ULTIMA UNITED

LIMITED

ACN 123 920 990

Appendix 4E Preliminary Final Report

1. Reporting period

- Year ended 30 June 2021

Previous corresponding period

- Year ended 30 June 2020

2. Results for announcement to the market

	30 June 2021 Current Year $	Percentage Change Up /(Down)	Change Up / (Down) $	30 June 2020 Previous Corresponding Year $
2(a) Revenue from ordinary activities	254,394	(73%)	(687,199)	941,593
2(b) Loss from ordinary activities after tax	(317,016)	(18%)	(48,978)	(268,038)
2(c) Net Loss for the year attributable to members	(317,016)	(18%)	(48,978)	(268,038)

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

- Refer to Annexure A – Financial Statements

4. Statement of Financial Position

- Refer to Annexure A – Financial Statements

5. Statement of Cash Flows

- Refer to Annexure A – Financial Statements

6. Statement of Changes in Equity

- Refer to Annexure A – 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 2021)	Previous Corresponding Year (30 June 2020)
Cents per ordinary share	9.0 cents	6.2 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 to Appendix B Director's Report

15. Statement on the financial statements

- Financial Statements are based on information that is subject to review and are in the process of being audited.

16. Unaudited Accounts

- **For all entities, if the accounts are subject to audit dispute or qualification, include a description of the dispute or qualification:** N/A

17. Auditor's audit report

- N/A

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ANNEXURE A - Financial Statements

For the Financial Year Ended 30 June 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30-Jun-21	30-Jun-20
		$	$
Revenue	2A	283,528	988,281
Cost of Sales	2B	(73,432)	(673,792)
Gross Profit		210,096	314,489
Employee benefits expenses	2C	(257,067)	(298,629)
Occupancy expenses		(11,319)	(13,231)
Depreciation expense		-	(309)
Consultancy expenses		(91,825)	(76,855)
Legal and compliance expenses		(96,247)	(56,627)
Net gain/(loss) on financial assets held at fair value		11,241	(1,730)
Finance expenses		(70,499)	(113,396)
Administration expenses		(11,396)	(21,750)
Loss before income tax expense		**(317,016)**	**(268,038)**
Income tax expense	4	-	-
Net loss for the year		**(317,016)**	**(268,038)**
Other comprehensive Income		-	-
Total comprehensive income for the year		**(317,016)**	**(268,038)**
Basic and diluted loss per share (cents per share)	20	(0.72)	(0.91)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	30-Jun-21	30-Jun-20
		$	$
CURRENT ASSETS			
Cash and cash equivalents	5	2,899,656	97,873
Trade and other receivables	6	23,347	26,713
Inventory	7	2,810,839	2,810,839
TOTAL CURRENT ASSETS		**5,733,842**	**2,935,425**
NON CURRENT ASSETS			
Inventory (Property development)	8	1,181,610	1,181,610
Financial assets	9	17,293	6,052
Plant and equipment	10	-	-
TOTAL NON CURRENT ASSETS		**1,198,903**	**1,187,662**
TOTAL ASSETS		**6,932,745**	**4,123,087**
CURRENT LIABILITIES			
Trade and other payables	11	441,362	45,253
Provisions	12	127,881	121,045
Borrowings	13	1,625,490	58,931
TOTAL CURRENT LIABILITIES		**2,194,733**	**225,229**
NON CURRENT LIABILITIES			
Borrowings	13	763,856	2,352,163
TOTAL NON CURRENT LIABILITIES		**763,856**	**2,352,163**
TOTAL LIABILITIES		**2,958,589**	**2,577,392**
NET ASSETS		**3,974,156**	**1,545,695**
EQUITY			
Issued capital	14	10,842,814	8,097,337
Reserves	15	482,267	482,267
Accumulated losses	16	(7,350,925)	(7,033,909)
TOTAL EQUITY		**3,974,156**	**1,545,695**

