

**ORCHID CAPITAL LIMITED
(ABN 30 073 099 171)**

**APPENDIX 4E
PRELIMINARY ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

**APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDING 30 JUNE 2007**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from Ordinary Activities:	\$3,786,564
Previous corresponding period:	\$1,944,716
Percentage Change:	Up 95%
Profit from Ordinary Activities after tax attributable to members:	\$2,308,067
Previous corresponding period:	(\$1,446,451)
Percentage Change:	Up 259%
Net Profit attributable to members:	\$2,308,067
Previous corresponding period:	(\$1,446,451)
Percentage Change:	Up 259%

There is no proposal to pay a dividend.

REVIEW OF OPERATIONS

The operating profit after income tax of the consolidated entity for the year ended 30 June 2007 was \$2,308,067 (2006: loss \$1,449,451).

Orchid Capital has recorded a significant profit in the financial year per 30.06.2007. Major contributors were capital gains on our investments in Asia and a significant reduction of operating costs.

The company has, since late 2005, embarked on a new strategy. The focus is the identification of companies with the potential to list on a stock exchange in the near future. We are looking at profitable and expanding businesses, which benefit from the most important economic revolution of the next decades: The rise of the Emerging Markets.

We are convinced that, not only in the short run, but also in the long-term, Asia will generate high returns for equity investors. Asia has half of the world's population and is the fastest growing region on the planet, but offers Pre-IPO-stage investors still relatively low equity valuations.

Our Asian Portfolio

Orchid's principal investment is a stake of about 10% in a leading producer of woodworking machines, Gongyou Machines Ltd. ("Gongyou"), based in Weihai (China). Orchid was the lead investor in the pre-IPO-investment round in Summer 2006. Gongyou was the first-ever Chinese company with a primary listing in Germany, an event extensively covered by German media. Gongyou is a sizable group with more than 1300 staff and with outstanding competitive advantages: Low production costs, significant economies of scale based on an annual output of about half a million machines, and a product range of more than 200 machine types, developed by an R&D team of 150 engineers. This enables Gongyou to penetrate more and more export markets, mainly emerging markets like ASEAN, Russia and Latin America. These are regions with a booming furniture and construction industry. Gongyou has been profitable for many years and recorded a net profit of more than AU\$ 5 million in the financial year which ended on 30.06.2006. The proceeds from the placement in Germany enables Gongyou to significantly expand its production capacity and therefore to cater for growing domestic and international demand. More information on Gongyou can be found on www.gongyoumachines.com.

Our second Pre-IPO investment in RGM Entertainment Pte. Ltd., a Singapore-based Asian media group (www.rgm.com.sg) has been concluded just after the end of the reporting period. The Australian subsidiary of RGM has started as a successful talent agency in 1982. Currently, RGM is executive producer of several movies with a high calibre international cast. We are looking forward to the premiere of these movies.

Xing Ling International Pte. Ltd, a pharma distributor majority-owned by Orchid, recorded a loss in the range of AU\$ 100,000 in the past financial period. The approval process for various products required investments in form of time and money. Still, the revenue is constantly rising, and we expect, based on recent monthly trends, that Xing Ling will contribute a profit to the group already in the actual financial period. Several contracts with chain stores could be successfully closed, and a significant number of new products will be launched in H2 2007.

Orchid is constantly evaluating and negotiating investment opportunities in Asia, seeking to offer its shareholders the best possible return.

**BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	Consolidated		Parent Entity	
		2007	2006 * Restated	2007	2006 * Restated
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	10	902,756	607,760	596,222	234,035
Trade and other receivables	11	417,693	114,949	347,047	11,722
Trading Stock (finished goods)		38,452	7,463	-	-
Other financial assets	14	5,920,651	3,951,931	4,386,826	57,000
TOTAL CURRENT ASSETS		7,279,552	4,682,103	5,330,095	302,757
NON CURRENT ASSETS					
Receivables		-	-	-	-
Other financial assets	14	290,040	810,040	4,799,724	5,319,724
Property, plant and equipment	16	16,613	34,347	14,228	30,611
Exploration and evaluation expenditure		-	-	-	-
TOTAL NON-CURRENT ASSETS		306,653	844,387	4,813,952	5,350,335
TOTAL ASSETS		7,586,205	5,526,490	10,144,047	5,653,092
CURRENT LIABILITIES					
Trade and other payables	18	243,457	200,505	213,924	166,150
Short-term provisions	19	106,544	118,463	88,000	109,134
TOTAL CURRENT LIABILITIES		350,002	318,968	301,924	275,284
NON CURRENT LIABILITIES					
Borrowings from subsidiary	28	-	-	3,496,737	1,400,000
Long-term provisions	19	-	41,509	-	38,333
TOTAL NON CURRENT LIABILITIES		-	41,509	3,496,737	1,438,333
TOTAL LIABILITIES		350,002	360,477	3,798,661	1,713,617
NET ASSETS		7,236,204	5,166,013	6,345,386	3,939,475
EQUITY					
Issued capital	21	31,708,559	31,612,407	31,708,559	31,612,407
Reserves	22	341,308	614,252	643,331	564,678
Accumulated losses	22	(24,795,868)	(27,103,934)	(26,006,504)	(28,237,610)
Total equity attributable to members of the parent entity		7,254,000	5,122,725	6,345,386	3,939,475
Minority interests	22	(17,796)	43,288	-	-
TOTAL EQUITY		7,236,204	5,166,013	6,345,386	3,939,475

