

Annexure 3A: Annual / Half Yearly Disclosure

References Chapter 3, SIM VSE Listing Rules

Name of entity	ABN, ACN or ARBN
ULTIMATE POWER & ENERGY LTD	40 159 476 892

PLEASE TICK ONE

- Annual Disclosure
- Half Yearly Disclosure

Half year/financial year ended ('Current period') 31 DECEMBER 2012

Summary

				\$A,000	
Sales revenue or operating revenue	up/down	0 %	to	NIL	
Profit (loss) before abnormal items and after tax	up/down	0 %	to	(153)	
Abnormal items before tax		gain (loss) of		NIL	
Profit (loss) after tax but before outside equity interests	up/down	0 %	to	(153)	
Extraordinary items after tax attributable to members		gain (loss) of		NIL	
Profit (loss) for the period attributable to members	up/down	0 %	to	(153)	
Dividends (distributions)		0			
Franking rate applicable		0			
Current period		0 ¢			
Final Interim		0 ¢			
Previous corresponding period		N/A ¢			
Final Interim		N/A ¢			
Record date for determining entitlements to the dividend (in the case of a trust distribution)					

Short details of any bonus or cash issue or other items(s) of importance not previously released to the Exchange:

Consolidated Profit and Loss Account

	Current period \$A'000	Previous corresponding period \$A'000
Sales revenue or operating revenue	3	
Expenses from ordinary activities	(156)	
Borrowing costs	0	
Share of net profit (loss) of associates and joint venture entities	0	
Profit (loss) from ordinary activities before tax	(153)	
Income tax on ordinary activities	0	
Profit (loss) from ordinary activities after tax	(153)	
Outside equity interests	0	
Profit (loss) from ordinary activities after tax attributable to members	(153)	
Profit (loss) from extraordinary activities after tax attributable to members	0	
Profit (loss) for the period attributable to members	(153)	
Retained profits (accumulated losses) at the beginning of the financial period	0	
Net transfers to and from reserves	0	
Net effect of changes in accounting policies	0	

Profit restated to exclude amortisation of goodwill

	Current period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities after tax before outside equity interests and amortisation of goodwill	(153)	
Less (plus) outside equity interests	0	
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	(153)	

Revenue and expenses from operating activities

	Current period \$A'000	Previous corresponding period \$A'000
Details of revenue and expenses		
Interest Received	3	
Administration Expenses	(91)	
Personnel Expenses	(2)	
<u>Director's Remuneration</u>	<u>(26)</u>	

Intangible and extraordinary items

	Consolidated - current period		
	Before tax	Related tax	After tax
	\$A'000	\$A'000	\$A'000
Amortisation of goodwill	0	0	0
Amortisation of other intangibles	(37)	0	(37)
Total amortisation of intangibles			
Extraordinary items (details)	0	0	0
Total extraordinary items	0	0	0

Comparison of half year profits

(Annual statement only)

	Current year \$A'000	Previous year \$A'000
Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year	(153)	
Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	N/A	

Consolidated balance sheet

Current assets

	At end of current period \$A'000	As shown in last	
		annual report \$A'000	As in last half yearly statement \$A'000
Cash	478		
Receivable	71		
Investments	0		
Inventories	0		
Other (provide details if material)	0		
Total current assets	549		

Non-current assets

Receivables	0		
Investments	0		
Inventories	0		
Other property, plant and equipment (net)	0		
Intangibles (net)	0		
Other (provide details if material)	0		

Total non-current assets	0		
Total assets	549		
Current liabilities			
Accounts payable	155		
Borrowings	0		
Provisions	9		
Other (provide details if material)	0		
Total current liabilities	164		
Non-current liabilities			
Accounts payable			
Borrowings	0		
Provisions	0		
Other (provide details if material)	0		
Total non-current liabilities	0		
Total liabilities	164		
Net assets	385		
Equity			
Capital	538		
Reserves	0		
Retained profits (accumulated losses)	(153)		
Equity attributable to members of the parent entity	0		
Outside equity interests in controlled entities	0		
Total equity	385		
Preference capital and related premium included	0		

