

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 2019. Comparative amount, unless otherwise indicated, are for the year ended 30 June 2018.

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	50%	to	503
Loss for ordinary activities after tax attributable to members	Up	131%	to	(5,227)
Loss for the year attributable to members	Up	131%	to	(5,227)
Dividends (distributions)	It does not propose to pay a dividend			

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.

Total Revenue has decreased by 50% to HKD503,000. The decrease is largely due to the following factors:

- Extremely low interest rates and recovering earning of US corporations ensured that funds previously invested in emerging market were flowing back to the US markets. The group is in the emerging market of China and subject to it, as a result reported a loss from operations during the financial year.

Net loss for year ended 30 June 2019 increased by 131% to HKD5,227,000 as a result of the factors as described above.

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

FOR THE YEAR ENDED 30 JUNE 2019

	<u>2019</u> <u>HKD\$000</u>	<u>2018</u> <u>HKD\$000</u>
Revenue	503	1,005
Other Income	380	6,380
Administrative expenses	(8,245)	(10,511)
Finance costs	(48)	(27)
Loss before income tax	(7,410)	(3,153)
Income tax	-	-
Total comprehensive loss for the year	(7,410)	(3,153)
Total comprehensive loss attributable to :		
Owners of the company	(5,227)	(2,260)
Non-controlling interest	(2,183)	(893)
Total comprehensive loss for the year	(7,410)	(3,153)
Loss per share		
Basic losses per share (cents per share)	(25.76)	(11.14)
Diluted losses per share (cents per share)	(25.76)	(11.14)

The accompanying notes form part of these financial statements.

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	2019	2018
	HKD\$000	HKD\$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4,038	5,876
Trade and other receivables	43,457	39,651
Other financial assets	14	34
Other assets	17	20
TOTAL CURRENT ASSETS	47,526	45,581
NON-CURRENT ASSETS		
Investment accounted for using the equity method	3,399	3,399
Trade and other receivables	29,465	28,460
Deferred tax assets	22,089	21,578
Other financial assets	53	53
Plant and equipment	15	29
Other non-current assets	760	760
TOTAL NON-CURRENT ASSETS	55,781	54,279
TOTAL ASSETS	103,307	99,860
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	58,865	48,311
TOTAL CURRENT LIABILITIES	58,865	48,311
NET ASSETS	44,442	51,549
EQUITY		
Issued capital	98,744	98,744
Reserves	16,504	16,201
Accumulated losses	(99,974)	(94,747)
Parent Interest	15,274	20,198
Non-controlling interest	29,168	31,351
TOTAL EQUITY	44,442	51,549

The accompanying notes form part of these financial statements.

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

Note	HK\$000	HK\$000	HK\$000			HK\$000	HK\$000
	Ordinary Share	Accumulated Losses	Reserve			Non-controlling interests	Total
			Share Option	Capital Profits	Foreign Currency Translation		
Balance at 1 July 2018	98,744	(94,747)	4,586	1,667	9,948	31,351	51,549
Total comprehensive loss for the year							
Loss for the year	-	(5,227)	-	-	-	(2,183)	(7,410)
Total comprehensive (loss) for the year	-	(5,227)	-	-	-	(2,183)	(7,410)
Transactions with owners, recorded directly in equity							
Share Options granted	-	-	303	-	-	-	303
Total transaction with owners	-	-	303	-	-	-	303
Balance at 30 June 2019	98,744	(99,974)	4,889	1,667	9,948	29,168	44,442
	HK\$000	HK\$000	HK\$000			HK\$000	HK\$000
Note	Ordinary Share	Accumulated Losses	Reserve			Non-controlling interests	Total
			Share Option	Capital Profits	Foreign Currency Translation		
Balance at 1 July 2017	98,744	(92,487)	4,398	1,667	9,948	31,249	53,519
Total comprehensive loss for the year							
Loss for the year	-	(2,260)	-	-	-	(893)	(3,153)
Total comprehensive loss for the year	-	(2,260)	-	-	-	(893)	(3,153)
Transactions with owners, recorded directly in equity							
Share Options granted	-	-	188	-	-	-	188
Change of non-controlling interest	-	-	-	-	-	995	995
Total transaction with owners	-	-	188	-	-	995	1,183
Balance at 30 June 2018	98,744	(94,747)	4,586	1,667	9,948	31,351	51,549

6. CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	HKD\$000	HKD\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	52,859	48,867
Payments to suppliers and employees	(54,955)	(49,943)
Interest received	3	2
Finance costs	(48)	(27)
NET CASH USED IN OPERATING ACTIVITIES	(2,141)	(1,101)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	-	3
Depreciation	-	(71)
Proceeds received from disposal plant and equipment	303	240
NET CASH PROVIDED BY INVESTING ACTIVITIES	303	172
CASH FLOWS FROM FINANCING ACTIVITIES		
Addition to minority interests	-	993
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	993
Net increase/(decrease) in cash held	(1,838)	64
Cash at the beginning of financial year	5,876	5,812
CASH AT THE END OF FINANCIAL YEAR	4,038	5,876
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	4,038	5,876
	4,038	5,876

The accompanying notes form part of these financial statements.