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 2019	**8,097,337**	**482,267**	**(6,765,871)**	**1,813,733**
Loss for the year	-	-	(268,038)	(268,038)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**(268,038)**	**(268,038)**
Issue of share capital	-	-	-	-
Balance at 30 June 2020	**8,097,337**	**482,267**	**(7,033,909)**	**1,545,695**
Balance at 1 July 2020	**8,097,337**	**482,267**	**(7,033,909)**	**1,545,695**
Loss for the year	-	-	(317,016)	(317,016)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**(317,016)**	**(317,016)**
Issue of share capital	2,745,477	-	-	-
Balance at 30 June 2021	**10,842,814**	**482,267**	**(7,350,925)**	**3,974,156**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

	Notes	30-Jun-21	30-Jun-20
		$	$
Cash flows from operating activities			
Receipts from customers		257,763	939,366
Payments to suppliers and employees		(109,210)	(504,290)
Interest and other income		-	3
Deposit paid		-	-
Finance costs		(70,499)	(65,839)
Net cash provided by operating activities	21(ii)	**78,054**	**369,240**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	-
Payment for property development		-	(8,189)
Net cash used in investing activities		**-**	**(8,189)**
Cash flows from financing activities			
Proceeds from issue of shares		2,745,477	-
Proceeds from borrowings		1,566,559	-
Repayment of borrowings		(1,588,307)	(552,789)
Net cash provided by / (used in) investing activities		**2,723,729**	**(552,789)**
Net increase/(decrease) in cash and cash equivalents held		2,801,783	(191,738)
Cash and cash equivalents at beginning of financial year		97,873	289,611
Cash and cash equivalents at end of financial year	21(i)	**2,899,656**	**97,873**

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 2021 of $317,016 (30 June 2020: $268,038) and a cash inflow from operating activities of $78,054 for the year ended 30 June 2021 (30 June 2020: $321,683) and at reporting date, had a working capital surplus of $3,539,109 (30 June 2020: $2,710,196).

The ability of the Company to continue as a going concern is principally dependent upon the followings:

- The successful sale of the units at the 3 Oak Street, Cannington project to repay the Westpac facility before it matures in December 2021; and/or
- The completion of an equity capital raising.

Should the Company be unsuccessful in this, it may be required to consider other funding options.

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.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(b) Revenue

The Company has applied AASB 15: Revenue from Contracts with Customers using the cumulative effective method.

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.

Sales Revenue:
The company develops and sells residential properties with revenue recognised when control over the property has been transferred to the customer.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(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.

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) New and Amended Standards Adopted by the Company

The Company has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Company had to change its accounting policies and as a result of adopting the following Standard:

– AASB 16: Leases

The impact of the adoption of this Standard and the respective accounting policies is disclosed below.

The Company as lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

– fixed lease payments less any lease incentives;
– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
– the amount expected to be payable by the lessee under residual value guarantees;
– the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
– lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
– payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

NOTES TO THE FINANCIAL STATEMENTS

New and Amended Standards Adopted by the Company (continued)

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Company as lessor

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Company applies AASB 15 to allocate the consideration under the contract to each component.

Initial Application of AASB 16: Leases

The Company has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2020. In accordance with AASB 16 the comparatives for the 2020 reporting period have not been restated.

Based on the assessment by the Company, it was determined there was no impact on the Company as it has a low value lease. As such, the Company has not recognised a lease liability and right-of-use asset for this lease.

There has been no significant change from prior year treatment for leases where the Company is a lessor.

(t) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for

30 June 2021 reporting periods and have not been early adopted by the company.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: LOSS FOR THE YEAR

	30-Jun-21	30-Jun-20
	$	$
2A) Revenue		
Rental Revenue	254,394	205,603
Interest Income	-	3
Revenue from Sales	-	735,990
Other Revenue	29,134	46,685
	283,528	988,281
2B) Cost of Sales		
Property costs relating to Rental Revenue	73,432	78,183
Costs of sales relating to sales of inventories	-	595,609
	73,432	673,792

Loss before income tax has been determined after the following specific expenses:

