



**United Overseas Australia Ltd**

# 25

YEARS  
OF BUILDING  
EXCELLENCE

**ANNUAL REPORT 2012**  
**BUILDING A BETTER TOMORROW**

## **BUILDING A BETTER TOMORROW**

At UOA, we are committed to creating sustainable developments of high quality standards that serve to enrich and add value to the lives of our customers and communities. With a clear and steadfast direction over the past 25 years, we have successfully maintained a strategic focus in the face of significant growth. We will continue our endeavours to make a positive difference by building success today for a better tomorrow in our enduring pursuit of excellence.



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# REFLECTING ON 25 YEARS OF ACHIEVEMENTS

1987

United Overseas Australia Ltd was founded and listed on the Australian Stock Exchange (ASX).

1989

UOA began its focus on property development, construction and property investment in Kuala Lumpur, Malaysia.

1994

The completion of UOA Centre, UOA's first office building in Kuala Lumpur.

2005

UOA crossed another milestone by listing its key investment properties in a Real Estate Investment Trust (REIT) on Bursa Malaysia.

UOA REIT was formed with UOA's three office blocks, namely UOA Centre, Wisma UOA II and Wisma UOA Damansara.

2007

Construction commenced for Bangsar South – UOA's 60 acre flagship mixed use development.

2008

United Overseas Australia Ltd obtained secondary listing on the Singapore Exchange (SGX).

2009

UOA relocated its headquarters to Bangsar South.

2010

Bangsar South City was conferred the prestigious MSC Malaysia Cybercentre status by the Malaysian Government.

UOA opened a sales gallery and support office in Suntec, Singapore.

2011

UOA achieved a monumental milestone by listing its development arm, UOA Development Bhd on Bursa Malaysia.

The acquisition of Wisma UOA Damansara II and Parcel B – Menara UOA Bangsar by UOA REIT was successfully completed.

2012

UOA Development Bhd emerged as the winner for The Edge Notable Achievement Award at The Edge Malaysia Property Excellence Awards.

UOA Development Bhd was also named amongst the top performing 200 Asia-Pacific companies in Forbes Asia's 200 Best Under A Billion List.

# CORPORATE DIRECTORY

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## DIRECTORS

Mr Chong Soon Kong  
(Chairman and Chief Executive Officer)  
Mr Pak Lim Kong  
Mr Alan Charles Winduss  
Mr Alphonsus Chok Kian Tan  
(Resigned on 20/8/2012)  
Mr Chee Seng Teo  
Ms May Chee Kong (alternate for C.S. Kong)

## COMPANY SECRETARY

Alan Charles Winduss

## ASX Code

UOS

## REGISTERED OFFICE

Level One  
467 Scarborough Beach Road  
Osborne Park, Perth  
Western Australia 6017

**Telephone** +618 9217 9800

**Facsimile** +618 9217 9899

## PRINCIPAL PLACE OF MANAGEMENT

Wisma UOA Bangsar South  
Tower 1, Avenue 3  
The Horizon, Bangsar South City  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

## SHARE REGISTRY

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

## AUDITORS

Grant Thornton Audit Pty Ltd  
Level One  
10 Kings Park Road  
West Perth  
Western Australia 6005

## SOLICITORS

Steinepreis Paganin  
Level 4  
Read Building  
16 Milligan Street  
Perth  
Western Australia 6000





# CHAIRMAN'S MESSAGE

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Dear Fellow Shareholder,

The year under review, 2012, has been one of steady growth and consolidation for United Overseas Australia Ltd and its two listed majority controlled subsidiaries, UOA Development Bhd (listed Bursa Malaysia) and UOA Real Estate Investment Trust (listed Bursa Malaysia).

Economic conditions both in Malaysia and worldwide during the twelve months under review have been varied and unpredictable, and it is with pleasure that I can share with my fellow shareholders that again the Group has recorded a very solid profit result for the financial year.

The Company and members of its economic entity has recorded a profit of \$133.38 million of which \$81.96 million is attributable to members of United Overseas Australia Ltd.

The board has unanimously agreed to recommend payment of a 2c (two cent) final dividend making a total of 2.5c (two and one half cents) for the year ended 31 December 2012.

Together with other members of the board I am confident that the Group will continue to go forward in a positive manner but we are also mindful that our results can be affected by the vagaries of economic conditions.

The results and growth as recorded are only achieved with continued hard work and dedication by directors, department heads, management and all our staff and to them, both myself and my fellow directors say a very big thank you.

**C.S. Kong**  
**Chairman & Chief Executive Officer**

# EXECUTIVE DIRECTOR'S REVIEW OF OPERATIONS

As commented by our Chairman Mr C. S. Kong, 2012 has been a year of steady growth for the Group.

In order that our shareholders may have a complete understanding of our Group, following are extracts from the Annual Reports of UOA Development Bhd (67.99% owned) and UOA Real Estate Investment Trust (46.25% owned) results from each of which are consolidated into these financial results.

## EXTRACTS FROM UOA DEVELOPMENT BHD'S ANNUAL REPORT

UOA Development Bhd and its subsidiaries (the "Group") closed financial year 2012 with a remarkable \$249.7 million in revenue and \$94.1 million in net profit after tax. Financial year 2012 was also marked by an all-time-high new sales record of approximately \$534.2 million compared to \$266.9 million in the preceding year. The record sales for the year were attributed to the strong take up of the Group's new development projects launched during the year namely Le Yuan Residence, One Bukit Ceylon, Vertical Office Suites Phase I, Kencana Square Retail Shops and Scenaria @ North Kiara Hills. In addition to the new launches, the year saw substantial sales from completed commercial projects in Kepong Business Park and Horizon Phase II. The Group was awarded the Notable Achievement Award 2012 by the The Edge Malaysia and was also one of the 200 companies from 15 countries across the Asia Pacific region that made the Forbes Asia's 200 Best Under a Billion List.



Bangsar South



## COMPLETED DEVELOPMENT

For the year under review, the Group has successfully completed two development projects in Binjai 8 and Setapak Green Condominium. The luxurious Binjai 8 development project located in the heart of Kuala Lumpur city centre marked the completion of the Group's first Small-Office-Home-Office concept. The 445 units of Setapak Green Condominium were also completed well ahead of schedule during the year.



Setapak Green



Binjai 8



The Horizon Phase 2, Bangsar South

## CURRENT DEVELOPMENT

In financial year 2012, the Group launched the first phase of Vertical Office Suites Phase 1, a 35-storey strata office development within Bangsar South. The Gross Development Value ("GDV") for this project is estimated to be approximately \$109.3 million. The Group has also commenced the initial phase of Kencana Square consisting of 26 units of retail shops with GDV of approximately \$62.5 million. As a whole, the entire development has an estimated GDV of \$468.6 million. The Group has also commenced preview for both Scenaria @ North Kiara Hills and Desa Green. Both projects are residential projects in Segambut and Taman Desa respectively. In aggregate, the GDV for the two projects is estimated to be \$374.9 million.

The strong response for One @ Bukit Ceylon Hotel Suites, which consists mainly of small-sized furnished studios, continued to contribute significantly to the sales in financial year 2012. This commercial project which features full hotel facilities and associated services has an estimated total GDV of \$62.5 million.

Le Yuan Residence which was launched during the end of 2011 continued its encouraging sales in financial year 2012. This residential project with a unique concept of a man-made beach has an estimated GDV of \$140.6 million.

The exclusive condominium project in Taman Desa, Desa Eight, is a low-density condominium. The spacious units are also well-received in the niche market. The GDV for this project is approximately \$15.3 million.

Camellia Serviced Suites, Bangsar South, which has an estimated GDV of \$156.2 million will be partially operated as serviced apartments as Capri by Fraser. The project is expected to complete in year 2013 making it the first serviced residence in Bangsar South.

Majority of the newly launched projects are at the initial stages of construction. The Group expects construction to reach a more advanced stage towards the second half of 2013. The construction of the Nexus in Bangsar South is estimated to complete in 2013. It has a total built up area of over three hundred thousand square feet and is expected to further enhance the value of current as well as future properties in Bangsar South.



One @ Bukit Ceylon Hotel Suites



Kencana Square





Le Yuan Residence



Camellia Serviced Suites and Nexus, Bangsar South



Desa Eight, Taman Desa



The Vertical Office Suites



Desa Green



Scenaria @ North Kiara Hills

## FUTURE DEVELOPMENT

Scheduled to be launched in 2013 are subsequent phases of Kencana Square, The Vertical Office Suites Phase II, South View Residence as well as the fully fledged launch for Scenaria @ North Kiara Hills and Desa Green. The total estimated GDV of the pipeline launches in financial year 2013 is approximately \$1.2 billion.

The Group continues its successful strategy by focusing on development within the Greater Kuala Lumpur area and seeking opportune land acquisitions in strategic locations.



**UOA DEVELOPMENT BHD  
GROUP FINANCIAL SUMMARY**

**Group Year Under Review Summary  
Year Ended 31 December (\$'000)**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
Revenue	249,674	193,028	118,041
Profit before tax	129,399	151,566	104,575
Profit after tax	101,709	126,749	87,969
Profit attributable to shareholders	94,133	121,054	85,721
Paid-up capital	20,007	18,565	13,586
Shareholders' equity	658,297	560,721	211,417
Total assets employed	814,040	664,693	400,575
Total net tangible assets	676,673	572,929	217,955
Basic earnings per share (\$)	0.08	0.11	1.96
Net tangible assets per share (\$)	0.53	0.48	5.05
Share price – High (\$)	0.61	0.82	NA
Share price – Low (\$)	0.43	0.36	NA

Note : The comparative figures for the year ended 31 December 2010 has been prepared under the merger method of accounting, where the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the date that common control was established

## EXTRACTS FROM UOA REAL ESTATE INVESTMENT TRUST'S ANNUAL REPORT

## FINANCIAL HIGHLIGHTS

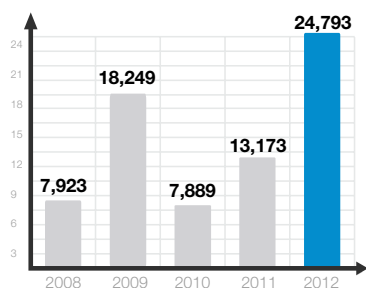
	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010	Year ended 31 December 2009	Year ended 31 December 2008
Total gross income (\$'000)	27,288	25,085	13,466	14,042	13,311
Income before tax (\$'000)	24,793	13,173	7,889	18,249	7,923
Income after tax (\$'000)					
- realised	14,877	13,077	7,870	9,078	7,923
- unrealised	8,905	96	1,764	7,425	-
- Total	23,782	13,173	9,634	16,503	7,923
Earnings per unit (cents)					
- realised	3.52	3.29	3.20	3.69	3.22
- unrealised	2.11	0.03	0.72	3.02	-
- Total	5.63	3.32	3.92	6.71	3.22
Distribution per unit (cents)	3.27	3.09	3.14	3.62	3.16
Total asset value (\$'000)	335,398	321,581	174,759	161,254	150,255
Net asset value (\$'000)	199,410	186,761	115,480	113,542	106,036
Net asset value per unit (\$)	0.47	0.44	0.47	0.46	0.43
Market price per unit (\$)	0.43	0.44	0.47	0.40	0.34
Distribution yield	7.65%	7.02%	6.65%	8.98%	9.37%
Annual total returns (\$'000) <sup>(1)</sup>	14,877	13,077	7,870	9,078	7,923
Average total returns <sup>(2)</sup>					
- for one year	10.00%	8.73%	10.14%	11.69%	10.20%
- for three years	9.62%	10.19%	0.68%	10.17%	8.92%
- for five years	10.15%	9.87%	9.72%	-	-

<sup>(1)</sup> Annual total returns is defined as realised income after tax.

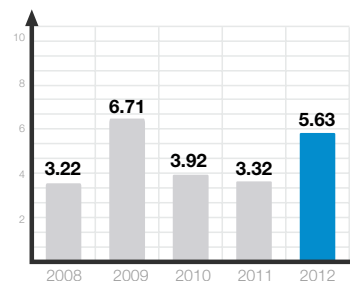
<sup>(2)</sup> Average total returns is computed based on annual total returns for the respective financial years divided by unitholders' capital for the respective financial years.

Note : Past performance is not necessarily indicative of future performance. Unit prices and investment returns may fluctuate.

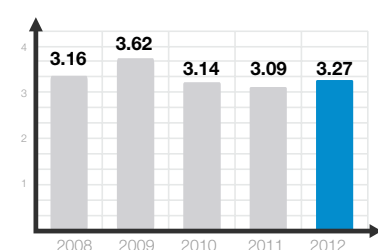
INCOME BEFORE TAX (\$'000)



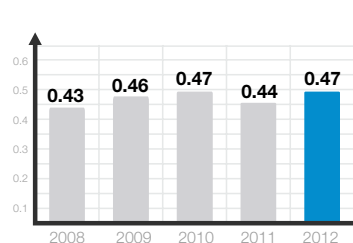
EARNINGS PER UNIT (CENTS)



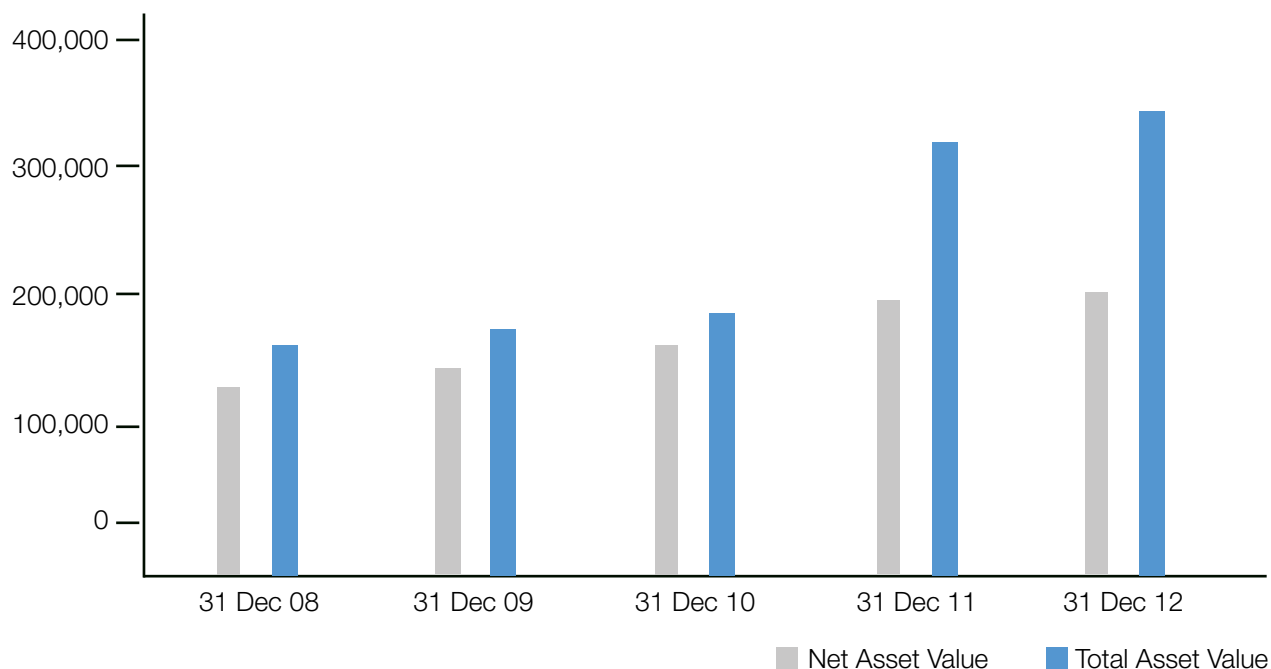
DISTRIBUTION PER UNIT (CENTS)



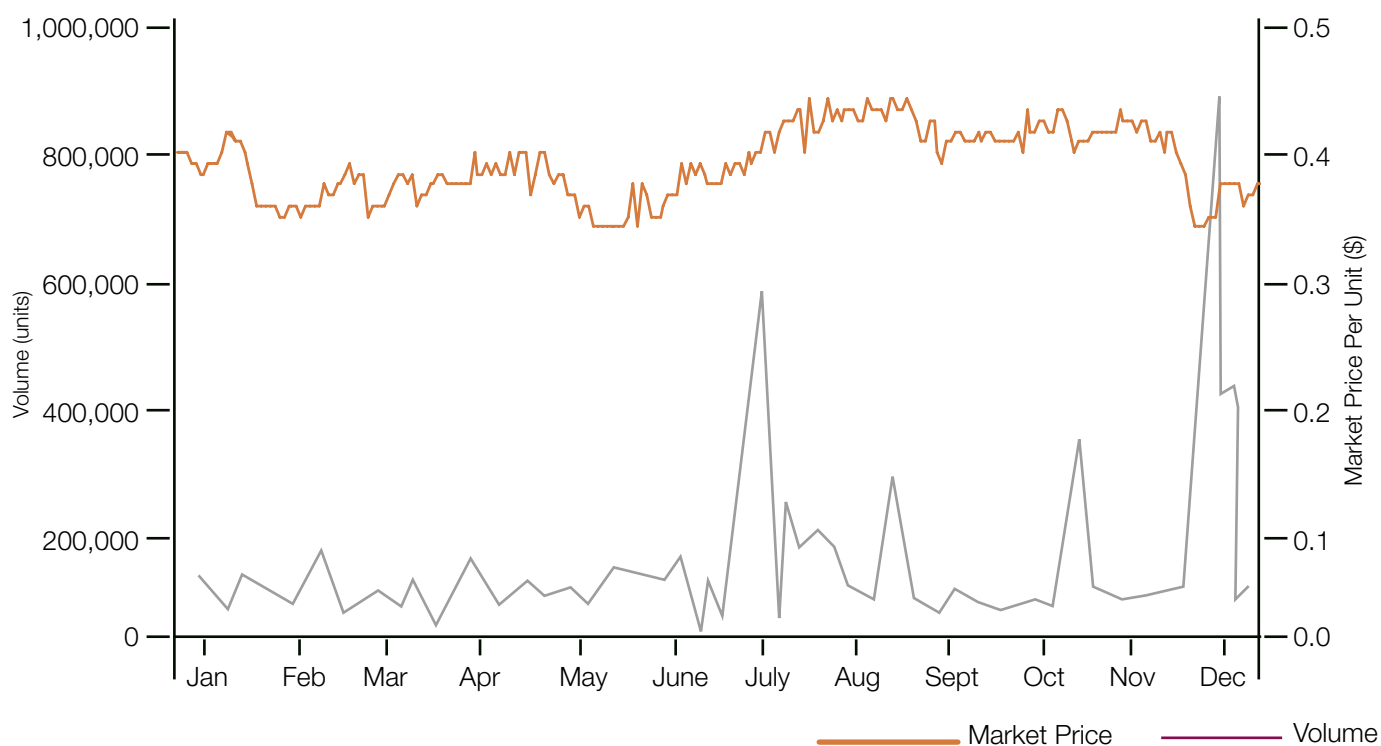
NET ASSET VALUE PER UNIT (\$)



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



## Trading Performance & Market Price Per Unit





# MANAGER'S REPORT

UOA Asset Management Sdn Bhd, the Manager of UOA Real Estate Investment Trust ("UOA REIT"), has pleasure in presenting the Manager's Report on UOA REIT together with the audited financial statements of UOA REIT for the year ended 31 December 2012 ("financial year").

