

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 2010. Comparative amount, unless otherwise indicated, are for the year ended 30 June 2009.

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**

				\$A'000
Revenues from ordinary activities	Up	65%	to	8,978
Profits for ordinary activities after tax attributable to members	Down	68%	to	612
Profits for the year attributable to members	Down	68%	to	612
Dividends (distributions)	Please refer to Note 6.			

**Review of Operation**

Net Profit on continuing operations was \$611,922 with no gain like the “Excess of investor’s share of net value on acquisition” of \$3.56 million recorded in the previous financial year arising from the acquisition of the China-based food processing company.

**3. STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	<u>\$000</u>	<u>\$000</u>
Revenue	8,978	5,435
Cost of Sales	(7,953)	(5,584)
Other Income	1,919	3,637
Excess of investor's share of net value on acquisition	-	3,561
Gain / (loss) on disposal of an associated company	-	(14)
Finance costs	(69)	(121)
Employee Benefits expenses	(1,079)	(1,490)
Depreciation and amortisation	(18)	(21)
Other operating expenses	(1,221)	(2,160)
Share of profits of a associated company	161	31
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Profit before income tax expenses	718	3,274
Income tax expenses	-	-
	<hr/>	<hr/>
Profit for the year	718	3,274
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<b>Other comprehensive income</b>		
Foreign currency translation differences for foreign operation:	(468)	600
<b>Other comprehensive income / (loss) for the year, net income tax</b>	(468)	600
<b>Total comprehensive income / (loss) for the year</b>	250	3,874
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<b>Profit attributable to :</b>		
Owners of the company	612	1,910
Non-controlling interest	106	1,364
<b>Profit for the year</b>	718	3,274
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<b>Total comprehensive income / (loss) attributable to :</b>		
Owners of the company	228	2,623
Non-controlling interest	22	1,251
<b>Total comprehensive income for the year</b>	250	3,874
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Basic earnings per share (cents per share)	3.04	9.67
Diluted earnings per share (cents per share)	1.52	8.81

The accompanying notes form part of these financial statements.

**4. STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2010**

	<u>2010</u> <u>\$000</u>	<u>2009</u> <u>\$000</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	847	456
Trade and other receivables	9,500	10,281
Financial assets	372	418
Other current assets	13	10
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<b>TOTAL CURRENT ASSETS</b>	<b>10,732</b>	<b>11,165</b>
<b>NON-CURRENT ASSETS</b>		
Investment accounted for using the equity method	4,271	4,110
Financial assets	7,565	7,930
Plant and equipment	49	53
Trade and other receivables	8,150	8,283
Other non-current assets	115	121
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<b>TOTAL NON-CURRENT ASSETS</b>	<b>20,150</b>	<b>20,497</b>
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<b>TOTAL ASSETS</b>	<b>30,882</b>	<b>31,662</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,917	3,394
Financial liabilities	964	1,249
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<b>TOTAL CURRENT LIABILITIES</b>	<b>3,881</b>	<b>4,643</b>
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<b>NET ASSETS</b>	<b>27,001</b>	<b>27,019</b>
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<b>EQUITY</b>		
Issued capital	21,416	21,447
Reserves	439	1,060
Accumulated losses	91	(521)
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<b>Parent Interest</b>	<b>21,946</b>	<b>21,986</b>
Minority equity interest	5,055	5,033
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<b>TOTAL EQUITY</b>	<b>27,001</b>	<b>27,019</b>
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The accompanying notes form part of these financial statements.

**5. STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

	<u>2010</u>	<u>2009</u>
	<u>\$000</u>	<u>\$000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	9,966	8,874
Payments to suppliers and employees	(9,048)	(8,578)
Interest received	60	63
Interest and other costs of finance paid	(69)	(121)
Dividend received	3	12
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>912</b>	<b>250</b>
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<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(18)	(20)
Proceeds from sale of fixed assets	4	-
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(14)</b>	<b>(20)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of related companies loan	-	(2,366)
Proceeds from issue of share	12	1,423
Share buy-back payment	(43)	(484)
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<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(31)</b>	<b>(1,427)</b>
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Net increase/ (decrease) in cash held	867	(1,197)
Cash at the beginning of financial year	(793)	(427)
Effect of exchange rate changes on cash holdings in foreign currencies	(191)	831
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<b>CASH AT THE END OF FINANCIAL YEAR</b>	<b>(117)</b>	<b>(793)</b>
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The accompanying notes form part of these financial statements.

**6. DIVIDENDS**

Subject, inter alia, to the continuing profitability of the Company, the Directors have determined to recommend to shareholders at the 2010 Annual General Meeting of the Company to pay a dividend of 0.25 of a cent (\$0.0025) per share unfranked for the year ended 30 June 2010. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2010 and will be recognised in subsequent financial periods. The proposed record date for determining entitlements to the dividend will be determined at the said AGM.