Consolidated statement of cash flows

Cash flows related to operating activities

	Current period \$A'000	Previous corresponding period \$A'000
Receipts from customers	0	
Payments to suppliers and employees	(73)	
Dividends received	0	

Interest and other items of similar nature received	2	
Interest and other costs of finance paid	0	
Income taxes paid	0	
Other (provide details if material)	0	
Net operating cash flows	(71)	
Cash flows related to investing activities		
Payments for purchases of property, plant and equipment	0	
Proceeds from sale of property, plant and equipment	0	
Payment for purchases of equity investments	0	
Proceeds from sale of equity investments	0	
Loans to other entities	0	
Loans repaid by other entities	0	
Other (provide details if material)	0	
Net investing cash flows	0	
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc.)	549	
Proceeds from borrowings	0	
Repayment of borrowings	0	
Dividends paid	0	
Other (provide details if material)	0	
Net financing cash flows	549	
Net increase (decrease) in cash held	478	
Cash at beginning of period (see Reconciliation of cash)	0	
Exchange rate adjustments	0	
Cash at end of period (see Reconciliation of cash)	478	

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

NIL

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A'000	Previous corresponding period \$A'000
Cash on hand and at bank	478	
Deposits at call	0	
Bank overdraft	0	
Other (provide details)	0	
Total cash at end of period	478	

Ratios

Profit before tax/sales

	Current period	Previous corresponding period
Consolidated profit (loss) from ordinary activities before tax as a percentage of sales revenue	0%	

Profit after tax/equity interests

Consolidated profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	(39.74%)	
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Earnings per security (EPS)

	Current period	Previous corresponding period
Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
(a) Basic EPS	(0.0151)	
(b) Diluted EPS (if materially different from (a))		

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.032	

Details of specific receipts/outlays, revenues/expenses

	Current period \$ A'000	Previous corresponding period \$A'000
Interest revenue included	3	
Interest revenue included but not yet received (if material)	0	
Interest costs excluded from borrowing costs capitalised in asset values	0	
Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	0	
Depreciation (excluding amortisation of intangibles)	0	
Other specific relevant items	0	

Control gained over entities having material effect

Name of entity N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity since the date in the current period on which control was acquired

\$

Date from which such profit has been calculated

--

Profit (loss) from ordinary activities and extraordinary items after tax of the entity for the whole of the previous corresponding period

\$

Loss of control of entities having material effect

Name of entity N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity for the current period to the date of loss of control

\$

Date from which the profit (loss) has been calculated

--

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period

\$

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

\$

Reports for industry and geographical segments

Segments

Operating Revenue	N/A
Sales to customers outside the economic entity	
Inter-segment sales	
Unallocated revenue	
Total revenue	
Segment result	
Unallocated expenses	
Consolidated profit from ordinary activities after tax (before equity accounting)	
Segment assets) Comparative data for segment assets should be as at
Unallocated assets) the end of the previous corresponding period
Total assets)

Dividends

Date the dividend is payable N/A

Record date to determine entitlements to the dividend
(ie. on the basis of registrable transfers received up to
5.00 pm)

Amount per security

		Franking rate applicable	%	%	%
<i>(annual report only)</i>					
Final dividend:	Current year	¢	N/A	¢	N/A
	Previous year	¢	¢	¢	¢
<hr/>					
<i>(Half yearly and annual statements)</i>					
Interim dividend:	Current year	0 ¢	N/A	0 ¢	N/A
	Previous year	0 ¢	¢	0 ¢	¢

Total annual dividend (distribution) per security

(Annual statement only)

	Current year	Previous year
Ordinary securities	¢	¢
Preference securities	¢	¢

Total dividend (distribution)

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	\$ 0	\$
Preference securities	\$ N/A	\$
Total	\$ 0	\$

Half yearly report – Interim dividend (distribution) on all securities or Annual report – final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period \$A'000
Ordinary securities	\$ 0	\$
Preference securities	\$ N/A	\$
Total	\$ 0	\$

The dividend or distribution plans shown below are in operation.

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

Any other disclosures in relation to dividends (distributions)

Equity accounted associated entities and other material interests

Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Entities share of:	Current period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities before tax.	0	
Income tax	0	
Profit (loss) from ordinary activities after tax	0	
Extraordinary items net of tax	0	
Net profit (loss)	0	
Outside equity interests	0	
Net profit (loss) attributable to members	0	

Material interests in entities which are not controlled entities

The entity has an interest (that is material to it) in the following entities.