## PRINCIPAL ACTIVITY OF THE MANAGER

The Manager, a company incorporated in Malaysia, is a subsidiary company of UOA Corporation Bhd (an effectively 60% owned subsidiary company of UOA Holdings Sdn Bhd which in turn, is a wholly owned subsidiary company of United Overseas Australia Ltd, a company incorporated in Australia and listed on the Australian Stock Exchange and Stock Exchange of Singapore). The principal activity of the Manager is the management of real estate investment trusts. There has been no significant change in the nature of this activity during the financial year.

## PRINCIPAL ACTIVITIES AND INVESTMENT OBJECTIVE OF THE TRUST

UOA REIT is a Malaysia-domiciled real property trust fund constituted under a Deed dated 28 November 2005 ("Deed") by UOA Asset Management Sdn Bhd ("Manager") and OSK Trustees Berhad ("Trustee").

UOA REIT commenced 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 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 UOA REIT's investment objective:

### (I) Operating Strategy

UOA REIT'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 via the following:

- (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 maintaining the quality of the Properties.

**(II) Acquisition Strategy**

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

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

The Manager has access to a network of and good relationships with leading participants in the real estate industry which may assist UOA REIT 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 will be an important competitive advantage of UOA REIT.

The Manager intends to capitalise on the relationship with UOA Holdings Group, 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 UOA REIT 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 for alternative investments in properties that meet their investment criteria.

**(III) Capital Management Strategy**

The Manager aims to optimise UOA REIT'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 UOA REIT's capital structure to meet future investment and/or capital requirements.

## INVESTMENT POLICIES

### (I) Portfolio Composition

UOA REIT's investments may be allocated in the following manner, as prescribed by the REIT Guidelines:

- (a) at least 75% of UOA REIT's total assets shall be invested in real estate, single-purpose companies, real estate-related assets or liquid assets;
- (b) at least 50% of UOA REIT's total assets must be invested in real estate or single-purpose companies; and
- (c) the remaining 25% of UOA REIT's total assets may be invested in other assets (i.e. real estate-related assets, non-real estate-related assets or asset-backed securities).

Currently, 99.90% of UOA REIT's investment is in the Properties.

### (II) Diversification

UOA REIT will seek to diversify its real estate portfolio by property and location type. UOA REIT will focus on investing in real estates that are primarily used for office, retail and/or residential purposes and will continue to look for opportunities in these types of properties. In addition, it may also look into other properties that will provide attractive risk-adjusted returns.

### (III) Leverage

UOA REIT will be able to leverage on its borrowings to make the permitted investments. Leveraging on its borrowings will increase the returns to unitholders. UOA REIT is permitted to procure borrowings of up to 50% of its total asset value.

## DISTRIBUTION POLICY

At least 90% of the distributable income of UOA REIT will be distributed semi-annually or at such other intervals as determined by the Manager, in arrears.



The details of the real estate properties as at 31 December 2012 are as follows:

**1) UOA Centre Parcels**

Address/Location	Within UOA Centre at No. 19, Jalan Pinang, 50450 Kuala Lumpur
Title details	Master title: Geran 46212, Lot No. 1312, Section 57, Town and District of Kuala Lumpur, State of Wilayah Persekutuan KL.
	Strata title: Pending transfer to the Trustee.
Property type	Office parcels
Description	Parcels within the 33 storey office building known as UOA Centre inclusive of 6 levels of car park space.
Net lettable area	123,950 sq ft
Age	Approximately 18 years
Existing use	Commercial
Status of holding	Freehold
Major tenants (based on monthly rental receivable)	a) Dats Management Sdn Bhd b) Bank Kerjasama Rakyat Malaysia Bhd c) Saipem Asia Sdn Bhd
Occupancy rate (based on secured tenancies)	96.0%
Rental received	\$2,240,293
Maintenance costs and capital expenditure	Maintenance costs amount to \$925,903. No major capital expenditure incurred during the financial year.
Encumbrances	Pledged to a financial institution as security for revolving credit facilities.
Date of acquisition	29 November 2005
Cost of acquisition	\$17,626,900
Last valuation	\$24,874,839
Date of last valuation	31 December 2012
Basis of valuation	Investment and Comparison Method
Independent valuer	PPC International Sdn Bhd
Net book value	\$24,874,839

## 2) UOA II Parcels

Address/Location	Within UOA II at No. 21, Jalan Pinang, 50450 Kuala Lumpur
Title details	Master title: Geran 46212, Lot No. 1312, Section 57, Town and District of Kuala Lumpur, State of Wilayah Persekutuan KL.
	Strata title: Pending transfer to the Trustee.
Property type	Office parcels
Description	Parcels within the 39 storey office building known as UOA II inclusive of 5 levels of car park space.
Net lettable area	431,259 sq ft
Age	Approximately 14 years
Existing use	Commercial
Status of holding	Freehold
Major tenants (based on monthly rental receivable)	a) Dats Management Sdn Bhd b) Envico Enterprises Sdn Bhd c) Malaysian Electronic Clearing Corporation Sdn Bhd
Occupancy rate (based on secured tenancies)	91.1%
Rental received	\$6,470,431
Maintenance costs and capital expenditure	Maintenance costs amount to \$1,247,578. Capital expenditure of \$104,174 was incurred during the financial year to improve the property.
Encumbrances	Pledged to a financial institution as security for revolving credit facilities (There are no encumbrances on Level 17, UOA II).
Date of acquisition	29 November 2005 (Excluding Level 17, UOA II) 22 March 2010 (Level 17, UOA II)
Cost of acquisition	\$61,243,207
Last valuation	\$82,338,865
Date of last valuation	31 December 2012
Basis of valuation	Investment and Comparison Method
Independent valuer	PPC International Sdn Bhd
Net book value	\$82,338,865

### 3) UOA Damansara Parcels

Address/Location	Within UOA Damansara at No. 50, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur
Title details	Master title: Geran 67371, Lot 55917, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan KL.
	Strata title: Pending transfer to the Trustee.
Property type	Office parcels
Description	Parcels within the 13 storey office building known as UOA Damansara inclusive of 4 levels of basement car park space.
Net lettable area	186,758 sq ft
Age	Approximately 15 years
Existing use	Commercial
Status of holding	Freehold
Major tenants (based on monthly rental receivable)	a) Skrine & Co b) Dats Management Sdn Bhd c) Kerajaan Malaysia (Kementerian Perumahan dan Kerajaan Tempatan)
Occupancy rate (based on secured tenancies)	84.4%
Rental received	\$2,650,579
Maintenance costs and capital expenditure	Maintenance costs amount to \$794,589. Capital expenditure of \$4,772 was incurred during the financial year to improve the property.
Encumbrances	Pledged to a financial institution as security for revolving credit facilities.
Date of acquisition	29 November 2005
Cost of acquisition	\$22,670,739
Last valuation	\$34,006,109
Date of last valuation	31 December 2012
Basis of valuation	Investment and Comparison Method
Independent valuer	PPC International Sdn Bhd
Net book value	\$34,006,109



#### 4) Wisma UOA Pantai

Address/Location	No.11, Jalan Pantai Jaya, 59200 Kuala Lumpur
Title details	Master title: Lot No. 57687, Geran 68832 (formerly PT 7525 H.S.(D) 112996), Bandar Kuala Lumpur, Daerah Kuala Lumpur, State of Wilayah Persekutuan KL.
Property type	Commercial building
Description	A 5 storey office building with 2 mezzanine floors and 3 levels of basement car park space.
Net lettable area	157,083 sq ft
Age	Approximately 5 years
Existing use	Commercial
Status of holding	Freehold
Major tenants (based on monthly rental receivable)	a) Kerajaan Malaysia (Kementerian Perumahan dan Kerajaan Tempatan) b) Tenaga Nasional Berhad c) Extol Corporation (M) Sdn Bhd
Occupancy rate	100%
Rental received	\$2,653,152
Maintenance costs and capital expenditure	Maintenance costs amount to \$546,205. No major capital expenditure incurred during the financial year.
Encumbrances	Nil.
Date of acquisition	2 April 2008
Cost of acquisition	\$27,078,938
Last valuation	\$29,723,858
Date of last valuation	31 December 2012
Basis of valuation	Investment and Comparison Method
Independent valuer	PPC International Sdn Bhd
Net book value	\$29,723,858

**5) Wisma UOA Damansara II**

Address/Location	No.6, Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur
Title details	Lot No. 38415, Geran 6837, Mukim Kuala Lumpur, Daerah Kuala Lumpur, State of Wilayah Persekutuan KL.
Property type	Commercial building
Description	A 16 storey office building with 3 levels of elevated car park space and 5 levels of basement car park space.
Net lettable area	297,315.97 sq ft
Age	Approximately 5 years
Existing use	Commercial
Status of holding	Freehold
Major tenants based on monthly rental receivable)	a) NSA Solutions Sdn Bhd (formerly known as Entertainment Media & Telcoms Sdn Bhd) b) Securities Commission Malaysia c) Realmild (M) Sdn Bhd
Occupancy rate (based on secured tenancies)	95.2%
Rental received	\$5,157,992
Maintenance costs and capital expenditure	Maintenance costs amount to \$942,191. Capital expenditure of \$3,194 was incurred during the financial year to improve the property.
Encumbrances	Charged to a financial institution as security for revolving credit facilities.
Date of acquisition	17 January 2011
Cost of acquisition	\$66,437,860
Last valuation	\$69,271,703
Date of last valuation	31 December 2012
Basis of valuation	Investment and Comparison Method
Independent valuer	PPC International Sdn Bhd
Net book value	\$69,271,703

## 6) Parcel B – Menara UOA Bangsar

Address/Location	Within Menara UOA Bangsar at No.5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur
Title details	Master Title: Pajakan Negeri (WP) 43411, Lot No. 421, Seksyen 96, Bandar Kuala Lumpur, Daerah Kuala Lumpur, State of Wilayah Persekutuan KL.  Strata Title: Pending approval by the relevant authority.
Property type	Commercial building
Description	A tower block, namely Tower B comprising 15 levels of office space, 3 levels of retail podium, 6 levels of elevated car park and 4 levels of basement car park (which forms part of a development known as Menara UOA Bangsar).
Net lettable area	310,347 sq ft
Age	Approximately 4 years
Existing use	Commercial
Status of holding	99 years leasehold expiring in 2106 (unexpired term of approximately 94 years)
Major tenants (based on monthly rental receivable)	a) Perbadanan Harta Intelek Malaysia b) Syarikat Prasarana Negara Bhd c) Dats Management Sdn Bhd
Occupancy rate (based on secured tenancies)	99.7%
Rental received	\$6,713,288
Maintenance costs and capital expenditure	Maintenance costs amount to \$1,583,115. No major capital expenditure incurred during the financial year.
Encumbrances	Pledged to a financial institution as security for revolving credit facilities.
Date of acquisition	17 January 2011
Cost of acquisition	\$90,997,827
Last valuation	\$93,201,927
Date of last valuation	31 December 2012
Basis of valuation	Investment and Comparison Method
Independent valuer	PPC International Sdn Bhd
Net book value	\$93,201,927



# DIRECTOR'S REPORT

The Directors present their reports together with the Financial Report and accompanying notes of United Overseas Australia Ltd (the Company) and of the Economic Entity, being the Company, its subsidiaries and the Group's interest in any jointly controlled entities for the financial year ended 31 December 2012 together with the report of the Company's Auditors.

Name	Current Occupation/Position
Chong Soon Kong	Executive Chairman/Chief Executive Officer
Pak Lim Kong	Executive Director
Alan Charles Winduss	Non-Executive Director
Alphonsus Chok Kian Tan (Resigned on 20/8/2012)	Independent Director
Chee Seng Teo	Independent Director
May Chee Kong	Alternate Director to Chong Soon Kong

Information on the areas of responsibility, the business and working experience of the Directors is set out below

## Chong Soon Kong (Executive Chairman/Chief Executive Officer)

Chong Soon Kong is responsible for overall group management and strategy development. He has extensive and long experience in the construction and property development industry both in Singapore and Malaysia.

In 1987 he co-founded UOA and spearheaded its rapid growth in Malaysia. Over the last 22 years the Group has successfully completed numerous residential, industrial and commercial developments in various parts of Kuala Lumpur. He has in the past served in various capacities with several public-listed companies both in Malaysia and Singapore.

He graduated with an Associateship in Civil Engineering from the then Perth Technical College (now known as Curtin University) in 1964 and is a member of the Chartered Engineers of Australia.

Mr C. S. Kong is a Director of:

UOA Development Bhd      Bursa Malaysia Securities Berhad Listed

### **Pak Lim Kong (Executive Director)**

Pak Lim Kong oversees the planning and design of our commercial and residential projects and is also responsible for the identification and negotiations of all new land acquisitions.

He has over 21 years experience in the construction, mining and property development industries in both Malaysia and Australia. He has worked extensively in various senior engineering capacities in Australia.

He co-founded UOA with Mr Chong Soon Kong and played an integral part in spearheading the Parent and the Group's rapid growth over the years.

He graduated with Bachelor of Engineering degree with Honours from the University of Western Australia in 1975. He is a member of the Institute of Engineering Australia, the Australian Institute of Management, the Institute of Engineers Malaysia and the Association of Professional Engineers Malaysia.

Mr Kong is Director of:

UOA Development Bhd      Bursa Malaysia Securities Berhad Listed

### **Alan Charles Winduss (Non-Independent, Non-Executive Director, Company Secretary)**

Alan Charles Winduss is Chairman of the Company's Audit Committee and Nomination and Remuneration Committee. He is a Director of Winduss & Associates Pty Ltd, Chartered Accountants. He has been involved in professional accounting and business advisory services for over 25 years, specialising in matters relating to corporate management, restructuring, corporate finance and corporate secretarial matters including ASX and ASIC 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 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 the Institute of Chartered Accountants in Australia and the Certified Public Accountants 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 is a registered Australian Company Auditor

Mr Winduss is a Director of:

Quest Minerals Limited (Chairman)	ASX Listed
Magna Mining Limited	ASX Listed
Advanced Share Registry Limited	ASX Listed
UOA REIT	Bursa Malaysia Securities Berhad Listed
Black Ridge Mining N L (Chairman)	ASX Listed
UOA Development Bhd	Bursa Malaysia Securities Berhad Listed
Rescue Radio Corporation Limited	Unlisted

### Chee Seng Teo (Independent Director)

Chee Seng Teo holds a Bachelor of Law (Hons) from University of Singapore and has been in private practice for over 30 years, specialising primarily in the Corporate Sector. He is also a registered Notary Public.

As well as serving on the Boards of Listed Companies, he is also Secretary of Tzu Chi Foundation, Taiwan's largest charity organisation and a member of the United Nations NGO.

Mr Teo is a Director of:

Lasseters International Holdings Limited	SGX-ST Listed
Etika International Limited	SGX-ST Listed
Soilbuild Group Holdings Ltd	SGX-ST Listed

### May Chee Kong (Alternate Director to C.S. Kong)

May Chee Kong is the alternate Director for Chong Soon Kong and assists in the evaluation of new business opportunities for the Company and the Group.

Save for May Chee Kong who is the daughter of Chong Soon Kong, none of the Directors are related to each other or to substantial Shareholders.

### Company Secretary

Alan Charles Winduss

Alan Winduss as well as acting as non-Executive Director is Company Secretary for the Group.

Director	Director's Meetings		Audit	
	Held	Attended	Held	Attended
C S Kong	5	5	-	-
P L Kong	5	5	-	-
A C K Tan	3	2	2	2
<i>During tenure as Director</i>				
A C Winduss	5	5	4	4
C S Teo	5	4	4	3

## Corporate Governance Statement

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or the "Recommendations"), United Overseas Australia Ltd ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of Corporate Governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of nature of, and reason for, the adoption of its own practice.

The Company has adopted systems of control and accountability as the basis for administration of corporate governance. The Board of the Company is committed to administering these policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Further information about the Company's corporate governance policies can be found on the Company's website.

