

CHESAPEAKE CAPITAL LTD

ABN: 80 106 213 772

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2016**

**CHESAPEAKE CAPITAL LTD
FINANCIAL REPORT FOR THE YEAR ENDED
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CHESAPEAKE CAPITAL LTD DIRECTOR'S REPORT

The directors present their report together with the financial report of Chesapeake Capital Ltd for the financial year ended 30 June 2016 and auditor's report thereon.

Directors Names

The names of the directors in office at any time during or since the end of the financial year are:

James Cullen	Appointed 17 July 2015
Ian Macliver	Appointed 31 August 2015
Aaron Constantine	Appointed 31 August 2015
Bernard Romanin	Appointed 30 May 2008
Jon Lamb	Appointed 7 November 2007, resigned 31 August 2015
Professor Raymond Schinazi	Appointed 3 August 2007, resigned 31 August 2015

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

As a Pooled Development Fund (PDF) Company, Chesapeake Capital Ltd ("Chesapeake" or "the Company") is regulated under the PDF Act, which is administered by Innovation Australia (a Federal Government entity). Innovation Australia approved a revised Investment Plan for Chesapeake on 19 February 2015 that allows it to invest in a wide range of emerging listed and unlisted companies across a variety of sectors.

There has been no significant change in the nature of these activities during the financial year.

Results

The profit after income tax attributable to the members of Chesapeake was \$639,264 (2015: loss of \$248,622).

Review of Operations

Chesapeake is a PDF that was restructured and re-energised by a new team in mid-2015 with an initial capital raising of \$2.1 million in June 2015 so as to reposition itself to become a successful investor. Chesapeake seeks to invest in a concentrated portfolio of well researched, generally listed companies, through the provision of new equity capital under the PDF framework so as to generate returns in excess of the S&P Small Ordinaries Accumulation Index.

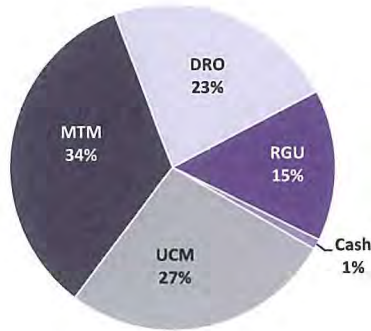
Following the \$2.1 million capital raising in June 2015 and after payment of issue costs and extinguishment of legacy creditors, the Company was left with investible funds of approximately \$1.5 million. Chesapeake generated a return on these investible funds of approximately 43% for the year ended 30 June 2016. This compares to the Small Ordinaries and All Ordinaries Accumulation Indexes as follows:

Chesapeake Capital Return (starting investment capital available \$1.5m)	42.6%
Small Ordinaries Accumulation Index	14.4%
All Ordinaries Accumulation Index	2.0%

In total four investments were made and a fifth was committed to. Investments were made in Uscom Limited (ASX code: UCM), Mareterram Limited (ASX code: MTM), Regalpoint Resources Ltd (ASX code: RGU) and DroneShield Limited (ASX code: DRO).

CHESAPEAKE CAPITAL LTD DIRECTOR'S REPORT

At 30 June 2016 the portfolio composition was as follows:



During the year share sales on certain investments were made to generate profits and facilitate new investments. These sales were a reluctant function of necessity to enable new investment opportunities to be realised with the relatively small amount of capital available as opposed to the Directors having changed their view on the investments. They created investment momentum and enabled diversification of the investment portfolio.

Chesapeake commenced the year with \$1.5m of net tangible assets ("NTA") (17.0¢ per share). At 30 June 2016 NTA had increased to \$2.2m (24.7¢ per share). Operating costs were kept to a minimum with the Directors electing not to take fees of any description until such time as the NTA was back to the subscribed value of 25¢ per share.

Overall the directors are pleased with the Company's progress over its first 12 months after being recapitalised, which was a difficult year for markets generally. The capital raising costs and extinguishment of legacy creditors totalling \$0.56 million, whilst necessary, have nonetheless facilitated the successful re-emergence of Chesapeake as a viable PDF making the utility of its special tax status available for Shareholders. The Directors believe that the intangible value of the compliant PDF status exceeds these costs and look forward to the next 12 months with considerable enthusiasm.

Significant Changes in State of Affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this financial report.

After balance date events

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years are as follows:

Purchase of investment:

Chesapeake subscribed for an investment of \$500,000 in GRD-Franmarine Holdings Limited on 12 August 2016, a Western Australian based public unlisted company.

Likely Developments

The company will continue to pursue its operating strategy to create shareholder value. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the entity.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**CHESAPEAKE CAPITAL LTD
DIRECTOR'S REPORT**

Dividends Paid, Recommended, and Declared

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Share Options

No options over unissued shares were granted during or since the end of the financial year.