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to profit (loss) from ordinary activities and extraordinary items after tax	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
Equity accounted associates and joint venture entities				
Total				
Other material interests				
Total				

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of securities	Number issued		Number listed		Issue Price	Paid-up value
					(cents)	(cents)
Preference securities (description)	0	0				
Changes during current period	0	0				
Ordinary securities	9,000,000	9,000,000	0.007227	0.007227		
	3,010,000	3,010,000	0.25	0.25		
Changes during current period	9,000,000	9,000,000	0.007227	0.007227		
	3,010,000	3,010,000	0.25	0.25		
Convertible debt securities (description and conversion factor)	0	0				
Changes during current period	0	0				

Options (description and conversion factor)	Number issued		Number listed		Exercise price	Expiry date
	0	0				
Changes during current period	0	0				
Exercised during current period	0	0				
Expired during current period	0	0				
Debentures	0	0				
Unsecured Notes	0	0				

Discontinuing Operations

Consolidated profit and loss account

	Continuing operations		Discontinuing operations		Total entity	
	Current period \$A'000	Previous corresponding period \$A'000	Current period \$A'000	Previous corresponding period \$A'000	Current period \$A'000	Previous corresponding period \$A'000
Sales revenue or operation revenue	0		0		0	
Other revenue	3		0		3	
Expenses from ordinary activities	(156)		0		(156)	
Profit (loss) before tax	(153)		0		(153)	
Less tax	0		0		0	
Profit (loss) from ordinary activities after tax	(153)		0		(153)	

Consolidated statement of cash flows

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Net operating cash flows	(71)		0		(71)	
Net investing cash flows	0		0		0	
Net financing cash flows	549		0		549	

Other disclosures

	Current period \$ A'000	Previous corresponding period \$ A'000
Carrying amount of items to be disposed of:		
- total assets	0	
- total liabilities	0	
Profit (loss) on disposal of assets or settlement of liabilities	0	
Related tax	0	
Net profit (loss) on discontinuance	0	

Description of disposals

N/A

Comments by directors

Basis of accounts preparation

If this statement is a half yearly statement it should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.

Material factors affecting the revenues and expenses of the entity for the current period including seasonal or cyclical factors

N/A

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

N/A

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

N/A

Changes in accounting policies since the last annual report and estimates of amounts reported in prior years are disclosed as follows.

N/A

Changes in the amounts of contingent liabilities or assets since the last annual report are disclosed as follows.

N/A

Additional disclosure for trusts

Number of units held by the management company or responsible entity to their related parties:

N/A

A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- Initial service charges
 - Management fees
-
-
-

Other fees

Annual meeting

(Annual statement only)

The annual meeting will be held as follows:

Place _____

Date _____

Time _____

Approximate date the annual report will be available _____

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law.
- 2 This statement, and the financial statements under the Corporations Law (if separate), use the same accounting policies.
- 3 In the case of a half-yearly report the same accounting standards and methods of computation are/~~are not~~* (*delete one*) followed as compared with the most recent annual accounts. *INFORMATION MEMORANDUM*
- 4 This statement does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.
- 5 This statement is based on financial statements to which one of the following applies:

PLEASE TICK ONE

 - The financial statements have been audited.
 - The financial statements have been subject to review by a registered auditor (or overseas equivalent).
 - The financial statements are in the process of being audited or subject to review.
 - The financial statements have *not* yet been audited or reviewed.
- 6 If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/~~will follow immediately they are available~~* (*delete one*).
- 7 The entity has/~~does not have~~* (*delete one*) a formally constituted audit committee.

Signed:  _____
(Director) (Director/Company Secretary)

Print name: ZEMING YANG. _____

Dated: 15th MARCH, 2013.



NOTES

- True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
- Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
- Additional Information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement.