Taking into account the size of the Company's endeavours to comply with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations") and has adopted the revised Principles and Recommendations. Significant policies and details of any significant deviations from the Principles are specified below.

## Role of the Board of Directors

The Board has a responsibility for protecting the rights and interests of Shareholders and is responsible for the overall direction, monitoring and governance of the Company. Responsibility for managing the business on a day-to-day basis has been delegated to the Chief Executive Officer and the management team.

The Board is responsible for the overall corporate governance of the Company and its subsidiaries. Responsibilities and Functions of the Board are set out under the Board Charter and include:

- i) Setting the strategic direction of the Company, establishing goals to ensure that these strategic objectives are met and monitoring the performance of management against these goals and objectives;
- ii) Ensuring that there are adequate resources available to meet the Company's objectives;
- iii) Appointing the Chief Executive Officer and evaluating the performance and determining the remuneration of senior executives, and ensuring that appropriate policies and procedures are in place for recruitment, training, remuneration and succession planning;

- (iv) Evaluating the performance of the Board and its Directors on an annual basis;
- (v) Determining remuneration levels of Directors;
- (vi) Approving and monitoring financial reporting and capital management;
- (vii) Approving and monitoring the progress of business objectives;
- (viii) Ensuring that any necessary statutory licences are held and compliance measures are maintained to ensure compliance with the law and licence(s);
- (ix) Ensure adequate risk management procedures exist and are being used;
- (x) Ensuring that the Company has appropriate corporate governance structures in place, including standards of ethical behaviour and a culture of appropriate corporate and social responsibility;
- (xi) Ensuring that the Board remains appropriately skilled to meet the challenging needs of the Company; and
- (xii) Ensuring procedures are in place for the Company's compliance with the law, and financial audit responsibilities, including the appointment of an external auditor and reviewing the Board's financial statements, accounting policies and management processes.

## Board Processes

An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and regular review are scheduled when appropriate. The agenda is regularly reviewed by the Chairman, Chief Executive Officer and the Company Secretary.

## Board Composition

The relevant provisions in the Constitution and the Corporations Act determine the terms and conditions relating to the appointment and termination of directors. All Directors are subject to re-election by rotation every three years.

The Board does not have a separate nomination Committee comprising of a majority of Independent Directors and as such does not comply with Recommendations 2.4 of the Corporate Governance Council. The Board believes that given the size of the Company and the stage of its development a separate nomination committee is not warranted at this time. Any changes to the Directorships will, for the foreseeable future, be considered by the full Board subject to any applicable laws. Identification of potential Board candidates includes consideration of skills, personal attributes and capability to devote the necessary time and commitment to the role.

The Board consists of Mr C S Kong (Chairman), Mr P L Kong, Mr A C Winduss and Mr C S Teo.

The Constitution requires a minimum number of three Directors. The maximum number of Directors is fixed by the Board and may not be more than 9 unless the members of the Company, in general meeting, resolve otherwise. The skills experience and expertise of the Directors is set out in the Director's section in the Annual Report.

Directors are expected to bring independent views and judgement to the Board's deliberations, and it has been determined that all of the Company's Directors satisfy the criteria for independence as outlined in recommendation 2.1 of the ASX Corporate Governance Principles.



The Board considers that given the size and scope of the Company's operations at present, the relevant experience in the development construction and property industry it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its Shareholders from both a long term strategic and operational perspective.

### **Evaluation of Board Performance**

The Company does not have a formal process for the evaluation of the performance of the Board and as such does not comply with the recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors. In addition, the Chairman assesses the performance of the Board, individual directors and key directors on an informal basis.

### **Education**

All Directors are encouraged to attend professional education courses relevant to their roles.

### **Independent Professional Advice and Access to Information**

Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Company's expense, subject to their prior approval of the Chairman which shall not be unreasonably withheld.

### **Code of Conduct**

The Board has adopted a Code of Conduct that applies to all Employees, Executives and Directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

### **Security Trading Policy**

The Board has committed to ensuring that the Company, its Directors and Executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a policy and procedure on dealing with the Company's securities by Directors, officers and employees which prohibits in dealing in the Company's securities when those persons possess inside information, and as such complies with Recommendation 3.2 of the Corporate Governance Council. The Company's current Security Trading policy was lodged with the Australia Securities Exchange on 16 December 2010.

## **Diversity Policy**

The Company has formed a committee of three directors one independent one executive director and one non-executive, non-independent director to establish and monitor its diversity policy as required under ASX, Corporate Governance principles.

At the date of the report the Company and members of its economic entity.

Total female employees 239 representing 42% of all employees

Total Female Executive 155

Total Female Board Members Nil

## **Audit Committee**

The Company has an Audit Committee. The Audit Committee will also act as a Remuneration Committee in concert with the Executive Chairman and appropriate Senior Management. The Committee Members are:

Mr A C Winduss	Chairman
Mr C S Teo	

(A replacement member is to be appointed for Mr A C K Tan)

The Audit Committee met 4 times during the year ended December 2012.

## **Financial Reporting**

The Board relies on Senior Management to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Chief Executive Officer who reports to the Board at the scheduled Board meetings.

The Audit Committee reviews the performance of external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

## **Continuous Disclosure**

The Board places high priority on communication with Shareholders and is aware of the obligations it has, under the Corporations Act and ASX listing Rules, to keep the market fully informed of the information which is not generally available and which may have a material effect on the price or value on the Company's securities.

The Company has adopted policies which establish procedures to ensure the Directors and Management are aware of and fulfil their obligations in relation to the timely disclosure of material price sensitive information. A copy of the Company's Disclosure Policy can be found on the Company's website.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to necessity for disclosure for security holders.

In accordance with ASX Listing Rules, the Company Secretary has been appointed as the Company's Disclosure Officer.

## **Communications**

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal Shareholder communication strategy, in accordance with Recommendation 6.1 of the Corporate Governance Council. A copy of the Company's Shareholder Communication Policy is available on the Company's website.

In addition to electronic communication via the ASX website, the Company publishes all significant announcements together with half yearly reports. These documents are available in both hardcopy on request and on the Company's website [www.uoa.com.my](http://www.uoa.com.my)

Shareholders are able to pose questions on the audit process and financial statements directly to the Company's Independent Auditor who attends the Company Annual General Meeting for the purpose of dealing with such enquiries.

## **Risk Management Policy**

The Board has adopted a Risk Management Policy that sets out the framework for a system of risk management and internal compliance and control whereby the board delegates day-day management of risk to the Chief Executive Officer therefore complying with recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising the management framework of control and accountability systems to enable risk to be assessed and managed. A copy of the Company's Risk Management Policy can be found on the Company's website.

The Company is committed to ensuring that sound environmental management and safety practices are maintained for the development activities. A copy of the Company's Environmental Policy is available on the Company's website. A copy of the Company's Occupational Health and Safety Policy is available on the Company's website.

The Company's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Company's activities.

## **Risk Reporting**

As the Board has responsibility for the monitoring of risk management, it has not required a formal report regarding the material risks and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Company is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing, monitoring and managing the risk in the Company.

## **Chief Executive Officer and Company Secretary Written Statement**

The Board requires that the Chief Executive Officer and the Company Secretary provide a written statement that the financial statement of the Company present a true and fair view in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian accounting standards and the Corporations Act. The Board also requires that the Chief Executive Officer and Company Secretary provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.

## **Remuneration Committee**

The Board has not created a separate Remuneration Committee and as such does not comply with Recommendation 8.1 of the Corporate Governance Council. The Board considers that the Company is not of a size, nor are its affairs of such a complexity to justify a separate remuneration Committee. Executive Remuneration is determined by the Audit Committee of the Company in conjunction with the Executive Chairman.

The Chief Executive Officer and Senior Executives receive salary packages which may include performance based components designed to reward and motivate. Non-Executive Directors receive fees agreed on an annual basis by the Board.

The Full Board determines all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance monitors, share option schemes, incentive performance schemes, superannuation entitlements and professional indemnity and liability insurance cover.

The Board ensures that all matters of remuneration will continue to be in accordance with the Corporations Act requirements.

## **CORPORATE CODE OF CONDUCT**

The Corporate Code of Conduct ("Code") sets out the standards which the Directors, Officers, Managers, Employees and Consultants (together "Personnel") of United Overseas Australia Ltd and its subsidiaries ("Company") are expected to comply in relation to the affairs of the Company's businesses when dealing with each other, Shareholders and the broader community.

### **The Board approves and also endorses the Code.**

The Company undertakes to make the Code known and accessible to all Personnel. Its management will strive to ensure that the Code is observed in word and spirit by all who represent the Company.

### **Compliance**

1. All Personnel must comply with all applicable laws, rules and regulations.
2. Where, necessary, Personnel must, after consultation with the Chief Executive Officer, seek appropriate legal advice.

### **Conflicts**

1. Conflicts of interest are to be avoided and any actual or potential conflict is to be reported to the Chief Executive Officer. Personnel must not exploit their position with the Company for personal gain. Personnel must declare to the Chief Executive Officer a significant owner interest in any enterprise which may compromise loyalty to the Company.
2. Personnel have a duty to bring business opportunities identified through the use of Company property, information of position to the attention of the Company.

### **Fair dealing**

All dealings with customers, suppliers, competitors, employees and other stakeholders of the Company are to be conducted with honesty, integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

### **Company Assets and Property**

All assets of the Company are to be properly used in the interest of the Company and must be safeguarded from loss and misuse.



## **Knowledge and Information**

1. The accuracy, use of handling of information is critical to the Company's integrity and reputation.
2. Personnel must ensure that the information recorded by them honestly and accurately and is made known to their relevant supervisor so as to enable the Company to meet its obligation to keep the market fully informed about its activities.
3. Personnel must never make improper use of knowledge, information, documents or other Company resources obtained in the course of employment with the Company. Personnel must respect the confidentiality and observe the privacy information about the Company, its customers and fellow Personnel. The security and proper use of Company information is mandatory.
4. Personnel must use their computer facilities appropriately. Unauthorised use, manipulation or other interference will be treated seriously. For example, private passwords to computer files should be kept confidential and unauthorised access to confidential information is prohibited.

## **Confidential Information**

Confidential or commercially sensitive information must not be disclosed without proper authorisation.

## **Disclosure and Securities Trading Prohibited**

1. Continuous disclosure obligations are to be met in accordance with the Company's Continuous Disclosure Policy. All Personnel should familiarize themselves with the Company's Continuous Disclosure Policy.
2. Securities Trading must be conducted in compliance with the Securities Trading Policy. All Personnel should familiarize themselves with the Company's Securities Trading Policy.

## **Health, Safety and Environment**

1. The Company is committed to protecting the health and safety of its Personnel.
2. The Company is committed to protecting the environment in the conduct of its operations.
3. All health and safety obligations and good practices are to be recognised, respected and adhered to.

## **Employment Practices**

The Company subscribes to good employment practices, specifically:

- a) All employment practices are fair and non-discriminatory;
- b) A safe system of work is to be maintained;
- c) All forms of discrimination and harassment are prohibited; and
- d) All privacy rights of the individuals associated with the Company are to be respected.

## Gifts and Entertainment

All business entertainment received or provided is to be reasonable and properly authorised. Only gifts that are not in cash or equivalent, are of small value and are appropriate to the business relationship may be accepted. Personnel must not under any circumstances make offers of, or receive bribes or other improper payments.

## Reporting

1. Any matter which personnel believe to be a breach of law or this Code should be brought to the attention of the Chief Executive Officer or Company Secretary for guidance.
2. Any person reporting such breaches will be protected from retribution.

## OCCUPATIONAL HEALTH AND SAFETY POLICY

The Company recognises it has a duty of care to ensure that all work activities are undertaken with a high standard of Occupational Health and Safety procedures (OHS) for all employees, contractors and visitors. All employees have a reciprocal Duty of Care to ensure they assist management in achieving an injury free workplace.

We are committed to achieving this through:

- The provision of adequate funding and resources;
- Gaining the total involvement and commitment of all the Company employees to achieve an accident free and healthy workplace;
- Proactively seek to eliminate unacceptable risks through a systematic risk identification and assessment process that is an integrated part of day to day operations;
- Providing a level of leadership and training to ensure that all work is managed to achieve a safe, efficient and productive outcome;
- Complying with all applicable legislation, acts, regulations, codes of practice and standards; and
- Ensuring this Health and Safety Policy is available to all Company employees, contractors, visitors and interested parties, and that they are informed of, and understand their obligations with respect to this Policy.

## CONTINUOUS DISCLOSURE POLICY

In accordance with the ASX Listing Rules, the Company will immediately notify the Australian Securities Exchange (ASX) of information:

1. Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The only exception to this is where the ASX Listing Rules do not require such information to be disclosed.

Upon confirmation of receipt from the ASX, the Company will post all information disclosed in accordance with this policy on the Company's website in an area accessible by the public.

### **Internal Notification and Decision Making Concerning the Disclosure Information**

The Board has designated the Company Secretary as the person responsible for overseeing and co-ordinating the disclosure of information to the ASX as well as communicating to the ASX. The Chief Executive Officer and Company Secretary will be responsible for ensuring that Company announcements are made in a timely manner, and will establish a vetting procedure to ensure that announcements are factual and do not omit any material information. The Chief Executive Officer and the Company Secretary will also ensure that announcements are expressed in a clear and objective manner that allows investors to assess the impact of information when making investment decisions.

### **Measure for Seeking to Avoid the Emergence of a False Market in the Company's Securities**

The Company recognises that a false market in the Company's securities may result if the Company provides incomplete information to the ASX or if the Company fails to respond to the market and media speculation that may, or may be likely to, have an impact on the price of the Company's securities.

While the company does not, in general, respond to market speculation or rumours unless required to do so by law or the ASX, the Company is committed to disclosing as much information as possible, without harming the Company, to a wide audience of investors through media releases of important milestones, including information which may not be strictly required under continuous disclosure requirements. Information given to the ASX for market release will also be provided through media releases. Such media releases will be posted on the Company's website.

Where appropriate, the Company will request a trading halt from the ASX to prevent trading in the Company's securities by an inefficient and uninformed market until the Company can make an announcement to the market.

### **Media Contact and Comment**

The Board has designated the Chairman to speak to the press on matters associated with the Company. In speaking to the press, the Chairman will not comment on price sensitive information that has not already been disclosed to the ASX, however, they may clarify previously released information.

There will be times when the Directors and employees will be approached by the media for public comment. On such occasions, the Director(s) or employee(s) should comply with the following:

1. Refer the person to the Chairman for appropriate comment;
2. Refrain from disclosing any information, documents or any other forms of data to the person without prior consent of the Chairman;
3. Report the person who contacted the Director/employee, the reason (explicit or inferred) for the contact and a summary of any other relevant information as soon as possible to the Chairman.

### **External Communications including Analyst Briefings and responses to Shareholder Questions**

The Company discloses its financial and operational results to the market each half year as well as informing the market of other events throughout the year as they occur. Half yearly financial reports, media releases and AGM speeches are lodged with the ASX and subsequently posted to the Company's website. As all financial information is disclosed through the ASX, the Company will only comment on factual errors in information and underlying assumptions when commenting on the projections themselves.

In addition to the above disclosures, the Company does not conduct briefings and discussions with the investing community. However, price sensitive information will not be discussed unless that particular information has been formally disclosed to the market via an ASX announcement. Similarly, when answering shareholder questions, price sensitive information will not be discussed unless that particular information has been disclosed to the market via an ASX announcement

Where a question can only be answered by disclosing price sensitive information, the Company will decline to answer it or take it on notice and announce the information to the ASX prior to responding.

If any new price sensitive information is to be used in briefing media, institutional investors and analysts or in answering shareholder queries, written materials containing such information will be lodged to the ASX prior to the briefing commencing. These briefing materials may also include information that may not be strictly required under continuous disclosure requirements. The briefing material will be posted to the Company's website as soon as the ASX confirms the information has been received.

### **RISK MANAGEMENT POLICY**

The Company through the Board delegates day-day management of risk to the Chief Executive Officer. The Chief Executive Officer, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.



## **Risk Management Policy**

The Company has appointed the Chief Executive Officer as being responsible for risk management policy which covers organisational, financial and operational aspects of the Company's affairs.

## **Business Risk Management**

The Chief Executive Officer has identified key business risks for United Overseas Australia Ltd.

The Company manages its activities within budgets and operational and strategic plans. The Chief Executive Officer together with Operational Management work to safeguard assets and to ensure business risks are identified and appropriately managed.

## **Internal Controls**

The Board is responsible for the overall internal controls within the organisation, but recognises no internal cost effective control system will preclude all errors and irregularities. The Board examines the adequacy of the nature and extent and effectiveness of the internal control processes of the Company and relies on a review by the external auditors and the declarations made by Senior Executives.

## **Financial Reporting**

Directors approve an annual budget for United Overseas Australia Ltd. Monthly actual results are reported against budget. Revised forecasts are prepared regularly.

## **Operations Review**

Members of the Board regularly visit the Company's development project areas to review all practices, including the environmental and safety aspects of the operations.

## **Investment Appraisal**

The Board has defined guidelines for capital expenditure. These include levels of authority, appraisal procedures and due diligence requirements on potential acquisitions and investments.

## **Environment and Safety**

The Company is committed to ensuring that a sound environmental management and safety practices are carried out in its operations and exploration activities, in compliance with relevant statutory requirements relating to environmental matter, workplace health and safety and community relationships.

## Continuous Improvement

The Company's risk management is evolving. This is an ongoing process and it is recognised that the level and extent of risk management will evolve commensurate with the evolution and growth of the Company.

