australia Ltd, through its Vietnamese incorporated subsidiary, UOA Tower Limited Liability Company, has been granted approval by the People's Committee of Ho Chi Minh City to proceed with the development of a 24-storey Office Tower located within Ho Chi Minh City.

At the date of this report, construction has commenced and the development is expected to be completed in 2020.

UOA DEVELOPMENT BHD

At the date of this report the Group holds a 70.25% 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 46% equity in the UOA REIT.

The trust has declared a distribution of 1.46 cents per unit for the period ended 30 June 2019 and the Group will receive a gross distribution payment of \$4.7 million for the period.

DIRECTORS' REPORT

Dividend

The Directors have recommended an interim dividend of 0.5 cents (half of one cent) be paid from profits recorded in 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 2019 is attached.

Signed in accordance with the resolution of Directors.

A handwritten signature in blue ink, appearing to read 'A.C. Winduss', with a long horizontal flourish extending to the right.

A.C. Winduss
Director

Perth
29th August 2019

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 2019 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

A handwritten signature in blue ink, appearing to read 'A. C. Winduss', with a long horizontal flourish extending to the right.

Alan Charles Winduss

Director

Perth, Western Australia

29th August 2019

Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Notes	CONSOLIDATED	
		June 2019 \$'000	June 2018 \$'000
Property and construction revenue	6	204,211	157,872
Cost of sales	6	(122,726)	(85,097)
Gross profit		81,485	72,775
Other revenues	6	60,602	49,687
Other income	6	3	7,437
Impairment losses of financial assets		(983)	(727)
General and administrative expenses	6	(45,886)	(41,430)
Foreign exchange (loss)/gain		(323)	1,826
Share of results of associate		3	7
Finance income		5,492	4,905
Finance costs		(2,935)	(4,782)
Profit before tax		97,458	89,698
Income tax expense		(23,796)	(20,057)
Profit for the period		73,662	69,641
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		9,063	73,755
Items that will not be reclassified to profit or loss:			
Changes in the fair value of equity investments at fair value through other comprehensive income		117	65
Other comprehensive gain for the period, net of tax		9,180	73,820
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		82,842	143,461
Profit attributable to :			
Owners of the parent		49,055	43,002
Non-controlling interest		24,607	26,639
		73,662	69,641
Total comprehensive income attributable to :			
Owners of the parent		58,233	116,760
Non-controlling interest		24,609	26,701
		82,842	143,461
Earnings per share (cents per share)			
	7		
- basic for profit for the half-year		3.42	3.13
- diluted for profit for the half-year		3.42	3.13

The accompanying notes form part of the financial report.

Statement of Financial Position

AS AT 30 JUNE 2019

	Notes	CONSOLIDATED	
		As at 30 June 2019 \$'000	As at 31 December 2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	403,567	322,558
Trade and other receivables		184,844	216,052
Contract assets		80,343	101,209
Amount owing by associate		879	971
Inventories		554,762	571,293
Current tax assets		21,895	21,474
Total Current Assets		1,246,290	1,233,557
Non-Current Assets			
Property, plant and equipment		151,795	143,779
Investment properties		1,032,266	1,012,253
Inventories		178,669	174,624
Investment in associates		246	242
Equity investments		3,131	2,997
Deferred tax assets		17,530	15,911
Goodwill	9	133	133
Total Non-Current Assets		1,383,770	1,349,939
TOTAL ASSETS		2,630,060	2,583,496
LIABILITIES			
Current Liabilities			
Trade and other payables		186,684	223,866
Other financial liabilities		124,380	123,635
Amount owing to associate		85	-
Current tax liabilities		8,782	6,915
Total Current Liabilities		319,931	354,416
Non-Current Liabilities			
Other payables		3,947	9,068
Other financial liabilities		8,064	5,021
Deferred tax liabilities		32,046	33,487
Total Non-Current Liabilities		44,057	47,576
TOTAL LIABILITIES		363,988	401,992
NET ASSETS		2,266,072	2,181,504
EQUITY			
Parent entity interest			
Share capital	10	250,382	222,910
Reserves	11	69,908	60,730
Retained earnings		1,197,577	1,176,447
Total parent entity interest in equity		1,517,867	1,460,087
Total non-controlling interest		748,205	721,417
TOTAL EQUITY		2,266,072	2,181,504

The accompanying notes form part of this financial report.

