

Appendix 4E
Preliminary final report
Murchison Holdings Limited
A.B.N. 52 004 707 260

1. REPORTING PERIOD

The financial information contained in this report is for the year ended 30 June 2017. Comparative amount, unless otherwise indicated, are for the year ended 30 June 2016.

The Preliminary Final Report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (“AIFRS”). Compliance with AIFRS ensures that the report, comprising the financial statements and note thereto, complies with International Financial Reporting Standards (“IFRS”).

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$HKD'000
Revenues from ordinary activities	Down	33%	to	48,441
Loss for ordinary activities after tax attributable to members	Up	23%	to	(8,174)
Loss for the year attributable to members	Up	23%	to	(8,174)
Dividends (distributions)	Please refer to Note 8.			

Review of Operation

Murchison Holdings Limited and its controlled entities continued to earn their income from activities in the sectors of investments, stockbroking, nominee services and settlement services. Our focus has continued to be markets in South East Asia, Australia, Europe and the USA.

On 30 June 2015, the Company signed a Placement Confirmation Letter with ASAF Critical Metals Limited (“ASAF”) who in turn signed a Placement Acceptance Form which provided, inter alia, for the acquisition by MCH of all the issued securities in AUS Streaming Investments Limited (“AUS Streaming”) in consideration of the issue of shares in MCH to the shareholders of ASAF (“Agreement”). The Company refers to the Announcements to the Australian Securities Exchange (“ASX”) dated 30 June 2015 and 8 July 2015.

The effect of the Agreement has not been brought to account in the Financial Statements of the Company for the year ended 30 June 2017 pending completion of all matters provided thereunder including approval thereof by the shareholders of the Company at a shareholders' meeting to be called to consider and vote thereon.

The ASX Listing Committee believes that ASX Listing Rule 11.1.3 applies to the transactions envisaged thereunder and that the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

Having regard to the provisions of the Agreement, the Company does not believe that compliance with Chapters 1 and 2 of the ASX Listing Rules will place any significantly material additional obligations than those envisaged under the Agreement.

The Board of MCH is excited at this opportunity and looks forward to bringing all matters to fruition in a timely manner.

The Company re-iterates its previous statement that shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

3. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	<u>HKD\$000</u>	<u>HKD\$000</u>
Revenue	48,441	72,775
Cost of Sales	(48,069)	(72,712)
Gross Profit	372	63
Other Income	1,613	3,363
Employee Benefits expenses	(5,646)	(6,241)
Depreciation	(128)	(133)
Finance costs	(738)	(814)
Other operating expenses	(5,799)	(5,470)
Loss before income tax expenses	(10,326)	(9,232)
Income tax expenses	-	-
Loss for the year	(10,326)	(9,232)
Other comprehensive income		
Foreign currency translation differences:	-	-
Other comprehensive income for the year, net income tax	-	-
Total comprehensive (loss) for the year	(10,326)	(9,232)
Loss attributable to :		
Owners of the company	(8,174)	(6,618)
Non-controlling interest	(2,152)	(2,614)
Loss for the year	(10,326)	(9,232)
Total comprehensive income attributable to :		
Owners of the company	(8,174)	(6,618)
Non-controlling interest	(2,152)	(2,614)
Total comprehensive (loss) for the year	(10,326)	(9,232)
Earning per share		
Basic losses per share (cents per share)	(40.28)	(37.11)
Diluted losses per share (cents per share)	(40.28)	(37.11)

The accompanying notes form part of these financial statements.

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	2017	2016
	HKD\$000	HKD\$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,832	3,169
Trade and other receivables	47,985	58,402
Financial assets	410	9,247
Other assets	30	44
TOTAL CURRENT ASSETS	54,257	70,862
NON-CURRENT ASSETS		
Investment accounted for using the equity method	3,399	3,399
Other financial assets	14,466	14,466
Plant and equipment	1,030	209
Trade and other receivables	51,694	52,490
Other non-current assets	760	760
TOTAL NON-CURRENT ASSETS	71,349	71,324
TOTAL ASSETS	125,606	142,186
CURRENT LIABILITIES		
Trade and other payables	59,273	62,514
Financial liabilities	-	3,168
Taxation	1,610	1,610
TOTAL CURRENT LIABILITIES	60,883	67,292
NET ASSETS	64,723	74,894
EQUITY		
Issued capital	98,744	98,744
Reserves	15,985	15,830
Accumulated losses	(77,821)	(69,647)
Parent Interest	36,908	44,927
Non-controlling interest	27,815	29,967
TOTAL EQUITY	64,723	74,894

The accompanying notes form part of these financial statements.