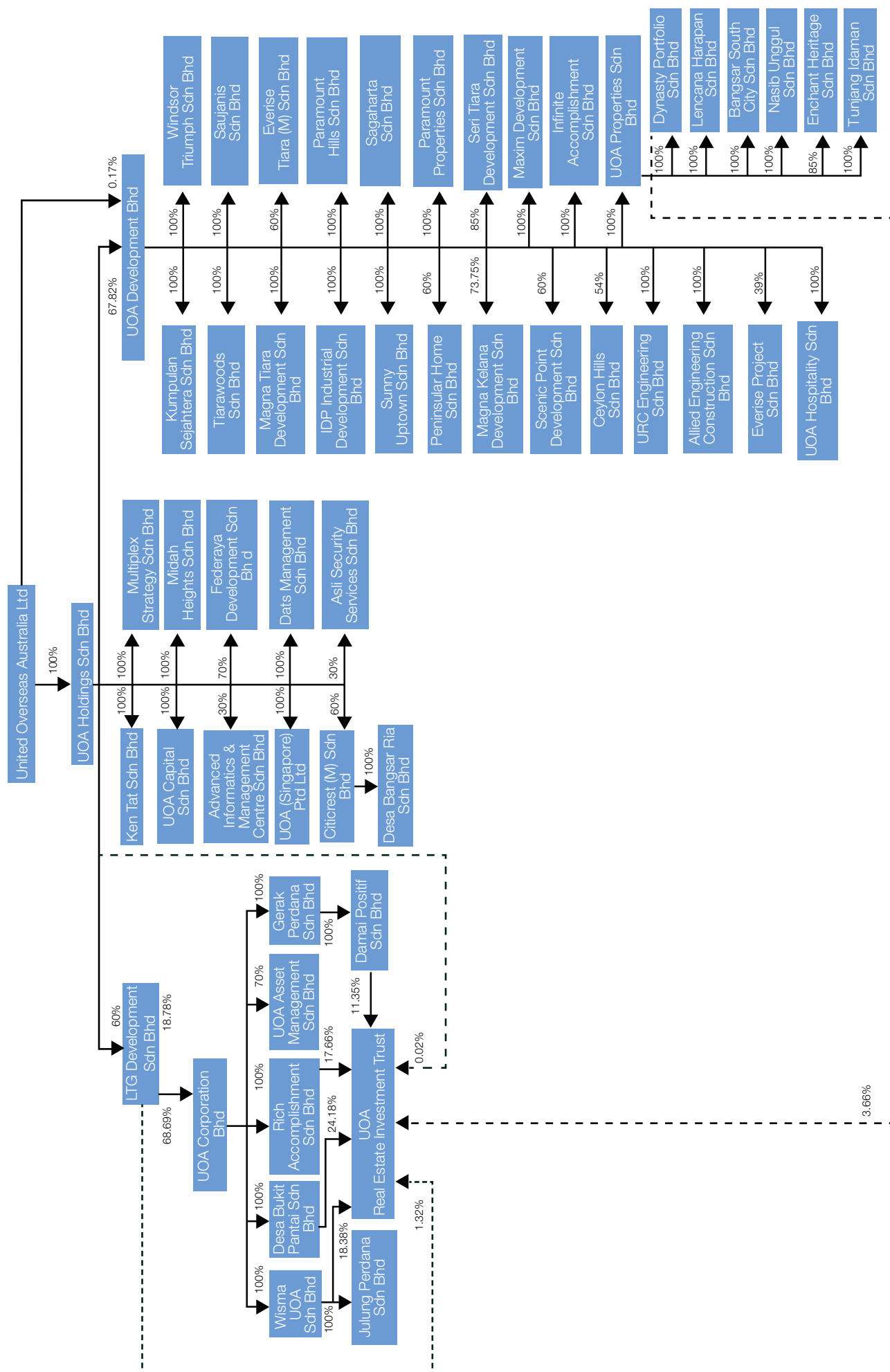
## Interest in the Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the interests of the Directors in the shares of United Overseas Australia Ltd were:

	Ordinary Shares
C S Kong	736,732,625
P L Kong	565,901,954
A C Winduss	1,598,591
M C Kong	344,445
C S Teo	122,191
DIVIDENDS	CENTS
Final dividends recommend	
•On ordinary shares	2.0
Dividends paid in the year	
Interim for the year	
•On ordinary shares	0.5
Final for 2011 shown as recommended in the 2011 report	
•On ordinary shares	1.5

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United Overseas Australia is a company limited by shares that is incorporated and domiciled in Australia. It has prepared a consolidated financial report incorporating the entities that it controlled and has significant influences during the financial year, which are outlined in the following illustration of the Group's corporate structure



## Nature of Operations and Principal Activities

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

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

## Employees

The consolidated entity employed 568 Malaysian employees and 294 Asian workers as at 31 December 2012 (2011: 565 Malaysian employees and 497 Asian workers).

## Review and Results of Operations

### Group Overview

The Company was incorporated in Western Australia in 1987 as United Overseas Securities Limited and a prospectus issued to facilitate a listing on the 'Second Board' of the Australian Stock Exchange- Perth and the Company transferred to the Main Board of the Australian Stock Exchange on January 1st 1992.

### UOA Development Bhd

On the 8th 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 0.17% and an indirect interest of 67.21% (via UOA Holdings Sdn Bhd) in UOA Development Bhd.

### UOA Real Estate Investment Trust

As at 31 December 2012, the Group has an effective equity holding of 46%.

### Summarised Operating Results are as follows :

	2012 Revenue (\$'000)	2012 Results (\$'000)	2011 Revenue (\$'000)	2011 Results (\$'000)
<b>Operating Segments</b>				
Land Development and Sale	396,736	81,291	358,240	74,720
Investment	152,372	49,675	352,083	63,091
Other	4,760	2,074	836	(149)
	553,868	133,040	711,159	137,662
Consolidated adjustments	(215,879)	-	(409,518)	(7,853)
Non-segment unallocated revenue	-	-	-	-
	337,989	133,040	301,641	129,809



## Shareholder Returns

The Board of Directors approved a 0.5 (half of one) cent dividend, which was paid on 1 November 2012. After consideration of the final profit for the year ended 31 December 2012, 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 Re-investment Plan.

	2012	2011	2010	2009
Basic earnings per share (cents)	7.86	9.23	9.87	12.66
Return on assets (%)	23.75	19.30	20.47	29.04
Return on equity (%)	24.55	23.85	28.02	52.47
Net debt/equity ratio (%)	19.14	18.69	22.99	17.25

## 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's Group Companies are actively committed to risk management criteria as outlined in the Company's Corporate Governance Statement.

## Significant Event after the Reporting Date

After the reporting date, the Board has proposed the payment of a final dividend of 2.0 cents, making a total for the year of 2.5 cents per share. Apart from the proposed dividend and matters noted in the Group's overview, at the date of this report, no other matter or circumstances has arisen since 31 December 2012 that has significantly affected or may significantly affect the operations of the consolidated entity constituted by United Overseas Australia Ltd and the entities it controls from time to time and the results projected to be realised from these operations with the exception of:

## **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, 53,309,037 shares were issued under the Company's Dividend Re-investment Plan.

## **Insurance of Officers**

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

## **Rounding of Amounts**

The amounts contained in this report and the Company's financial report have been rounded to the nearest \$1,000.00 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

## **Environmental Regulations and Performance**

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 significant Australian environmental regulations.

There has been no significant breach of regulations.

## **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 its Regulations. It also provides the remuneration disclosures required by paragraphs Aus25.4 to Aus25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration report in accordance with Corporations Regulation 2M.604. For the purposes of this report, Key Management Personnel (KMP) of the Group are defined by those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent Company, and includes five executives in the Parent and Group receiving the highest remuneration.

For the purposes of this Report, the term “Executive” encompasses the Chief Executive, Senior Executives, General Managers and Secretaries of the parent Group.

The Audit Committee of the Company and Executive Chairman are responsible for determining and reviewing remuneration agreements for the Directors and Executives.

The Audit Committee and Executive Chairman assess the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality, high performing Director and Executive Team.

### **Remuneration Philosophy**

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Have a portion of executive remuneration ‘at risk’; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

### **Remuneration Structure**

In accordance with best practice Corporate Governance, the structure of the non-executive director and executive remuneration is separate and distinct.

### **Non-Executive Director Remuneration**

#### **Objective**

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to its Shareholders.

#### **Structure**

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the General meeting held on 12 November 2007 where Shareholders approved the maximum aggregate remuneration of \$250,000 per year.

The amount of aggregate remuneration is to be approved by Shareholders and its fee structure is reviewed annually. The Board considers advice from external consultants as well as the fees to be paid to non-executive directors of comparable companies when undertaking the annual review process.

Each Non-Executive Director receives a base fee of \$20,000 for being a Director of the Group.

The Remuneration of Non-Executive Directors for the year ended 31 December 2012 and 31 December 2011 is detailed in Table 1 and 2 respectively.

## **Executive Remuneration**

### **Objective**

The Group aims to reward executives with a mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for Group, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

## **Fixed Remuneration**

### **Objective**

Fixed remuneration is reviewed annually by the Audit Committee and the Executive Chairman. The process consists of a review of a company, business unit and individual performance, relevant comparative remuneration externally and internally and where appropriate, external advice on policies and practices. As noted above, the Committee has access to external advice independent of management.

### **Structure**

Executives are being given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component of Executives is detailed in Table 1.

## **Variable Remuneration**

### **Objective**

The objective of the short term incentive (STI) program is to link the achievement of the Groups operational targets with the remuneration received by executives charged with meeting those targets. The total potential STI available is set to a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable to the circumstances.

### **Structure**

To assist in achieving these objectives, the Board of Directors links nature and amount of Officers' emoluments to the Company's financial and operational performance in particular the achievement of annual corporate profitability measures.



## Remuneration of Key Management Personnel

Table 1: Remuneration for the year ended 31 December 2012

	Base fee	Bonus	Consultancy	Equivalent Superannuation Fund	Non Monetary Benefits	Others	Total	Performance Related
	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-Executive Directors</b>								
A C Winduss	52,486	-	-	-	-	1,809	54,295	-
A C K Tan *	24,037	-	-	-	-	-	24,037	-
C S Teo	19,350	-	-	-	-	-	19,350	-
M C Kong	19,495	5,028	-	3,924	-	-	28,447	18
<b>Sub Total Non-Executive Directors</b>	<b>115,368</b>	<b>5,028</b>	<b>-</b>	<b>3,924</b>	<b>-</b>	<b>1,809</b>	<b>126,129</b>	
<b>Executive Directors</b>								
C S Kong	243,689	624,844	-	101,975	7,685	966	979,159	64
P L Kong	243,689	624,844	-	101,975	4,998	402	975,908	64
<b>Other Key Management Personnel ("KMP")</b>								
E P Tong	131,967	99,975	-	28,027	9,732	2,052	271,753	37
Cecelia Chan	83,604	13,309	-	19	9,279	-	106,211	13
S B Khor	89,642	69,233	-	19,379	3,749	620	182,623	38
K I Ang	134,966	113,409	-	29,999	4,998	835	284,207	40
E C J Lee	101,225	75,450	-	21,395	2,749	-	200,819	38
<b>Sub Total Executive KMP</b>	<b>1,028,782</b>	<b>1,621,064</b>	<b>-</b>	<b>302,769</b>	<b>43,190</b>	<b>4,875</b>	<b>3,000,680</b>	
<b>TOTALS</b>	<b>1,144,150</b>	<b>1,626,092</b>	<b>-</b>	<b>306,693</b>	<b>43,190</b>	<b>6,684</b>	<b>3,126,809</b>	

\*Resigned on 20 August 2012

## Remuneration of Key Management Personnel

Table 2: Remuneration for the year ended 31 December 2011

	Base fee	Bonus	Consultancy	Equivalent Superannuation Fund	Non Monetary Benefits	Others	Total	Performance Related
	\$	\$	\$	\$	\$	\$	\$	%
<b>Non-Executive Directors</b>								
Tan Sri Dato' Alwi Jantan *	1,501	-	-	-	-	-	1,501	-
A C Winduss	39,207	-	-	-	-	846	40,053	-
A C K Tan	27,882	-	-	-	-	-	27,882	-
C S Teo	18,444	-	-	-	-	-	18,444	-
M C Kong	18,414	2,540	-	3,270	-	-	24,224	10
Sub Total Non-Executive Directors	105,448	2,540	-	3,270	-	846	112,104	
<b>Executive Directors</b>								
C S Kong	244,944	396,376	-	74,745	7,283	840	724,188	55
P L Kong	244,944	396,376	-	74,745	5,297	1,688	723,050	55
<b>Other Key Management Personnel ("KMP")</b>								
E P Tong	120,800	10,067	-	15,899	10,239	2,948	159,953	6
Cecelia Chan	80,408	19,473	-	22	7,740	-	107,643	18
S B Khor	104,568	59,834	-	20,262	4,166	256	189,086	32
K I Ang	124,575	114,194	-	29,518	4,867	5,191	278,345	41
E C J Lee	86,825	73,298	-	19,526	2,768	-	182,417	40
Sub Total Executive KMP	1,007,064	1,069,618	-	234,717	42,360	10,923	2,364,682	
<b>TOTALS</b>	1,112,512	1,072,158	-	237,987	42,360	11,769	2,476,786	

\*Resigned in January 2011

## 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 2012 has been received and can be found on page 48 of the Directors' Report.

Signed in accordance with a Resolution of the Directors

A handwritten signature in blue ink, appearing to read 'A. Winduss', followed by a long horizontal line.

Alan Charles Winduss  
Director  
Perth, March 28 2013



# Grant Thornton

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## **Auditor's Independence Declaration To the Directors of United Overseas Australia Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of United Overseas Australia Ltd for the year ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

J W Vibert  
Partner - Audit & Assurance

Perth, 28 March 2013

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# FINANCIAL STATEMENTS



# STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2012

		CONSOLIDATED	
	Notes	2012 \$'000	2011 \$'000
Sales revenue	2	249,674	193,028
Cost of sales	3	(128,799)	(91,737)
<b>Gross profit</b>		<b>120,875</b>	<b>101,291</b>
Other revenues from ordinary activities	2	88,315	108,613
General and administrative expenses	3	(42,567)	(36,110)
Foreign exchange gain/(loss)		3,435	(10,510)
<b>Profit from ordinary activities before tax and finance costs</b>		<b>170,058</b>	<b>163,284</b>
Finance costs	3	(6,381)	(6,260)
Share of results of associates		251	63
<b>Profit before income tax</b>		<b>163,928</b>	<b>157,087</b>
Income tax expense	4	(30,522)	(27,033)
<b>Profit for the year</b>		<b>133,406</b>	<b>130,054</b>
<b>Other comprehensive income, net of tax</b>			
Items that may be subsequently reclassified to the profit or loss			
Available for sale financial assets			
- current year gain/(loss)		546	(87)
- reclassification to profit or loss		-	133
Exchange differences on translating foreign operations		8,229	(3,177)
Other comprehensive income/(loss) for the year		8,775	(3,131)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>142,181</b>	<b>126,923</b>
Profit attributable to:			
Owners of the parent		81,977	92,162
Non-controlling interest		51,429	37,892
		133,406	130,054
Total comprehensive income attributable to:			
Owners of the parent		90,535	88,873
Non-controlling interest		51,646	38,050
		142,181	126,923
Earnings per share (cents per share)			
- basic for profit for the year	5	7.86	9.23
- diluted for profit for the year	5	7.86	9.23
- unfranked dividends per share (cents per share)	6	2.5	2.0

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

As At 31 December 2012

	Notes	2012 \$'000	CONSOLIDATED 2011 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	264,532	308,717
Trade and other receivables	11	211,788	84,968
Inventories	12	264,427	228,515
Current tax assets		166	-
<b>Total Current Assets</b>		<b>740,913</b>	<b>622,200</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	14	25,363	23,108
Investment properties	15	480,075	537,907
Land held for property development	12	57,977	25,449
Investment in associates	16	6,428	6,159
Amount owing by associate		1,029	966
Available for sale financial assets	17	5,087	4,480
Deferred tax assets	18	7,356	5,888
<b>Total Non-Current Assets</b>		<b>583,315</b>	<b>603,957</b>
<b>TOTAL ASSETS</b>		<b>1,324,228</b>	<b>1,226,157</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	19	112,504	71,484
Financial liabilities	20	126,839	125,324
Current tax liabilities		-	2,201
<b>Total Current Liabilities</b>		<b>239,343</b>	<b>199,009</b>
<b>Non-Current Liabilities</b>			
Other payables	19	23,047	18,008
Financial liabilities	20	5,743	2,543
Deferred tax liabilities	18	4,826	6,387
<b>Total Non-Current Liabilities</b>		<b>33,616</b>	<b>26,938</b>
<b>TOTAL LIABILITIES</b>		<b>272,959</b>	<b>225,947</b>
<b>NET ASSETS</b>		<b>1,051,269</b>	<b>1,000,210</b>
<b>EQUITY</b>			
<b>Parent entity interest</b>			
Share capital	21	32,292	94,174
Reserves	22	(33,813)	(42,371)
Retained profits		694,350	632,515
<b>Total parent entity interest in equity</b>		<b>692,829</b>	<b>684,318</b>
<b>Total non-controlling interest</b>		<b>358,440</b>	<b>315,892</b>
<b>TOTAL EQUITY</b>		<b>1,051,269</b>	<b>1,000,210</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2012

