

**CHESAPEAKE CAPITAL LTD
ABN: 80 106 213 772**

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2017**

This half-year financial report is to be read
in conjunction with the financial report for
the year ended 30 June 2017

CHESAPEAKE CAPITAL LTD
FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2017

TABLE OF CONTENTS

	Page
Directors' Report	1-2
Auditor's Independence Declaration	3
Financial Report for the half-year ended 31 December 2017	
Condensed Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Statement of Financial Position	5
Condensed Statement of Changes in Equity	6
Condensed Statement of Cash Flows	7
Notes to the Condensed Half-Year Financial Statements	8-12
Directors' Declaration	13
Independent Auditor's Review Report	14-15

CHESAPEAKE CAPITAL LTD

DIRECTORS' REPORT

The directors present their report together with the condensed financial report of Chesapeake Capital Ltd for the half-year ended 31 December 2017 and independent review report thereon.

Directors Names

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

Name	Period of Directorship
James Cullen	Appointed 17 July 2015
Ian Macliver	Appointed 31 August 2015
Aaron Constantine	Appointed 31 August 2015
Bernard Romanin	Appointed 30 May 2008

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

Principal activities

As a PDF company, Chesapeake is regulated under the PDF Act, which is administered by Innovation and Science Australia (a Federal Government entity). Under the Company's approved Investment Plan, it invests in a wide range of emerging listed and unlisted "microcap" companies across a variety of sectors.

Pursuant to the PDF Act, investee companies must have total assets of less than \$50 million. As a compliant PDF company, Chesapeake and its Shareholders are afforded various tax concessions under Income Tax Assessment Act.

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

Review of Operations

The loss of the Company for the half-year after providing for income tax amounted to \$168,716 (2016: profit of \$92,401).

Significant Changes in the State of Affairs

There have been no significant changes in the Company's state of affairs during the half-year.

Likely Developments

The Company will continue to pursue its operating strategy to create shareholder value through investing in listed and unlisted companies. In the opinion of the directors, disclosure of any further information would be likely to result in unreasonable prejudice to the entity.

After Balance Date Events

No matters or circumstances have arisen since the end of the half-year that have significant affect or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

**CHESAPEAKE CAPITAL LTD
DIRECTORS' REPORT**

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report.

Rounding of amounts to the nearest dollar

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

Signed in accordance with a resolution of the director



Director
Bernard Romanin



Director
James Cullen

Dated this 21st day of March 2018

CHESAPEAKE CAPITAL LTD

ABN 80 106 213 772

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

In relation to the independent auditor's review for the half year ended 31 December 2017, 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 APES 110 *Code of Ethics for Professional Accountants*.



P A JOSE
Partner

22 March 2018



PITCHER PARTNERS
Melbourne

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Note	Half-Year	
		31 Dec 2017 \$	31 Dec 2016 \$
Revenue			
Other income/(losses)	4	(169,337)	147,142
		<u>(169,337)</u>	<u>147,142</u>
Less: Expenses			
Administrative Fees		36,196	40,716
		<u>36,196</u>	<u>40,716</u>
Profit/(loss) before income tax		<u>(205,533)</u>	<u>106,426</u>
Income tax (expense)/benefit		36,817	(14,025)
Profit/(loss) from continuing operations		<u>(168,716)</u>	<u>92,401</u>
Other comprehensive income			
Other comprehensive income for the half-year		-	-
Total comprehensive income/(loss) for the half-year		<u>(168,716)</u>	<u>92,401</u>
Profit/(loss) is attributed to:			
Members		<u>(168,716)</u>	<u>92,401</u>
Total comprehensive income/(loss) attributable to:			
Members		<u>(168,716)</u>	<u>92,401</u>