Shares Under Options

Unissued ordinary shares of Chesapeake under option at the date of this report are as follows:

Date Options Granted	Opening balance	Share consolidation*	Closing balance	Issue price of shares	Expiry date of the options
16 June 2015	957,499,999	(953,669,994)	3,830,005	25.0 cents	30 June 2018
29 June 2015	1,422,500,000	(1,416,809,995)	5,690,005	25.0 cents	30 June 2018
7 July 2015	33,333,333	(33,199,994)	133,339	25.0 cents	30 June 2018
TOTAL	2,413,333,332	(2,403,679,983)	9,653,349	25.0 cents	

* On 4 September 2015 the entity completed a capital restructuring involving a consolidation of its shares on a 250:1 basis (i.e. for every 250 shares held by a Shareholder, the Shareholder after the consolidation holds one share). Consequently, the exercise price of all options on issue changed from 0.1 cents to 25.0 cents.

No option holder has any right under the options to participate in any other share issue of the company.

**CHESAPEAKE CAPITAL LTD
DIRECTOR'S REPORT**

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a director at any time during or since the end of the financial year is provided below, together with details of the company secretary as at the year end.

**James Cullen
B Com, CA, F Fin, FAIC, AIGA, ACIS**

Non-Executive Chairman and Joint Company Secretary
Director since 17 July 2015

Mr Cullen is a qualified Chartered Accountant with extensive experience as a chief executive officer and board member of two ASX-listed mining services companies, each commencing in the microcap space and growing significantly in market capitalisation before being taken over.

He has a strong financial and governance background with commercial and practical experience in growing microcap businesses domestically and internationally.

Most recently (from June 2015) Mr Cullen has been CEO of Pacific Energy Ltd, a publicly listed power station developer and operator.

Earlier in his career, Mr Cullen worked in the audit team at PriceWaterhouse Coopers (1984 to 1989) and with 21st Century Film Corporation Inc. and Columbia Pictures Industries Inc. (1989 to 1994).

**Aaron Constantine
B Com, B Econ, F Fin, MAICD, MSSAA**

Non-Executive Director
Director since 31 August 2015

Mr Constantine has been employed by Patersons Securities Limited ("Patersons") for almost 30 years, including Executive Director since 1990, during which time Patersons has grown to become one of Australia's larger independently owned, full service stockbrokers. He has been Head of Corporate Finance since 1999.

Mr Constantine manages a team of 22 which has become the most active arranger (by number of new equity issues) in Australia since 2003 (refer the Thomson Reuters Global Equity Capital Markets Review league tables) and regularly ranks in the top 15 by value.

**Ian Macliver
B Com, FCA, SF Rin, FAICD**

Non-Executive Director
Director since 31 August 2015

Mr Macliver is a qualified Chartered Accountant who founded Grange Consulting Group Pty Ltd ("Grange") in 1996. Grange is a boutique provider of specialist corporate advisory services to listed and unlisted companies. He is Managing Director of Grange.

Mr Macliver has been chairman or director of numerous listed and private companies over past 20 years including Chairman of Western Areas Limited (market capitalisation \$844m). He has held senior executive positions in listed companies.

He has significant M&A experience, both advisory and practical and extensive due diligence and business valuation experience. He is highly experienced in general corporate finance and debt/equity raisings.

Mr Macliver was formerly with Arthur Andersen.

**Bernie Romanin
B App Sci, Grad Dip Marketing**

Non-Executive Director and Joint Company Secretary
Director since 30 May 2008

Mr. Romanin has healthcare experience in Diagnostics, Pharmaceuticals and Medical Devices gained over 35 years in Australia and internationally.

Most recently Mr Romanin was CEO of Evivar Medical Pty Ltd which was acquired by a European Bioinformatics Company in 2013.

Mr Romanin has extensive commercial expertise in sales and marketing, technology licensing and partnership management. He has experience in managing start-up and new market business opportunities.

**CHESAPEAKE CAPITAL LTD
DIRECTOR'S REPORT**

Information on Directors and Company Secretary (continued)

Mr Constantine has ranked in the East Coles top 10 Best Investment Bankers 2010-2013 (#1 2011) and the top 4 Equity Capital Markets Bankers over the same period (#1 2011). In 2014 he was awarded the Best Independent Investment Banker and Best Independent ECM Banker.

He has significant experience in structuring equity investments and executing capital raisings and has extensive merger and acquisition experience.

**Professor Raymond F. Schinazi
PhD DSc**

Chairman and Non-Executive Director
Director from 3 August 2007 until 31 August 2015

Professor Schinazi has extensive senior management experience in biotech startups, virology, drug discovery and is the founder of several biotechnology companies focusing on antiviral drug discovery and development, including Pharmasset Inc (sold to Gilead Sciences in 2012), Triangle Pharmaceuticals (sold to Gilead Sciences in 2002, Idenix Pharmaceuticals, and RFS Pharma LLC. He has published over 490 peer reviewed papers and seven books and holds more than 100 issued US patents.