Statement of Cash Flows

FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Notes	CONSOLIDATED	
		June 2019 \$'000	June 2018 \$'000
Cash flow from operating activities			
Profit before tax		97,458	89,698
Adjustments for:			
Impairment losses of financial assets		983	727
Depreciation of property, plant and equipment		3,734	3,536
Dividend income		(103)	(165)
Gain on disposal of property, plant and equipment		(3)	(1)
Foreign currency loss/(gain)		281	(1,843)
Property, plant and equipment written off		5	30
Finance costs		2,935	4,782
Interest income		(5,492)	(4,905)
Share of results of associate		(3)	(7)
Fair value adjustment on investment properties		-	(7,436)
Operating profit before working capital changes		99,795	84,416
Decrease in inventories		19,294	11,931
Decrease/(Increase) in receivables		31,324	(122,035)
Decrease in contract assets		21,376	82,290
Decrease in payables		(34,580)	(37,755)
Increase in contract liabilities		-	633
Cash generated from operations		137,209	19,480
Interest paid		(2,793)	(4,752)
Interest received		5,274	4,748
Income taxes paid		(25,417)	(17,471)
Net cash generated from operating activities		114,273	2,005
Cash flow from investing activities			
Advances from an associate company		97	-
Dividend received		103	165
Proceeds from sale of property, plant and equipment		86	1
Payment for purchase of investment properties		(13,999)	(16,805)
Payment for purchase of property, plant and equipment		(10,659)	(1,081)
Purchase of land held for property development		(2,505)	(3,323)
Acquisition of shares in new subsidiary company, net of cash		-	(20,415)
Acquisition of additional shares in an existing subsidiary company		-	(350)
Net cash used in investing activities		(26,877)	(41,808)

Statement of Cash Flows (Continued)

FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Notes	CONSOLIDATED	
		June 2019	June 2018
		\$'000	\$'000
Cash flow from financing activities			
Proceeds from borrowings		11,276	17,732
Repayment of borrowings		(7,995)	(22,449)
Repayment from associated company		172	-
(Repayment to)/Advances from other entities		(8,741)	10,295
Dividend paid to non-controlling shareholders of subsidiary companies		(1,737)	(14,467)
Dividend paid to owners of the Company		(1,079)	(1,329)
Payment of hire purchase and lease liabilities		(540)	(955)
Net cash used in financing activities		(8,644)	(11,173)
Net increase/(decrease) in cash and cash equivalents		78,752	(50,976)
Net foreign exchange differences		2,257	15,775
Cash and cash equivalents at beginning of period		322,558	277,201
Cash and cash equivalents at end of period	8	403,567	242,000

The accompanying notes form part of this financial report.

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 30 JUNE 2019

CONSOLIDATED	<i>Share capital</i> \$'000	<i>Retained earnings</i> \$'000	<i>Foreign exchange reserve</i> \$'000	<i>Other reserve</i> \$'000	<i>Total</i> \$'000	<i>Non-controlling Interest</i> \$'000	<i>Total equity</i> \$'000
Balance at 1 January 2018	183,245	1,116,511	(46,326)	433	1,253,863	634,243	1,888,106
Dividends paid	-	(34,178)	-	-	(34,178)	(14,467)	(48,645)
Shares issued during the period							
- dividend reinvestment scheme	32,849	-	-	-	32,849	-	32,849
Other changes in non-controlling interest	-	-	-	-	-	39,723	39,723
Change in stake	-	(344)	-	-	(344)	(6)	(350)
Transactions with owners	216,094	1,081,989	(46,326)	433	1,252,190	659,493	1,911,683
Profit for the period	-	43,002	-	-	43,002	26,639	69,641
Other comprehensive income:							
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	3	3	62	65
Exchange differences on translation of foreign operations	-	-	73,755	-	73,755	-	73,755
Total comprehensive income for the period	-	43,002	73,755	3	116,760	26,701	143,461
Balance at 30 June 2018	216,094	1,124,991	27,429	436	1,368,950	686,194	2,055,144

The accompanying notes form part of this financial report.