	30-Jun-21	30-Jun-20
2C) Employee benefits expenses		
- Salaries and entitlements	252,999	293,903
- Long service leave	4,068	4,726
	257,067	**298,629**

NOTE 3: AUDITORS' REMUNERATION

	30-Jun-21	30-Jun-20
	$	$
Remuneration of the auditor for:		
- Auditing or reviewing the financial report	21,838	18,905
- Other professional services	9,525	7,641
	31,363	**26,546**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: INCOME TAX EXPENSE

	30-Jun-21	30-Jun-20
	$	$
(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% (2020: 30%)	(87,179)	(73,710)
Add tax effect of:		
- Revenue losses not recognised	92,580	78,277
- Other non-deductible items	-	-
- Other non-assessable items	(14,747)	(12,469)
- Other deferred tax balances not recognised	9,346	7,902
Income tax expense	-	-
(c) Deferred tax recognised at 30% (2020: 30%) (Note 1):		
Deferred tax liabilities:		
Prepayments	(361)	(306)
Deferred tax assets:		
Carry forward revenue losses	361	306
	-	-
(d) Unrecognised deferred tax assets at 30% (2020: 30%) (Note 1):		
Carry forward revenue losses	2,067,077	1,747,720
Financial assets	124,230	105,037
Inventory	98,973	98,973
Property development	92,998	92,998
Provisions and accruals	45,849	41,860
Carry forward capital losses	15,000	15,000
Other	1,989	2,512
	2,432,616	**2,104,100**

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.

Note 1 - 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: CASH AND CASH EQUIVALENTS

	30-Jun-21	30-Jun-20
	$	$
Current		
Cash at Bank	2,899,656	97,873

NOTE 6: TRADE AND OTHER RECEIVABLES

	30-Jun-21	30-Jun-20
	$	$
Current		
GST receivable	4,786	13,307
Deposits paid	5,044	5,044
Prepayments	12,354	3,406
Other Debtors	1,163	4,956
	23,347	**26,713**

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 2020	Adjustment for AASB 9	Net measurement of loss allowance	Amounts written off	Closing balance 30 June 2021
	$	$	$	$	$
a. **Lifetime Expected Credit Loss**	-	-	-	-	-

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.

NOTE 7: INVENTORY

	30-Jun-21	30-Jun-20
	$	$
Costs carried forward in respect of properties of interest in (Oak Street Cannington):		
At the beginning of the financial year	2,810,839	3,398,390
Additions during the period	-	-
Borrowing costs capitalised	-	-
Disposal of Inventory	-	(587,551)
Balance at the end of the financial year	**2,810,839**	**2,810,839**

As previously announced by the Company, the building at 3 Oak Street Cannington officially reached lock-up stage on 20 June 2018. Since that point, the Company has sold 2 of the 12 units at the Cannington Project. The property also serves as security against the Westpac borrowings as detailed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: INVENTORY (PROPERTY DEVELOPMENT)

	30-Jun-21	30-Jun-20
	$	$
Costs carried forward in respect of properties of interest in Tate Street Bentley:		
At the beginning of the financial year	1,181,610	1,173,421
Additions during the year	-	8,189
Non-current balance at reporting date	**1,181,610**	**1,181,610**

The 30 June 2021 balance relates to the property developments located at 19-21 Tate Street, Bentley Western Australia. Refer to Note 13 for details of security over these assets.

NOTE 9: FINANCIAL ASSETS

	30-Jun-21	30-Jun-20
	$	$
Non-Current		
Listed Shares at fair value	17,293	6,052
Total Financial assets at fair value through profit or loss	**17,293**	**6,052**

NOTE 10: PLANT AND EQUIPMENT

	30-Jun-21	30-Jun-20
	$	$
Plant and equipment at cost	28,611	28,611
Accumulated depreciation	(28,611)	(28,611)
	-	**-**
Movements in carrying amounts		
Balance at beginning of the year	-	309
Additions	-	-
Depreciation expense	-	(309)
At reporting date	**-**	**-**