7. ISSUED CAPITAL

a. Movement in share capital

	2019 HKD\$000	2018 HKD\$000
17,825,412 (2018: 17,825,412) fully paid ordinary shares	<u>98,744</u>	<u>98,744</u>
Balance at 1 July 2018: 17,825,412 shares (1 July 2017: 17,825,412 shares)	<u>98,744</u>	<u>98,748</u>
Balance at 30 June 2019: 17,825,412 shares (30 June 2018: 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 2019 and no dividends are presently proposed as being payable.

9. CONSOLIDATED ACCUMULATED LOSSES

	2019 HKD\$000	2018 HKD\$000
Retained earnings at the beginning of the financial year	(94,747)	(92,487)
Losses attributable to members of the parent entity	<u>(5,227)</u>	<u>(2,260)</u>
Accumulated losses at the end of the year	<u>(99,974)</u>	<u>(94,747)</u>

10. NET TANGIBLE ASSETS PER SECURITY

	2019	2018
Net tangible assets per security	249 cents	289 cents

(The total number of ordinary shares used as the denominator in calculating Net Tangible Assets per share was 17,825,412)

11. EARNINGS PER SHARE

	2019	2018
	Cents	Cents
Basic losses per share (a)	(25.76)	(11.14)
Diluted losses per share (b)	(25.76)	(11.14)
(a) Basic losses per share	\$000	\$000
Losses used to calculate losses per share	(5,227)	(2,260)
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	(5,227)	(2,260)
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.

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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

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14. NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2019

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 2019 annual report, the December 2018 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 30th August 2019.

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.

Primary Reporting — Business Segments

In thousands of HKD	Investment		Stockbroking		Telecom		Corporate Advisory		Economic Entity	
	2019 HKD\$	2018 HKD\$	2019 HKD\$	2018 HKD\$	2019 HKD\$	2018 HKD\$	2019 HKD\$	2018 HKD\$	2019 HKD\$	2018 HKD\$
	000	000	000	000	000	000	000	000	000	000
External sales	(121)	-	695	1,005	(71)	-	-	-	503	1,005
Other (loss)/Income	178	6,128	81	113	-	(124)	121	263	380	6,380
Total segment revenue	57	6,128	776	1,118	(71)	(124)	121	263	883	7,385
Total group revenue	57	6,128	776	1,118	(71)	(124)	121	263	883	7,385
Segment net loss before tax from continuing operations	(2,222)	3,801	(3,134)	(3,154)	(1,851)	(1,674)	(203)	(2,126)	(7,410)	(3,153)
et loss before tax from continuing operations	(2,222)	3,801	(3,134)	(3,154)	(1,851)	(1,674)	(203)	(2,126)	(7,410)	(3,153)

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

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

Primary Reporting — Business Segments (Cont'd)

In thousands of HKD	2019 HKD\$000	2018 HKD\$000
Reconciliation of reportable segment profit, assets and other material items		
Loss		
Total losses for reportable segments	(7,410)	(3,153)
Unallocated amounts – other corporate expenses	-	-
Loss before income tax	<u>(7,410)</u>	<u>(3,153)</u>
Assets		
Total assets for reportable segments	103,307	99,860
Other unallocated amounts	-	-
Total assets	<u>103,307</u>	<u>99,860</u>

Secondary Reporting — Geographical Segments

The Company operates predominately in Hong Kong.

Geographical location:	Segment Revenues for External Customers		Carrying Amount of Segment Assets		Acquisitions of Non- current Segment	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Australia	(152)	6,958	87,260	83,133	-	-
Hong Kong	1,035	427	16,047	16,727	-	-
	<u>883</u>	<u>7,385</u>	<u>103,307</u>	<u>99,860</u>	<u>-</u>	<u>-</u>

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

D: CONTINGENT LIABILITIES

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

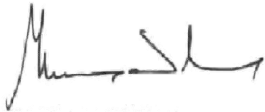
E: EVENTS SUBSEQUENT TO REPORT DATE

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 : 30th August 2019