**ULTIMATE POWER & ENERGY LIMITED AND CONTROLLED
ENTITIES** ACN 159 476 892

Consolidated Half Year Financial Report

For the half-year ended 31 December 2012

ULTIMATE POWER & ENERGY LIMITED AND CONTROLLED ENTITIES

ACN 159 476 892

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This consolidated financial report was authorised for issue by the Directors on 15th March 2013. The company has the power to amend and reissue this financial report.

1.

Corporate Directory

DIRECTORS

Zeming (Michael) Yang *Executive Chairman*

Khing Yean Wong *Non-Executive Director*

Bin Jin *Non-Executive Director*

COMPANY SECRETARY

Khing Yean Wong

COMPANY REGISTERED OFFICE

45 Callaghan Avenue

GLEN WAVERLEY VIC 3150

WEBSITE

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Advisors to the Company

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SHARE REGISTRY

Boardroom Pty Limited

Level 7

207 Kent Street

SYDNEY NSW 2000

Telephone: +61 2 9290 9600

Facsimile: +61 2 9279 0664

Directors' Report

Your directors present their consolidated financial report on ULTIMATE POWER & ENERGY LIMITED and its controlled entities for the half-year ended 31 December 2012.

Directors

The following persons were directors of ULTIMATE POWER & ENERGY LIMITED during the half-year and up to the date of this report:

Z M YANG

Executive Chairman – appointed 13th July, 2012

B JIN

Non-Executive Director – appointed 13th July, 2012

K Y WONG

Non-Executive Director and company secretary – appointed 13th July 2012

Principal Activities

- Completed initial capital raising and listing on SIM VSE.
- Started the assembling of prototype and testing of components of 1st UPE System (UPE1).
- Developed concept and tested initial prototype of 2nd UPE System (UPE2).

Review of operations

Loss attributable to members of ULTIMATE POWER & ENERGY LIMITED for the half-year ended 31 December 2012 was \$153,646 mainly to do with initial listing costs and R & D Activities. No dividends were paid or declared payable during or since the half-year.

The Company completed its initial capital raising and listed on the SIM VSE in November 2012.

In accordance with the Company's Information Memorandum testing commenced on the components required for UPE1 and parts were ordered to build prototypes for testing.

Event after the reporting period

Since the end of the half year work on building and testing prototypes for UPE1 has been delayed due to holidays in China. It will re-commence shortly.

Initial work on developing the concept for UPE2 commenced and a small prototype has been tested with encouraging results. Additional testing of prototypes of both systems is now planned in this half year.

Since the end of the half year the Directors are not aware of any other matter or circumstance not otherwise dealt with in the financial report that has significantly or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of directors.



Z YANG
Director

Melbourne
15th March, 2013

15 March 2013

The Directors
C/- Michael Yang
Ultimate Power & Energy Limited
45 Callaghan Avenue
GLEN WAVERLY VIC 3150

Dear Board Members

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Ultimate Power and Energy Limited.

As lead audit partner for the review of the financial statements of Ultimate Power and Energy Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely



Nexia Court & Co
Chartered Accountants



Andrew Hoffmann
Partner

15 March 2013
Sydney

Nexia Court & Co

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ULTIMATE POWER & ENERGY LIMITED
ABN 40 159 476 892
Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2012

		1 Jul - 31 Dec
	Note	2012
		\$
Interest Income		2,856
Administrative expenses	5	(90,128)
Personnel expenses	8	(2,450)
Directors' Remuneration	7	(25,947)
Motor vehicle expenses		(735)
Write off of Intangible Assets	6	(37,242)
Total comprehensive income attributable to members		<u>(153,646)</u>
Total comprehensive income attributable to members		(153,646)
Basic and diluted loss per share (cents per share)	14	(0.0151)

The above consolidated income statement should be read in conjunction with the accompanying notes

ULTIMATE POWER & ENERGY LIMITED
 ABN 40 159 476 892
 Consolidated Statement of Financial Position
 As at 31 December 2012

		31-Dec
	Note	2012 \$
CURRENT ASSETS		
Cash and cash equivalents	9	478,170
Trade and other receivables	10	<u>70,463</u>
TOTAL CURRENT ASSETS		<u>548,633</u>
TOTAL ASSETS		<u><u>548,633</u></u>
CURRENT LIABILITIES		
Trade and other payables	11	155,365
Employee benefits	12	<u>8,740</u>
TOTAL CURRENT LIABILITIES		<u>164,105</u>
TOTAL LIABILITIES		<u>164,105</u>
NET ASSETS		<u><u>384,528</u></u>
EQUITY		
Accumulated losses		(153,646)
Contributed equity	13	<u>538,174</u>
TOTAL EQUITY		<u><u>384,528</u></u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