* 2006 figures have been restated to include \$92,000 provision for employee entitlements. This provision was disclosed in the 2006 Annual Report but has since been discovered to have been omitted from the financial statements.

The accompanying notes form part of these financial statements.

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Consolidated		Parent Entity	
		2007	2006 * Restated	2007	2006 * Restated
		\$	\$	\$	\$
Revenue from ordinary activities	3	3,786,564	1,944,716	3,007,132	113,478
Cost of goods sold		(82,104)	(33,789)	-	-
Employee benefits expense		(208,604)	(421,609)	(101,025)	(348,515)
Depreciation expense		(16,708)	(33,901)	(14,987)	(32,245)
Consultancy and other professional fees		(457,892)	(411,856)	(417,254)	(389,822)
Computer and office expenses		(167,876)	(188,957)	(122,268)	(164,962)
Travelling and entertainment expenses		(67,723)	(79,576)	(22,094)	(48,829)
Provision for write down of investments		(14,842)	(411,119)	(14,842)	(38,120)
Cost of investments sold		(417,459)	(1,629,255)	-	(54,921)
Exploration and evaluation costs written off		-	(227,671)	-	(227,671)
AIM listing expenses		(34,131)	(463,709)	(34,131)	(463,709)
Foreign exchange losses		-	(216,786)	-	-
Write off of unrecoverable investment & loan		-	-	-	-
Share of net losses of associates accounted for using equity method/deconsolidation adjustment		-	881,889	-	-
Other expenses from ordinary activities		(71,919)	(129,101)	(49,425)	(91,689)
Profit (loss) from ordinary activities before income tax expense		2,247,305	(1,420,724)	2,231,106	(1,747,005)
Income tax expense relating to ordinary activities		-	-	-	-
Net profit (loss) after tax		2,247,305	(1,420,724)	2,231,106	(1,747,005)
Add minority interest		(60,762)	(28,727)	-	-
Net profit (loss) attributable to members of the parent entity		2,308,067	(1,449,451)	2,231,106	(1,747,005)
Basic earning per share (cents per share)	9	1.31	(0.83)		

Diluted earnings per share has not been included, as it results in a more favourable earnings per share figure than basic earnings per share.

* 2006 figures have been restated to include \$92,000 provision for employee entitlements. This provision was disclosed in the 2006 Annual Report but has since been discovered to have been omitted from the financial statements.

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated		Parent Entity	
	2007	2006 *Restated	2007	2006 * Restated
	\$	\$	\$	\$
Total equity at the beginning of the financial year	5,166,013	6,099,982	3,939,475	5,686,480
Profit (loss) for the year	2,247,305	(1,449,451)	2,231,106	(1,747,005)
Total recognised profit (loss) for the year attributable to members of Orchid Capital Limited	2,308,067	(1,449,451)	2,231,106	(1,747,005)
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the year	92,000	-	92,000	-
Options issued during the year	99,256	-	99,256	-
Options exercised during the year	4,152	-	4,152	-
Movement in Option Premium Reserve	(20,604)	-	(20,604)	-
Movement in Foreign Currency Translation Reserve	(430,476)	472,194	-	-
Minority interests	(17,796)	43,288	-	-
Total equity at the end of the financial year	<u>7,236,204</u>	<u>5,166,013</u>	<u>6,345,385</u>	<u>3,939,475</u>

