

Ultima United Limited

Appendix 4E Preliminary Final Report

1. Reporting period

- Year ended 30 June 2019

Previous corresponding period

- Year ended 30 June 2018

2. Results for announcement to the market

	30 June 2019 Current Year	Percentage Change Up / (Down)	Change Up / (Down)	30 June 2018 Previous Corresponding Year \$
	\$		\$	\$
2(a) Revenue from ordinary activities	33,327	15118%	33,108	219
2(b) Loss from ordinary activities after tax	(538,099)	28%	(119,201)	(418,898)
2(c) Net Loss for the year attributable to members	(538,099)	28%	(119,201)	(418,898)

2(d) Dividends: The Company does not propose to pay any dividends in the current year.

2(e) Record Date: N/A

2(f) See attached Director's Report

3. Statement of Profit or Loss and Other Comprehensive Income

- See attached Financial Statements

4. Statement of Financial Position

- See attached Financial Statements

5. Statement of Cash Flows

- See attached Financial Statements

6. Statement of Changes in Equity

- See attached Financial Statements

7. Dividends

- The Company does not propose to pay any dividends in the current year.

8. Dividend reinvestment plan

- The Company does not propose to pay any dividends in the current year and does not have a dividend reinvestment plan.

9. Net tangible assets per security

	Current Year (30 June 2019)	Previous Corresponding Year (30 June 2018)
Cents per ordinary share	6.2 cents	7.7 cents

10. Details of entities over which control has been gained or lost

- **Control gained over entities:** N/A
- **Control lost over entities:** N/A

11. Details of Associates / Joint Ventures

- N/A

12. Other significant information

- N/A

13. Accounting Standards

- **For foreign entities, the set of accounting standards used in compiling the report:** N/A

14. Results of the period

- Refer Director's Report

15. Statement on the financial statements

- Financial Statements are based on audited accounts.

16. Unaudited Accounts

- N/A

17. Auditor's audit report

- **For all entities, if the accounts are subject to audit dispute or qualification, include a description of the dispute or qualification:** N/A – however the auditor's report does include a paragraph addressing the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

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Ultima United Limited

ACN 123 920 990

Annual Report

For the Financial Year Ended 30 June 2019

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CORPORATE DIRECTORY

EXECUTIVE CHAIRMAN & MANAGING DIRECTOR

(Simon) Xing Yan

EXECUTIVE DIRECTOR

Eric Kong

NON-EXECUTIVE DIRECTORS

(James) Zixi Ban

Li Yi

COMPANY SECRETARY

Piers Lewis

Victor Goh

PRINCIPAL & REGISTERED OFFICE

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COMO, WA 6152

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Facsimile: (08) 9367 3311

AUDITORS

Moore Stephens

Level 15 Exchange Tower,

2 The Esplanade

PERTH WA 6000

SHARE REGISTRAR

Advanced Share Registry Services

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NEDLANDS WA 6009

Telephone: (08) 9389 8033

Facsimile: (08) 9262 3723

SECURITIES EXCHANGE LISTING

Australian Securities Exchange

(Home Exchange: Perth, Western Australia)

Codes: UUL

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DIRECTORS' REPORT

The directors of Ultima United Limited (the "Company") submit herewith the financial report of the Company for the financial year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1) BOARD OF DIRECTORS

The names and details of the Company's directors in office during and since the financial year end until the date of the report are as follows. Directors were in office for the entire period unless otherwise stated.

Directors	Position
(Simon) Xing Yan	Executive Chairman & Managing Director
Eric Kong	Executive Director
(James) Zixi Ban	Non-Executive Director
Li Yi	Non-Executive Director (appointed 25 February 2019)

2) INFORMATION ON DIRECTORS

(Simon) Xing Yan

Executive Chairman & Managing Director

Experience

Mr Yan has over 30 years of senior level management experience in international mining trade. He was part of the management team of China National Minerals and Metals Import & Export Corporation (MINMETALS).

Mr Yan migrated to Western Australia where he established numerous import export businesses. Mr Yan developed a number of commercial properties, including "Woodsons" (formerly Parry's Department Store) in Fremantle and Huntingdale Village Shopping Centre. Mr Yan was also a licensed real-estate agent for nearly 20 years, which provided him with a deep knowledge of the Western Australian property market.

Mr Yan is widely sought after as a consultant for international trade issues due to his broad contacts and knowledge of Chinese and Australian business systems.

Interest in Shares

1,642,500

Interest in Options

Nil

Eric Kong

Executive Director

Qualifications

MBA

Experience

Mr. Kong holds an MBA from the University of Western Australia and has extensive corporate experience with Fortune 500 companies. He served in Solectron's supply chain management division where he often worked with top tier clients that include IBM, Cisco, Sun Microsystems and Lucent Technologies. He then served as Asia Pacific regional accounts manager for Molex; being responsible for business strategy, development and growth in the highly competitive electronics contract manufacturing industry.

He is the founder and former director of Altis West; a business consulting firm managing Chinese joint ventures in Australian mining and property sectors.

Mr Kong is an experienced manager with intricate knowledge of global business models, trends and high-level expertise in both eastern and western management styles.

Interest in Shares

35,775

Interest in Options

Nil

(James) Zixi Ban

Non-Executive Director

Experience

Mr Ban was the General Manager of Western Australia Building Group; a domestic, commercial and mining building design and construction company that provide engineering and design solutions for complex and large structures/projects. Mr Ban has a degree in architecture from UWA.

Interest in Shares

10,000

Interest in Options

Nil

DIRECTORS' REPORT

Li Yi Non-Executive Director

Experience Mr. Yi is a graduate of Southeast University of China and has extensive international state-enterprise investment exposure. He is a national (China) registered consulting engineer for investment. In 1995, Mr. Yi was appointed as General Manager (Legal representative) for Beijing Desheng Power Engineering Consulting COR, and Director of the China Engineering Consulting Company. In 2004 he served as deputy Chief Engineer of North China Electric Power.

During this tenure, Mr. Yi was responsible for the engineering, procurement and construction (EPC) development of many domestic and overseas power projects. He was also in charge of developing overseas power engineering markets such as Singapore, Nigeria, the United Arab Emirates and Belarus as well as the implementation of many key national electric power projects throughout China.