The accompanying notes form part of these condensed financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	31 Dec 2017	30 June 2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	827,760	27,763
Other financial assets	3,6	2,305,151	3,313,949
Other current assets		4,443	10,965
TOTAL CURRENT ASSETS		<u>3,137,354</u>	<u>3,352,677</u>
TOTAL ASSETS		<u>3,137,354</u>	<u>3,352,677</u>
CURRENT LIABILITIES			
Trade and other payables		10,643	20,433
Current tax liability		35,162	35,162
TOTAL CURRENT LIABILITIES		<u>45,805</u>	<u>55,595</u>
NON-CURRENT LIABILITES			
Deferred tax liability		73,986	110,803
TOTAL NON-CURRENT LIABILITIES		<u>73,986</u>	<u>110,803</u>
TOTAL LIABILITIES		<u>119,791</u>	<u>166,398</u>
NET ASSETS		<u>3,017,563</u>	<u>3,186,279</u>
EQUITY			
Share capital	7	16,850,445	16,850,445
Accumulated Losses		(13,832,882)	(13,664,166)
TOTAL EQUITY		<u>3,017,563</u>	<u>3,186,279</u>

The accompanying notes form part of these condensed financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Share Capital \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2016	16,111,976	(13,906,040)	2,205,936
<hr/>			
Profit for the half-year as reported in 2016 financial statements	-	92,401	92,401
Total comprehensive income for the half- year	-	92,401	92,401
<hr/>			
Transactions with owners in their capacity as owners:			
Issue of ordinary shares (net of share issue costs)	738,750	-	738,750
	738,750	-	738,750
<hr/>			
Balance as at 31 December 2016	16,850,726	(13,813,639)	3,037,087
<hr/>			
Balance as at 1 July 2017	16,850,445	(13,664,166)	3,186,279
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Loss for the half-year as reported in 2017 financial statements	-	(168,716)	(168,716)
Total comprehensive loss for the half- year	-	(168,716)	(168,716)
<hr/>			
Transactions with owners in their capacity as owners:			
Issue of ordinary shares (net of share issue costs)	-	-	-
	-	-	-
<hr/>			
Balance as at 31 December 2017	16,850,445	(13,832,882)	3,017,563

The accompanying notes form part of these condensed financial statements

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Half-year	
	31 Dec	31 Dec
	2017	2016
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	192	132
Payments to suppliers and employees	(39,465)	(16,044)
Interest received	1,162	1,112
Dividends received	8,800	-
Net cash used in operating activities	(29,311)	(14,800)
CASH FLOW FROM INVESTING ACTIVITIES		
Net Proceeds from sale of investments	829,308	455,330
Payment for investments	-	(1,003,681)
Net cash used in investing activities	829,308	(548,351)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from share issue	-	738,750
Net cash provided by financing activities	-	738,750
Net increase/(decrease) in cash and cash equivalents	799,997	175,599
Cash and cash equivalents at beginning of half-year	27,763	252,053
Cash and cash equivalents at end of the half-year	827,760	427,652

The accompanying notes form part of these condensed financial statements

NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Chesapeake Capital Ltd during the half-year in accordance with any continuous disclosure obligations arising under 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: Minter 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 half-year financial report was authorised for issue by the directors at the date of the directors' report.

(a) Basis of preparation of the half-year financial report

This condensed half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*', as appropriate for for-profit entities, and the *Corporations Act 2001*. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

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

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2017 and the corresponding half-year.

(b) Rounding of amounts to the nearest dollar

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

(c) Comparatives

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

NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017**(d) Accounting standards issued but not yet effective at 31 December 2017**

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 pronouncement that is relevant to the Company but applicable in future reporting periods is set out below.

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);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- 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 Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: DIVIDENDS

No dividend was declared by the Directors.

NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

NOTE 3: FAIR VALUE MEASUREMENTS**(a) Fair Value hierarchy**

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
	\$	\$	\$	\$
31 December 2017				
<i>Recurring Fair Value Measurement</i>				
<i>Financial assets</i>				
Financial assets at fair value through profit and loss	1,769,437	-	535,714	2,305,151
Total financial assets	1,769,437	-	535,714	2,305,151

30 June 2017***Recurring Fair Value Measurement******Financial assets***

Financial assets at fair value through profit and loss	2,778,235	-	535,714	3,313,949
Total financial assets	2,778,235	-	535,714	3,313,949

(b) Valuation techniques and inputs used in level 3 fair value measurement

31 December 2017	Fair value \$	Valuation technique	Description of valuation technique and inputs used
Unlisted equity securities	535,714	(i)	(i)

(i) The unlisted equity securities included in Level 3 of the hierarchy are investments in equity securities which are unlisted and therefore represent investments in an inactive market without observable inputs for valuation. The unlisted equity securities were purchased as part of a Pre-Initial Public Offering. A secondary capital raising was completed in March 2017 which raised \$1.5 million at an issue price of 30c per share. The investment has been revalued at this most recent transaction price.

(c) 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.

NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017**(d) Reconciliation of recurring level 3 fair value movements**

The following table presents the changes in level 3 items for the period for recurring fair value measurements:

	31 Dec 2017	30 June 2017
	\$	\$
Unlisted equity securities:		
Opening balance	535,714	-
Acquisitions	-	500,000
Total gains recognised in profit	-	35,714
Closing balance	<u>535,714</u>	<u>535,714</u>
	31 Dec 2017	31 Dec 2016
	\$	\$

NOTE 4: OTHER INCOME/(LOSSES)

Net unrealised (losses)/gains on financial assets at fair value through profit or loss	(121,236)	102,503
Net realised gains/(losses) on sale of financial assets at fair value through profit or loss	(58,255)	43,395
Dividends	8,800	-
Interest	1,162	1,112
Other	192	132
	<u>(169,337)</u>	<u>147,142</u>

31 Dec 2017	30 Jun 2017
\$	\$

NOTE 5: CASH AND CASH EQUIVALENTS

CURRENT

Cash at bank and on hand	<u>827,760</u>	<u>27,763</u>
	<u>827,760</u>	<u>27,763</u>

NOTE 6: OTHER FINANCIAL ASSETS

CURRENT

Financial assets at fair value through profit and loss

Shares in listed entities	1,769,437	2,600,159
Shares in unlisted entities	535,714	535,714
Options in listed entities	-	178,076
	<u>2,305,151</u>	<u>3,313,949</u>

NOTES TO THE CONDENSED HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017**NOTE 7: SHARE CAPITAL**

	31 December 2017		31 December 2016	
	No. of Shares	\$	No. of Shares	\$
Issued and paid up capital				
<i>Ordinary shares</i>	11,921,263	16,850,445	11,921,263	16,850,726
Movement in shares on issue				
<i>Ordinary shares</i>				
Opening balance	11,921,263	16,850,445	8,921,263	16,111,976
Issue of ordinary shares	-	-	3,000,000	750,000
Share issue costs	-	-	-	(11,250)
Share Consolidation (b)	-	-	-	-
Closing balance (a)	11,921,263	16,850,445	11,921,263	16,850,726

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders 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.

NOTE 8: SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial period that have significant affect or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001*; including:

- (a) Complying with Australian Accounting Standard AASB 134 "*Interim Financial Reporting*" and the *Corporations Regulations 2001*; and
- (b) Giving a true and fair view of the financial position of the entity as at 31 December 2017 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that Chesapeake Capital Ltd will be able to pay its debts as and when they become due and payable.

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



Bernard Romanin
Director



James Cullen
Director

Melbourne
Dated this 21st day of March 2018

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

We have reviewed the accompanying half-year financial report of Chesapeake Capital Ltd "the Company", which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that causes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Chesapeake Capital Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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


Independence

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

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that causes us to believe that the half-year financial report of Chesapeake Capital Ltd is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Scheme's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Act 2001*.



P A JOSE
Partner



PITCHER PARTNERS
Melbourne

22 March 2018