	CONSOLIDATED	
	2012	2011
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	163,928	157,087
Adjustments for :		
Bad and doubtful debts expense	130	(673)
Depreciation of property, plant and equipment	2,995	2,362
Dividend income	(195)	(239)
Unrealised gain on investment properties	(12,102)	(65,868)
Realised gain on investment properties	(30,071)	-
Gain on disposal of investment properties	(1,318)	(312)
Gain on disposal of available for sale financial assets	(2)	(84)
Gain on disposal of property, plant and equipment	(113)	(98)
Available for sale financial assets written off	-	58
Property, plant and equipment written off	10	70
Listing expenses	133	-
Finance costs	6,381	6,260
Interest income	(6,698)	(7,721)
Foreign currency (gain)/loss	(3,813)	671
Share of results of associates	(251)	(63)
Unrealised profit from associate	70	-
Discount on acquisition	-	(827)
Loss on disposal of interests in subsidiaries	-	3,014
<b>Operating profit before working capital changes</b>	<b>119,084</b>	<b>93,637</b>
Increase in inventories	(19,734)	(62,853)
Increase in receivables	(26,563)	(13,632)
Increase in payables	39,586	7,573
<b>Cash from operations</b>	<b>112,373</b>	<b>24,725</b>
Interest paid	(5,356)	(5,727)
Interest received	5,951	5,926
Income taxes paid	(35,914)	(24,716)
<b>Net cash flows generated from operating activities</b>	<b>77,054</b>	<b>208</b>

## STATEMENT OF CASH FLOWS (Continued)

For the Year Ended 31 December 2012

	Notes	2012 \$'000	CONSOLIDATED 2011 \$'000
<b>Cash flows from investing activities</b>			
Payment for purchase of available for sale financial assets		(5)	(1,209)
Payment for purchase of investment properties		(21,938)	(26,208)
Payment for purchase of property, plant and equipment		(2,506)	(1,419)
Payment for purchase of land held for property development		(29,507)	(13,908)
Proceeds from sale of available for sale financial assets		2	1,787
Proceeds from sale of investment properties		18,050	1,855
Proceeds from sale of property, plant and equipment		124	206
Proceeds from disposal of subsidiary, net of cash		-	3,690
Capital repayment from available for sale financial assets		-	40
Acquisition of shares in new subsidiaries		-	607
Acquisition of additional shares in existing subsidiary		(1,012)	-
Acquisition of shares in an associate company		-	(252)
Advances from other entities		4,344	7,114
Advances to an associated company		-	(966)
Dividend received		195	239
<b>Net cash flows used in investing activities</b>		<b>(32,253)</b>	<b>(28,424)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		28,645	98,729
Repayment of borrowings		(26,782)	(71,774)
Proceeds from Initial Public Offer of a subsidiary net of listing expenses		-	309,697
Listing expenses		(196)	-
Share buyback		(5)	(1,969)
Dividends paid to non-controlling shareholders of subsidiary companies		(19,731)	(43,494)
Dividends paid to owner of the Company		(1,048)	(1,067)
Payment of hire purchase and finance lease liabilities		(1,378)	(1,008)
Issue of shares of a subsidiary to non-controlling shareholders		7,361	48
Capital repayment		(81,376)	-
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(94,510)</b>	<b>289,162</b>
Net (decrease)/increase in cash and cash equivalents		(49,709)	260,946
Cash and cash equivalents at beginning of year		308,717	42,670
Net foreign exchange differences		5,524	5,101
<b>Cash and cash equivalents at end of year</b>	<b>10</b>	<b>264,532</b>	<b>308,717</b>

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2012

## CONSOLIDATED

	Share capital \$'000	Retained earnings \$'000	Foreign exchange reserves \$'000	Other reserve \$'000	Total \$'000	Non-Controlling Interest \$'000	Total equity \$'000
<b>At 1 January 2011</b>	<b>77,461</b>	<b>408,517</b>	<b>(39,294)</b>	<b>212</b>	<b>446,896</b>	<b>173,538</b>	<b>620,434</b>
Dividends paid	-	(19,749)	-	-	(19,749)	(43,494)	(63,243)
Shares issued during the year	18,682	-	-	-	18,682	-	18,682
-dividend re-investment plan	(1,969)	-	-	-	(1,969)	-	(1,969)
Share buyback during the year	-	-	-	-	-	(6,101)	(6,101)
Other changes in non-controlling interest	-	-	-	-	-	-	-
Effect of disposal of shares in subsidiary companies to non-controlling shareholders	-	-	-	-	-	(4,155)	(4,155)
Change in stake	-	151,585	-	-	151,585	158,054	309,639
<b>Transaction with owners</b>	<b>94,174</b>	<b>540,353</b>	<b>(39,294)</b>	<b>212</b>	<b>595,445</b>	<b>277,842</b>	<b>873,287</b>
Profit for the year	-	92,162	-	-	92,162	37,892	130,054
Other comprehensive income :							
Available for sale financial assets	-	-	-	(245)	(245)	158	(87)
- current year loss	-	-	-	133	133	-	133
- reclassification to profit or loss	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	(3,177)	-	(3,177)	-	(3,177)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>92,162</b>	<b>(3,177)</b>	<b>(112)</b>	<b>88,873</b>	<b>38,050</b>	<b>126,923</b>
<b>At 31 December 2011</b>	<b>94,174</b>	<b>632,515</b>	<b>(42,471)</b>	<b>100</b>	<b>684,318</b>	<b>315,892</b>	<b>1,000,210</b>



## STATEMENT OF CHANGES IN EQUITY (Continued)

As at 31 December 2012

### CONSOLIDATED

	Share capital \$'000	Retained earnings \$'000	Foreign exchange reserves \$'000	Other reserve \$'000	Total \$'000	Non-Controlling Interest \$'000	Total equity \$'000
<b>At 1 January 2012</b>	<b>94,174</b>	<b>632,515</b>	<b>(42,471)</b>	<b>100</b>	<b>684,318</b>	<b>315,892</b>	<b>1,000,210</b>
Dividends paid	-	(20,542)	-	-	(20,542)	(19,731)	(40,273)
Shares issued during the year	19,494	-	-	-	19,494	-	19,494
- dividend re-investment plan	(81,376)	-	-	-	(81,376)	-	(81,376)
Capital repayment during the year	-	-	-	-	-	4,752	4,752
Other changes in non-controlling interest	-	400	-	-	400	5,881	6,281
Change in stake	-	-	-	-	-	-	-
<b>Transaction with owners</b>	<b>32,292</b>	<b>612,373</b>	<b>(42,471)</b>	<b>100</b>	<b>602,294</b>	<b>306,794</b>	<b>909,088</b>
Profit for the year	-	81,977	-	-	81,977	51,429	133,406
Other comprehensive income :							
Available for sale financial assets							
- current year gain	-	-	-	329	329	217	546
- reclassification to profit or loss	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	8,229	-	8,229	-	8,229
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>81,977</b>	<b>8,229</b>	<b>329</b>	<b>90,535</b>	<b>51,646</b>	<b>142,181</b>
<b>At 31 December 2012</b>	<b>32,292</b>	<b>694,350</b>	<b>(34,242)</b>	<b>429</b>	<b>692,829</b>	<b>358,440</b>	<b>1,051,269</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENT

For the Year Ended 31 December 2012

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers the Group of United Overseas Australia Ltd and controlled entities, and United Overseas Australia Ltd as an individual parent entity. United Overseas Australia Ltd is a public listed company, incorporated and domiciled in Australia.

The financial report of United Overseas Australia Ltd and controlled entities, and United Overseas Australia Ltd as an individual parent entity comply with International Financial Reporting Standards ("IFRS") in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost and accrual basis, except for investment properties and available for sale financial assets that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

### Statement of Compliance

The financial report complies with Australian Accounting Standards, which include International Financial Reporting Standards ("IFRS"). Compliance with IFRS ensures that the financial report, comprising the financial statements and notes thereto.

### New Accounting Standards and Interpretations

The Group has adopted all new and amended Australian Accounting Standards and Interpretations effective from 1 January 2012 including :

- AASB 1054 Australian Additional Disclosures
- AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]

The new and amended Standards and Interpretations did not result in any significant changes to the Group's accounting policies.

# NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Accounting policies

#### a) Principles of Consolidation

##### *Subsidiaries*

The consolidated financial statements comprise the financial statements of United Overseas Australia Ltd and its subsidiaries ("the Group").

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

The newly acquired subsidiaries have been included in the consolidated financial statements using the purchase method of accounting, which measures the acquirer's assets and liabilities at their fair value at acquisition date. Accordingly, the consolidated financial statements include the results of the newly acquired subsidiaries from its date of acquisition. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

##### *Associates*

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate.

The Group's share of the net profit or loss and other comprehensive income of the associate is recognised in the consolidated profit or loss and consolidated statement of changes in equity respectively. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period.

# NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### a) Principles of Consolidation (cont'd)

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

### 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).

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 the 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 income statement 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 income statement.

# NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

## 1. STATEMENT OF SIGNIFICANT 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:

	2012	2011
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
- land & buildings	40 years	40 years

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

### d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowings costs are expensed in the period in which they are incurred and reported in 'finance costs' (see note 3).

### e) Investment properties

Investment properties are properties held to earn rentals 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 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. Gain or losses arising from changes in the fair values are included in the profit or loss in the period in which they arise.

Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in the profit or loss in the period of derecognition.

### f) Impairment of assets

Impairment of non-financial assets

#### *Goodwill*

Goodwill is reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.



## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### f) Impairment of assets (cont'd)

Impairment of non-financial assets (cont'd)

An impairment loss is recognised in the income statement when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. The recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

*Property, plant and equipment, investment properties, land held for development and investment in associate and subsidiaries*

Property, plant and equipment, investment properties, land held for development and investment in associate and subsidiaries are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

Impairment of financial assets

All financial assets except for financial assets categorised as fair value through profit or loss are assessed at each reporting date for any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is objective evidence of impairment.

*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 income statement.

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 income statement.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### f) Impairment of assets (cont'd)

Impairment of financial assets (cont'd)

##### *Assets carried at cost*

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Such impairment losses are not reversed in subsequent periods.

#### g) Financial instruments

Financial assets and financial liabilities are recognised when the Group become a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial asset assets and financial liabilities are measured subsequently as described below.

##### **Financial assets**

The Group determine the classification of the financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables and available for sale financial assets.

##### (i) *Financial assets at fair value through profit or loss*

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Assets in this category are measured at fair value with gain or losses recognised in profit or loss.

##### (ii) *Loans and receivables*

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

##### (iii) *Available for sale financial assets*

Available for sale financial assets are non-derivative financial assets, principally equity securities, that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. After initial recognition, available for sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

# NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### h) Inventories

Inventories consist of stocks of properties, property held for development and resale and construction work in progress.

#### *Stocks of properties*

Stocks of properties are stated at the lower of cost and net realisable value. Cost of inventories of completed houses held for sale is determined based on the specific identification method.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

#### *Property held for development and resale*

Property held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of land acquisition, development, and interest on funds borrowed for the development and holding costs until completion of development. Interest and holding charges incurred after completion of the development are expensed as incurred.

Property held for development and resale is classified under two categories i.e. land held for property development and property development costs.

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these lands. Accordingly, land held for property development is classified as non-current assets on the statement of financial position and is stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the outcome of a development can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is either determined by the proportion that costs incurred to-date bear to estimated total costs or surveys of work performed. In applying the cost incurred method of determining stage of completion, only those costs that reflect actual development work performed are included as costs incurred.

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in the profit or loss over the billings to purchasers of properties is recognised as accrued billings under current assets.

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

# NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### h) Inventories (cont'd)

#### *Construction work in progress*

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

### i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect on the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of time value of money and, where appropriate, the risks specific to the liability.

### k) Leases

#### *Finance lease*

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

#### *Operating lease*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### *Revenue from sales of development properties*

Revenue from the sale of development properties represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

Revenue from the sale of completed development properties is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

##### *Rental income*

Rental income is accounted for on straight-line basis over the specific tenure of the respective leases. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

##### *Interest income*

Interest income is recognised on time proportion basis.

##### *Dividend income*

Dividend income is recognised when the right to receive payments is established.

##### *Construction contracts*

Revenue from construction contracts represents the proportionate contract value of construction contracts attributable to the percentage of contract work performed during the financial year.

#### m) Income tax

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 liabilities 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.

#### n) Share capital

Ordinary shares are classified as equity and are recognised at the fair value of the consideration received. Costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

# NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### o) Significant Accounting Judgements, Estimates and Assumptions

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable and based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

#### *Investment Properties*

The basis for determination of the fair value of investment properties has been set out in Note 15. Fair value is time specific as of a given date. Because market conditions may change, the amount reported as fair value may be incorrect or inappropriate if estimated as of another time. The fair value of investment property reflects, among other things, rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions.

#### *Impairment of non financial assets other than goodwill*

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

#### *Provision for maintenance*

In determining the level of provision required for maintenance the Group has made judgements in respect of the expected maintenance required on any of the development properties. Historical experience and current knowledge of the performance of products has been used in determining the provision.

#### *Parent entity carrying value of investments and loans in subsidiaries*

Investments in and loans to subsidiaries by the parent entity have been reviewed for impairment. No impairment has been considered to have occurred and therefore no impairment has been provided for at 31 December 2012.

### p) Earnings per share

Basic earnings per share is calculated as net profit attributable to the members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares.

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### q) Operating segments

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the financial report have been included.



## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### r) Comparative figures

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

#### s) New and amended accounting policies issued but not yet effective

The following Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group as at financial reporting date.

<i>Title</i>	<i>Application date of the Standard</i>	<i>Summary</i>
AASB 9 Financial Instruments	Periods beginning on or after 1 January 2015	AASB 9 includes requirements for the classification and measurement for financial assets and financial liabilities and the recognition and derecognition requirements for financial instruments. This standard will be applied retrospectively.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]	Periods beginning on or after 1 January 2013	This Standard adds the requirements for classifying and measuring financial liabilities to AASB 9. The Standards also makes amendments to several Australian Accounting Standards and Interpretations. These amendments arise from the issuance of AASB 9 Financial Instruments as issued in December 2010.
AASB 10 Consolidated Financial Statements	Periods beginning on or after 1 January 2013	AASB introduces a revised definition of control and establishes a single control model that applies to all entities. This Standard replaces AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation – Special Purpose Entities and will be applied on a modified retrospectively basis.
AASB 11 Joint Arrangements	Periods beginning on or after 1 January 2013	This Standard supersedes AASB 131 Interests in Joint Ventures and Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Ventures and establishes principles for the financial reporting by parties to a joint venture arrangement. Changes will be applied on a modified retrospectively basis.

# NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

<i>Title</i>	<i>Application date of the Standard</i>	<i>Summary</i>
AASB 2011-7 Amendments to Australian Accounting Standards arising from Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	Periods beginning on or after 1 January 2013	This Standard makes amendments to several Australian Accounting Standards and Interpretations arising from the issuance of the consolidation and joint arrangements Standards.
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure requirements [AASB 124]	Periods beginning on or after 1 January 2013	This Standard removes the requirements to include individual key management personnel disclosure in the notes to and forming part of the Financial Report.
AASB 2011-9 Amendments to Australian Accounting Standards-Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	Periods beginning on or after 1 July 2012	This Standard amends the presentation of components of other comprehensive income including presenting separately those items that will be reclassified to profit or loss in the future and those that would not. Amendments will be applied retrospectively.
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132 & 134 and Interpretation 2]	Periods beginning on or after 1 January 2013	This Standard makes amendments to several Australian Accounting Standards. These amendments primarily relate to clarification of narrative requirements for comparative information and segment disclosures for interim financial reports.
AASB 12 Disclosures of Interests in Other Entities	Periods beginning on or after 1 January 2013	This Standard provides a single source of guidance for all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.
AASB 13 Fair Value Measurement	Period beginning on or after 1 January 2013	This Standard defines fair value and provides a single framework for measuring fair value when required by individual Standards. The requirements of AASB 13 will be applied prospectively.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

<i>Title</i>	<i>Application date of the Standard</i>	<i>Summary</i>
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2012-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004 and Interpretation 2, 4, 12, 13, 14, 17, 19, 131 & 132]	Periods beginning on or after 1 January 2013	This Standard makes amendments to several Australian Accounting Standards and Interpretations. These amendments principally arise from the issuance of AASB 13.
AASB 12 Disclosures of Interests in Other Entities	Periods beginning on or after 1 January 2013	This Standard provides a single source of guidance for all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.
AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2012-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004 and Interpretation 2, 4, 12, 13, 14, 17, 19, 131 & 132]	Periods beginning on or after 1 January 2013	This Standard makes amendments to several Australian Accounting Standards and Interpretations. These amendments principally arise from the issuance of AASB 13.
AASB 119 Employee Benefits (revised)	Periods beginning on or after 1 January 2013	This revised Standard requires the immediate recognition of the defined benefit costs, improves the presentation and disclosure requirements for the defined benefit plans and requires the recognition of short-term and other long-term employee benefits to be based on the expected timing of settlement rather than employee entitlement. These revisions will be applied retrospectively.
AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	Periods beginning on or after 1 January 2013	This Standard makes amendments to several amendments to several Australian Accounting Standards and Interpretations. These amendments principally arise from amendments to the revised employee benefit Standard.