Interest in Shares 2,295,059

Interest in Options Nil

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
Xing Yan (Simon)	-	-
Eric Kong	-	-
(James) Zixi Ban	-	-
Li Yi	-	-

3) COMPANY SECRETARY

Mr Piers Lewis

Mr Lewis has more than 15 years global corporate experience and is currently Company Secretary and CFO for several ASX listed Companies. Mr Lewis specializes in financial management of listed and non-listed exploration companies and brings extensive and diverse financial and corporate experience from previous senior management roles with Credit Suisse (London), Mizuho International and NAB Capital. Mr Lewis holds a Bachelor of Commerce and is a member of Chartered Accountants Australia and New Zealand and Governance Institute of Australia.

Mr Victor Goh

Mr Goh is a Chartered Accountant with 8 years of experience as an auditor, with a client base primarily consisting of ASX listed companies. Mr Goh holds a Bachelor of Commerce from the University of Western Australia and is a member of Chartered Accountants Australia and New Zealand.

4) PRINCIPAL ACTIVITIES

The principal activity of the Company during the financial year was property development.

5) FINANCIAL RESULTS

The financial results of the Company for the year ended 30 June 2019 are:

	30/06/2019	30/06/2018	% Change
Cash and cash equivalents (\$)	289,611	438,625	(34%)
Net assets (\$)	1,813,733	1,969,322	(8%)

	30/06/2019	30/06/2018	% Change
Revenue (\$)	33,327	219	15118%
Net loss after tax (\$)	(538,099)	(418,898)	28%
Loss per share (\$)	(1.94)	(1.64)	18%

6) DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

DIRECTORS' REPORT

7) REVIEW OF OPERATIONS

PROPERTY DEVELOPMENT

3 Oak Street, Cannington, Western Australia

During the period handover of the Oak Street project was completed, with the Company commencing activities to sell the units.

Whilst the Company works to sell the units, it has organised for most of the units to be leased. As of the date of this report, one of the twelve units has been sold.

19-21 Tate Street, Bentley, Western Australia

During the 30 June 2017 financial year the Company applied for and received authority to amalgamate 19 & 21 Tate Street, Bentley into one property, and development approval (subject to conditions) from the City of Canning for the construction of 14 apartments at 19 & 21 Tate Street, Bentley, with 10 apartments having 2 bedrooms and 2 bathrooms and 4 apartments having 1 bedroom and 1 bathroom.

As of the date of this report, the Company has decided not to progress development at the Bentley project until such point that the units at the Cannington project have sold.

8) SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year.

9) AFTER BALANCE DATE EVENTS

The directors are not aware of any matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

10) MEETINGS OF DIRECTORS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Directors	Directors Meetings	
	Number Eligible to Attend	Meetings Attended
Xing Yan	2	2
Eric Kong	2	2
(James) Zixi Ban	2	2
Li Yi	-	-

The Company does not have a formally constituted audit committee nor a remuneration committee as the board considers that the company's size and type of operation do not warrant such committees.

11) FUTURE DEVELOPMENTS

The Directors continue to actively seek and evaluate a number of property development opportunities and further information will be made available to the market in accordance with its continuous disclosure obligations under the ASX Listing Rules.

12) ENVIRONMENTAL ISSUES

The Company is not subject to any significant environmental regulation under the Commonwealth or State legislation. The Board is not aware of any breach of environmental requirements as they apply to the Company.

DIRECTORS' REPORT

13) REMUNERATION REPORT

This Remuneration Report covers the following Key Management Personnel:

Directors

(Simon) Xing Yan
Eric Kong
(James) Zixi Ban
Li Yi

Other than the directors, the Company does not currently have any other employees. Executive directors and any personnel in the senior management position are collectively referred to as executives in this Report.

Remuneration Policy

The remuneration policy of the Company has been designed to align directors' and executives' objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to run and manage the Company. The board's policy for determining the nature and amount of remuneration for board members and executives of the Company is as follows:

Executive Remuneration Policy

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives (or collectively "executives"), was developed by the board. All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive's performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder's wealth.

Executives are also entitled to participate in the employee share and option arrangements. The executive directors receive a superannuation guarantee contribution required by the government, which is currently 9.5% and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes method.

Non-Executive Remuneration Policy

The board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, (currently \$250,000). Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' and executives' interests with shareholder interests, non-executive directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance based remuneration

The Company has no performance based remuneration component built into executive remuneration packages. Non-executive directors' remuneration are not performance based.

Company performance, shareholder's wealth and director's and executive's remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The Company believes the policy will be effective in increasing shareholder's wealth. For details of directors' interests in options at year end, refer the Directors' Report.

DIRECTORS' REPORT

Employment contracts of key management personnel

(Simon) Xing Yan

Under a service agreement entered into with Mr Yan, his salary is \$150,000 per annum plus superannuation for providing services to the Company as Executive Chairman & Managing Director. The agreement may be terminated by either party by providing 1 month's written notice and upon payment of any outstanding fees for services rendered. The initial employment contract was for a term of 1 year, and has been subsequently extended.

Eric Kong

Under a service agreement entered into with Mr Kong, his salary is \$100,000 per annum plus superannuation for providing services to the Company as Executive Director. The agreement may be terminated by either party by providing 1 month's written notice and upon payment of any outstanding fees for services rendered. The initial employment contract was for a term of 1 year, and has been subsequently extended.

(James) Zixi Ban

Under a non-executive directors' agreement, Mr Ban is entitled to \$5,000 per annum as a Non-Executive Director. Mr Ban's appointment will automatically cease in the event that he gives notice to the board of his resignation as a director, or he resigns by rotation and is not re-elected as a director by the shareholders of the Company.

Li Yi

Under a non-executive directors' agreement, Mr Yi is entitled to \$8,000 per annum as a Non-Executive Director. Mr Yi's appointment will automatically cease in the event that he gives notice to the board of his resignation as a director, or he resigns by rotation and is not re-elected as a director by the shareholders of the Company.