NOTE 11: TRADE AND OTHER PAYABLES

	30-Jun-21	30-Jun-20
	$	$
Trade creditors	130,081	11,257
Other creditors and accruals	311,281	33,996
	441,362	**45,253**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: PROVISIONS

	30-Jun-21	30-Jun-20
	$	$
Annual Leave	91,932	87,068
Long service leave	35,949	33,977
	127,881	**121,045**

NOTE 13: BORROWINGS

	30-Jun-21	30-Jun-20
	$	$
CURRENT		
Loan from financial institution (i)	1,625,490	58,931
	1,625,490	**58,931**
NON-CURRENT		
Loan from financial institution (i), (ii)	763,856	2,352,163
	763,856	**2,352,163**
Total Borrowings	**2,389,346**	**2,411,094**

NATIONAL AUSTRALIA BANK FACILITY

Facility:	Business Loan
Facility Limit:	$785,604
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:	Bank Bill Business Loan
Facility Limit:	$1,979,000
Loan Type:	Variable Rate Interest Only
Loan Term:	2 Years– Expires 1 December 2021
Interest Rate:	2.46% per annum
Facility Fee:	1.0% per annum

There was $29,429 of interest charges on the Westpac facility that were incurred during the year.

The total Westpac facility of $1,979,000 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.
- There are no covenants to be complied with.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: ISSUED CAPITAL

	30-Jun-21	30-Jun-20
	$	$
44,063,983 (30 June 2020: 29,325,749) fully paid ordinary shares of no par value	**10,842,814**	8,097,337

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

	30-Jun-21		30-Jun-20	
	$	Number	$	Number
At the beginning of the year	8,097,337	29,325,749	8,097,337	29,325,749
Shares issued	2,745,477	14,738,234	-	-
At reporting date	**10,842,814**	**44,063,983**	**8,097,337**	**29,325,749**

(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 2021 and 30 June 2020 are tabled below. The gearing ratio of 60% as at 30 June 2020 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.

	2021	2020
	$	$
Total borrowings	2,389,346	2,411,094
Less: Cash and cash equivalents	(2,899,656)	(97,873)
Net (cash)/debt	(510,310)	2,313,221
Total equity	3,974,156	1,545,695
Total capital	3,463,846	3,858,916
Gearing ratio	**-15%**	**60%**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: RESERVES

	30-Jun-21	30-Jun-20
	$	$
Option Reserve	482,267	482,267

Movements in options on issue:

	30-Jun-21		30-Jun-20	
	$	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-21	30-Jun-20
	$	$
Balance at beginning of the year	(7,033,909)	(6,765,871)
Net loss attributable to members	(317,016)	(268,038)
At reporting date	**(7,350,925)**	**(7,033,909)**

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 2021.

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-21	30-Jun-20
	$	$
Short term benefits	228,057	273,975
Post employment benefits	20,525	23,750
	248,582	**297,725**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

30 June 2021	Floating interest rate $	Fixed interest maturing in: 1 year or less $	over 1 year less than 5 $	more than 5 years $	Non-Interest bearing $	Total $
Financial Assets						
Cash and cash equivalents	2,899,656	-	-	-	-	**2,899,656**
Trade and other receivables	-	-	-	-	23,347	**23,347**
Listed investments	-	-	-	-	17,293	**17,293**
	2,899,656	**-**	**-**	**-**	**40,640**	**2,940,296**
Weighted Average Interest Rate	-%	-	-	-	-	
Financial Liabilities						
Trade and other creditors	-	-	-	-	441,362	**441,362**
Borrowings	-	**1,625,490**	**159,137**	**604,719**	-	**2,386,346**
	-	**1,625,490**	**159,137**	**604,719**	**441,362**	**2,827,708**
Weighted Average Interest Rate	-	2.46%	4.70%	4.70%	-	