The potential effect of these Standards and Interpretations is yet to be fully determined. However it is not expected that new or amended Standards will significantly affect the Groups financial position.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 2. REVENUE

	2012 \$'000	CONSOLIDATED 2011 \$'000
<b>(i) Sales revenue</b>		
Property development revenue	248,299	193,028
Construction revenue	1,375	-
	249,674	193,028
<b>(ii) Other revenues from ordinary activities</b>		
Rental revenue	31,003	29,761
Parking fee received	3,390	361
Dividends received from investments – other corporation	195	239
Doubtful debts no longer required	60	845
Interest received from investments – other corporation	5,950	5,927
Fair value of financial liabilities	748	1,794
Gain on disposal of property, plant and equipment	113	98
Gain on disposal of investment properties	1,318	312
Gain on disposal of available for sale financial assets	2	84
Unrealised gains on investment properties	12,102	10,345
Realised gains on investment properties	30,071	-
Unrealised gains on transfer to investment properties	-	55,523
Discount on acquisition	-	827
Other services	3,363	2,497
	88,315	108,613

### 3. PROFIT FROM ORDINARY ACTIVITIES

	2012 \$'000	CONSOLIDATED 2011 \$'000
<b>(i) Cost of sales</b>		
Development expenses	128,799	91,737
<b>(ii) Expenses</b>		
Depreciation of non-current assets		
Freehold land and buildings	438	439
Plant and equipment	1,824	1,220
	2,262	1,659
Amortisation of non-current assets		
Lease equipment	733	702
Bad and doubtful debts	191	172
Employee benefit expenses	9,798	8,384
Property, plant and equipment written off	10	70
Property maintenance expenses	9,170	8,174
Marketing expenses	14,144	9,285
Professional fees	807	1,988
Available for sale financial assets written off	-	58
Loss on disposal of interests in subsidiaries	-	3,014
Other expenses	5,452	2,604
	39,572	33,749
Total general and administrative expenses	42,567	36,110

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 3. PROFIT FROM ORDINARY ACTIVITIES (CONT'D)

	2012	CONSOLIDATED	2011
	\$'000		\$'000
<b>(iii) Finance costs</b>			
Interest expense	6,575		6,934
Finance costs capitalised	(194)		(674)
	6,381		6,260
<b>(iv) Significant Revenue and Expenses</b>			
The following significant revenue and expense items are relevant in explaining the financial performance:			
- Gain on disposal of available for sale financial assets *	(2)		(84)
- Gain on disposal of investment properties **	(1,318)		(312)
- Unrealised gains on investment properties	(12,102)		(65,868)
- Realised gains on investment properties	(30,071)		-
- Unrealised foreign exchange (gain)/loss	(3,813)		671
- Realised foreign exchange loss	378		9,839

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

\*\* Gains on disposal of investment properties will be subject to Real Property Gains Tax as follows:

- (i) Properties held for 2 years or less will be taxed 15%.
- (ii) Properties held for more than 2 years but up to 5 years will be taxed at 10%.
- (iii) Properties held for more than 5 years will not be taxed.

### 4. INCOME TAX EXPENSE

	Notes	2012	CONSOLIDATED	2011
		\$'000		\$'000
<b>(i) The components of tax expense comprise:</b>				
Current tax		29,006		25,774
Deferred tax	18	(4,650)		(1,624)
Under/(Over) provision in prior years		44		(132)
Real property gains tax	18	6,122		3,015
		30,522		27,033

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 4. INCOME TAX EXPENSE (CONT'D)

	CONSOLIDATED	
	2012	2011
	\$'000	\$'000
<b>(ii) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
Prima facie tax on profit from ordinary activities	40,982	39,272
Effect of difference in tax rate	(8)	6
Tax effect of		
Income not subject to tax	(4,253)	(2,670)
Non-deductible expenses	1,846	4,572
Utilisation of deferred tax asset previously not recognised	-	(34)
Utilisation of capital allowances	(758)	(1,628)
Deferred tax assets not recognised	218	105
Effect of share of results of associates	(63)	(16)
Difference between income tax and real property gains tax rate applicable on fair value adjustments on investment properties	(7,486)	(12,442)
Under/(Over) provision in prior years	44	(132)
Income tax expense attributable to ordinary activities	30,522	27,033
The applicable weighted average effective tax rate	19%	17%

The increase in the weighted average effective tax rate from 17% in 2011 to 19% in 2012 is mainly due to the tax effects arising from the lower fair value adjustments on investment properties during the year.

### 5. EARNINGS PER SHARE

	CONSOLIDATED	
	2012	2011
	\$'000	\$'000
The following reflects the income and shares data used in the calculations of basic and diluted earnings per share:		
Profit for the year	133,406	130,054
Adjustments:		
Profits attributable to non-controlling interest	(51,429)	(37,892)
Earnings used in calculating basic and diluted earnings per share	81,977	92,162

	Numbers of share	Numbers of share
Weighted average number of ordinary shares used in calculating basic earnings per share:		
Effects of dilutive securities:	1,042,827,273	998,465,420
Nil (There are no securities other than ordinary shares.)	-	-
Adjusted weighted average number of ordinary shares used in calculating basic earnings per share	1,042,827,273	998,465,420



## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 6. DIVIDENDS PAID AND PROPOSED

	2012 \$'000	CONSOLIDATED 2011 \$'000
(a) Dividends paid during the year		
Dividends paid or satisfied by the issue of shares under the dividend re-investment plan during the years ended 31 December 2012 and 2011 were as follows:		
(i) Paid in cash		
Final 2011 (2011 – Final 2010)	756	744
Interim 2012 (2011 – Interim 2011)	292	323
	1,048	1,067
(ii) Satisfied by issue of shares		
Final 2011 (2011 – Final 2010)	14,500	13,973
Interim 2012 (2011 – Interim 2011)	4,994	4,709
	19,494	18,682
	20,542	19,749
(b) Dividends proposed and not recognised as a liability		
- unfranked dividends (2.0 cents per share) (2011 : 1.5 cent per share)	21,407	15,256

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 2012 but will be brought to account in 2013.

### (c) Franking credit balance

There is no franking credit balance for United Overseas Australia Ltd during the year ended 31 December 2012.

### 7. PARENT COMPANY INFORMATION

	2012 \$'000	2011 \$'000
<b>Statement of financial position</b>		
Current assets	70,436	147,397
Total assets	72,982	149,887
Current liabilities	250	180
Total liabilities	250	180
Issued capital	32,292	94,174
Retained earnings	40,440	55,533
	72,732	149,707
<b>Financial performance</b>		
Profit for the year	5,449	59,572
Total comprehensive income	5,449	59,572

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 8. DIRECTORS' AND KEY MANAGEMENT PERSONNEL SHAREHOLDINGS

Number of shares held by Directors and Key Management Personnel of the Parent Entity are as follows:

	Balance 1.1.2012	Net Change *	Balance 31.12.2012
<b>Parent Entity Directors</b>			
Direct interest			
Mr. P. L. Kong	369,901	20,440	390,341
Mr. A. C. Winduss	13,619	755	14,374
Ms. M. C. Kong	326,406	18,039	344,445
Mr. C. S. Teo	115,795	6,396	122,191
	825,721	45,630	871,351
Indirect interest			
Mr. C. S. Kong	698,170,732	38,561,893	736,732,625
Mr. P. L. Kong	535,900,446	29,611,167	565,511,613
Mr. A. C. Winduss	1,501,261	82,956	1,584,217
	1,235,572,439	68,256,016	1,303,828,455
<b>Key Management Personnel</b>			
Direct interest			
Mr. E. P. Tong	10,000	132	10,132
Ms. K. I. Ang	315,932	17,458	333,390
Ms. Cecelia Chan	1,048,229	57,922	1,106,151
Mr. E. C. J. Lee	595,722	(593,596)	2,126
	1,969,883	(518,084)	1,451,799
Indirect interest			
Mr. E. P. Tong	4,557,210	59,964	4,617,174
Ms. K. I. Ang	14,692	813	15,505
Mr. E. C. J. Lee	-	213,517	213,517
	4,571,902	274,294	4,846,196

\*Net change refers to shares purchased or sold during the financial year.

### 9. AUDITORS' REMUNERATION

	2012 \$'000	2011 \$'000
Remuneration of the auditor of the parent entity for:		
- auditing and reviewing the financial report	110	108
Remuneration of other auditors of subsidiaries for:		
- auditing and reviewing the financial report	179	143
	289	251

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 10. CASH AND CASH EQUIVALENTS

	2012 \$'000	2011 \$'000
Cash at bank and in hand	46,322	19,334
Short term investments	169,605	257,647
Short term bank deposits	48,605	31,736
	264,532	308,717

The effective interest rate on short term bank deposits was 2.67% (2011: 2.73%); these deposits have an average maturity of less than 12 months.

Included in the cash assets of the Group is \$32,324,062 (2011: \$12,164,455) held in Housing Development Accounts as required by Section 7A of the Housing Developers (Control and Licensing) Act 1966 and Regulations in Malaysia. The cash is restricted in use by the Act which regulates and ensures that the funds are used to complete the relevant housing projects.

### 11. TRADE AND OTHER RECEIVABLES

	Notes	2012 \$'000	2011 \$'000
<b>CURRENT</b>			
Trade receivables		90,905	67,355
Less: Allowance for impairment loss		(266)	(249)
		90,639	67,106
Sundry receivables		18,732	12,446
Refundable deposits on land	23(b)	1,379	5,953
Proceeds receivable from disposal of investment properties		101,686	-
Amounts other than trade debts receivable from related parties:			
- director related entities		3	1
Less: Allowance for impairment loss		(651)	(538)
		211,788	84,968

Terms and conditions relating to the above financial instruments:

- (i) Trade receivables are interest bearing and generally on 14 - 30 days term.
- (ii) Sundry receivables are non-interest bearing.
- (iii) Debts that are known to be not collectible are written off. A provision for impairment loss is raised when some doubt as to collection exists.
- (iv) Details of the terms and conditions of related parties are set out in note 28.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 11. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in the provision for impairment loss were as follows:

	CONSOLIDATED	
	2012 \$'000	2011 \$'000
At 1 January	787	1,530
Charge for the year	178	129
Foreign exchange translation	12	(27)
Provision no longer required	(60)	(800)
Provision no longer required due to bad debts written off	-	(45)
At 31 December	917	787

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

		0-30 days	31-60 days	61-90 days	61-90 days	90+ days	90+ days
Consolidated	Total \$'000	\$'000	\$'000	PDNI* \$'000	CI** \$'000	PDNI* \$'000	CI** \$'000
2012	90,905	39,607	11,669	29,021	-	10,342	266
2011	67,355	48,833	1,023	11,101	12	6,149	237

\* Past due not impaired ("PDNI")

\*\* Considered impaired ("CI")

### 12. INVENTORIES

	CONSOLIDATED	
	2012 \$'000	2011 \$'000
CURRENT		
At cost		
Stock of properties	115,684	99,109
Property held for development and resale	148,544	129,365
Consumables	63	41
Construction work in progress	136	-
	264,427	228,515
NON-CURRENT		
Land held for property development	57,977	25,449

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 4.78% to 4.98% (2011: 3.00% to 5.20%) and are of the following amounts:

	194	669
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## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 13. CONTROLLED ENTITIES

#### a) Controlled entities consolidated

Name	Country of incorporation	Domicile of the company	Notes	Ownership interest held by Group	
				2012 %	2011 %
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		70	70
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	13(c)	42	42
UOA Real Estate Investment Trust (UOA REIT)*	Malaysia	Malaysia	13(c)	46.25	46.22
Gerak Perdana Sdn Bhd*	Malaysia	Malaysia		60	60
Damai Positif Sdn Bhd*	Malaysia	Malaysia		60	60
UOA Development Bhd*	Malaysia	Malaysia		67.99	67.22
- Allied Engineering Construction Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- URC Engineering Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Tiarawoods Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Kumpulan Sejahtera Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Windsor Triumph Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Saujanis Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Magna Tiara Development Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Paramount Properties Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Paramount Hills Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Sagaharta Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Sunny Uptown Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- IDP Industrial Development Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- UOA Properties Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Lencana Harapan Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Dynasty Portfolio Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Bangsar South City Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Nasib Unggul Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- Tunjang Idaman Sdn Bhd*	Malaysia	Malaysia		67.99	67.22
- UOA Hospitality Sdn Bhd*	Malaysia	Malaysia		67.99	67.22

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 13. CONTROLLED ENTITIES (CONT'D)

#### a) Controlled entities consolidated (cont'd)

Name	Country of incorporation	Domicile of the company	Notes	Ownership interest held by Group	
				2012 %	2011 %
- Peninsular Home Sdn Bhd*	Malaysia	Malaysia	13(c)	40.79	40.33
- Everise Tiara (M) Sdn Bhd*	Malaysia	Malaysia	13(c)	40.79	40.33
- Seri Tiara Development Sdn Bhd*	Malaysia	Malaysia		57.79	57.14
- Enchant Heritage Sdn Bhd*	Malaysia	Malaysia		57.79	57.14
- Magna Kelana Development Sdn Bhd*	Malaysia	Malaysia		50.14	47.05
- Scenic Point Development Sdn Bhd*	Malaysia	Malaysia	13(c)	40.79	40.33
- Ceylon Hills Sdn Bhd*	Malaysia	Malaysia	13(c)	36.71	36.30
- Maxim Development Sdn Bhd*	Malaysia	Malaysia	13(b)	67.99	-
- Infinite Accomplishment Sdn Bhd*	Malaysia	Malaysia	13(b)	67.99	-

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

#### b) Acquisition of Controlled entities

On 7 November 2012, the Group acquired 100% equity in Maxim Development Sdn Bhd for a consideration of \$1.

On 17 December 2012, the Group acquired 100% equity in Infinite Accomplishment Sdn Bhd for a consideration of \$1.

#### c) Controlled entities which less than 50%

The financial statements of UOA Asset Management Sdn Bhd and UOA REIT 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 OSK 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 and Ceylon Hills 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 STATEMENT (Continued)

For the Year Ended 31 December 2012

### 14. PROPERTY, PLANT AND EQUIPMENT

	Notes	2012 \$'000	2011 \$'000
<b>Freehold land and building</b>			
At cost		18,150	17,771
Accumulated depreciation		(1,886)	(1,419)
	14(a)	16,264	16,352
<b>Plant and equipment</b>			
At cost		14,654	9,827
Accumulated depreciation		(9,164)	(5,507)
	14(a)	5,490	4,320
<b>Leased plant and equipment</b>			
At cost		4,717	4,623
Accumulated depreciation		(1,108)	(2,187)
	14(a)	3,609	2,436
<b>Total property, plant and equipment</b>			
Cost		37,521	32,221
Accumulated depreciation		(12,158)	(9,113)
Total written down amount		25,363	23,108

#### 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:

CONSOLIDATED	Freehold Land and Building \$'000	Plant and Equipment \$'000	Leased Plant and Equipment \$'000	Total \$'000
Balance at the beginning of the year	16,352	4,320	2,436	23,108
Additions	-	2,441	2,400	4,841
Disposals	-	(11)	-	(11)
Depreciation	(438)	(1,824)	(733)	(2,995)
Written off	-	(10)	-	(10)
Reclassification	-	523	(523)	-
Net foreign currency movements	350	51	29	430
Carrying amount at the end of the year	16,264	5,490	3,609	25,363

#### b) Valuation

Based on the directors' valuations on an open market basis, being the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction, and review of the property, plant and equipment balance there has been no impairment loss during the year.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 15. INVESTMENT PROPERTIES

	2012 \$'000	CONSOLIDATED 2011 \$'000
Balance at beginning of the year	537,907	458,093
Transfer (to)/from inventories	(11,444)	1,142
Net foreign currency movements	7,919	(11,866)
Additions	21,938	26,213
Disposals	(118,418)	(1,543)
Fair value adjustments	42,173	65,868
Balance at end of the year	480,075	537,907

During the financial year, interest expense \$NIL (2011: \$4,804) has been capitalised into investment properties.

The fair value model is applied to all investment properties. Investment properties are independently revalued, which are performed on an open market basis, which represents the amounts for which the assets could be exchanged between knowledgeable willing buyer and knowledgeable willing seller in an arm's length transaction at a valuation date.

The fair value of the investment properties held by the UOA Real Estate Investment Trust ("UOA REIT") were assessed by the Board of Directors of UOA Asset Management Sdn Bhd, the Manager of UOA REIT based on a valuation by an Independent Property Valuer, PPC International Sdn Bhd on 31 December 2012. In arriving at the market values, the valuer has applied the Investment and Comparison Methods to assess the market values of the investment properties.

All other commercial properties have been reviewed in conjunction with PA International Property Consultants (KL) Sdn Bhd by the directors who are of the opinion that the carrying values reflect the fair value of the investment properties.

All residential properties have been reviewed in conjunction with PA International Property Consultants (KL) Sdn Bhd by the directors, who are of the opinion that the carrying values reflect the fair value of the investment properties.

A loan of \$42,445,000 (2011: \$36,188,000) (see note 20) was secured by a Deed of Assignment and Power of Attorney over the Sale and Purchase Agreement between OSK Trustees Berhad and a controlled entity, Wisma UOA Sdn Bhd for the purchase of its commercial properties. The fair value of assets pledged, as security was \$103,155,000 (2011: \$100,593,000).

A loan of \$35,832,000 (2011: \$35,334,000) (see note 20) was secured by an Asset Purchase Agreement and Asset Sale Agreement in respect of Wisma UOA Damansara II and a charge over Wisma UOA Damansara II. The fair value of assets pledged, as security was \$69,272,000 (2011: \$65,516,000).

A loan of \$41,532,000 (2011: \$48,437,000) (see note 20) was secured by Loan Agreements cum Assignment, Deeds of Extension of Deed of Assignment, Deeds of Assignment of Rental Proceeds ("DARP"), Deeds of Extension of DARP and four Power of Attorney, over the Sale and Purchase Agreement for the purchase of UOA Damansara Parcels and over the Sale and Purchase Agreement for the purchase of Parcel B - Menara UOA Bangsar. The fair value of assets pledged, as security was \$127,208,000 (2011: \$122,392,000).