He is a pioneer in the development of HIV drugs for the treatment of HIV with more than 94% of individuals on treatment taking at least one of the drugs he invented. He is also the inventor of lamivudine, the first orally approved drug for the treatment of HBV. As the founder of Pharmasset, he was involved in the early development of Sofosbuvir, a drug now approved by the US FDA that can cure HCV infections. Dr Schinazi is the recipient of numerous awards including the 2006 Distinguished Scientist Award from the Hepatitis B Foundation and a Honorary Doctor of Science from Bath University, UK. In 2013, he was inducted as a Charter Fellow into the National Academy of Inventors, and the same year he received the Distinguished Medical Science Award from the National Library of Medicine. He has also served on the Presidential Commission on AIDS. He is currently the Frances Winship Walters Professor of Pediatrics and Chemistry and Director of the Laboratory of Biochemical Pharmacology at Emory University and the Veterans Affairs Medical Center, Atlanta, Georgia in the United States.

During almost a decade in the USA with Chiron and Novartis, he has directed market development activities to identify, validate and commercialise new opportunities in diagnostics in the areas of Infectious Diseases (Hepatitis and HIV/AIDS), Oncology, Cardiovascular Disease and Metabolic Disorders.

Mr Romanin has experience in dealing with investors, analysts, brokers and shareholders associated with a public company.

**Jon Lamb
Dip IMM**

Deputy Chairman and Non-Executive Director
Director from 7 November 2007 until 31 August 2015

Formerly Chief Executive Officer with Beecham New Zealand, Mr Lamb joined Beecham's marketing division in brand management and new product development, working in South Africa, London, Australia and New Zealand.

Mr. Lamb has held Directorships of both public and private companies with a focus in the bio-medical field. He has acted as adviser to both the Thai Government and the then newly elected Mandela Government in South Africa as Advisor to the Strategic Planning Council. Mr. Lamb brings a wealth of over thirty years international experience in the pharmaceutical and bio-medical arena ranging from private start-up companies to multinational public corporations.

**CHESAPEAKE CAPITAL LTD
DIRECTOR'S REPORT**

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Directors Meetings	
	Eligible to attend	Attended
James Cullen	4	4
Ian Macliver	4	4
Aaron Constantine	4	4
Bernard Romanin	4	4
Raymond Schinazi (Resigned 31/8/15)	0	0
Jon Lamb (Resigned 31/8/15)	0	0

Directors' Interests in Shares or Options

Directors' relevant interests in shares of Chesapeake or options over shares in the company are detailed below.

Directors' relevant interests in:	Ordinary Shares of	Share Options
James Cullen	1,332,000	1,554,001
Ian Macliver	480,000	720,001
Aaron Constantine	1,332,000	1,748,000
Bernard Romanin	6,544	-
Raymond Schinazi	17,640	-
Jon Lamb	141,356	80,001

The information includes shares and options held by Directors and their related parties.

Indemnification and insurance of directors, officers and auditors

During or since the end of the year, the company has paid premiums in respect of an insurance contract in order to indemnify the directors of the company against liabilities that may arise from their position as officers of the company. Officers indemnified include all directors and executive officers participating in the management of the company.

Further disclosure required under section 300(9) of the corporation's law is prohibited under the terms of the contract.

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company.

**CHESAPEAKE CAPITAL LTD
DIRECTOR'S REPORT**

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Non audit Services

Non-audit services are approved by the board of directors. Non-audit services were provided by Pitcher Partners. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

	2016	2015
	\$	\$
Amounts paid and payable to Pitcher Partners for non-audit services:		
Taxation services	<u>4,961</u>	<u>3,615</u>

Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

Signed in accordance with a resolution of the Board of Directors:



Director

Bernard Romanin



Director

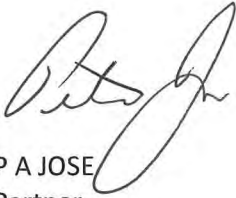
James Cullen

Dated this 4th day of October 2016.

CHESAPEAKE CAPITAL LTD
AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CHESAPEAKE CAPITAL LTD

In relation to the independent audit for the year ended 30 June 2016, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.



P A JOSE
Partner



PITCHER PARTNERS
Melbourne

Date 4 October 2016.