Compensation of Key Management Personnel for the year ended 30 June 2019

	SHORT-TERM BENEFITS			POST EMPLOYMENT		SHARE-BASED PAYMENT		TOTAL
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Long Service	Equity	Options	
Directors								
(Simon) Xing Yan - Executive Chairman								
2019	150,000	-	-	14,250	4,151 ⁽¹⁾	-	-	168,401
2018	150,000	-	-	14,250	4,151 ⁽¹⁾	-	-	168,401
Eric Kong - Non-Executive Director ⁽²⁾								
2019	100,000	-	-	9,500	-	-	-	109,500
2018	78,884	-	-	7,494	-	-	-	86,378
(James) Zixi Ban - Non-Executive Director								
2019	5,000	-	-	-	-	-	-	5,000
2018	5,000	-	-	-	-	-	-	5,000
Li Yi – Non-Executive Director ⁽³⁾								
2019	2,738	-	-	-	-	-	-	2,738
2018	-	-	-	-	-	-	-	-
Total Remuneration								
2019	257,738	-	-	23,750	4,151	-	-	285,639
2018	233,884	-	-	21,744	4,151	-	-	259,779

⁽¹⁾ As of 1 May 2016, Mr Yan had been employed with the Company for seven years. For the current financial year \$4,151 (2018: \$4,151) has been expensed as long service leave.

⁽²⁾ In December 2018, the Company agreed with Mr Kong to conclude the deferral of his fees and repay the amounts previously deferred under his service agreement.

⁽³⁾ Mr Li Yi was appointed as Non-Executive Director on 25 February 2019.

Option holdings of key management personnel

2019

The Company's Directors and key management personnel did not hold any options at 30 June 2019.

2018

The Company's Directors and key management personnel did not hold any options at 30 June 2018.

DIRECTORS' REPORT

Shareholdings of key management personnel

2019

	Balance at 01.07.18	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30.06.19
(Simon) Xing Yan	1,642,500	-	-	-	1,642,500
Eric Kong	35,775	-	-	-	35,775
(James) Zixi Ban	10,000	-	-	-	10,000
Li Yi ⁽¹⁾	2,295,059	-	-	-	2,295,059
TOTAL	3,983,334	-	-	-	3,983,334

⁽¹⁾ Opening shares are the amount held at date of appointment by Mr Yi on 25 February 2019.

2018

	Balance at 01.07.17	Granted as Remuneration	On Exercise of Options	Bought & (Sold)	Balance at 30.06.18
(Simon) Xing Yan	1,642,500	-	-	-	1,642,500
Eric Kong	35,775	-	-	-	35,775
(James) Zixi Ban	10,000	-	-	-	10,000
TOTAL	1,688,275	-	-	-	1,688,275

Compensation options granted during the year ended 30 June 2019

No compensation options were granted to directors or executive during the financial year (2018: nil).

There are no compensation options in existence at reporting date.

Performance income as a proportion of total income

No performance based bonuses have been paid to directors or executives during the financial year (2018: nil).

Loans to key management personnel

There were no loans to or from key management personnel during the financial year (2018: nil).

END OF REMUNERATION REPORT

DIRECTORS' REPORT

14) OPTIONS

At the date of this report there are no unissued ordinary shares of the Company under option.

No ordinary shares have been issued as a result of the exercise of options during or since the end of the financial year.

15) INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has entered into agreements to indemnify all directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the directors.

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium paid during the year was \$9,990. No indemnity has been paid to auditors.

16) PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

17) AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 11 of the annual report.

18) NON-AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services, totaling \$3,000, were performed during the year by the Company's auditors 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:

- The nature of the services provided do not compromise the general principles relating to auditors independence as set out in the APES 110 (Code of Ethics for Professional Accountants).

Signed in accordance with a resolution of the Board of Directors.



Eric Kong

Executive Director

Dated this 30th day of August 2019

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AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF ULTIMA UNITED LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit;
and
- ii. any applicable code of professional conduct in relation to the audit.


Greg Godwin
Partner


Moore Stephens
Chartered Accountants

Signed at Perth this 30th day of August 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30-Jun-19 \$	30-Jun-18 \$
Rental revenue		33,327	-
Interest income		-	219
Property expenses		(35,906)	-
Employee benefit expenses	2	(307,299)	(277,144)
Occupancy expenses		(11,561)	(11,438)
Depreciation expense		(546)	(720)
Consultancy expenses		(41,138)	(42,015)
Legal and compliance expenses		(51,162)	(40,022)
Net gain/(loss) on financial assets held at fair value		(1,556)	4,151
Finance expenses		(106,565)	(46,636)
Administration expenses		(15,693)	(5,293)
Loss before income tax expense		(538,099)	(418,898)
Income tax expense	4	-	-
Net loss for the year		(538,099)	(418,898)
Other comprehensive Income		-	-
Total comprehensive income for the year		(538,099)	(418,898)
Basic and diluted loss per share (cents per share)	20	(1.94)	(1.64)

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

	Notes	30-Jun-19 \$	30-Jun-18 \$
CURRENT ASSETS			
Cash and cash equivalents	5	289,611	438,625
Trade and other receivables	6	9,769	69,929
Inventory	7	3,398,390	3,030,478
TOTAL CURRENT ASSETS		3,697,770	3,539,032
NON CURRENT ASSETS			
Inventory (Property development)	8	1,173,421	1,169,221
Financial assets	9	7,782	9,338
Plant and equipment	10	309	854
TOTAL NON CURRENT ASSETS		1,181,512	1,179,413
TOTAL ASSETS		4,879,282	4,718,445
CURRENT LIABILITIES			
Trade and other payables	11	40,126	60,098
Provision	12	109,099	83,597
Borrowings	13	2,161,753	112,501
TOTAL CURRENT LIABILITIES		2,310,978	256,196
NON CURRENT LIABILITIES			
Borrowings	13	754,571	2,492,927
TOTAL NON CURRENT LIABILITIES		754,571	2,492,927
TOTAL LIABILITIES		3,065,549	2,749,123
NET ASSETS		1,813,733	1,969,322
EQUITY			
Issued capital	14	8,097,337	7,714,827
Reserves	15	482,267	482,267
Accumulated losses	16	(6,765,871)	(6,227,772)
TOTAL EQUITY		1,813,733	1,969,322

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Option Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2017	7,714,827	482,267	(5,808,874)	2,388,220
Loss for the year	-	-	(418,898)	(418,898)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(418,898)	(418,898)
Balance at 30 June 2018	7,714,827	482,267	(6,227,772)	1,969,322
Balance at 1 July 2018	7,714,827	482,267	(6,227,772)	1,969,322
Loss for the year	-	-	(538,099)	(538,099)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(538,099)	(538,099)
Issue of shared capital	382,510	-	-	382,510
Balance at 30 June 2019	8,097,337	482,267	(6,765,871)	1,813,733