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

Note	HK\$000	HK\$000	HK\$000			HK\$000	HK\$000
	Ordinary Share	Accumulated (Losses) / Retained Earnings	Reserve			Non- controlling interests	Total
			Share Option	Capital Profits	Foreign Currency Translation		
Balance at 1 July 2016	98,744	(69,647)	4,215	1,667	9,948	29,967	74,894
Total comprehensive income for the year							
Loss for the year	-	(8,174)	-	-	-	(2,152)	(10,326)
Foreign currency translation differences	-	-	-	-	155	-	155
Total comprehensive (loss) for the year	-	(8,174)	-	-	155	(2,152)	(10,171)
Change in non-controlling interest	-	-	-	-	-	-	-
Reinvestment	-	-	-	-	-	-	-
<i>Transactions with owners, recorded directly in equity</i>							
Prior year adjustments	-	-	-	-	-	-	-
Share cancel during the year	-	-	-	-	-	-	-
Share bought back during the year	-	-	-	-	-	-	-
Share Options exercised/(lapsed)	-	-	-	-	-	-	-
Share Options granted	-	-	-	-	-	-	-
Change of non-controlling interest	-	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-	-
Balance at 30 June 2017	98,744	(77,821)	4,215	1,667	10,103	27,815	64,723

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2017

Note	HK\$000	HK\$000	HK\$000			HK\$000	HK\$000
	Ordinary Share	Accumulated (Losses) / Retained Earnings	Reserve			Non- controlling interests	Total
			Share Option	Capital Profits	Foreign Currency Translation		
Balance at 1 July 2015	98,748	(62,854)	5,027	1,667	9,799	32,581	84,968
Total comprehensive income for the year							
Loss for the year	-	(6,618)	-	-	-	(2,614)	(9,232)
Foreign currency translation differences	-	-	-	-	-	-	-
Total comprehensive (loss) for the year	-	(6,618)	-	-	-	(2,614)	(9,232)
Change in non-controlling interest	-	-	-	-	-	-	-
Reinvestment	-	-	-	-	-	-	-
<i>Transactions with owners, recorded directly in equity</i>							
Prior year adjustments		(175)	-	-	149		(26)
Share issue (cancel) during the year	(4)	-	-	-	-	-	(4)
Share bought back during the year	-	-	-	-	-	-	-
Share Options exercised	-	-	(1,070)	-	-	-	(1,070)
Share Options granted	-	-	258	-	-	-	258
Change of non-controlling interest	-	-	-	-	-	-	-
Total transaction with owners	(4)	(175)	(812)	-	149	-	(842)
Balance at 30 June 2016	98,744	(69,647)	4,215	1,667	9,948	29,967	74,894

6. CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	HKD\$000	HKD\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	70,081	66,901
Payments to suppliers and employees	(62,739)	(66,805)
Interest received	8	10
Interest and other costs of finance paid	(739)	(814)
Dividend received	15	7
NET CASH FROM/(USED) IN OPERATING ACTIVITIES	6,626	(701)
CASH FLOW FROM INVESTING ACTIVITIES		
Disclosure/(Purchase) of fixed assets	(795)	475
NET CASH USED IN INVESTING ACTIVITIES	(795)	475
CASH FLOWS FROM FINANCING ACTIVITIES		
Share buy-back payment	-	(4)
NET CASH PROVIDED IN FINANCING ACTIVITIES	-	(4)
Net increase/(decrease) in cash held	5,831	(230)
Cash at the beginning of financial year	1	231
CASH AT THE END OF FINANCIAL YEAR	5,832	1
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,832	3,169
Borrowings	-	(3,168)
	5,832	1

The accompanying notes form part of these financial statements.

7. ISSUED CAPITAL

a. Movement in share capital

	2017 HKD\$000	2016 HKD\$000
17,825,412 (2016: 17,825,412) fully paid ordinary shares	<u>98,744</u>	<u>98,744</u>
Balance at 1 July 2016: 17,828,412 shares (1 July 2015: 17,828,412 shares)	98,744	98,748
Shares cancelled during the year: nil (2016: 3000)	-	(4)
Balance at 30 June 2017: 17,825,412 shares (30 June 2016: 17,825,412 shares)	<u>98,744</u>	<u>98,744</u>

b. Ordinary shares

All capital consists of fully paid ordinary shares which are listed on the ASX and carry one vote per share and the right to receive dividends.