CHESAPEAKE CAPITAL LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
		\$	\$
Revenue and other income			
Other income	5	843,736	-
Less: Expenses			
Travelling expenses		-	(2,118)
Administrative expenses		(94,371)	(223,180)
Legal fees		-	(17,853)
Impairment of loans and investments	6(b)	-	(100)
		<u>749,365</u>	<u>(243,251)</u>
Finance Costs	6(a)	(1,851)	(5,371)
		<u>747,514</u>	<u>(248,622)</u>
Profit/(Loss) before income tax expense			
Income tax expense	7	(108,250)	-
Net Profit/(Loss) from continuing operations		<u>639,264</u>	<u>(248,622)</u>
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>639,264</u>	<u>(248,622)</u>
Profit/(Loss) is attributed to:			
Members of the parent		<u>639,264</u>	<u>(248,622)</u>
Total comprehensive income attributable to:			
Members of the parent		<u>639,264</u>	<u>(248,622)</u>

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

CHESAPEAKE CAPITAL LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016	2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	8	252,053	1,518,678
Other financial assets	9	2,059,882	-
Other current assets	10	12,488	30,465
TOTAL CURRENT ASSETS		<u>2,324,423</u>	<u>1,549,143</u>
TOTAL ASSETS		<u>2,324,423</u>	<u>1,549,143</u>
CURRENT LIABILITIES			
Trade and other payables	11	10,237	32,471
TOTAL CURRENT LIABILITIES		<u>10,237</u>	<u>32,471</u>
NON CURRENT LIABILITIES			
Deferred Tax Liability	7	108,250	-
TOTAL NON CURRENT LIABILITIES		<u>108,250</u>	<u>-</u>
TOTAL LIABILITIES		<u>118,487</u>	<u>32,471</u>
NET ASSETS		<u>2,205,936</u>	<u>1,516,672</u>
EQUITY			
Share capital	12	16,111,976	16,061,976
Accumulated losses		(13,906,040)	(14,545,304)
TOTAL EQUITY		<u>2,205,936</u>	<u>1,516,672</u>

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

**CHESAPEAKE CAPITAL LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Share Capital \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2014		14,073,155	(14,296,682)	(223,527)
Loss for the year		-	(248,622)	(248,622)
Total comprehensive income for the year attributable to members of the parent entity		-	(248,622)	(248,622)
Transactions with owners in their capacity as owners and other transfers:				
Issue of ordinary shares (net of share issue costs)	12	1,988,821	-	1,988,821
Total transactions with owners and other transfers		1,988,821	-	1,988,821
Balance at 30 June 2015		16,061,976	(14,545,304)	1,516,672
Profit for the year		-	639,264	639,264
Total comprehensive income for the year attributable to members of the parent entity		-	639,264	639,264
Transactions with owners in their capacity as owners and other transfers:				
Issue of ordinary shares (net of share issue costs)	12	50,000	-	50,000
Total transactions with owners and other transfers		50,000	-	50,000
Balance as at 30 June 2016		16,111,976	(13,906,040)	2,205,936

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

**CHESAPEAKE CAPITAL LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	2016	2015
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		22,000	-
Payments to suppliers and employees		(98,628)	(442,490)
Interest received		12,568	-
Finance costs		(1,851)	(5,371)
Net cash used in operating activities	13	(65,911)	(447,861)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		517,588	-
Payment for investments		(1,768,302)	-
Net cash used in investing activities		(1,250,714)	-
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of related party loans		-	(30,856)
Net Proceeds from issue of shares		50,000	1,988,821
Net cash provided by financing activities		50,000	1,957,965
Net (decrease)/increase in cash held		(1,266,625)	1,510,104
Cash at beginning of financial year		1,518,678	8,574
Cash at end of financial year	8	252,053	1,518,678

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

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Chesapeake Capital Ltd is a company limited by shares, incorporated and domiciled in Australia. The address of Chesapeake Capital Ltd's registered office and principal place of business is c/o: Minters Ellison Lawyers, Level 23, South Rialto Towers, 525 Collins Street, Melbourne, VIC, 3000. Chesapeake Capital Ltd is a for-profit entity for the purpose of preparing the financial statements

The financial report was authorised for issue by the directors on as at the date of the directors' report.

Compliance with IFRS

The financial statements of Chesapeake Capital Ltd also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going concern

The financial report has been prepared on a going concern basis.

(c) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

All revenue is stated net of the amount of goods and services tax (GST).

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of Non-Financial Assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicates that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

(f) Income Tax

The Company Chesapeake Capital Ltd is a registered Pooled Development Fund (PDF). The PDF program was established by the Federal Government in 1993 to encourage investment in small and medium-sized Australian enterprises. The PDF Act is administered by the Venture Capital Committee (Committee).

Favourable tax treatment is available for both the Company, and its shareholders: There is no capital gains tax on the sale of shares held by a shareholder in a PDF. Shareholders may elect to treat dividends paid by the company as tax exempt or treat the franked amount of any such dividend as assessable income in order to receive the benefit of the attached franking credits. The Company pays a corporate tax rate of 15% on PDF investment income and 25% on other income.