The accompanying notes form part of these financial statements

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STATEMENT OF CASH FLOWS

	30-Jun-19	30-Jun-18
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers	32,127	-
Payments to suppliers and employees	(394,349)	(440,269)
Interest and other income	-	219
Deposit paid	(1,520)	-
Finance costs	(41,554)	(46,636)
Net cash used in operating activities	(405,296)	(486,686)
21(ii)		
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(403)
Payment for property development	(335,527)	(1,900,943)
Net cash provided by / (used in) investing activities	(335,527)	(1,901,346)
Cash flows from financing activities		
Proceeds from issue of shares	382,510	-
Proceeds from borrowings	313,200	1,692,101
Repayment of borrowings	(39,789)	(47,409)
Net cash provided by / (used in) investing activities	655,921	1,644,692
Net decrease in cash and cash equivalents held	(84,902)	(743,340)
Cash and cash equivalents at beginning of financial year	374,513	1,117,853
Cash and cash equivalents at end of financial year	289,611	374,513
21(i)		

The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report covers the Company of Ultima United Limited and has been prepared in Australian dollars. Ultima United Limited is a listed public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's assets and the discharge of their liabilities in the normal course of business.

As disclosed in the financial report, the Company recorded an operating loss for the year ended 30 June 2019 of \$538,099 (30 June 2018: \$418,898) and a cash outflow from operating activities of \$405,296 for the year ended 30 June 2019 (30 June 2018: \$486,686) and at reporting date, had a working capital surplus of \$1,386,792 (30 June 2018: \$3,282,836).

The ability of the Company to continue as a going concern is principally dependent upon the successful sale of the units at the 3 Oak Street, Cannington project to repay the Westpac facility before it matures in November 2019. The Company is currently in negotiations with Westpac to refinance the facility and expects to finalise this in the coming months. Should the Company be unsuccessful in this, it may be required to raise capital to settle this obligation.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity sources.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts which assumes the sale of all the units and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

(a) Critical Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes option pricing model.

Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(b) Revenue

The Company has applied AASB 15: Revenue from Contracts with Customers using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue. Based on the Directors' assessment, accounting policies under AASB 118 are identical to those under AASB 15 as disclosed below.

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

Rental revenue:

Rental income is recognised in the statement of comprehensive income in the reporting period in which it is received, over the term of the lease in accordance with the lease agreement. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Interest:

Interest revenue is recognised on a proportional basis using the effective interest rates method.

(c) Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the net profit or loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

(d) Impairment of Assets

At each reporting date the Company assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Company assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS

(e) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit or loss nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 balance sheet date.

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(h) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for lifetime expected credit losses using the simplified approach in accordance with AASB 9: Financial Instruments. Bad debts are written off when identified.

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

(i) Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

(i) Inventories (continued)

Cost includes the cost of acquisition, development costs, holding costs and directly attributable interest on borrowed funds where the development is a qualifying asset. Capitalisation of borrowing costs is ceased during extended periods in which active development is interrupted. When a development is completed and ceases to be a qualifying asset, borrowing costs and other costs are expensed as incurred.

Current and Non-current Inventory Assets

Inventory is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- it is held primarily for the purpose of being traded; or
- it is expected to be realised within twelve months of the reporting date.

All other inventory is treated as non-current.

(j) Property held for development and resale

Property held for development and resale comprises land held for development, contract costs and other holding costs incurred to date.

Costs include the cost of acquisition, development, interest on funds borrowed for the development and holding costs until completion of the development. Interest and holding charges incurred after development is completed are expensed. Profit is recognised on an individual contract basis generally at settlement.

(k) Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of plant and equipment is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	33.00%
Furniture and Fittings	11.25%
Software	33.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(l) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(m) Issued Capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

(n) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

(n) Financial Instruments (continued)

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Loss allowance is not recognised for:

financial assets measured at fair value through profit or loss; or
equity instruments measured at fair value through other comprehensive income.

The Company uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments:

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groups of historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset. Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(o) Comparatives

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

(p) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

(r) Fair value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(s) Impact of Initial Application of New Accounting Standards

Initial application of AASB 9: Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company has applied AASB 9 retrospectively, with the initial application date of 1 July 2018. The Company has elected to restate comparative information.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Company's financial statements.

As of 30 June 2018 and 30 June 2019, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings.

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Borrowings	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 July 2018. Refer to the relevant accounting policy disclosures for further details.

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NOTES TO THE FINANCIAL STATEMENTS

(s) Impact of Initial Application of New Accounting Standards (continued)

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Company to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

There is no impact on the cash flows of the Company from the application of AASB 9.

Initial application of AASB 15: Revenue from Contracts with Customers

The Company has adopted AASB 15 with a date of initial application of 1 July 2018. Based on the Directors' assessment there was no impact on the Company's existing revenue recognition policy arising from the adoption.

The Company has applied the AASB 15 cumulative effective method (ie by recognising the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 July 2018). Therefore, the comparative information has not been restated and continues to be reported under AASB 118: Revenue.

(t) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to the Company but applicable in future reporting periods.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

The Company has chosen not to early-adopt AASB 16. However, the Company has conducted a preliminary assessment of the impact of this new Standard, as follows.

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees as the standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases.

Basis of preparation

The accounting for the Company's operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by the Company from its mandatory adoption date of 1 July 2019. The comparative amounts for the year prior to first adoption will not be restated, as the Company has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption (after adjustments for any prepaid or accrued lease expenses).

The Company's non-cancellable operating lease commitments amount to \$7,336 as at the reporting date. The entire amount of this commitment would be classified as a short-term lease under AASB 16, and will be recognised as expense in profit or loss on a straight-line basis.

The Company has performed a preliminary impact assessment and has estimated that on 1 July 2019, the Company does not expect to recognise any right-of-use assets and lease liabilities as it is currently not party to any leases that would require such treatment

Given that the Company's activities as a lessor will not be materially impacted by this new Standard, the Company does not expect any significant impact on its financial statement from a lessor perspective. Nonetheless, starting from 2020, additional disclosures will be required.

The directors' assessment is that there would be no material impact arising from the above standards given the current stage of the company's operations.