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 16. INVESTMENT IN ASSOCIATES

	2012 \$'000	2011 \$'000
Unquoted shares, at cost	6,181	6,095
Share of post-acquisition reserves	315	65
	6,496	6,160
Less : Unrealised profit	(70)	-
Exchange differences	2	(1)
	6,428	6,159
Less : Accumulated impairment losses	-	-
	6,428	6,159

Name of Entities	Country of incorporation	Principal activities	Ownership interest	
			2012 %	2011 %
Advanced Informatics & Management Centre Sdn Bhd (AIMAC)*	Malaysia	Providing telehealth or e-health facilities	30	30
Everise Project Sdn Bhd (EP)*	Malaysia	Property development	39	39
Asli Security Services Sdn Bhd*	Malaysia	Provision of security services	30	30

\* Audited by auditors other than Grant Thornton

The reporting date of AIMAC is 30 September 2012. For the purposes of applying the equity method of accounting, the financial statements of AIMAC for period ended 31 December 2012 have been used.

The Group receives construction revenue from Everise Project Sdn Bhd (EP), EP has awarded a construction contract to a controlled entity, Allied Engineering Construction Sdn Bhd on new development known as Kencana Square. During the year, the construction revenue received from EP totaled \$1,823,464 (2011:Nil). Amount receivable from EP at reporting date is \$1,631,344 (2011: Nil).

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

	2012 \$'000	2011 \$'000
<b>Financial position:</b>		
Total assets	25,908	20,724
Total liabilities	(9,905)	(5,545)
Net assets	16,003	15,179
<b>Financial performance:</b>		
Total revenue	3,791	48
Total profit for the year	610	131

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 17. AVAILABLE FOR SALE FINANCIAL ASSETS

	2012 \$'000	2011 \$'000
<b>a) Listed investments, at fair value</b>		
- shares in listed corporations	4,903	4,298
<b>b) Investments in golf membership, at cost</b>	184	182
Total available for sale financial assets	5,087	4,480

Available for sale financial assets comprise investments in the ordinary share capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

Gains and losses arising from changes in fair value of available for sale financial assets are recognised as other reserves in the statement of changes in equity in the period in which they arise.

### 18. DEFERRED TAX LIABILITIES/(ASSETS)

	Notes	2012 \$'000	2011 \$'000
Deferred tax liabilities			
- tax allowance relating to property, plant and equipment		425	336
- real property gain tax		4,401	6,051
		4,826	6,387
Deferred tax assets			
- property development and construction profits		(6,703)	(5,273)
- other deductible temporary differences		(442)	(552)
- unabsorbed tax losses		(211)	(63)
		(7,356)	(5,888)
		(2,530)	499

#### a) Reconciliation

The overall movement in the deferred tax account is as follows:

Opening balance		499	(930)
Charge to profit or loss	4	(3,013)	1,425
Charge to equity		(16)	4
Closing balance		(2,530)	499

#### b) Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(m) occur

- Unabsorbed tax losses	1,699	463
- Unabsorbed capital allowances	133	-

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 19. TRADE AND OTHER PAYABLES

	Notes	2012 \$'000	CONSOLIDATED 2011 \$'000
<b>CURRENT</b>			
Trade payables		61,411	41,736
Sundry payables and accrued expenses		51,082	29,732
Amounts payable to:-			
- directors and director related entities	19(a)	11	16
		112,504	71,484
<b>NON-CURRENT</b>			
Amounts payable to non-controlling shareholders of subsidiary companies		23,047	18,008

(a)	Director related entities		
	- Non-trade	11	16

- (b) Terms and conditions relating to the above financial instruments:
- (i) Trade payables are non-interest bearing and are normally on a 30 – 40 days term.
  - (ii) Other payables are non-interest bearing.
  - (iii) Details of the terms and conditions of related parties are set out in note 28.

### 20. FINANCIAL LIABILITIES

	Notes	2012 \$'000	CONSOLIDATED 2011 \$'000
<b>CURRENT</b>			
<i>Unsecured liabilities</i>			
Lease liabilities	23	1,271	1,071
<i>Secured liabilities</i>			
Term loans		125,568	124,253
		126,839	125,324
<b>NON-CURRENT</b>			
<i>Unsecured liabilities</i>			
Lease liabilities	23	2,708	1,902
<i>Secured liabilities</i>			
Long term loans		3,035	641
		5,743	2,543

Terms and conditions relating to the above financial instruments:

- (i) The bridging loan is secured by a legal charge over a vacant commercial land and corporate guarantees by certain controlled entities. The interest rates ranging from 4.78% to 4.85% (2011: 4.87% to 4.88%).
- (ii) The revolving credit facility is secured by deeds of assignment over Sale and Purchase Agreements of strata-titled properties, a fixed and floating charge over freehold land, leasehold strata property and corporate guarantees by certain controlled entities. The interest rates ranging from 1.46% to 4.98% (2011: 1.45% to 4.98%).
- (iii) The term loan is secured by a legal charge over a vacant commercial land and corporate guarantees by certain controlled entities. The interest rate is 4.85% (2011: NIL).

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 20. 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:

	2012 \$'000	2011 \$'000
<b>Current</b>		
Fixed charge		
Inventories	25,425	24,586
Total current assets pledged as security	25,425	24,586
<b>Non-current</b>		
Fixed charge		
Investment properties	299,635	288,501
Property, plant and equipment	4,937	4,888
<b>Finance leases</b>		
Leased plant and equipment	3,609	2,437
Total non-current assets pledged as security	308,181	295,826
Total assets pledged	333,606	320,412

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.

### 21. SHARE CAPITAL

	2012 \$'000	2011 \$'000
<b>a) Issued and paid up capital</b>		
Ordinary shares fully paid	32,292	94,174

	2012 Number of shares	2012 \$'000	2011 Number of shares	2011 \$'000
<b>b) Movements in shares on issue</b>				
Balance at beginning of the year	1,017,041,997	94,174	982,095,242	77,461
Issued during the year				
- dividend re-investment plan	53,309,037	19,494	39,231,643	18,682
Buyback during the year	-	-	(4,284,888)	(1,969)
Capital repayment during the year	-	(81,376)	-	-
Balance at end of the year	1,070,351,034	32,292	1,017,041,997	94,174

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



## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 21. SHARE CAPITAL (CONT'D)

During the year, a capital repayment of 8 cents to a share was paid on 11 January 2012.

The final dividend for year ended 31 December 2011 was paid on 31 May 2012. Some shareholders elected to take ordinary shares in lieu of cash, totaling 40,165,973 shares.

The interim dividend for year ended 31 December 2012 was paid on 1 November 2012. Some shareholders elected to take ordinary shares in lieu of cash, totaling 13,143,064 shares.

Terms and conditions of issued capital:

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

#### c) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2012, management paid dividends of \$20,542,000 (2011:\$19,749,000). Management's objective for dividend payments for 2013 to 2017 is to maintain the current level of dividends, assuming business and economic conditions allow.

Management has no current plans to issue further shares on the market. The Company has at present an on market share buyback scheme in operation. This scheme has since been extended to 20 March 2014.

Management monitors capital through the gearing ratio (net debt/total capital). The target for the Group's gearing ratio are between 10% to 25%. The gearing ratios based on continuing operations at 31 December 2012 and 2011 were as follows:

	2012 \$'000	2011 \$'000
Total borrowings*	268,133	217,359
Less: Cash and cash equivalents	(264,532)	(308,717)
Net debt/(cash)	3,601	(91,358)
Total equity	692,829	684,318
Total capital	696,430	592,960
Gearing ratio	0.52%	-

\* 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 STATEMENT (Continued)

For the Year Ended 31 December 2012

### 22. 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	
	2012	2011
	\$'000	\$'000
Balance at beginning of the year	(42,471)	(39,294)
Currency translation differences	8,229	(3,177)
Balance at end of the year	(34,242)	(42,471)

#### b) Other Reserve

##### (i) Nature and purpose of reserve

Other reserve records fair value changes of available for sale financial assets.

##### (ii) Movements in reserve

	CONSOLIDATED	
	2012	2011
	\$'000	\$'000
Balance at beginning of the year	100	212
Currency translation differences	(4)	(3)
Net gain/(loss) on available for sale financial assets	333	(109)
Balance at end of the year	429	100

### 23. CAPITAL AND LEASING COMMITMENTS

	Notes	CONSOLIDATED	
		2012	2011
		\$'000	\$'000
a) Finance Lease Commitments			
Payable – minimum lease payments			
- not later than one year		1,474	1,221
- later than one year but not later than five years		2,895	2,063
Minimum lease payments		4,369	3,284
Less: future finance charges		(390)	(311)
Present value of minimum lease payments		3,979	2,973
Current liabilities	20	1,271	1,071
Non-current liabilities	20	2,708	1,902
		3,979	2,973
b) Capital Commitments			
The Group has the following capital commitments:			
Purchase of land		\$ 18,679,601	
Property, plant and equipment		\$ 2,215,844	

### 24. EMPLOYEE BENEFITS

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For The Year Ended 31 December 2012

### 25. OPERATING SEGMENTS

	Investment		Land Development and resale		Others		Elimination		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue										
Sales to customers outside the group	-	-	249,674	193,028	-	-	-	-	249,674	193,028
Other revenues from customers outside the group	75,606	99,583	8,075	8,194	4,634	836	-	-	88,315	108,613
Inter segment revenue	76,766	252,500	138,987	157,018	126	-	(215,879)	(409,518)	-	-
Total revenue	152,372	352,083	396,736	358,240	4,760	836	(215,879)	(409,518)	337,989	301,641
Interest revenue	4,983	5,765	1,709	1,950	6	6	-	-	6,698	7,721
Interest expense	(5,078)	(5,264)	(1,302)	(996)	(1)	-	-	-	(6,381)	(6,260)
Depreciation and amortisation	(448)	(431)	(2,477)	(1,920)	(70)	(10)	-	-	(2,995)	(2,361)
Write off of assets	(10)	(69)	-	(1)	-	-	-	-	(10)	(70)
Increase in fair value of investment properties	42,173	61,580	-	4,288	-	-	-	-	42,173	65,868
Other non-cash income/(expenses)	3,359	(10,606)	(114)	(15)	-	(61)	-	-	3,245	(10,682)
Income tax expense	(5,659)	(5,359)	(25,008)	(21,735)	145	61	-	-	(30,522)	(27,033)

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For The Year Ended 31 December 2012

### 25. OPERATING SEGMENTS (CONT'D)

	Investment		Land Development and resale		Others		Elimination		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment net operating profit after tax	49,675	63,091	81,291	74,720	2,074	(149)	-	(7,853)	133,040	129,809
Reconciliation of segment net operating profit after tax to net profit before tax										
Segment net operating profit after tax									133,040	129,809
Income tax expense									30,522	27,033
Gain on disposal of property, plant and equipment									113	98
Gain on disposal of available for sale financial assets									2	84
Result from equity accounted investments									251	63
Total net profit before tax per profit or loss									163,928	157,087
Segment assets	689,351	750,367	619,822	463,522	2,446	1,900	-	-	1,311,619	1,215,789
Reconciliation of segment operating assets to total assets										
Segment operating assets									1,311,619	1,215,789
Available for sale financial assets									5,087	4,480
Deferred tax assets									7,356	5,888
Current tax assets									166	-
Total assets as per the statement of financial position									1,324,228	1,226,157
Investment in associates	6,428	6,159	-	-	-	-	-	-	6,428	6,159
Capital expenditure	94	204	4,363	3,197	384	1	-	-	4,841	3,402

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

For The Year Ended 31 December 2012

### 25. OPERATING SEGMENTS (CONT'D)

	Investment		Land Development and Resale		Others		Elimination		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment liabilities	137,962	136,201	127,660	79,144	2,511	2,014	-	-	268,133	217,359
Reconciliation of segment operating liabilities to total liabilities										
Segment operating liabilities									268,133	217,359
Deferred tax liabilities									4,826	6,387
Current tax liabilities									-	2,201
Total liabilities per the statement of financial position									272,959	225,947

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Company's principal activities are land development and resale and investment properties which are held to generate rental income, capital appreciation or both. Land development and resale is predominately focused on residential and commercial developments in Malaysia.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 26. CASH FLOW INFORMATION

#### a) Acquisition of Entities

During the year, the Group acquired 100% equity in Maxim Development Sdn Bhd and Infinite Accomplishment Sdn Bhd for a consideration of \$1 and \$1 respectively.

#### b) Financing facilities available

##### *Finance Lease Transactions*

During the year, the Group acquired plant and equipment with an aggregate value of \$2,353,000 (2011: \$1,957,000) by means of finance leases.

##### *Dividend Re-investment Plan*

Under the terms of the dividend re-investment plan, dividends amounting to \$19,494,210 (2011: \$18,682,394) were paid via the issuance of the equivalent of 53,309,037 shares (please refer to Note 21) (2011: 39,231,643).

#### c) Financing facilities available

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

	Notes	2012 \$'000	CONSOLIDATED 2011 \$'000
Total facilities			
- credit standby arrangements		14,169	14,469
- bank loans		185,089	175,297
Facilities used at reporting date			
- credit standby arrangements		2,710	7,372
- bank loans	20	128,603	124,894
Facilities unused at reporting date			
- credit standby arrangements		11,459	7,097
- bank loans		56,486	50,403

The major credit facilities are guarantees supplied by the bank, with the general terms and conditions being set and agreed annually. They may be drawn at any time.

The major loan facilities are revolving, term and bridging loans. The terms of the loans vary from one to five years and all carry variable interest rates.

The revolving, term and bridging loans are subject to periodic review and are repayable through redemption from the sale of property units.

Finance will be provided under all facilities provided the Company and the Group have not breached any borrowing requirements and the required financial ratios are met.



## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 27. EVENTS AFTER THE REPORTING DATE

- a) On 27 February 2013, the directors of United Overseas Australia Ltd proposed a final dividend of 2.0 cents per ordinary shares (totalling \$21,407,021) in respect of the financial year ended 31 December 2012 to be approved at the forthcoming Annual General Meeting. This dividend has not been provided for in the 31 December 2012 financial statements.
- b) The financial report was authorised for issue on 28 March 2013 by the Board of Directors at a Board Meeting held on 28 March 2013.
- c) On 29 January 2013, the Group disposed off 50,000 units in UOA REIT for a total sales consideration of \$22,099. On 30 January 2013, the Group disposed off 50,000 units in UOA REIT for a total sales consideration of \$21,411. The Group's interest in UOA REIT remains unchanged at 46%.
- d) On 23 January 2013, the Group acquired a 100% equity interest in Regenta Development Sdn Bhd and Seri Prima Development Sdn Bhd for a cash consideration of \$1 respectively.

### 28. 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  
The parent entity receives accounting and secretarial services from a company, Winduss & Associates. During the year, the fees paid to Winduss & Associates totalled \$109,340 (2011: \$154,835).

#### *Entity with significant influence over the Group – Griyajaya Sdn Bhd*

Griyajaya Sdn Bhd owns 30.63% (2011: 30.55%) of the ordinary shares in United Overseas Australia Ltd.

#### *Employees*

Contributions to superannuation funds on behalf of employees are disclosed in the Directors' Report.

#### *Terms and conditions of transactions with related parties*

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

#### *Allowance for impairment loss on trade receivables*

For the year ended 31 December 2012, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2011: Nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises allowance for the impairment loss.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 28. RELATED PARTY TRANSACTIONS (CONT'D)

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

In the financial year ended 31 December 2012, the following units were sold to the directors, key management personnel and their associates :

Purchaser	Project	Unit Number	Purchase Price (\$)
Kong Pak Lim	The Park Residence	B-25-2	332,693
Kong Sze Choon	Le Yuan Residence	B-12-08	172,504
Kong Sze Choon	The Park Residence	A-20-2	354,636
Kong Ai Chee	Le Yuan Residence	B-18-08	179,529
Kong May Chee	Le Yuan Residence	B-19-08	180,445
Kong May Chee	The Park Residence	A-20-3	354,636
Global Transact Sdn Bhd	Vertical	18-09	182,751
Global Transact Sdn Bhd	Vertical	18-10	201,375
Chan Cecelia & Christina Chan Swee Lee	Vertical	03-12	252,407
Chan Cecelia	The Park Residence	A-22-3A	385,497
Jacob Chan Teng Meng & Lai Kwooi Hua	Le Yuan Residence	B-18-07	245,918
Jacob Chan Teng Meng & Lai Kwooi Hua	Le Yuan Residence	B-18-09	245,918
Jacob Chan Teng Meng & Lai Kwooi Hua	Le Yuan Residence	B-18-15	254,838
Ang Kheng Im & Lim Khing Yam	Le Yuan Residence	B-08-01	226,870

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

At the date of this report, the following units were sold to the following persons:

Purchaser	Project	Unit Number	Purchase Price (\$)
Chan Cecelia & Christina Chan Swee Lee	Scenaria	S-B/07-09	218,105
Transmetro Sdn Bhd	Scenaria	S-B/08-09	219,021

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

### 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprises receivables, payables, bank loans, finance leases, hire purchase contracts, available for sale financial assets, short term investments, cash and short term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees on policies for managing each of these risks as summarised below.

#### Risk Exposures and Responses

##### Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's long term debt obligations. The level of debt is disclosed in Note 20.