To maintain its status as a PDF, the Company must comply with the regulations imposed by the Pooled Development Funds Act 1992. The Company has to conduct its investment activities in accordance with the following:

- It must invest 65% of its raised capital within five years of the raising;
- It may only invest in new shares in Australian companies;
- It must invest a minimum of \$500,000 in each investment or, if it invests a lesser sum, take a minimum 10% equity in the investee company;
- Investee companies must have less than A\$50 million in total assets;
- The funds invested by the Company must be used to establish an eligible business, to substantially expand production capacity or to substantially expand existing markets of an eligible business.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(g) 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.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Borrowing Costs

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset which are capitalised until the asset is ready for its intended use or sale.

(i) Financial Instruments

Classification

The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation by key management personnel. Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in profit or loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and the group intends to hold the investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (continued)

Non-listed investments for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

For loans and receivables and held-to-maturity investments carried at amortised cost, impairment losses are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

For available-for-sale financial assets carried at cost because a fair value cannot be reliably determined, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

For available-for-sale financial assets carried at fair value, the impairment loss is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. If the asset is impaired, the cumulative loss is reclassified from equity to the profit or loss. For equity investments, the impairment loss is not reversed through profit or loss. For debt investments, the impairment loss is reversed through profit or loss if the fair value increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment losses was recognised in profit or loss.

(j) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the 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 statement of financial position are shown inclusive of GST.

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

(k) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Rounding

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial statements have been rounded to the nearest dollar.

(m) Accounting standards issued but not yet effective at 30 June 2016

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant but applicable in future reporting periods is set out below.

AASB 15 Revenue from contracts with customers

AASB 15 introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five step approach is as follows:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price; and
- Step 5: Recognise revenue when a performance obligation is satisfied.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

AASB 9 Financial Instruments

AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the entities financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(b) Fair value measurements

Certain financial assets and liabilities are measured at fair value. Fair values have been determined in accordance with fair value measurement hierarchy. Refer to Note 4: Fair Value Measurements for the details of the fair value measure key assumptions and inputs.

NOTE 3: FINANCIAL RISK MANAGEMENT

The company is exposed to a variety of financial risks comprising

- Market price risk
- Interest rate risk
- Credit risk
- Liquidity risk

The board of directors has overall responsibility for identifying and managing operational and financial risk.

The entity holds the following financial instruments

	2016	2015
Financial assets	\$	\$
Cash and cash equivalents	252,053	1,518,678
<i>Loans and receivables</i>		
Receivables	12,488	30,465
<i>Fair value through profit or loss</i>		
Held for trading financial assets	2,059,882	-
	2,324,423	1,549,143
Financial liabilities		
<i>Amortised cost</i>		
Payables	10,237	32,471
	10,237	32,471

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

(a) Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Company's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Board of Directors. In addition, in order for the company to maintain its status of a PDF the company must comply with the regulations imposed by the Pooled Development Funds Act 1992. Refer Note1 (f).

Sensitivity

Investments in listed securities at fair value through profit or loss are measured at fair value at reporting date based on current bid prices. If security prices were to increase/decrease by 10% from fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

Listed securities	2016	2015
+/- 10% price variation	\$	\$
Impact on profit after tax	175,090	-
Impact on equity	175,090	-

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are as follows:

	Non- Interest Rate Bearing	Interest bearing	Total	Weighted average effective interest rate	Fixed/ variable rate
	\$	\$	\$	%	
2016					
Financial assets					
Cash at bank	27,556	224,497	252,053	1.47%	variable
Other current assets	12,488	-	12,488	-	-
Other financial assets	2,059,882	-	2,059,882	-	-
Total financial assets	2,099,926	224,497	2,324,423		
Financial liabilities					
Trade Creditors	1,237	-	1,237	-	
Other Payables	9,000	-	9,000	-	
Total financial liabilities	10,237	-	10,237		
2015					
Financial assets					
Cash at bank	1,518,678	-	1,518,678	0.00%	variable
Other current assets	30,465	-	30,465	-	-
Total financial assets	1,549,143	-	1,549,143		
Financial liabilities					
Trade Creditors	4,247	-	4,247	-	-
Other Payables	28,224	-	28,224	-	-
Total financial liabilities	32,471	-	32,471		

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

(c) Financial risk

The company monitors their financial risk informally on a day to day basis and then formally at monthly Board meetings, where the financial position of the company is discussed in detail.

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash is available through the raising of equity.