The financial report was authorised for issue on the 30th of August 2019 by the board of directors.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: LOSS FOR THE YEAR

	30-Jun-19	30-Jun-18
	\$	\$
Loss before income tax has been determined after following specific expenses:		
Employee benefits expense		
- Salaries and entitlements	302,573	272,914
- Long service leave	4,726	4,230
	307,299	277,144

NOTE 3: AUDITORS' REMUNERATION

	30-Jun-19	30-Jun-18
	\$	\$
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	18,284	18,647
- Other professional services	3,000	6,015
	21,284	24,662

NOTE 4: INCOME TAX EXPENSE

	30-Jun-19	30-Jun-18
	\$	\$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-

(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2018: 27.5%)	(161,430)	(115,197)
Add tax effect of:		
- Revenue losses not recognised	202,876	131,650
- Other non-deductible items	209	-
- Other deferred tax balances not recognised	(41,655)	(16,453)
Income tax expense	-	-

(c) Unrecognised deferred tax assets at 30% (2018: 27.5%) (Note 1):

Carry forward revenue losses	1,684,692	1,358,333
Inventory	69,945	101,629
Property development	104,518	95,380
Carry forward capital losses	93,313	86,604
Financial assets	37,871	27,320
Capital raising costs	15,000	13,750
Provision and accruals	-	6,925
Other	3,037	3,286
	2,008,376	1,693,227

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: INCOME TAX EXPENSE (CONTINUED)

The tax benefits of the above deferred tax assets will only be obtained if:

- (a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the Company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the Company in utilising the benefits.

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

NOTE 5: CASH AND CASH EQUIVALENTS

	30-Jun-19	30-Jun-18
	\$	\$
Current		
Cash at Bank	289,611	438,625

NOTE 6: TRADE AND OTHER RECEIVABLES

	30-Jun-19	30-Jun-18
	\$	\$
Current		
Trade receivables	1,200	-
Provision for impairment	-	-
GST receivable	251	64,885
Deposits paid	6,564	5,044
Prepayments	1,754	-
	9,769	69,929

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: Financial Instruments.

	Opening balance under AASB 139 1 July 2018	Adjust- ment for AASB 9	Net measure- ment of loss allowance	Amounts written off	Closing balance 30 June 2019
	\$	\$	\$	\$	\$
a. Lifetime Expected Credit Loss	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: TRADE AND OTHER RECEIVABLES (CONTINUED)

The company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined as follows; the expected credit losses also incorporate forward-looking information.

	Current	>30 days past due	>60 days past due	>90 days past due	Total
	\$	\$	\$	\$	\$
2019					
Expected loss rate	-	-	-	-	-
Gross carrying amount	1,200	-	-	-	1,200
Loss allowing provision	-	-	-	-	-

NOTE 7: INVENTORY

	30-Jun-19	30-Jun-18
	\$	\$
Costs carried forward in respect of properties of interest in (Oak Street Cannington):		
At the beginning of the financial year	3,030,478	-
Reclassification from Property Development	-	1,138,126
Additions during the period	323,021	1,867,701
Borrowing costs capitalised	44,891	24,651
Balance at the end of the financial year	3,398,390	3,030,478

As previously announced by the Company, the building at 3 Oak Street Cannington officially reached lock-up stage on 20 June 2018. In connection with securing development funding by Westpac during the financial year, the property was subject to an independent sworn valuation by Opteon Property Group that placed a market value of \$4.5 million on a "as if complete" basis. The property also serves as security against the Westpac borrowings as detailed in Note 13.

NOTE 8: INVENTORY (PROPERTY DEVELOPMENT)

	30-Jun-19	30-Jun-18
	\$	\$
Costs carried forward in respect of properties of interest in Tate Street Bentley:		
At the beginning of the financial year	1,169,221	2,298,756
Additions during the year	4,200	8,591
Impairment loss on property development	-	-
Reclassification to Inventory – (Oak Street, Cannington)	-	(1,138,126)
Non-current balance at reporting date	1,173,421	1,169,221

The 30 June 2019 balance relates to the property developments located at 19-21 Tate Street, Bentley Western Australia. During the previous year, the balance relating to 3 Oak Street, Cannington was reclassified to inventories (refer Note 7). Refer to Note 13 for details of security over these assets.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: FINANCIAL ASSETS

	30-Jun-19	30-Jun-18
	\$	\$
Non-Current		
Listed Shares at fair value	7,782	9,338
Total Financial assets at fair value through profit or loss	7,782	9,338

NOTE 10: PLANT AND EQUIPMENT

	30-Jun-19	30-Jun-18
	\$	\$
Plant and equipment at cost	28,611	28,611
Accumulated depreciation	(28,302)	(27,757)
	309	854
Movements in carrying amounts		
Balance at beginning of the year	854	1,171
Additions	-	403
Depreciation expense	(545)	(720)
At reporting date	309	854

NOTE 11: TRADE AND OTHER PAYABLES

	30-Jun-19	30-Jun-18
	\$	\$
Trade creditors	7,367	5,640
Other creditors and accruals	32,759	54,458
	40,126	60,098

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

NOTE 12: PROVISIONS

	30-Jun-19	30-Jun-18
	\$	\$
Employee benefits	66,234	45,458
Long service leave	42,865	38,139
	109,099	83,597

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: BORROWINGS

	30-Jun-19	30-Jun-18
	\$	\$
CURRENT		
Bank overdraft (ii)	-	64,112
Loan from financial institution (i)	2,161,753	48,389
	2,161,753	112,501
NON-CURRENT		
Loan from financial institution (i), (ii)	754,571	2,492,927
	754,571	2,492,927
Total Borrowings	2,916,324	2,605,428

NATIONAL AUSTRALIA BANK FACILITY

Facility:	Business Loan	
Facility Limit:	\$945,000	
Loan Type:	Variable Rate Interest	
Loan Term:	30 Years – Expires 10 July 2045	
Interest Rate:	4.70% per annum	
Security:	Registered Mortgage over property situated at 19 and 21 Tate Street Bentley WA 6102	
Covenants:	There are no covenants to be complied with	

WESTPAC BANKING FACILITY

Facility:	Business Overdraft	Bank Bill Business Loan
Facility Limit:	\$85,000	\$2,289,000
Loan Type:	Variable Rate Interest Only	Variable Rate Interest Only
Loan Term:	Annual Review but repayable on demand	2 Years & 1 Month – Expires 22 November 2019
Interest Rate:	6.29% per annum	4.355% per annum
Facility Fee:	1.2% per annum	1.5% per annum

There was \$65,012 of interest charges on the Westpac facility that were incurred during the year.