Statement of Changes in Equity (Continued)

FOR THE HALF-YEAR ENDED 30 JUNE 2019

CONSOLIDATED	<i>Share capital</i>	<i>Retained earnings</i>	<i>Foreign exchange reserve</i>	<i>Other reserve</i>	<i>Total</i>	<i>Non-controlling Interest</i>	<i>Total equity</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at 1 January 2019	222,910	1,176,447	61,087	(357)	1,460,087	721,417	2,181,504
Dividends paid	-	(28,551)	-	-	(28,551)	(1,737)	(30,288)
Shares issued during the period							
- dividend reinvestment scheme	27,472	-	-	-	27,472	-	27,472
Other changes in non-controlling interest	-	-	-	-	-	4,542	4,542
Change in stake	-	626	-	-	626	(626)	-
Transactions with owners	250,382	1,148,522	61,087	(357)	1,459,634	723,596	2,183,230
Profit for the period	-	49,055	-	-	49,055	24,607	73,662
Other comprehensive income:							
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	115	115	2	117
Exchange differences on translation of foreign operations	-	-	9,063	-	9,063	-	9,063
Total comprehensive income for the period	-	49,055	9,063	115	58,233	24,609	82,842
Balance at 30 June 2019	250,382	1,197,577	70,150	(242)	1,517,867	748,205	2,266,072

The accompanying notes form part of this financial report.

Notes to the Condensed Interim Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 30 JUNE 2019

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 (the interim financial statements) of the Group are for the six months ended 30 June 2019 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 2018 and any public announcements made by the Group during the half year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards. AASB 16 *Leases* became mandatorily effective on 1 January 2019. The Group has changed its accounting policies and made retrospective adjustments (where required). The impact of the adoption of this standard and the new accounting policies are disclosed in Note 3 below.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 29 August 2019.

New standards adopted as at 1 January 2019

AASB 16 *Leases*

AASB 16 *Leases* replaced AASB 117 *Leases*, Int. 4 *Determining whether an Arrangement contains a Lease*, Int. 115 *Operating Leases-Lease Incentives* and Int. 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from accounting under AASB 117. Lessors continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

3 Changes in significant accounting policies

This note explains the impact of the adoption of AASB 16 *Leases* on the Group’s financial statements and also discloses the new accounting policies that have been applied from 1 January 2019.

For transition, as permitted by AASB 16, the Group applied the modified retrospective approach to existing operating leases which will be capitalised under the new standard (i.e. retrospectively with the cumulative effect recognised at the date of initial application as an adjustment to the opening balance of retained earnings with no restatement of comparative information in the financial statement).

The Group mainly acts as a lessor, the impact of AASB 16 adoption has been determined to be insignificant to the financial statements and no adjustments have been made to opening balance of retained earnings.

Notes to the Condensed Interim Consolidated Financial Statements (Continued)

FOR THE HALF-YEAR ENDED 30 JUNE 2019

Right-to-use assets and lease liabilities continue to be recognised as finance leases. Right-to-use assets and lease liabilities have not been recognised for previous operating leases as the amounts are not material as demonstrated by operating leases commitments being only \$323,000 at 31 December 2018.

4 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.

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 2018. 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.

5 Significant events and transactions

The Group's management believes that the Group is well positioned despite the continuing difficult economic circumstances. Factors contributing to the Group's strong position are:

- The Group does not expect to need additional borrowing facilities in the next 12 months as a result of its significant financial resources, existing facilities and strong liquidity reserves.
- The Group trades substantially with third parties that are backed by loan facilities from financial institutions and such lenders have extended undertakings to the Group to honour payments when due.