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	
	2012 \$'000	2011 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	264,532	308,717
Available for sale financial assets	5,087	4,480
	269,619	313,197
<b>Financial liabilities</b>		
Bank loans	(128,603)	(124,894)
Lease liabilities	(3,979)	(2,973)
	(132,582)	(127,867)
Net exposure	137,037	185,330

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)	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>CONSOLIDATED</b>				
+ 1%	1,370	1,853	-	-
- 0.5%	(685)	(927)	-	-

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 2012 than in 2011 due to the increase in borrowings which resulted in a higher net exposure position.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

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

#### 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 2012, the Group had the following exposure to the Singapore Dollar ("SGD") foreign currency that is not designated in cash flow hedges:

	CONSOLIDATED	
	2012 \$'000	2011 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	79	44
Trade and other receivables	43	42
	122	86
<b>Financial liabilities</b>		
Trade and other payables	47	59
Interest bearing loans and borrowings	2,606	2,647
	2,653	2,706
Net exposure	2,775	2,792

The following sensitivity is based on the foreign currency risk exposures in existence at the end of reporting period.

As at 31 December 2012, 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)	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>CONSOLIDATED</b>				
+ 1%	278	279	-	-
- 0.5%	(139)	(140)	-	-

The movements in profit in 2012 are less sensitive than in 2011 due to the lower levels of SGD cash and cash equivalents at reporting date.

Management believes the reporting date risk exposures are representative of the risk exposure inherent in the financial instruments.

#### Price risk

The Group's exposure to commodity and equity securities price risk is minimal.

Equity securities price risk arises from investments in equity securities. To limit this risk the Group diversifies its portfolio in accordance with limits set by the Board. The majority of the equity investments are of a high quality and are publicly traded on Bursa Malaysia. The price risk for both listed and unlisted securities is immaterial in terms of a possible impact on profit and loss to total equity and as such a sensitivity analysis has not been completed.

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

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

#### *Credit risk*

Credit risk arises from the financial assets of the Group, which comprises cash and cash equivalents, trade and other receivables and available for sale financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades substantially with third parties that are backed by loan facilities from financial institutions and such lenders have extended undertakings to the Group to honour payments when due.

The Group also trades with recognised, creditworthy third parties, and such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counter parties.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

#### *Liquidity risk*

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, finance leases and committed available credit lines.

As at 31 December 2012, 96% of the Group's debt will mature in less than one year (2011: 98%).

The table below reflects all contractually fixed pay-offs and receivables for settlement repayments and interest resulting from recognized 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 2012.

The remaining contractual maturities of the Group's financial liabilities are:

	CONSOLIDATED	
	2012 \$'000	2011 \$'000
Less than 1 year	126,839	124,869
1 to 5 years	5,743	2,998
Over 5 years	-	-
	132,582	127,867

## NOTES TO THE FINANCIAL STATEMENT (Continued)

For the Year Ended 31 December 2012

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

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, 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.

CONSOLIDATED	<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
<b>Financial Assets</b>				
Cash and cash equivalents	264,532	-	-	264,532
Trade and other receivables	204,630	5,624	1,534	211,788
Available for sale financial assets	-	-	5,087	5,087
	469,192	5,624	6,621	481,407
<b>Financial liabilities</b>				
Trade and other payables	112,504	23,047	-	135,551
Interest bearing loans and borrowings	126,839	5,743	-	132,582
	239,343	28,790	-	268,133
Net maturity	229,819	(23,166)	6,621	213,274

### 30. ADJUSTMENTS TO FINAL FINANCIAL STATEMENTS

The consolidated results of the consolidated entity for the year ended 31 December 2012 differed from those announced in the unaudited Preliminary Financial Report (Appendix 4E) announced to the Australian Securities Exchange as follows

(i) Statement of Financial Position		Consolidated Financial Statements \$'000	Preliminary Financial Report \$'000	Explanations
A)	Inventories	264,427	235,580	Reclassification of land cost from Land held for property development
B)	Land held for property development	57,977	86,824	Pursuant to adjustment (A) above
(ii) Statement of Cash Flows		Consolidated Financial Statements \$'000	Preliminary Financial Report \$'000	Explanations
A)	Increase inventories	19,734	8,896	Reclassification of land cost from Land held for property development
B)	Payment for purchase of land held for property development	29,507	56,091	Pursuant to adjustment (A) above



## DIRECTOR'S DECLARATION

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In accordance with a resolution of the directors of United Overseas Australia Ltd, I state that:

- (1) In the opinion of the directors:
  - (a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2012 and of their performance for the year ended on that date; and
    - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (2) The Chief Executive Officer and Chief Financial Officer have each declared that:
  - (a) the financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view
- (3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Alan Charles Winduss  
Director

Perth, Western Australia  
28 March 2013

Grant Thornton Audit Pty Ltd  
ACN 130 913 594

10 Kings Park Road  
West Perth WA 6005  
PO Box 570  
West Perth WA 6872

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**W** [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **Independent Auditor's Report To the Members of United Overseas Australia Limited**

### **Report on the financial report**

We have audited the accompanying financial report of United Overseas Australia Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Independence

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

#### Auditor's opinion

In our opinion:

- a the financial report of United Overseas Australia Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

#### **Report on the remuneration report**

We have audited the remuneration report included in pages 41 to 46 of the directors' report for the year ended 31 December 2012. 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.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of United Overseas Australia Limited for the year ended 31 December 2012, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J W Vibert  
Partner - Audit & Assurance

Perth, 28 March 2013

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 18 March 2013.

### (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	32	6,038
1,001	–	5,000	71	177,847
5,001	–	10,000	69	590,022
10,001	–	100,000	209	8,337,708
100,001		And over*	117	1,061,239,419
			498	1,070,351,034

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

\* Included in this figure is 64,001,187 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	Griyajaya Sdn Bhd	327,854,850	30.63%
2	Dream Legacy Sdn Bhd	132,794,924	12.41%
3	Metrowana Development Sdn Bhd	91,659,038	8.56%
4	Transmetro Sdn Bhd	76,676,049	7.16%
5	Mahareno Sdn Bhd	65,942,497	6.16%
6	Transmetro Corporation Sdn Bhd	65,942,483	6.16%
7	Macrolantic Technology Sdn Bhd	65,942,483	6.16%
8	The Central Depository (Pte) Limited	64,001,187	5.98%
9	Wismara Sdn Bhd	42,671,386	3.99%
10	Amerena Sdn Bhd	27,375,035	2.56%
11	Accomplished Portfolio Sdn Bhd	23,716,509	2.22%
12	Wong Kiu Nguik	12,882,537	1.20%
13	Teng Meng Chan	8,443,789	0.79%
14	Tan Sri Dato' Alwi Jantan	5,565,304	0.52%
15	Lay Hoon Koh	4,617,174	0.43%
16	Colin Robert Macewan & Bronwyn Beder	3,950,000	0.37%
17	W Joseph Hughes Nominees Pty Ltd	2,354,000	0.22%
18	Pershing Australia Nominees Pty Ltd	2,000,000	0.19%
19	Hegford Pty Ltd	1,742,522	0.16%
20	Beng Chee Law	1,663,260	0.15%
		1,027,795,027	96.02%

**(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
Griyajaya Sdn Bhd	327,854,850
Dream Legacy Sdn Bhd	132,794,924
Metrowana Development Sdn Bhd	91,659,038
Transmetro Sdn Bhd	76,676,049
Mahareno Sdn Bhd	65,942,497
Transmetro Corporation Sdn Bhd	65,942,483
Macrolantic Technology Sdn Bhd	65,942,483
The Central Depository (Pte) Limited	64,001,187

**(d) Voting rights**

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

**UNITED OVERSEAS AUSTRALIA LTD**  
**ACN 009 245 890**

**NOTICE OF ANNUAL GENERAL MEETING**

**INCLUDING**

**EXPLANATORY STATEMENT**

**and**

**PROXY FORM**

**Date of Meeting:**

Wednesday, 29th May 2013

**Time of Meeting:**

9.00 am

**Place of Meeting:**

Wisma UOA Bangsar South  
Tower 1, Avenue 3  
The Horizon, Bangsar South City  
No 8, Jalan Kerinchi,  
59200 Kuala Lumpur Malaysia

**IMPORTANT NOTICE**

**THE RESOLUTIONS PROPOSED FOR THIS MEETING ARE OF FUNDAMENTAL IMPORTANCE TO THE FUTURE OF YOUR COMPANY. IT IS RECOMMENDED THAT SHAREHOLDERS READ THIS INFORMATION MEMORANDUM IN FULL, AND IF THERE IS ANY MATTER THAT YOU DO NOT UNDERSTAND, YOU SHOULD CONTACT YOUR FINANCIAL ADVISER, STOCKBROKER OR SOLICITOR FOR ADVICE.**



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## **TIME AND PLACE OF MEETING AND HOW TO VOTE**

### **VENUE**

The Annual General Meeting of the Shareholders of United Overseas Australia Ltd will be held at:

Wisma UOA Bangsar South

Tower 1, Avenue 3

The Horizon, Bangsar South City

No 8 Jalan Kerinchi

59200 Kuala Lumpur Malaysia

Commencing 9.00 am

Wednesday, 29 May 2013

### **HOW TO VOTE**

You may vote by attending the Meeting in person, by proxy or authorised representative.

### **VOTING IN PERSON**

To vote in person, attend the Meeting at the time, date and place set out above. The Meeting will commence at 9.00am.

### **VOTING BY PROXY**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

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Further details on these changes are set out below.

### **Proxy vote if appointment specifies way to vote**

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### **Transfer of non-chair proxy to chair in certain circumstances**

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Your Proxy Form is enclosed.

### **VOTING EXCLUSION**

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **SNAPSHOT DATE**

In accordance with regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Directors have set a snapshot date to determine the identity of those Shareholders who are entitled to attend and vote at the Meeting. The snapshot date is 5:00pm on 24th May 2013.

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## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of United Overseas Australia Ltd will be held at Wisma UOA Bangsar South, Tower 1, Avenue 3, The Horizon, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia at 9.00am on 29 May 2013.

### **BUSINESS ACCOUNTS AND REPORTS**

To receive and consider the financial report of the Company for the financial year ended 31 December 2012 together with the declaration of the Directors, the Remuneration Report and the reports of the Directors and the Company's auditor ("Auditor") thereon.

### **RESOLUTION 1 – TO DECLARE A FINAL DIVIDEND AS RECOMMENDED BY DIRECTORS**

### **RESOLUTION 2 – TO RE-ELECT A DIRECTOR BY ORDINARY RESOLUTION**

Mr. Pak Lim Kong retires by rotation in accordance with the provision of constitution and being eligible offers himself for re-election. Short explanation under provision of the constitution one third of the directors excluding the majority director must retire by rotation and if eligible they may offer themselves for re-election.

### **RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31st December 2012"

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

#### **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the "voter") described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**By order of the Board**

**A C Winduss  
Company Secretary  
Dated: 28 March 2013**

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## **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared for the information of Shareholders in United Overseas Australia Ltd in connection with the business to be conducted at the Annual General Meeting of the Company to be held at Wisma UOA Bangsar South, Tower 1, Avenue 3, The Horizon, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 29th May 2013 at 9.00am.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Annual General Meeting.

## **FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

In accordance with the requirements of the Company's Constitution and the Corporations Act, the financial report of the Company for the financial year ended 31 December 2012 together with the declaration of the Directors, the Remuneration Report and the reports of the Directors and Auditor (together, "Reports") thereon will be tabled at the Meeting. Shareholders will have the opportunity of discussing the Reports and making comments and raising queries in relation to the Reports at the Meeting.

The following deals with matters of ordinary business to be considered by Shareholders at the Meeting. The following matters should be noted in respect of those items:

### **RESOLUTION 1**

To confirm directors recommendation for the payment of a final dividend of 2 cents per ordinary share.

### **RESOLUTION 2 - RE-ELECTION OF MR. PAK LIM KONG**

The Constitution requires that one third of the Company's board of directors, excluding the Managing Director, shall retire by rotation at the Company's annual general meeting every year, and if eligible may offer themselves for re-election. If the number of Directors is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under the Constitution is eligible for re-election.  
The Company currently has 4 Directors and accordingly 1 must retire.

Accordingly, Mr Pak Lim Kong, the Director longest in office since his last election, retires by rotation.

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**PAK LIM KONG (Executive Director)**

Kong Pak Lim oversees the planning and design of our commercial and residential projects and is also responsible for the identification and negotiations of all new land acquisitions.

He has over 21 years experience in the construction, mining and property development industries in both Malaysia and Australia. He has worked extensively in various senior engineer capacities in Australia.

He co-founded UOA with Mr Chong Soon Kong and played an integral part in spearheading the Parent and the Group's rapid growth over the years.

He graduated with Bachelor of Engineering degree with Honours from the University of Western Australia in 1975. He is a member of the Institute of Engineers Australia, the Australian Institute of Management, the Institute of Engineers Malaysia and the Association of Professional Engineers Malaysia.

Mr Kong is a Director of –

UOA Development Bhd, Bursa Malaysia Securities Berhad Listed

**RESOLUTION 3 – ADOPTION OF REMUNERATION REPORT**

General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is contained in the Company's annual financial report for the financial year ended 31 December 2012.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting. This Resolution is advisory only and does not bind the Directors or the Company.

**Voting consequences**

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company ("Spill Resolution") if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the Company must convene a shareholder meeting ("Spill Meeting") within 90 days of the second annual general meeting.

All of the directors of the Company who were in office when the directors' report (as included in the Company's annual financial report for the previous financial year was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the Company is approved will be the directors of the Company.

---

### **Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

### **Proxy voting restrictions**

Shareholders appointing a proxy for this Resolution should note the following:

#### **If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:**

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

#### **If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):**

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

#### **If you appoint any other person as your proxy:**

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

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## Glossary of Defined Terms

“Annual General Meeting” or “Meeting” means the meeting convened by this Notice.

“ASX” means ASX Limited.

“Board” means the board of Directors of the Company.

“Closely Related Party” of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member’s spouse;
- (c) a dependent of the member or the member’s spouse;
- (d) anyone else who is one of the member’s family and may be expected to influence the member, or be influenced by the member, in the member’s dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

“Company” and “United Overseas Australia Ltd” means United Overseas Australia Ltd (ACN 009 245 890).

“Constitution” means the constitution of the Company.

“Corporations Act” means the Corporations Act 2001 (Cth).

“Directors” means the current directors of the Company.

“Explanatory Statement” means the explanatory statement set out in Section 3 of this Notice.

“Key Management Personnel” has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

“Listing Rules” means the Official Listing Rules of ASX.

“Memorandum” means the memorandum set out in Section 1 of this Notice.

“Notice” means this notice of meeting including the Explanatory Statement and the Proxy Form.

“Ordinary Securities” has the meaning set out in the Listing Rules.

“Proxy Form” means the proxy form accompanying this Notice.

“Remuneration Report” means the remuneration report set out in the Director’s report section of the Company’s annual financial report for the year ended 31 December 2012.

“Share” means a fully paid ordinary share in the capital of the Company.

“Shareholder” means a holder of a Share.



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**UNITED OVERSEAS AUSTRALIA LTD**  
**ACN 009 245 890**

**Instructions for Completing 'Appointment of Proxy' Form**

- 1) **(Appointing a Proxy):** A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
- 2) **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
- 3) **(Signing Instructions):**
  - (Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
- 4) **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
- 5) **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) Post to PO Box 1788, Osborne Park DC WA 6916
  - (b) Facsimile to +61 8 9217 9899

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy forms received later than this time will be invalid.**



## United Overseas Australia Ltd

**Lodge your vote:**  
**By Mail:**  
**PO Box 1788**  
**OSBORNE PARK DC**  
**6916**

**Alternatively you can fax your form**  
**to Facsimile: +61 (08) 9217 9899**

**For all enquiries call:**  
**Telephone: +61 (08) 92179800**

### FORM OF PROXY

#### STEP 1: Appoint a Proxy to Vote on Your Behalf

**PLEASE NOTE:** This proxy is solicited on behalf of the management of UOS (the "Company") for use at the meeting of the Shareholders of the Company to be held at United Overseas Australia Ltd, Wisma UOA Bangsar South, No. 8 Jalan Kerinchi, at 10.30am, 29 May 2013.

**I/We being members of United Overseas Australia Ltd hereby appoint**

☐

The Chairman  
of the meeting

OR

**PLEASE NOTE:** If you leave this section blank, the Chairman of the meeting will be your proxy

Or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions at the Meeting and at any adjournment of that meeting.

If you have not appointed the Chairman of the meeting as your proxy and you are appointing a second proxy, please complete the following : Proxy 1 is appointed to represent \_\_\_\_\_% of my voting right and Proxy 2 is appointed to represent \_\_\_\_\_%. My total voting right is \_\_\_\_\_ shares.

With respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. I/We confer discretionary authority on the person voting on behalf of me/us to vote as that person sees fit. At the time of printing this Form of Proxy, management knows of no such amendment, variation or other matter.

☐ If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution(s) and that the votes cast by the Chair of the meeting for those resolutions other than as the proxy holder will be disregarded because of interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the majority if a poll is called on the resolution.

#### Voting on Items of Business of the Annual General Meeting

**PLEASE NOTE:** If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and your votes will not be counted in computing the required majority on that item.

If you wish to indicate how your proxy is to vote, please tick the appropriate places below

	FOR	AGAINST	ABSTAIN
1. Declaration of final Dividend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election and appointment of Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(i) Re-election of Mr Pak Lim Kong	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To receive, consider and adopt the remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### Important for Resolutions 3

If you have not directed your proxy how to vote as your proxy in respect of Resolutions 3, and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

☐

I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolutions 3 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolutions 1 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolutions 1 and that votes cast by the Chair for Resolutions 1 other than as proxy holder would be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

#### Sign: Signing by member

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Member 1

Member 2 (if joint holding)

Member 3 (if joint holding)

Sole Director and Sole Secretary

Director/Company Secretary

Director

Date \_\_\_\_/\_\_\_\_/\_\_\_\_

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Security holders sponsored by a broker (reference number commences with an 'x') should advise your broker of any changes.