8. DIVIDENDS

The Company did not pay any dividends during the year ended 30 June 2017 and no dividends are presently proposed as being payable.

9. CONSOLIDATED ACCUMULATED LOSSES

	2017 HKD\$000	2016 HKD\$000
Retained earnings at the beginning of the financial year	(69,647)	(62,854)
Change in non-controlling interest	-	(175)
Losses attributable to members of the parent entity	(8,174)	(6,618)
Accumulated losses at the end of the year	<u>(77,821)</u>	<u>(69,647)</u>

10. NET TANGIBLE ASSETS PER SECURITY

	2017	2016
Net tangible assets per security	363 cents	350 cents

(The total number of ordinary shares used as the denominator in calculating Net Tangible Assets per share was 17,828,412)

11. EARNINGS PER SHARE

	2017 Cents	2016 Cents
Basic losses per share (a)	(40.28)	(37.11)
Diluted losses per share (b)	(40.28)	(37.11)
(a) Basic losses per share	\$000	\$000
Losses used to calculate losses per share	(8,174)	(6,618)
Weighted average number of ordinary shares used as the denominator in calculating Basic earnings per share	20,291,741	20,291,741
(b) Diluted losses per share		
Losses used to calculate losses per share	(8,174)	(6,618)
Weighted average number of ordinary shares used as the denominator in calculating Diluted losses per share	20,291,741	20,291,741

12. CHANGES IN CONTROL OVER GROUP ENTITIES

There is no change in control over group entities during the year.

13. ASSOCIATES AND JOINT VENTURES

Details of associates and joint ventures entities including the name of the associates or joint venture entity and details of the reporting entity's percentage holding in each of these entities and where material to an understanding of the report aggregate share of profits (losses) of these entities, details of contributions to net profits for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.

Name of entity	% Holding	Aggregate Share of profit (losses)		Contribution to net profit	
		Current Period	Previous corresponding period	Current Period	Previous corresponding period
		\$	\$	\$	\$
Quest Marine Resources Limited	43.37	Nil	Nil	Nil	Nil

14. NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2016

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICES

The significant accounting policies are set out below.

Statement of Compliance

The preliminary financial report is a financial report that has been prepared in accordance with the recognition and measurement aspects of Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and Appendix 4E of the Australian Securities Exchange listing rules.

It is recommended that this financial report be read in conjunction with the 2017 annual report, the December 2016 half year report and any public announcements made by Murchison Holdings limited and its controlled entities during the year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The Board of Directors approved the preliminary financial report on 31st August 2017.

Basis of preparation

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available in ASIC Class Order 98/100.

The Group has adopted all of the new and revised standards and Interpretations issued by the Australian Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

Accounting Policies

The same accounting policies and methods of computation have been followed in this financial report as were applied in the most recent interim and annual financial statements.

Critical Accounting Estimates and Judgements

The critical estimates and judgements are consistent with those applied and disclosed in the June 2017 annual report.

14. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

B. STATEMENT OF OPERATIONS BY SEGMENTS

Business segments

The consolidated entity is organised on a global basis into the following divisions by service type.

Investments

Investments in marketable securities

Stockbroking

Provision of share trading services to clients

Corporate Advisory

Provision of corporate advisory services to clients

Telecom

Provision of communication equipment and services to clients

Geographical Segments

Although the consolidated entity divisions are managed on a global basis they operate in two main geographical areas:

Australia

The home country of the parent entity which is also the main operating entity. The areas of operation are in sectors of investments, stockbroking and sourcing.

Hong Kong

The major operations are carried out in Hong Kong.

14. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

B. STATEMENT OF OPERATIONS BY SEGMENTS (Cont'd)

Segment Reporting

The Company has two reportable segments. The business is organised based on investment, Stockbroking & Telecom. The following summary describes the operations in each of the Company's reportable segments.

Investments are investment in marketable securities.

Stockbroking is provision of share trading services to clients.

Provision of telecom services to clients.

Corporate advisory is provision of corporate restructuring and related services to clients.

Reportable segments consist of the aggregation of a number of operating segments in accordance with AASB 8 Operating Segments.