Maturity Analysis

The tables below represent the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

	< 6 Months	6-12 Months	1-5 years	Total contractual cash flows	Carrying amount
Year ended 30 June 2016					
Cash and cash equivalents	252,053	-	-	252,053	252,059
Receivables	12,488	-	-	12,488	12,488
Other financial assets	-	2,059,882	-	2,059,882	2,059,882
Payables	(10,237)	-	-	(10,237)	(10,237)
Net maturities	254,304	2,059,882	-	2,314,186	2,314,186
Year ended 30 June 2015					
Cash and cash equivalents	1,518,678	-	-	1,518,678	1,518,578
Receivables	30,465	-	-	30,465	30,465
Payables	(32,471)	-	-	(32,471)	(32,471)
Net maturities	1,516,672	-	-	1,516,672	1,516,672

(e) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

(f) Fair value compared with carrying amounts

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the statements of financial position and notes to the financial statements.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 4: FAIR VALUE MEASUREMENTS

Assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

The following table provides the fair value classification of those assets and liabilities held by the Company that are measured either on a recurring or non-recurring basis at fair value

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2016				
<i>Recurring Fair Value Measurement</i>				
<i>Financial assets</i>				
Financial assets at fair value through profit and loss	1,990,447	69,435	-	2,059,882
Total financial assets	1,990,447	69,435	-	2,059,882

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2015				
<i>Recurring Fair Value Measurement</i>				
<i>Financial assets</i>				
Financial assets at fair value through profit and loss	-	-	-	-
Total financial assets	-	-	-	-

(a) Valuation techniques and inputs used in level 2 fair value measurements

2016	Fair value \$	Valuation technique	Description of valuation technique and inputs used
Share Options	69,435	Black Scholes Model	The Black Scholes model is a mathematical model widely used to calculate the theoretical price of an option.
Significant inputs for the calculation are as following:			
- The underlying share price			\$0.25
- Exercise price			\$0.25
- Expected life of the option			1.083
- Volatility of the share			35%
- Risk free interest rate			7%
- Dividend Yield			0%

(b) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 of the fair value hierarchy during the year.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
NOTE 5: REVENUE AND OTHER INCOME			
Other income			
• Fair value gains on financial assets designated at fair value through profit or loss		743,580	-
• Net gain on sale of financial assets designated at fair value through profit or loss		65,588	-
• Interest		12,568	-
• Other		22,000	-
		843,736	-
		843,736	-

NOTE 6: PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax from continuing operations includes the following specific expenses

(a) Expenses

Remuneration of the auditor

• Auditing or reviewing the financial statement		25,511	30,176
• Other service - Tax		4,961	3,615
		30,472	33,791

Finance costs

• External		1,851	5,371
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(b) Other items

The following revenue and expense items are relevant in explaining the financial performance:

Offer management fee on share issue	(a)	-	102,500
Impairment of investments		-	100
		-	102,500

(a) An offer management fee paid in relation to the share offer per the Prospectus issued 28 May 2015.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
NOTE 7: INCOME TAX		\$	\$
(a) Components of tax expense:			
Current tax		-	-
Deferred tax		108,250	-
		108,250	-
(b) Prima facie tax payable			
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:			
Profit/(loss) before tax from continuing operations		747,514	-
Total profit/(loss) before income tax		747,514	-
Prima facie income tax payable on profit before income tax at 15% (2015: 15%)		112,127	-
Less tax effect of:			
- other		3,877	-
		3,877	-
Income tax expense attributable to profit		108,250	-
(c) Deferred tax			
Deferred tax relates to the following:			
<i>Deferred tax assets</i>			
The balance comprises:			
Tax losses carried forward		1,937	-
Accruals		1,350	-
		3,287	-
<i>Deferred tax liabilities</i>			
The balance comprises:			
Financial assets at fair value through profit or loss		111,537	-
		111,537	-
<i>Net deferred tax assets/(liabilities)</i>		(108,250)	-
(e) Deferred income tax (revenue)/expense included in income tax expense comprises			
Decrease / (increase) in deferred tax assets		(3,287)	-
(Decrease) / increase in deferred tax liabilities		111,537	-
		108,250	-

As a result of the 2015 capital raising, the company's ability to utilise previously disclosed unrecognised carried forward tax losses is uncertain, and therefore the amount of unrecognised prior year carried forward tax losses have not been disclosed.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
NOTE 8: CASH AND CASH EQUIVALENTS			
CURRENT			
Cash at bank and on hand		252,053	1,518,678
		252,053	1,518,678

NOTE 9: OTHER FINANCIAL ASSETS

CURRENT

Financial assets designated at fair value through profit and loss:

Shares in listed entities		1,845,202	-
Options in listed entities		214,680	-
Total financial assets at fair value through profit or loss		2,059,882	-

NOTE 10: OTHER CURRENT ASSETS

CURRENT

Prepayments		9,488	22,327
Other		3,000	8,183
Total other current assets		12,488	30,465

NOTE 11: TRADE AND OTHER PAYABLES

CURRENT

Unsecured trade payables		1,237	4,247
Sundry payables and accrued expenses		9,000	28,224
		10,237	32,471