ULTIMATE POWER & ENERGY LIMITED
 Consolidated Statement of Changes in Equity
 For the half year ended 31 December 2012

Consolidated	Note	Attributable to owners ULTIMATE POWER & ENERGY LIMITED			Total equity
		Contributed equity	Retained earnings	Total	
Balance at 1 July 2012		-	-	-	-
Total comprehensive income for the half-year		-	(153,646)	(153,646)	(153,646)
		<u>-</u>	<u>(153,646)</u>	<u>(153,646)</u>	<u>(153,646)</u>
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	14	538,174	-	538,174	538,174
		<u>538,174</u>	<u>-</u>	<u>538,174</u>	<u>538,174</u>
Balance at 31 December 2012		<u>538,174</u>	<u>(153,646)</u>	<u>384,528</u>	<u>384,528</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

ULTIMATE POWER & ENERGY LIMITED
 ABN 40 159 476 892
 Consolidated Statement of Cash Flows
 For the half year ended 31 December 2012

	1 Jul - 31 Dec 2012 \$
<hr/>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers and employees	(72,087)
Interest received	1,603
Net cash flows from operating activities	<u>(70,484)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Net proceeds from share issue	548,654
Net cash flows from financing activities	<u>548,654</u>
 Net Increase in Cash held	
Net decrease in cash and cash equivalents	478,170
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of period	<u>478,170</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1 – REPORTING ENTITY

ULTIMATE POWER & ENERGY LIMITED (the 'Company') is a company incorporated in Australia under the *Corporations Act 2001*. This consolidated condensed interim financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporation Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

As this is the first financial report of the Company we have set out its significant accounting policies. It is recommended that this financial report be read in conjunction with any public announcements made by Ultimate Power and Energy Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the Corporation Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group.

The half year report does not include full disclosures of the type normally included in an annual financial report.

The half year consolidated interim financial report was approved by the Board of Directors on 14 March 2013.

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

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 one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

PROVISIONS

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

CASH & CASH EQUIVALENTS

Cash and Cash Equivalents includes 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 borrowings in current liabilities on the balance sheet.

REVENUE

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

FINANCE COSTS

Finance 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 of sale.

All other finance costs are recognised income in the period in which they are incurred.

GOODS & SERVICES TAX (GST)

Revenue, 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. 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

COMPARATIVE FIGURES

The company was established on 12 July 2012. As a result the current financial period is from 13 July to 31 December 2012. There are no comparatives.

GOING CONCERN

The consolidated financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

During the period the company incurred a loss of \$153,646 and operating cash outflow of \$123,830. The company is in a stage of research and development on its UPE Systems and as a result is currently not generating revenue.

While the above factors indicate uncertainty, there are reasonable grounds to believe that the Company will be able to continue as a going concern, after consideration of the following factors:

- The current liability is relatively small and of which \$12,386 related to director current account and \$129,229 related director's payables
- The Company has no borrowings
- The anticipated development costs for the next phase is relatively moderate given all manufacturing process will take place in China with agreed pricing on result
- The on-going day-to-day running costs for Australia office has been forecasted and are relatively moderate and will be well within the control of the management

Accordingly, the Directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

NOTE 3: OPERATING SEGMENTS – IDENTIFICATION OF REPORTABLE SEGMENTS

During the half year the Company operated principally in one business segment being the green and emerging energy sector in one geographical segment being Australia.

NOTE 4: - COMPANY AND ITS CONTROLLED ENTITIES

The Company Ultimate Power and Energy Limited owns both UPE International Pty Ltd (A.C.N. 159 498 192) and UPE Operations Pty Ltd (A.C.N. 159 498 227) 100%.