Information regarding the operations of each reportable segment is included below in the manner reported to the chief operating decision maker as defined in AASB 8. Performance is measured based on segment earnings before interest and tax (EBIT). Inter-segment transactions are not recorded as revenue. Instead a cost allocation relating to the transactions is made based on negotiated rates.

	Investment		Stockbroking		Telecom		Corporate Advisory		Economic Entity	
In thousands of HKD	2017 HKD\$	2016 HKD\$	2017 HKD\$	2016 HKD\$	2017 HKD\$	2016 HKD\$	2017 HKD\$	2016 HKD\$	2017 HKD\$	2016 HKD\$
	000	000	000	000	000	000	000	000	000	000
External revenue	36,351	52,527	1,302	1,384	10,777	18,810	11	54	48,441	72,775
Depreciation and amortisation	-	-	21	35	98	98	9	-	128	133
Reportable segment (losses) before tax	(6,875)	(5,431)	(3,102)	(3,528)	(207)	(71)	(142)	(202)	(10,326)	(9,232)
Reportable segment assets	115,554	131,940	7,841	8,111	1,918	2,028	293	107	125,606	142,186
Capital expenditure	-	-	-	-	-	-	-	-	-	-
Share of net profits /(losses) of equity accounted associates and joint venture entities	-	-	-	-	-	-	-	-	-	-

14. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

B. STATEMENT OF OPERATIONS BY SEGMENTS (Cont'd)

Primary Reporting — Business Segments (Cont'd)

	2017	2016
In thousands of HKD	HKD\$000	HKD\$000
Reconciliation of reportable segment profit, assets and other material items		
Loss		
Total losses for reportable segments	(10,326)	(9,232)
Unallocated amounts – other corporate expenses	-	-
Loss before income tax	<u>(10,326)</u>	<u>(9,232)</u>
Assets		
Total assets for reportable segments	125,606	142,186
Other unallocated amounts	-	-
Total assets	<u>125,606</u>	<u>142,186</u>
Capital Expenditure		
Capital expenditure – reportable segments	-	-
Other unallocated amounts	-	-
Total	<u>-</u>	<u>-</u>
Other material items		
Share of net profits of equity accounted associates and joint venture entities	-	-
Other unallocated amounts	-	-
Total assets	<u>-</u>	<u>-</u>

Secondary Reporting — Geographical Segments

The Company operates predominately in Hong Kong.

	Segment Revenues for External Customers		Carrying Amount of Segment Assets		Acquisitions of Non- current Segment	
	2017 \$000	2016 \$000	2017 \$000	2016 \$000	2017 \$000	2016 \$000
Geographical location:						
Australia	246	1,690	74,832	74,599	-	-
Hong Kong	48,195	74,448	50,774	67,587	-	-
	<u>48,441</u>	<u>76,138</u>	<u>125,606</u>	<u>142,186</u>	<u>-</u>	<u>-</u>

14. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

C: IMPAIRMENT OF INVESTMENT

For the year ended 30 June 2014, the Directors have not obtained sufficient appropriate evidence for this review of the recoverable amount of the investment in Dalian JiXiang Food Co., Ltd (DJFL) which has the same resulting effect on the company's investment in Quest Marine Resources Limited – the parent company of DJFL – an associate company of Murchison Holdings Limited.

Accordingly, we are uncertain whether the recoverable amount of that asset is at least equal to its carrying value. Adopting a conservative approach to this matter the Directors have elected to impair the asset to a nominal amount. In the event that circumstances change and sufficient appropriate evidence of the recoverable amount is obtained then the carrying value of Investments Accounted for Using the Equity Method will be adjusted to reflect that value.

	2017 HKD\$000	2016 HKD\$000
Investment in associate company	31,170	31,170
Less: Impairment	(31,170)	(31,170)
	<u>-</u>	<u>-</u>

D: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

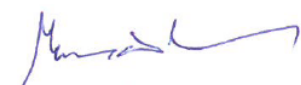
E: EVENTS SUBSEQUENT TO REPORT DATE

There has been no event subsequent to report date.

15. STATUS OF AUDIT

The information contained in this Appendix 4E is based upon accounts that are in the final process of being audited by the Company's auditors. There is not expected to be a dispute or qualification to the financial accounts.

By the order of the Board



Wee Tiong CHIANG

Director

Date : 31st August, 2017