The total Westpac facility of \$2,374,000 is secured by the following:

- Limited Guarantee and Indemnity by Xing Yan.
- Limited Guarantee and Indemnity by S & A Holding (Aust) Pty Ltd, a company related to Mr Yan, supported by:
 - General Security Agreement by S & A Holding (Aust) Pty Ltd over all existing and future assets and undertakings.
 - Mortgage by S & A Holding (Aust) Pty Ltd over the property located at 1 Tamara Drive Cockburn Central, WA 6164.
- Mortgage by Ultima United Limited over the property located at 3 Oak Street Cannington, WA 6107.
- General Security Agreement by Ultima United Limited over all existing and future assets and undertakings.

Facility Covenants:

- At all times, the total amount owing under the loan must not exceed 61% of the development costs (LCR) and 51% of the “on-comp” value of 3 Oak Street, Cannington as determined by the lender (LVR).

In the event the above covenants are exceeded, the Company must repay that portion of the amount owing sufficient to ensure the covenants are satisfied or provide additional security acceptable to the lender to ensure the LCR & LVR are maintained.

These covenants were complied with during the year ended 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: ISSUED CAPITAL

	30-Jun-19	30-Jun-18
	\$	\$
29,325,749 (30 June 2018: 25,500,652) fully paid ordinary shares of no par value	8,097,337	7,714,827

(a) Movements in fully paid ordinary shares on issue:

	30-Jun-19		30-Jun-18	
	\$	Number	\$	Number
At the beginning of the year	7,714,827	25,500,652	7,714,827	25,500,652
Shares issued	382,510	3,825,097	-	-
At reporting date	8,097,337	29,325,749	7,714,827	25,500,652

(b) Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

The Company's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. The Company is not subject to any externally imposed capital requirements. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The gearing ratios for the years ended 30 June 2019 and 30 June 2018 are tabled below. The gearing ratio of 59% as at 30 June 2019 can be attributed to the bank funding for the construction works at 3 Oak Street Cannington. This is expected to improve once the apartments are sold to repay debt and generate working capital.

	2019	2018
	\$	\$
Total borrowings	2,916,324	2,605,428
Less: Cash and cash equivalents	(289,611)	(438,625)
Net debt / (cash)	2,626,713	2,166,803
Total equity	1,813,733	1,969,322
Total capital	4,440,446	4,136,125
Gearing ratio	59%	52%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: RESERVES

	30-Jun-19	30-Jun-18
	\$	\$
Option Reserve	482,267	482,267

Movements in options on issue:

	30-Jun-19		30-Jun-18	
	\$	Number	\$	Number
At the beginning of the year	482,267	-	482,267	-
At reporting date	482,267	-	482,267	-

NOTE 16: ACCUMULATED LOSSES

	30-Jun-19	30-Jun-18
	\$	\$
Balance at beginning of the year	(6,227,772)	(5,808,874)
Net loss attributable to members	(538,099)	(418,898)
At reporting date	(6,765,871)	(6,227,772)

NOTE 17: KEY MANAGEMENT PERSONNEL DISCLOSURES

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's key management personnel ('KMP') for the year ended 30 June 2019.

Compensation of key management personnel by individual

Compensation details of key management personnel have been disclosed in the Directors' Report. The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	30-Jun-19	30-Jun-18
	\$	\$
Short term benefits	257,738	233,884
Post employment benefits	27,901	25,895
	285,639	259,779

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: RELATED PARTY DISCLOSURE

Key management personnel

Disclosures relating to key management personnel are set out in the Directors' Report and Note 17.

There were no other transactions with related parties during the year.

NOTE 19: FINANCIAL INSTRUMENTS

(i) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and short-term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the Company's policy not to trade in financial instruments.

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management

The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Foreign Currency Risk

The Company is not exposed to fluctuations in foreign currencies.

(b) Interest Rate Risk

The Company is exposed to movements in market interest rates on short term deposits and bank borrowings. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk.

(d) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows. The Company does not have any significant liquidity risk as the Company does not currently have any collateral debts.

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(ii) FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the Statement of Financial Position.

	Floating interest rate \$	Fixed interest maturing in			Non-Interest bearing \$	Total \$
		1 year or less \$	over 1 year less than 5 \$	more than 5 years \$		
30 June 2019						
Financial Assets						
Cash and cash equivalents	289,611	-	-	-	-	289,611
Trade and other receivables	-	-	-	-	9,769	9,769
Listed investments	-	-	-	-	7,782	7,782
	289,611	-	-	-	17,551	307,162
Weighted Average Interest Rate	-%	-	-	-	-	
Financial Liabilities						
Trade and other creditors	-	-	-	-	40,126	40,126
Borrowings	-	2,161,753	235,726	518,845	-	2,916,324
	-	2,161,753	235,726	518,845	40,126	2,956,450
Weighted Average Interest Rate	-	4.83%	4.62%	4.62%	-	

	Floating interest rate \$	Fixed interest maturing in			Non-Interest bearing \$	Total \$
		1 year or less \$	over 1 year less than 5 \$	more than 5 years \$		
30 June 2018						
Financial Assets						
Cash and cash equivalents	438,625	-	-	-	-	438,625
Trade and other receivables	-	-	-	-	69,929	69,929
Listed investments	-	-	-	-	9,338	9,338
	438,625	-	-	-	79,267	517,892
Weighted Average Interest Rate	0.29%	-	-	-	-	
Financial Liabilities						
Trade and other creditors	-	-	-	-	60,098	60,098
Borrowings	-	112,501	1,885,657	607,270	-	2,605,428
	-	112,501	1,885,657	607,270	60,098	2,665,526
Weighted Average Interest Rate	-	4.70%	4.70%	4.70%	-	

Trade and sundry payables are expected to be paid as follows:

	2019 \$	2018 \$
Less than 6 months	40,126	60,098
	40,126	60,098

(iii) FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since the initial recognition by the Company. Most of these instruments, which are carried at amortised cost (i.e. loan liabilities), are to be held until maturity.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

2019	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:	\$	\$	\$	\$
Cash & cash equivalents	289,611	289,611	438,625	438,625
Financial assets at fair value through profit or loss (listed investments)	7,782	7,782	9,338	9,338
Financial assets at amortised cost (Trade & other receivables)	9,769	9,769	69,929	69,929
Total financial assets	307,162	307,162	517,892	517,892
Financial liabilities:				
Trade & other payables	40,126	40,126	60,098	60,098
Bank borrowings	2,916,324	2,916,324	2,605,428	2,605,428
Total financial liabilities	2,956,450	2,956,450	2,665,526	2,665,526