* 2006 figures have been restated to include \$92,000 provision for employee entitlements. This provision was disclosed in the 2006 Annual Report but has since been discovered to have been omitted from the financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	Consolidated		Parent	
		2007	2006 *Restated	2007	2006 *Restated
		\$	\$	\$	\$
Cash flows from operating activities					
cash receipts from customers		728,594	53,824	-	-
cash paid to suppliers and employees		(1,378,072)	(2,106,528)	(802,366)	(1,616,510)
Interest received		70,676	129,408	16,093	11,983
Other		(268,383)	3,877	1,640	-
Net cash provided by (used in) operating activities		(847,185)	(1,919,419)	(784,633)	(1,604,527)
Cash flows from investing activities					
Purchase of non-current assets		-	(49,701)	-	(44,309)
Cash flow from investments		1,070,061	349,932	(1,049,173)	(112,618)
		-	-	-	-
Net cash provided by (used in) investing activities		1,070,061	300,231	(1,049,173)	(156,927)
Cash flows from financing activities					
Proceeds from share and option issues		99,256	-	99,256	-
Proceeds from loan from subsidiary		-	-	2,096,737	1,400,000
Net cash provided by (used in) financing activities		99,256	-	2,195,993	1,400,000
Net increase in cash and cash equivalents					
Cash and cash equivalents at 1 July 2006		322,131	(1,528,188)	362,187	(361,454)
Effect of exchange rate fluctuations on cash held		607,760	2,162,621	234,035	595,489
		(27,135)	(25,673)	-	-
Cash and cash equivalents 30 June 2007		902,756	607,760	596,222	234,035

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers the economic entity of Orchid Capital Limited and controlled entities and Orchid Capital Limited as an individual parent entity. Orchid Capital Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and in accordance with the historical cost convention and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Note 2: Significant Accounting Policies

Accounting policies are selected and applied in a manner that ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported. Comparative information is reclassified where appropriate to enhance comparability.

In addition to the accounting policies prescribed by applicable Accounting Standards, the following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) **Principles of Consolidation**

A controlled entity is any entity Orchid Capital Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 15 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) **Income Tax**

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

(c) **Land for Sale**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until completion of development. Borrowing costs, foreign currency movements and holding charges incurred after development are expensed. Profits are brought to account on the signing of an unconditional contract of sale.

(d) **Plant and Equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic

entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rate used for depreciable assets is:

Plant and equipment	33.3%
Office Furniture	20.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) **Exploration and Development Expenditure**

Exploration, evaluation and development expenditure incurred was accumulated in respect of each identifiable area of interest. These costs were only carried forward to the extent that they were expected to be recouped through the successful development of the area or where activities in the area had not yet reached a stage that permitted reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to the abandoned areas have been written off in full on withdrawal from exploration activities.

(f) **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

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

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(g) **Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

(h) **Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised group's share of post-acquisition reserves of its associates.

(i) **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(j) **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Defined superannuation schemes

There are no defined benefit plans.

Equity-settled compensation

The group operates a share and option-based compensation plan. This includes both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed was determined by reference to the fair value of the shares of the options granted.

(k) **Provisions**

Provisions are recognised when the group 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.

(l) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(m) **Revenue**

Interest revenue is recognised 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).

(n) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 balance sheet are shown inclusive of GST.

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

(o) **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) **Inventories**

Inventories of finished goods are valued at the lower of purchased cost and net realisable value.

	Consolidated		Parent Entity	
	2007	2006 * Restated	2007	2006 * Restated
Note 3: Revenue	\$	\$	\$	\$
Operating activities				
Interest received	70,676	129,408	16,093	11,983
Dividends	8,108	3,877	570	-
Sale proceeds from investments	780,459	1,757,607	295,377	101,495
Unrealised gains on investments	2,694,022	-	2,694,022	-
Sales	188,394	48,024	-	-
Sundry income	1,695	5,800	533	-
Sale of Fixed Assets	537	-	537	-
Net result from foreign exchange	42,674	-	-	-
Total Revenue	3,786,564	1,944,716	3,007,132	113,478

Note 4: Expenses

Employee benefits expense				
Accrued employee entitlements	(41,485)	-	(41,485)	-
Salaries	107,579	79,129	-	11,300
Salaries - directors	110,477	169,948	110,477	169,948
Superannuation - directors	26,425	36,713	26,425	36,713
Other	5,608	43,818	5,608	38,554
Total Employee benefits expense	<u>208,604</u>	<u>329,608</u>	<u>101,025</u>	<u>256,515</u>
Consulting and other professional fees				
Accountancy & audit	51,618	39,116	42,500	28,728
Advertising & exhibitions	7,480	6,207	-	-
Legal expenses	3,438	40,664	3,438	40,664
Consulting fees - directors	303,071	295,159	303,071	295,159
Consulting fees - other	64,580	25,272	42,111	25,272
AIM - legal & consultants	34,131	-	34,131	-
Professional fees	27,706	5,438	26,134	-
Total Consulting and other professional fees	<u>492,023</u>	<u>411,856</u>	<u>451,385</u>	<u>389,823</u>

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Note 10: Cash and cash equivalents		* Restated		* Restated
Cash at bank and in hand	392,756	547,782	86,222	174,035
Short-term bank deposits	510,000	59,978	510,000	60,000
Total Cash and cash equivalents	<u>902,756</u>	<u>607,760</u>	<u>596,222</u>	<u>234,035</u>