Overall, the Group is in a strong position despite the current economic environment, and has sufficient capital and liquidity to service its operating activities and debt. The Group's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

6 Revenue

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

	Six months to 30 June 2019			
	Investment	Land development and resale	Others	Total
	\$'000	\$'000	\$'000	\$'000
Goods transferred at a point in time	-	45,954	-	45,954
Services transferred over time	33,078	175,699	10,085	218,862
	<u>33,078</u>	<u>221,653</u>	<u>10,085</u>	<u>264,816</u>
	Six months to 30 June 2018			
	Investment	Land development and resale	Others	Total
	\$'000	\$'000	\$'000	\$'000
Goods transferred at a point in time	-	43,118	-	43,118
Services transferred over time	37,148	126,867	7,863	171,878
	<u>37,148</u>	<u>169,985</u>	<u>7,863</u>	<u>214,996</u>

Notes to the Condensed Interim Consolidated Financial Statements (Continued)

FOR THE HALF-YEAR ENDED 30 JUNE 2019

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2019:

	Total \$'000
Sale of development properties under construction	365,020

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.

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

	CONSOLIDATED	
	June 2019	June 2018
	\$'000	\$'000
(i) Other revenues		
Rental revenue	31,872	25,511
Parking fee revenue	6,322	5,833
Hotel operations revenue	15,484	15,038
Dividends received from investments – other corporations	103	165
Other services	6,821	3,140
	<u>60,602</u>	<u>49,687</u>
(ii) Other income		
Gain on disposal of property, plant and equipment	3	1
Fair value adjustment on investment properties	-	7,436
	<u>3</u>	<u>7,437</u>
(iv) Cost of sales		
Development expenses	122,726	85,097
(v) General and administrative expenses		
Depreciation	3,734	3,536
Employee benefit expenses	14,183	13,101
Property, plant and equipment written off	5	30
Property maintenance expenses	15,175	14,511
Marketing expenses	1,572	1,136
Professional expenses	884	242
Other expenses	10,333	8,874
	<u>45,886</u>	<u>41,430</u>

Notes to the Condensed Interim Consolidated Financial Statements (Continued)

FOR THE HALF-YEAR ENDED 30 JUNE 2019

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 2019 and 30 June 2018.

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 2019 000s	30 June 2018 000s
Weighted average number of shares used in basic earnings per share	1,432,536	1,373,731
Shares deemed to be issued for no consideration in respect of share-based payments	-	-
Weighted average number of shares used in diluted earnings per share	1,432,536	1,373,731

8 Additional Information

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

	CONSOLIDATED	
	30 June 2019 \$'000	30 June 2018 \$'000
Cash at bank and in hand	164,455	59,450
Short term bank deposits	151,188	107,235
Short term investments	87,924	75,315
	<u>403,567</u>	<u>242,000</u>

9 Goodwill

There were no changes in goodwill from the date of this report.

10 Share Capital

	30 June 2019		31 December 2018	
	Number of shares	\$'000	Number of shares	\$'000
Amounts in thousand shares				
Shares issued and fully paid:				
• beginning of the period	1,427,531,912	222,910	1,367,123,309	183,245
• issued under share-based payment plans	-	-	-	-
• share issue	43,126,582	27,472	60,408,603	39,665
Shares issued and fully paid	<u>1,470,658,494</u>	<u>250,382</u>	<u>1,427,531,912</u>	<u>222,910</u>

Notes to the Condensed Interim Consolidated Financial Statements (Continued)

FOR THE HALF-YEAR ENDED 30 JUNE 2019

11 Other Components of Equity

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

	Translation reserve \$'000	Equity FVTOCI reserve \$'000	Total \$'000
Balance at 1 January 2019	61,087	(357)	60,730
Changes in the fair value of equity investments at fair value through comprehensive income	-	115	115
Exchange differences on translating foreign operations	9,063	-	9,063
Balance at 30 June 2019	70,150	(242)	69,908
Balance at 1 January 2018	(46,326)	433	(45,893)
Changes in the fair value of equity investments at fair value through comprehensive income	-	3	3
Exchange differences on translating foreign operations	73,755	-	73,755
Balance at 30 June 2018	27,429	436	27,865

12 Business combination

There were no business combination during period under review.