30 June 2020	Floating interest rate $	Fixed interest maturing in: 1 year or less $	over 1 year less than 5 $	more than 5 years $	Non-Interest bearing $	Total $
Financial Assets						
Cash and cash equivalents	97,873	-	-	-	-	**97,873**
Trade and other receivables	-	-	-	-	26,713	**26,713**
Listed investments	-	-	-	-	6,052	**6,052**
	97,873	**-**	**-**	**-**	**32,765**	**130,638**
Weighted Average Interest Rate	-%	-	-	-	-	
Financial Liabilities						
Trade and other creditors	-	-	-	-	45,253	**45,253**
Borrowings	-	58,931	1,861,216	490,947	-	**2,411,094**
	-	**58,931**	**1,861,216**	**490,947**	**45,253**	**2,456,347**
Weighted Average Interest Rate	-	4.70%	2.75%	4.70%	-	

Trade and sundry payables are expected to be paid as follows:	**2021** $	**2020** $
Less than 6 months	441,362	45,253
	441,362	**45,253**

(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.

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.

	2021		2020	
2021	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets:	**$**	**$**	**$**	**$**
Cash & cash equivalents	2,899,656	2,899,656	97,873	97,873
Financial assets at fair value through profit or loss (listed investments)	17,293	17,293	6,052	6,052
Financial assets at amortised cost (Trade & other receivables)	23,347	23,347	26,713	26,713
Total financial assets	2,940,296	2,940,296	130,638	130,638
Financial liabilities:				
Trade & other payables	441,362	441,362	45,253	45,253
Bank borrowings	2,389,346	2,384,092	2,411,094	2,405,792
Total financial liabilities	2,830,708	2,825,454	2,456,347	2,456,347

(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 2020, 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:

	2021	2020
	$	**$**
CHANGE IN PROFIT/(LOSS)		
Increase in fair value of investment by 10%	1,729	605
Decrease in fair value of investment by 10%	(1,729)	(605)

2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:	**$**	**$**	**$**	**$**
Financial assets at fair value through profit or loss:				
— listed investments	17,293	-	-	**17,293**
— unlisted investments	-	-	-	-
	17,293	**-**	**-**	**17,293**

2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:	**$**	**$**	**$**	**$**
Financial assets at fair value through profit or loss:				
— listed investments	6,052	-	-	**6,052**
— unlisted investments	-	-	-	-
	6,052	**-**	**-**	**6,052**

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.

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.

	2021	2020
	$	$
CHANGE IN PROFIT/(LOSS)		
(Increase) to loss from a 2% rise in interest rate	(1,410)	(2,267)
Decrease to loss from a 2% fall in interest rate	1,410	2,267

NOTE 20: EARNINGS PER SHARE

	2021	2020
	$	$
(a) Loss used in the calculation of basic earnings per share	(317,016)	(268,038)
	Number of shares	***Number of shares***
(b) Weighted average number of ordinary shares outstanding during the financial year used in calculation of basic earnings per share	44,063,983	29,325,749

NOTE 21: CASH FLOW INFORMATION

	2021	2020
	$	$
(i) Reconciliation of cash and cash equivalent:		
Cash at Bank - Note 5	2,899,656	97,873
(ii) Reconciliation of cash flows from operating activities with loss after income tax		
Loss after income tax	(317,016)	(268,038)
Depreciation expense	-	309
Revaluation - financial assets at fair value	(11,241)	1,730
Finance costs	70,499	47,336
Changes in assets and liabilities:		
- (Increase)/ Decrease in trade and other receivables	3,366	(16,941)
-(Increase)/ Decrease in inventory	-	587,551
- (Decrease)/ Increase in trade and other payables	396,109	5,347
- (Decrease)/ Increase in provisions	6,836	11,946
Net cash used in operating activities	**148,553**	**369,240**

(iii) Non-cash financing and investing activities

During the year there was $29,429 (2020: $$47,336) 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 2021.

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. CONTINGENT LIABILITIES

In the opinion of the directors there were no contingent liabilities at 30 June 2021, and the interval between 30 June 2021 and the date of this report.

NOTE 24: COMMITMENTS

(a) Lease expenditure commitments
There is one operating lease being a rental lease for the Company's office premises.