NOTE 12: ISSUED CAPITAL

Issued and paid up capital

8,921,263 (2015:2,180,295,710) fully paid ordinary shares		16,111,976	16,061,976
		16,111,976	16,061,976

Movement in shares on issue		No.	No.
At the beginning of the reporting period		2,180,295,710	110,295,710
Issued during the year			
• 7 July 2015		50,000,000	-
• 16 June 2015		-	855,000,000
• 29 June 2015		-	1,215,000,000
Share Consolidation	(b)	(2,221,374,447)	
At the end of the reporting period	(a)	8,921,263	2,180,295,710

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		\$	\$
NOTE 12: ISSUED CAPITAL continued			
At the beginning of the reporting period		16,061,976	14,073,155
Shares issued during year		50,000	2,070,000
Transactions costs of equity issued		-	(81,179)
At the end of the reporting period		16,111,976	16,061,976

(a) Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholder's meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) On 4 September 2015 the entity completed a capital restructure involving a consolidation of its shares on a 250:1 basis (i.e. for every 250 shares held by a Shareholder, that Shareholder, after the consolidation holds one share).

	Note	2016	2015
		No.	No.
(c) Share Options			
At the beginning of the reporting period		2,379,999,999	-
Options issued during year			
• 16 June 2015	(i)	-	569,999,999
• 16 June 2015 sub-underwritten options	(ii)	-	387,500,000
• 29 June 2015	(i)	-	810,000,000
• 29 June 2015 sub-underwritten options	(ii)	-	612,500,000
• 15 July 2015	(i)	33,333,333	
• Share consolidation	(iii)	(2,403,679,983)	
At the end of the reporting period		9,653,349	2,379,999,999

(i) As part of the share offer each share was issued with two attaching Options for every three Shares issued. Each Option is exercisable on payment of an exercise price of 25.0 cents (post the share consolidation referred to at (iii) below) at any time prior to 5.00pm (Perth time) on 30 June 2018.

(ii) In addition, certain Directors agreed with Patersons to sub-underwrite \$866,000 of its obligations under an Underwriting Agreement in the year ended 30 June 2015. The sub-underwritten amount of \$866,000 was shared between these Directors as follows – James Cullen (\$333,000), Aaron Constantine (\$333,000) and Ian Macliver (\$200,000). No other fees were received by the directors other than the options quoted above.

Each Option is exercisable on payment of an exercise price of 25.0 cents (post the share consolidation referred to at (iii) below) at any time prior to 5.00pm (Perth time) on 30 June 2018.

(iii) On 4 September 2015 the entity completed a capital restructure involving a consolidation of its shares on a 250:1 basis (i.e. for every 250 shares held by a Shareholder, that Shareholder after the consolidation holds one share).

There have been no other share options issued since the beginning of the financial year.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 13: CASH FLOW INFORMATION		
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit/(loss) from ordinary activities after income tax	639,264	(248,622)
<i>Non-Cash Items:</i>		
Profit on sale of financial assets at fair value through profit or loss	(65,588)	-
Fair value gains on financial assets designated at fair value through profit or loss	(743,580)	-
Impairment of investments	-	100
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in other assets	17,977	(24,371)
Decrease in trade and other payables	(22,234)	(174,968)
Increase in deferred tax	108,250	-
Cash flows used by operations	(65,911)	(447,861)

NOTE 14: RELATED PARTY TRANSACTIONS

Directors and Executives Compensation

(a) Details of Key Management Personnel

(i) Directors

James Cullen	Chairman & Joint Company Secretary - Non-Executive - Appointed 17 July 2015
Ian Macliver	Director - Non-Executive - Appointed 31 August 2015
Aaron Constantine	Director - Non-Executive - Appointed 31 August 2015
Bernard Romanin	Director & Joint Company Secretary - Non Executive - Appointed 30 May 2008
Raymond Schinazi	Chairman - Non Executive Director - Resigned 31 August 2015
Jon Lamb	Deputy Chairman - Executive - Resigned 31 August 2015

Directors & Executives Remuneration

	Short-Term		Post-Employment Superannuation	Share-based payments	Total
	Salary	Fees		Shares	
2016	\$	\$	\$	\$	\$
James Cullen	-	-	-	-	-
Ian Macliver	-	-	-	-	-
Aaron Constantine	-	-	-	-	-
Bernard Romanin	-	-	-	-	-
Raymond Schinazi	-	-	-	-	-
Jon Lamb	-	-	-	-	-
	-	-	-	-	-

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: RELATED PARTY TRANSACTIONS (continued)

2015	Salary Fees	Other	Superannuation	Shares	\$
	\$	\$	\$	\$	\$
Raymond Schinazi	-	-	-	-	-
Jon Lamb	-	-	-	-	-
Bernard Romanin	-	-	-	-	-
	-	-	-	-	-