13 Seasonal fluctuations

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

14 Dividends

During the first half of 2019, United Overseas Australia Ltd paid dividends of \$28,550,755 to its equity shareholders (first half of 2018: \$34,178,083). This represents a payment of 2.0 cents per share (first half of 2018: 2.5 cents per share).

Notes to the Condensed Interim Consolidated Financial Statements (Continued)

FOR THE HALF-YEAR ENDED 30 JUNE 2019

15 Contingent Liabilities

As announced by the Company on 12 February 2019, Windsor Triumph Sdn Bhd (“Windsor”) and Sunny Uptown Sdn Bhd (“Sunny”) both are wholly-owned subsidiaries of the Company’s majority owned listed entity UOA Development Bhd, were served by the Inland Revenue Board of Malaysia (“IRB”) with Notices of Additional Assessment for the Year of Assessment 2013, for additional income tax totalling RM25,558,750 (AUD \$8,820,845) and penalty totalling RM14,057,312 (AUD \$4,851,465) as follows:

Name of Company	Additional Assessment		Penalty		Total Amount	
	(RM)	(\$)	(RM)	(\$)	(RM)	(\$)
Windsor Triumph Sdn Bhd	8,990,750	3,102,891	4,944,912	1,706,590	13,935,662	4,809,481
Sunny Uptown Sdn Bhd	16,568,000	5,717,954	9,112,400	3,144,875	25,680,400	8,862,829

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

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

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

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

16 Fair value measurement of financial instruments

16.1 Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- **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 (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3** : inputs for the asset or liability that is not based on observable market data (unobservable inputs)

16.2 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 2019.

Certain financial assets of the Group are measured and recognised at fair value at 30 June 2019 and 31 December 2018 on a recurring basis are as follows:

	30 June	31 December	Fair value hierarchy	Valuation method
	2019	2018		
	\$’000	\$’000		
Financial assets				
Equity investments	3,131	2,997	Level 1	Quoted bid price in active market

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

Notes to the Condensed Interim Consolidated Financial Statements

FOR THE HALF-YEAR ENDED 30 JUNE 2019

17 Segment Reporting

	Investment		Land development and resale		Others		Elimination		Consolidated	
	June 2019	June 2018	June 2019	June 2018	June 2019	June 2018	June 2019	June 2018	June 2019	June 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue										
Sales to customers outside the group	-	-	204,211	157,872	-	-	-	-	204,211	157,872
Other revenues from customers outside the group	33,078	37,148	17,442	12,113	10,085	7,863	-	-	60,605	57,124
Inter segment revenue	53,470	138,811	133,229	99,011	1,501	1,473	(188,200)	(239,295)	-	-
Total revenue	86,548	175,959	354,882	268,996	11,586	9,336	(188,200)	(239,295)	264,816	214,996
Segment results	645	10,692	67,475	54,107	5,536	4,834	-	-	73,656	69,633
Reconciliation of segment operating profit to net profit after tax									73,656	69,633
Gain on disposal of property, plant and equipment									3	1
Result from equity accounted investments									3	7
Total net profit after tax per profit or loss									73,662	69,641