(iv) PRICE SENSITIVITY ANALYSIS

Management believes the estimated fair values resulting from the valuation of listed investments and recorded in the statement of financial position and the related changes in fair values recorded in the statement of comprehensive income are reasonable and the most appropriate at Statement of Financial Position date. At 30 June 2019, the effect on loss as a result of changes in the share price of listed investment, with all other variables remaining constant would be as follows:

	2019	2018
	\$	\$
CHANGE IN PROFIT/(LOSS)		
Increase in fair value of investment by 10%	778	934
Decrease in fair value of investment by 10%	(778)	(934)

2019	Level 1	Level 2	Level 3	Total
Financial assets:	\$	\$	\$	\$
<i>Financial assets at fair value through profit or loss:</i>				
— listed investments	7,782	-	-	7,782
— unlisted investments	-	-	-	-
	7,782	-	-	7,782
2018	Level 1	Level 2	Level 3	Total
Financial assets:	\$	\$	\$	\$
<i>Financial assets at fair value through profit or loss:</i>				
— listed investments	9,338	-	-	9,338
— unlisted investments	-	-	-	-
	9,338	-	-	9,338

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as those using comparisons to similar investments for which market observable prices are available have been adopted to determine the fair values of these investments.

Derivative instruments are included in Level 3 of the hierarchy with the fair values being determined using valuation techniques incorporating observable market data relevant to the hedged position.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(v) **INTEREST RATE SENSITIVITY ANALYSIS**

The following table illustrates sensitivities to the Company's exposure to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2019	2018
	\$	\$
CHANGE IN PROFIT/(LOSS)		
(Increase) to loss from a 2% rise in interest rate	(2,131)	(928)
Decrease to loss from a 2% fall in interest rate	2131	928

NOTE 20: EARNINGS PER SHARE

	2019	2018
	\$	\$
(a) Loss used in the calculation of basic earnings per share	(538,099)	(418,898)
	<i>Number of shares</i>	<i>Number of shares</i>
(b) Weighted average number of ordinary shares outstanding during the financial year used in calculation of basic earnings per share	27,741,777	25,500,652

NOTE 21: CASH FLOW INFORMATION

	2019	2018
	\$	\$
(i) Reconciliation of cash and cash equivalent:		
Cash at Bank - Note 5	289,611	438,625
Bank overdraft – Note 13	-	(64,112)
	289,611	374,513
(ii) Reconciliation of cash flows from operating activities with loss after income tax		
Loss after income tax	(538,099)	(418,898)
Depreciation expense	545	720
Revaluation - financial assets at fair value	1,556	(4,151)
Finance costs	65,012	-
Changes in assets and liabilities:		
- (Increase)/ Decrease in trade and other receivables	60,160	(62,624)
- (Decrease)/ Increase in trade and other payables	(19,972)	(23,249)
- (Decrease)/ Increase in provisions	25,502	21,516
Net cash used in operating activities	(405,296)	(486,686)

(iii) Non-cash financing and investing activities

During the year there was \$65,012 of non-cash financing activities relating to financing costs incurred on the Westpac loans (refer Note 13).

No other non-cash financing and investing activities have occurred during the year ended 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: SEGMENT INFORMATION

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

The Company operates in one geographical and business segment being property development in Australia. All segment assets, segment liabilities and segment results relate to the one segment and therefore no segment analysis has been prepared.

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

The directors are not aware of any matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

NOTE 24. CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities at 30 June 2019, and the interval between 30 June 2019 and the date of this report.

NOTE 25: COMMITMENTS

(a) Lease expenditure commitments

There is one operating lease being a rental lease for the Company's premises. The current amount payable is \$917 plus GST per month exclusive of variable outgoings, with the rental lease expiring on 28 February 2020.

	6 months	12 months	18 months	Total
	\$	\$	\$	\$
Rental lease for the Company's premises	5,502	1,834	-	7,336
	5,502	1,834	-	7,336

(b) Capital commitments

As at 30 June 2019, there are no capital commitments (2018: \$280,000 relating to the property development at 3 Oak Street Cannington).

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DIRECTORS' DECLARATION

1. The directors of the company declare that:
 - a. the accompanying financial statements and notes as set out on pages 12 to 35 are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Eric Kong

Executive Director

Dated this 30th day of August 2019

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULTIMA UNITED LIMITED

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ultima United Ltd (the "Company") which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- i. giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

In forming our opinion on the financial report, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial report concerning the Company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company's financial report does not include any adjustments that would result if the Company were unable to continue as a going concern.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Carrying value assessment for Inventories & Undeveloped Property Asset	
Refer to Notes 7 and 8 - carrying values of \$3.4 million and \$1.2 million respectively	
<p>Assessing the carrying amount of the Company's inventory/property assets including 3 Oak Street, Cannington which was completed in December 2018 and undeveloped land at 19-21 Tate Street, Bentley, Western Australia was a key audit matter. Factors giving rise to this conclusion included the size of these balances and the judgment required in the assessment, particularly in relation to:</p> <ul style="list-style-type: none"> • whether there are any indicators of impairment relating to the inventory balance at 3 Oak Street, Cannington. This property was valued at \$4.5 million (excl. GST) on a "as if complete" basis by an independent professional expert in securing bank financing for the property; • whether there are any indicators of impairment relating to the Tate Street property. This vacant block was purchased several years ago and development application for multiple dwellings (apartments) on the lot was granted by the town council. However, development has been deferred pending completion & sale of the Oak Street units. This property was subject to an independent market appraisal during the 2018 financial year and was reassessed by management in the current financial year; • the current downturn within the Perth property market which directly influences the funding appetite of potential lenders and/or investors. 	<p>We performed procedures over the assessment of the carrying values of these assets which included the following:</p> <ul style="list-style-type: none"> • Discussed the construction progress of 3 Oak Street Cannington with management and ensuring that all capitalised costs were in accordance with AASB 116 Property, Plant & Equipment and AASB 123 Borrowing Costs; • Physical inspection of the 3 Oak Street property around early July 2019; • Evaluation of the independent professional valuation, including the external expert's competence, capabilities and objectivity. Assessing the methodologies used by the expert and appropriateness of the key assumptions based on our knowledge of the property industry; • Evaluation of the independent appraiser's competence, capabilities and objectivity; • Assessed the appropriateness of the carrying values of both Oak Street and Tate Street properties by comparing against indicative market values of similar properties (by location and size) being advertised for sale on www.realestate.com.au; • Evaluation of the Perth apartment property market for any further indicators of impairment based on available market data/commentary and information sourced from the public domain/industry publications; • Reviewed the relevant disclosures contained in the financial statements