Number of options held by directors

2016	Balance 1/07/15	Granted as remuneration	Net change other*	Balance 30/06/16
Directors	Number	Number	Number	Number
Jamie Cullen	-	-	1,554,001	1,554,001
Ian Macliver	-	-	720,001	720,001
Aaron Constantine	-	-	1,748,000	1,748,000
Bernard Romanin	-	-	-	-
Raymond Schinazi	-	-	-	-
Jon Lamb	80,001	-	-	80,001
	80,001	-	4,022,002	4,102,003

* These options were a result of shares purchased under the capital raising. As per the Prospectus, every 3 new shares purchased under the capital raise will receive two attaching options. All amounts are quoted post the 250:1 share consolidation that occurred on 4 September 2015.

Number of shares held by directors

2016	Balance 1/07/15	Granted as remuneration	Net change other*	Balance 30/06/16
Directors	Number	Number	Number	Number
James Cullen	-	-	1,332,000	1,332,000
Ian Macliver	-	-	480,000	480,000
Aaron Constantine	-	-	1,332,000	1,332,000
Bernard Romanin	6,544	-	-	6,544
Raymond Schinazi	17,640	-	-	17,640
Jon Lamb	61,355	-	80,001	141,356
	85,539	-	3,224,001	3,309,540

* Share holdings are quoted post the 250:1 share consolidation that occurred in the 2016 financial year.

CHESAPEAKE CAPITAL LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: RELATED PARTY TRANSACTIONS (continued)

Jon Lamb purchased 40,000 shares on 29 June 2015 pursuant to the Prospectus dated 28 May 2015 and received 26,667 options in relation to these shares.

Related parties of Jon Lamb purchased 80,000 shares on 29 June 2015 in terms of the Prospectus dated 28 May 2015 and received 53,334 options in relation to these shares.

James Cullen was appointed director on 17 July 2015. Related parties of James Cullen purchased 1,332,000 shares on 29 June 2015 under the terms of the Prospectus dated 28 May 2015 and received 1,554,001 options in relation to these shares.

Ian Macliver was appointed director on 31 August 2015. Related parties of Ian Macliver purchased 480,000 shares on 29 June 2015 under the terms of the Prospectus dated 28 May 2015 and received 720,001 options in relation to these shares.

Aaron Constantine was appointed director on 31 August 2015. Related parties of James Cullen purchased 1,332,000 shares on 29 June 2015 under the terms of the Prospectus dated 28 May 2015 and received 1,748,000 options in relation to these shares.

All amounts above are quoted post the 250:1 share consolidation that occurred on 4 September 2015.

(b) Number of shares held at the balance date by Key Management Personnel or Associated Entities:

There are no key management personnel other than directors.

(c) Other dealings with related parties

During the year the company paid an amount of \$12,513 in consultancy fees for services provided by Redwood Medical Pty Ltd a company related to Bernie Romanin.

During the year the company paid an amount of \$1,656 in management fees and \$1,078 in brokerage fees for services provided by Patersons Securities Limited a company related to Aaron Constantine.

In the year ended 30 June 2015 certain Directors agreed with Patersons to sub-underwrite \$866,000 of its obligations under an Underwriting Agreement. The sub-underwritten amount of \$866,000 was shared between these Directors as follows – James Cullen (\$333,000), Aaron Constantine (\$333,000) and Ian Macliver (\$200,000). No other fees were received by the directors other than the options quoted above.

NOTE 15: SUBSEQUENT EVENTS

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years are as follows:

Purchase of investment

Chesapeake subscribed for an investment of \$500,000 in GRD-Franmarine Holdings Limited on 12 August 2016, a Western Australian based public unlisted company.

**CHESAPEAKE CAPITAL LTD
DIRECTORS' DECLARATION**

The directors of the company declare that:

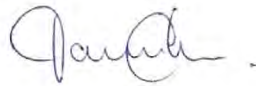
1. The financial statements and notes, comprising the Directors' Declaration, Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements, are in accordance with the *Corporations Act 2001*:
 - (a) Comply with Australian Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (b) As stated in Note 1 the financial statements also comply with International Financial Reporting Standards; and
 - (c) Give a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay their debts as and when they become due and payable.

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



Director _____

Bernard Romanin



Director _____

James Cullen

Dated this 4th day of October 2016.

CHESAPEAKE CAPITAL LTD
ACN 106 213 772

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CHESAPEAKE CAPITAL LTD

Report on the Financial Report

We have audited the accompanying financial report of Chesapeake Capital Ltd, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CHESAPEAKE CAPITAL LTD
ACN 106 213 772

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CHESAPEAKE CAPITAL LTD

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- (a) the financial report of Chesapeake Capital Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.



P A JOSE
Partner

4 October 2016



PITCHER PARTNERS
Melbourne