NOTE 5: ADMINISTRATIVE EXPENSES

Legal & professional expenses	56,361
Accounting & audit fees	19,113
Office rent & outgoings	8,413
Advertising	5,084
Postage	654
Telephone, mobile & fax	400
Bank charges	70
Office supplies	34
	<u>90,128</u>

NOTE 6: WRITE OFF OF INTANGIBLES

Development costs	32,445
Patents & trademarks	4,797
	<u>37,242</u>

NOTE 7: DIRECTORS REMUNERATION

Directors wages	21,780
Directors fees	4,167
	<u>25,947</u>

NOTE 8: PERSONNEL EXPENSES

Superannuation contributions	2,244
Travelling	206
	<u>2,450</u>

NOTE 9: CASH AND CASH EQUIVALENTS

CBA online account	461,603
Cheque account	16,567
	<u>478,170</u>

NOTE 10: OTHER RECEIVABLES

Director related receivables	53,346
GST refundable	14,952
Interest receivable	1,253
Prepayment to rent & outgoings	912
	<u>70,463</u>

NOTE 11: TRADE & OTHER PAYABLES

Director loan payable	129,229
Accounting & audit fees	13,750
Director current account	12,386
	<u>155,365</u>

NOTE 12: EMPLOYEE BENEFITS

PAYG withholding payable	5,488
Superannuation payable	2,244
Wages payable	1,008
	<u>8,740</u>

NOTE 13: CONTRIBUTED EQUITY

Contributed equity	<u>538,174</u>
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Initial equity from Zeming Yang of \$65,403 was contributed. A further subscription of \$602,000 was raised in October. Listing expenses totalling \$129,229 were considered to be relating to the equity-raising therefore have been used to offset equity raised.

NOTE 14: EARNING PER SHARE CALCULATION

Loss attributed to ordinary equity holders:	<u>(153,646)</u>
Period 1	
13/7/12 to 31/12/12	
No. of Days	171
Shares issued for this period	9,000,000
Fraction of period (171/171)	1
Weighted-average shares for this period	9,000,000
Period 2	
26/10/12 to 31/12/12	
No. of Days	66
Shares issued for this period	3,010,000
Fraction of period (66/171)	0.386
Weighted-average shares for this period	1,161,754.39
Total average weighted no. of shares issued	10,161,754.39
EPS and diluted EPS	<u>(0.0151)</u>

NOTE 16: EVENTS OCCURRING AFTER THE REPORTING PERIOD

Since the end of the half year the Directors are not aware of any matter or circumstance not otherwise dealt with in the financial report that has significantly or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

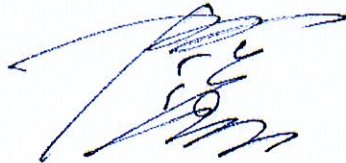
In the directors' opinion:

- (a) The financial statements and notes set out on pages 9-13 are in accordance with the *Corporations Act 2001*, including:
 - a. Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - b. Giving a true and fair view of the entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date, and
- (b) There are reasonable grounds to believe that ULTIMATE POWER & ENERGY LIMITED will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Zeming Yang
Director

Melbourne
15th March, 2013



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ULTIMATE POWER AND ENERGY LIMITED**

We have reviewed the accompanying half-year financial report of Ultimate Power and Energy Limited, which comprises the Condensed Statement of Financial Position as at 31 December 2012, Condensed Statement of Comprehensive Income, Condensed Statement of Changes in Equity and Condensed Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Ultimate Power and Energy Limited (the Company) and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Ultimate Power and Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of Ultimate Power and Energy Limited.

Nexia Court & Co

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ULTIMATE POWER AND ENERGY LIMITED
(CONT'D)**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Ultimate Power and Energy Limited and controlled entities is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Significant uncertainty regarding continuation as a going concern

Without qualification to the review conclusion above, we draw attention to Note 2 of the financial statements titled "Going Concern". The financial statements have been prepared on the basis that the Company is a going concern. The Group has sustained a net loss of \$153,646 and cash outflow from operations of \$70,484. Due to these financial circumstances and in combination with the company being in the development stages of its UPE system and no certainty over future revenue streams, there exists a significant uncertainty as to whether the Company can continue as a going concern.

Nexia Court & Co

**Nexia Court & Co
Chartered Accountants**



**Andrew Hoffmann
Partner**

15 March 2013
Sydney