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Key Audit Matters (continued)

Presentation of borrowings and compliance with banking covenants	
Refer to Note 13 – Borrowings	
<p>At 30 June 2019, the Company had significant bank borrowings of \$2.9 million.</p> <p>These borrowings relate to the financing of the construction of units at 3 Oak Street, Cannington as well as the initial acquisition of the Tate Street, Bentley property. Implicit in the Oak Street loan facility is the requirement to comply with various banking covenants which are detailed in Note 13.</p> <p>These borrowings were identified as key audit matters due to their material balances and significant judgment required in assessing compliance with the pertinent covenants as well as ensuring balances are appropriately presented according to their facility terms.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Performing our own workings affirming the Company’s compliance with the relevant banking covenants; • Reviewing correspondence between the Company and its bankers including obtaining confirmation by the (Westpac) bank that the Company complied with its covenants during the financial year. We also obtained bank confirmations of the year-end loan balances. • Reviewing the specific terms of the bank facility documents to ensure the borrowings are appropriately presented or classified in the balance sheet. • Reviewed the relevant disclosures contained in the financial statements
Company’s ability to continue as a going concern	
Refer to Note 1 – Statement of significant accounting policies	
<p>During the year ended 30 June 2019, the Company recorded an operating loss of \$538,099 (30 June 2018: \$418,898) and a cash outflow from operating activities of \$405,296 (30 June 2018: \$486,686).</p> <p>This is identified as a key audit matter because repayment of the Westpac loan, which is due in November 2019, is dependent on the sale of units at 3 Oak Street, Cannington. In the event that that this does not eventuate, the Company may be unable to continue as a going concern and therefore, be unable to realise its assets and settle its liabilities in the normal course of business, and at amounts other than as stated in the financial report.</p> <p>This key audit matter is referred to in our Emphasis of Matter paragraph above.</p>	<p>We performed procedures over the company’s ability to continue as a going concern which included the following:</p> <ul style="list-style-type: none"> • Review and testing of cash flow forecasts for the 15 months ended 30 September 2020, including assessment of the key financial and operational assumptions, understanding forecast expenditure and commitments, and assessing the liquidity of existing assets on the balance sheet. • Discussion with management regarding the Company’s ability to roll over the loan for another 12 months. <p>Based on the work done, we agree with the Directors assessment that the going concern basis of preparation is appropriate, however we also concur that there is a material uncertainty, which may cast doubt on the Company’s ability to continue as a going concern. The disclosures in the financial statements appropriately identify this risk.</p>

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Ultima United Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GREG GODWIN
PARTNER



MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth on the 30th day of August 2019

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ADDITIONAL SHAREHOLDER INFORMATION

HOLDINGS AS AT 26 AUGUST 2019

The distribution of members and their holdings of equity securities in the company as at 26 August 2019 were as follows:

Number of Securities Held	Fully Paid Shares	
	No. of Holders	Securities
1-1,000	50	21,050
1,001 - 5,000	239	759,487
5,001 – 10,000	60	496,220
10,001 - 100,000	199	2,467,405
100,001 and over	28	25,581,587
Total	476	29,325,749

Holders of less than a marketable parcel: 395

20 LARGEST SHAREHOLDERS AS AT 26 AUGUST 2019

Fully Paid Ordinary Shares		No.	(%)
1	HD MINING & INVESTMENT PTY LTD	2,520,000	8.59
2	MR LI YI	2,295,059	7.83
3	MR CHENG RONG WANG	2,029,725	6.92
4	YONG HUA XIAO	1,767,595	6.03
5	MISS SUSSANGEL SHUANG YAN	1,743,409	5.94
6	UNITED MINING RESOURCES PTY LTD / XING YAN <THE YAN XING FAMILY A/C>	1,642,500	5.6
7	CAPITAL H MANAGEMENT PTY LTD <CAPITAL H A/C>	1,506,805	5.14
8	XIBO MA	1,503,000	5.13
9	MS YOU LIAN ZHENG	1,010,889	3.45
10	XIAO HUI HUANG	948,350	3.23
11	JIAN LUO SUN	940,000	3.21
12	MR YONGYI DU	765,019	2.61
13	MR QIANG CAI	765,019	2.61
14	MRS SHUFANG LI	734,473	2.5
15	MRS SHU FANG LI	700,000	2.39
16	TALLINVALE PTY LTD <TALLINVALE FAMILY A/C>	640,000	2.18
17	ETONVALE PROPRIETARY LIMITED <THE MICHAEL TONG FAMILY A/C>	639,630	2.18
18	MR LANCHUN WU	553,500	1.89
19	YU LIN SU	500,000	1.7
20	MDM KAM LAN CHOO	493,920	1.68
		23,698,893	80.81

Substantial Shareholders

The names of the substantial shareholders listed in the Company's register as at 26 August 2019:

Fully Paid Ordinary Shares	No.	(%)
HD MINING & INVESTMENT PTY LTD	2,520,000	8.59
MR LI YI	2,295,059	7.83
MR CHENG RONG WANG	2,029,725	6.92
YONG HUA XIAO	1,767,595	6.03
MISS SUSSANGEL SHUANG YAN	1,743,409	5.94
UNITED MINING RESOURCES PTY LTD / XING YAN <THE YAN XING FAMILY A/C>	1,642,500	5.6
CAPITAL H MANAGEMENT PTY LTD <CAPITAL H A/C>	1,506,805	5.14
XIBO MA	1,503,000	5.13

ADDITIONAL SHAREHOLDER INFORMATION

Voting Rights

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Restricted Securities

The Company has no restricted securities at the current date.

Company Secretary

The name of the Company Secretary's are Piers Lewis and Victor Goh.

Address and telephone details of the entity's registered and administrative office

Suite 14,11 Preston Street
COMO, WA 6152

Telephone: + (61) 8 6436 1888
Facsimile: + (61) 8 6436 1899

Address and telephone details of the office at which a register of securities is kept

Advanced Share Registry Services
150 Stirling Highway
Nedlands Western Australia 6009

Telephone: + (61) 8 9389 8033
Facsimile: + (61) 8 9367 3311

Securities exchange on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange.

Review of Operations

A review of operations is contained in the Directors' Report.

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