	6 months	12 months	18 months	Total
	$	$	$	$
Rental lease for the Company's premises	-	-	-	-
	-	-	-	-

(b) Capital commitments
As at 30 June 2021, there are no capital commitments (2020: nil).

1. The directors of the company declare that:

   a. the accompanying financial statements and notes as set out on pages 13 to 36 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 2021 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 2021.

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:

Cheng Yan Marcus Goh
Executive Director
Dated this 31st day of August 2021

ULTIMA UNITED
LIMITED
ACN 123 920 990

ANNEXURE B – Directors Report

For the Financial Year Ended 30 June 2021

The directors of Ultima United Limited (the "Company") submit herewith the financial report of the Company for the financial year ended 30 June 2021. 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
Jonathan Cheng	Executive Chairman & Managing Director (appointed 21 July 2020)
Cheng Yan Marcus Goh	Executive Director (appointed 14 June 2021)
Lo Yew Seng	Non-Executive Director (appointed 14 September 2020)
Tome Jongue	Non-Executive Director (appointed 14 June 2021)
Eric Kong	Executive Director (resigned 14 June 2021)
Piers Lewis	Non-Executive Director (resigned 14 June 2021)
Li Yi	Non-Executive Director (resigned 10 September 2020)
(Simon) Xing Yan	Executive Chairman & Managing Director (resigned 20 July 2020)

2) INFORMATION ON DIRECTORS

Jonathan Cheng	Executive Chairman & Managing Director (appointed 21 July 2020) Non-Executive Director (appointed 24 June 2020 until 21 July 2020)
Experience	Jonathan's wealth of experience spans two decades in starting up new enterprises with the last 15 years spent focussing on private equity. Having spearheaded many successful projects, Jonathan's expertise, and acumen, especially in the Asia-Pacific region, has been described as unparalleled. Mr Cheng sits on multiple boards, across various industries. He holds a double masters degrees in Business Administration and Economics.
Interest in Shares	13,482,987
Interest in Options	Nil
Cheng Yan Marcus Goh	Executive Director (appointed 14 June 2021)
Experience	Mr Goh has experience acting as a business analyst to a number of national insurers and he provided financing, business solutions, industry research regarding deal origination to help grow and propel the business. Mr Goh has completed his Masters of Business administration in 2013.
Interest in Shares	Nil
Interest in Options	Nil
Lo Yew Seng	Non-Executive Director (appointed 14 September 2020)
Experience	Mr Lo is the founder and director Capella Capital and Capella Management (the "**Capella Group**"), providing advisory and international venture capital funding. Testament to his expertise, Mr Lo sits on the board of Ban Leong Technologies Ltd and CWT Pte Ltd. Mr Lo has experience in a number of positions in AXIS Communications, a Swedish listed MNC. Mr Lo holds a Bachelor's degree in Arts and Social Sciences from the National University of Singapore, majoring in Economics.
Interest in Shares	Nil
Interest in Options	Nil
Tome Jongue	Non-Executive Director (appointed 14 June 2021)

Experience	Mr Jongue has served as a director in Inpac Holdings Pty Ltd in WA and is responsible for managing a number of residential and industrial properties. Mr Jongue is a high experienced property manager and is well versed in handling tenants, property maintenance, fee collections and property inspections. Mr Jongue has qualifications in business administration.
Interest in Shares	Nil
Interest in Options	Nil
Eric Kong	Executive Director (resigned 14 June 2021)
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 (at date of resignation)
Interest in Options	Nil
Li Yi	Non-Executive Director (resigned 10 September 2020)
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	1,895,000
Interest in Options	Nil
Piers Lewis	Non-Executive Director, Joint Company Secretary (resigned 14 June 2021)
Experience	Mr Lewis is an experienced executive, board director and team leader, with a diverse background in the resources, banking and technology sectors. In 2011 Piers founded Smallcap Corporate, a corporate advisory services company. Piers currently serves as chairman of Cycliq Group Limited (ASX: CYQ) and Lustrum Minerals Limited (ASX: LRM), and is company secretary for Grange Resources. Mr Lewis is a Chartered Accountant and fellow of the Governance Institute.
Interest in Shares	Nil
Interest in Options	Nil
(Simon) Xing Yan	Executive Chairman & Managing Director (resigned 20 July 2020)