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 2019

17 Segment Reporting

	Investment		Land development and resale		Others		Elimination		Consolidated	
	June 2019 \$'000	December 2018 \$'000	June 2019 \$'000	December 2018 \$'000	June 2019 \$'000	December 2018 \$'000	June 2019 \$'000	December 2018 \$'000	June 2019 \$'000	December 2018 \$'000
Segment assets	1,043,956	1,035,643	1,494,895	1,477,645	48,520	29,693	-	-	2,587,371	2,542,981
Reconciliation of segment assets to total assets									2,587,371	2,542,981
Equity investments									3,131	2,997
Deferred tax assets									17,530	15,911
Current tax assets									21,895	21,474
Goodwill									133	133
Total assets as per the statement of financial position									2,630,060	2,583,496
Segment liabilities	141,388	137,833	174,734	215,634	7,038	8,123	-	-	323,160	361,590
Reconciliation of segment liabilities to total liabilities									323,160	361,590
Deferred tax liabilities									32,046	33,487
Current tax liabilities									8,782	6,915
Total liabilities as per the statement of financial position									363,988	401,992

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 2019

18 Capital Commitment

The Group has the following capital commitments at 30 June 2019:

	\$'000
Purchase of plant and equipment	13,080
Purchase of investment property	30,729
	<u>43,809</u>

19 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 services from a company, Winduss & Associates. During the period, the fees paid to Winduss & Associates totalled \$123,651 (30 June 2018: \$90,827).
 - (ii) The Group provide management services to and receives security services from an associated company, Asli Security Services Sdn Bhd (“Asli”). During the period, the management services billed to Asli totalled Nil (30 June 2018: \$9,930) and security services charged by Asli totalled \$605,237 (30 June 2018: \$646,345).
 - (ii) The Company’s through its wholly owned subsidiary UOA Capital Sdn Bhd has entered into a loan agreement for approximately \$1 million with a company associated with Mr. Low Shu Nyok. Mr. Low is a Non-Executive Director of UOA Development Bhd, which is a majority owned subsidiary listed on Bursa Malaysia.

20 Events after the reporting date

On 29 August 2019, the directors of United Overseas Australia Ltd proposed an interim dividend of 0.5 cents per ordinary shares in respect of the financial year ending 31 December 2019.

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.

Independent Auditor's Review Report

To the Members of United Overseas Australia Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of United Overseas Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of United Overseas Australia Limited does not give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of United Overseas Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner – Audit & Assurance

Perth, 29 August 2019

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 review of United Overseas Australia Limited for the half-year ended 30 June 2019, 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M J Hillgrove
Partner – Audit & Assurance

Perth, 29 August 2019

Appendix 4D

Half Yearly Report Half Year Ended 30 June 2019

Name of entity

UNITED OVERSEAS AUSTRALIA LTD

ACN or equivalent company
reference

009 245 890

Half year ('current period')

30 June 2019
(Previous corresponding period: 30 June
2018)

Results for announcement to the market

Extracts from this report for announcement to the market

\$'000

Revenues from ordinary activities	Up	29.35%	to	204,211
Profit from ordinary activities after tax attributable to members	Up	14.08%	to	49,055
Net profit for the period attributable to members	Up	14.08%	to	49,055

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	0.5¢	Nil
Previous corresponding period		
Interim dividend	0.5¢	Nil

⁺Record date for determining entitlements to the dividend,
(in the case of a trust, distribution) (*see item 15.2*)

[15/10/2019]

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

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.

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ⁺ ordinary security	103.20 cents	96.61 cents

⁺ See chapter 19 for defined terms.

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable

[06/11/2019]

⁺Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺securities are not ⁺CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺securities are ⁺CHESS approved)

[15/10/2019]

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
Interim dividend: Current year	0.5¢	Nil	Nil
Previous year	0.5¢	Nil	Nil

Interim dividend on all securities

	Current period \$'000	Previous corresponding period - \$'000
⁺ Ordinary securities	7,353	7,085

The ⁺dividend or distribution plans shown below are in operation.

United Overseas Australia Ltd Shareholders Dividend Reinvestment Plan

The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

[22/10/2019]

Any other disclosures in relation to dividends

Dividend is 100% conduit foreign income

Control gained or lost over entities having material effect

Not applicable.

Associates and Joint Venture Entities

Associates and joint venture entities are not considered to be material to the Group.

⁺ See chapter 19 for defined terms.