**7. CONSOLIDATED ACCUMULATED LOSSES**

	2010 \$000	2009 \$000
Accumulated losses at the beginning of the financial year	(521)	(2,431)
Profit attributable to members of the parent entity	612	1,910
Retain earning /accumulated losses at the end of the year	91	(521)

**8. NET TANGIBLE ASSETS PER SECURITY**

	2010	2009
Net tangible assets per security	134 cents	134 cents

(The total number of ordinary shares used as the denominator in calculating Net Tangible Assets per share was 20,139,514)

**9. EARNINGS PER SHARE**

	2010 Cents	2009 Cents
Basic earnings per share (a)	3.04	9.67
Diluted earnings per share (b)	1.52	8.81
(a) Basic earnings per share	\$000	\$000
Earnings used to calculate earnings per share	612	1,910
Weighted average number of ordinary shares used as the denominator in calculating Basic earnings per share	20,160,909	19,749,098
(b) Diluted earnings per share	\$000	\$000
Earnings used to calculate earnings per share	612	1,910
Weighted average number of ordinary shares used as the denominator in calculating Diluted earnings per share	40,351,509	21,685,183

**10. CHANGES IN CONTROL OVER GROUP ENTITIES**

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

**11. 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 Securities Limited	31	Nil	Nil	Nil	Nil
Meredeen Investment Limited	25	Nil	Nil	Nil	Nil
Quest Marine Resources Limited	28	192,115	31,027	161,088	31,027

The consolidated entity has written off its entire investment in Quest Securities Limited, Meredeem Investments Limited and Oceanic Processor Pty Limited accordingly no further losses have been recognised from these three associated companies.

**12. NOTES TO THE FINANCIAL STATEMENTS  
AS AT 30 JUNE 2010****1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICES****Basis of preparation of the Financial Report**

The general purpose financial report has been prepared in accordance with Australian Accounting Standard, including Australian Accounting Interpretations, other authoritative pronouncement of the Australian Accounting Standards Board and the Corporation Act 2001.

The financial report covers the consolidated entity of Murchison Holdings Limited and controlled entities (hereafter referred as "MCH"). MCH is a listed public company incorporated and domiciled in Australia.

## 12. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

The accounting policies adopted in the preparation of the preliminary final report have been applied consistently to all periods presented in this report and are consistent with those disclosed in the 2009 financial report except the followings:

### AASB 101 Presentation of Financial Statements ('AASB 101')

The group has applied revised AASB 101 from 1 July 2009 and now presents a statement of comprehensive income, which incorporates the income statement and all non-owner changes in equity. As a result, the group now presents all owner changes in the statement of changes in equity. The balance sheet is now referred to as the statement of financial position. There is a requirement to present a third statement of financial position if there is restatement of comparatives through either a correction of error, change in accounting policy or a reclassification. The cash flow statement is now referred to as the statement of cash flows.

### AASB 7 Financial Instruments: Disclosure ('AASB 7')

This amended standard is applicable from 1 July 2009 and requires additional disclosure about fair value measurement of financial instruments, using a three level fair value hierarchy. The amendments also clarify the disclosure requirements about liquidity risks for derivative transactions and assets used for liquidly management.

### AASB 8 Operating Segments ('AASB 8')

The group has applied AASB 8, which replaces AASB 114 'Segment Reporting', from 1 July 2009. AASB 8 requires a management approach to segment reporting based on the information reported internally.

## 2. 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

### **Sourcing**

Provision of third party sourcing services to clients

### **Telecom**

Provision of communication equipment and services to clients

## 12. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 2. STATEMENT OF OPERATIONS BY SEGMENTS (Cont'd)

#### 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, sourcing and communications services.

#### Hong Kong

The major operations are carried out in Hong Kong.

#### Segment Reporting

##### Primary Reporting — Business Segments

	Investment		Stockbroking		Sourcing		Telecom		Economic Entity	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
REVENUE										
External Sales	6,960	3,991	954	502	-	-	1,064	942	8,978	5,435
Other revenue	1,748	3,006	171	631	-	-	-	-	1,919	3,637
Total revenue from ordinary activities	8,708	6,997	1,125	1,133	-	-	1,064	942	10,897	9,072
Segment result	233	(2,287)	241	628	-	-	(23)	(9)	451	(1,668)
Unallocated revenues	-	-	-	-	-	-	-	-	-	-
Gain on acquisition	-	-	-	-	-	-	-	-	-	-
Excess of the investor's share of the net value on acquisition	-	3,561	-	-	-	-	-	-	-	3,561
Gain on disposal of an associated company	-	(14)	-	-	-	-	-	-	-	(14)
Share of net profits of equity accounted associates and joint venture entities	161	31	-	-	-	-	-	-	161	31
Profit (loss) for the year	394	1,291	241	628	-	-	(23)	(9)	612	1,910
ASSETS										
Segment assets	24,776	22,453	3,632	7,505	2,441	1,599	33	105	30,882	31,662
LIABILITIES										
Segment liabilities	(1,482)	(2,052)	(1,621)	(2,128)	(733)	(441)	(45)	(22)	(3,881)	(4,643)



**12. NOTES TO THE FINANCIAL STATEMENTS (Cont'd)**  
**2. STATEMENT OF OPERATIONS BY SEGMENTS (Cont'd)**

**Secondary Reporting — Geographical Segments**

	Segment Revenues for External Customers		Carrying Amount of Segment Assets		Acquisitions of Non- current Segment	
	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000
Geographical location:						
<b>Australia</b>	3,566	1,564	23,565	21,197	-	-
<b>Hong Kong</b>	7,331	7,508	7,317	10,465	-	-
	10,897	9,072	30,882	31,662	-	-

**13. 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

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 Wee Tiong CHIANG  
 Director  
 Date :