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 (at date of resignation)
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**
Jonathan Cheng	Argo Exploration Limited (AXT)
Cheng Yan Marcus Goh	-
Lo Yew Seng	Ban Leong Technologies (SGX: B26)
Tome Jongue	-
Eric Kong	-
Piers Lewis	Cycliq Group Limited (CYQ) Lustrum Minerals Limited (LRM) Manalto Limited (MTL) eSense Labs Limited (ESE) Digital Wine Ventures Limited (DW8)
Li Yi	-
Xing Yan (Simon)	-

3) COMPANY SECRETARY

Mr Cheng Yan Marcus Goh – refer above

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 2021 are:

	30/06/2021	**30/06/2020**	**% Change**
Cash and cash equivalents ($)	2,899,656	97,873	(2963%)
Net assets ($)	3,974,156	1,545,695	(257%)

	30/06/2021	30/06/2020	% Change
Revenue ($)	283,528	988,281	29%
Net loss after tax ($)	(317,016)	(268,038)	(118%)
Loss per share ($)	(0.72)	(0.91)	(79%)

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.

7) REVIEW OF OPERATIONS

PROPERTY DEVELOPMENT
3 Oak Street, Cannington, Western Australia

During the year, the Company announced the signing of a master lease with Rhinox Property Management Pty Ltd. The master lease was announced on 21 October 2020 and covers the 10 units at the property that were not sold in the year prior. The lease agreement represented a 100% increase in the rental income for the Company.

The master lease does not represent a change in the Company's intentions to continue with the sales efforts of the units. The Company believes that the lease arrangement increases the marketability of the units by being high-yield lease apartments and maximises the current value of the units by raising rental yield.

19-21 Tate Street, Bentley, Western Australia

The Company owns the properties 19 & 21 Tate Street, Bentley. The Company has been and continues to assess the viability of developing special disability accommodation units under the National Disability Insurance Scheme ("NDIS") for the Bentley Project. Over the course of the year, the Company developed its previous assessments into plans and drawings for the development and construction of 6 (six) villa-type, high physical support, platinum level SDAs.

As of January 2021, said plans were submitted for planning approval to the City of Canning and awaiting feedback and approval. Following discussions in relation to the Bentley project, the Company decided to concurrently put the land for the Bentley project on the market for sale. However, the Company continues to be committed to the development of the Bentley project.

Hokkaido Development

On 30 December 2020, the Company announced a proposed issue of securities and capital raising for the purposes of acquiring and developing three plots of land at a development named TELLUS Villas ("TVP"), a 17-lot land plot measuring over 34,000m2 in Niseko, a popular ski resort town in Hokkaido, Japan. TVP is owned by Infinity Capital Group Australia, a substantial shareholder in the Company.

The Company received shareholder approval on 14 May 2021 for the Company to raise up to $20,190,203 by way of issuing up to 33,650,338 fully paid ordinary shares in the Company. The Company made corresponding announcements on the ASX in relation to updates on the project.

8) SIGNFICANT 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

On 14 August 2021, the Company successfully completed the capital raising in relation to the Hokkaido development and raised the amount of $20,190,203. The Company expects to proceed with settlement of the acquisition of the three plots of land of TVP and construction as soon as practicable.

Under Japanese law, the Company would be allowed to commence off-the-plan sales of the to-be-completed villas and accordingly, will commence sales efforts as soon as practicable. The Company will make further announcements as to updates on the development.

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
Jonathan Cheng	2	2
Eric Kong	2	2
Piers Lewis	2	2
Li Yi	1	-
Yew Seng Lo	2	-

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.

13) REMUNERATION REPORT

Refer to Annexure A – Financial Statements

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 $12,100. The Company has not indemnified the auditors during or since the end of the financial year.

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.