Note 11: Trade and other receivables

Trade debtors	403,031	-	334,716	-
Sundry debtors	4,331	112,694	4,331	11,722
Prepayments	10,331	2,255	8,000	-
Total trade and other receivables	<u>417,693</u>	<u>114,949</u>	<u>347,047</u>	<u>11,722</u>

Note 14: Other financial assets

Bank Deposits	679,255	1,793,576	-	-
Investments held for resale	5,241,396	2,158,355	4,386,826	57,000
Total trade and other receivables	<u>5,920,651</u>	<u>3,951,931</u>	<u>4,386,826</u>	<u>57,000</u>

Note 16: Property, Plant and Equipment

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
Plant and Equipment				
At cost	64,109	66,246	58,630	60,562
Accumulated depreciation	(47,496)	(31,899)	(44,402)	(29,951)
Accumulated impairment losses	-	-	-	-
Total Property, Plant and Equipment	<u>16,613</u>	<u>34,347</u>	<u>14,228</u>	<u>30,611</u>

(a) **Movements in Carrying Amount**

Movement in the carrying amount for plant and equipment between the beginning and the end of the current financial year

	2007	2006
	\$	\$
Consolidated Entity:		
Plant and equipment		
Balance at the beginning of the year	34,347	48,340
Additions	-	49,701
Loss on disposals	(1,027)	(29,793)
Depreciation expense	(16,708)	(33,901)
Carrying amount at the end of the year	<u>16,612</u>	<u>34,347</u>
Parent Entity:		
Plant and equipment		
Balance at the beginning of the year	30,611	48,340
Additions	-	44,309
Loss on disposals	(1,396)	(29,793)
Depreciation expense	(14,987)	(32,245)
Carrying amount at the end of the year	<u>14,228</u>	<u>30,611</u>

Note 18: Payables	Consolidated		Parent Entity	
	2007	2006	2007	2006
CURRENT	\$	\$	\$	\$
Trade payables	148,337	187,092	155,792	166,150
Sundry payables and accrued expenses	95,120	13,413	58,132	-
	<u>243,457</u>	<u>200,505</u>	<u>213,924</u>	<u>166,150</u>

Note 19: Provisions	Consolidated		Parent Entity	
	2007	2006	2007	2006
		* Restated		* Restated
	\$	\$	\$	\$
Current - Employee entitlements	106,544	118,463	88,000	109,134
Non-current - Employee entitlements	-	41,509	-	38,333
	<u>106,544</u>	<u>159,972</u>	<u>88,000</u>	<u>147,467</u>

Provision for Employee Entitlements

A provision for employee entitlements relating to annual and long service leave has been written off. This related to the discontinued Tibet mining and exploration operations.

The 2006 figures have been restated to include the CEO's entitlement to 2,000,

Note 21: Issued Capital	Consolidated		Parent Entity	
	2007	2006	2007	2006
	\$	\$	\$	\$
176,643,756 (2006: 174,560,713) fully paid ordinary shares	31,708,559	31,612,407	31,708,559	31,612,407

(a) Ordinary Shares

	No.	No.	No.	No.
At the beginning of reporting period	174,560,713	174,560,713	174,560,713	174,560,713
No. shares issued during the year	2,083,043	-	2,083,043	-
No. shares bought back during the year	-	-	-	-
At reporting date	<u>176,643,756</u>	<u>174,560,713</u>	<u>176,643,756</u>	<u>174,560,713</u>

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

At the 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 25: Segment Reporting

The group's primary reporting format is geographical

	Australia		Switzerland		Singapore		Thailand		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	3,007,132	113,478	584,437	1,776,949	194,180	53,925	386	364	429	-	3,786,564	1,944,716
Segment result	2,231,106	(1,670,024)	141,999	(436,870)	(124,003)	(124,442)	(2,225)	(2,296)	429	(390,430)	2,247,305	(2,624,062)

The consolidated entity comprises the following main business segments:

Orchid Thailand Ltd - Wholly owned subsidiary Company main purpose is to assist in realising Thailand assets.*Orchid EMARB Pty Ltd* - Wholly owned subsidiary Company main purpose is to trade securities and secure investment opportunities.*Xing Ling Pte Ltd* - 51% owned subsidiary Company main purpose is the distribution of health and pharmaceutical products.

ADDITIONAL INFORMATION

Net Tangible Assets per security 4.10 cents per share

Previous period 2.96 cents per share

Entities over which control has been gained or lost: Nil

Associates and Joint ventures: Nil

This report is based on accounts which are in the process of being audited. The accounts of wholly owned subsidiaries, Orchid Emarb Ltd and Orchid Thailand Ltd have been audited. The accounts of the parent entity, Xing Ling International Pte Ltd and the consolidated accounts are in the process of being audited.