

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

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2008

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CORPORATE DIRECTORY

DIRECTORS

C McKee
J Sandt
A Tan
R Lambe

COMPANY SECRETARY

R Lambe

REGISTERED OFFICE

Level 1, 1 Havelock Street
West Perth, Western Australia, 6005
Telephone: +618 9209 2902
Facsimile: +618 9209 3973
Email: info@orchidcapital.net
Website: www.orchidcapital.net

AUDITORS

Stantons International
Level 1, 1 Havelock Street
West Perth, Western Australia, 6005

SHARE REGISTRY

Advanced Share Registry Services Pty Ltd
110 Stirling Highway
Nedlands, Western Australia, 6909
Telephone: +618 9389 8033
Facsimile: +618 9389 7871

STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Limited and Deutsche Borse AG.
Home Exchange – Perth, Australia

ASX Code - ORC
WKN Code - 924249

AUSTRALIAN COMPANY NUMBER AND AUSTRALIAN BUSINESS NUMBER

A C N 073 099 171
A B N 30 073 099 171

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2008.

DIRECTORS

The names and details of the Directors of the company during or since the end of the financial year are:

Clive McKee (Chairman)

Appointed 27 July 1999. Mr McKee has extensive experience in global asset management and corporate finance through his previous positions with securities and fund management companies such as Yamaichi Securities, Societe General, Australia and New Zealand Banking Group Limited, Westminster Fund Management GMBH, Pacific Fund Management Asia, Pacific Rim Investment Corporation Limited and formerly Chairman of Magna Pacific (Australia) Holdings Limited. Directorships in listed companies over the past three years are BKM Management Limited and Magna Pacific (Australia) Holdings Limited.

Julian Sandt (Chief Executive Officer)

Appointed 24 June 2003. Mr Sandt holds an MBA from the Koblenz Business School (WHU Koblenz). From 1993 to 2000, he held various positions with Commerzbank AG in Frankfurt, Paris and Singapore, and his final position was Manager Capital Markets and Syndications. From 2000 to 2004, Mr Sandt was Managing Partner of TFG Venture Capital (Asia) Pte Ltd, Singapore. Prior to being appointed Chief Executive Officer of Orchid, Mr Sandt held the position of Senior Partner at Aegis Private Capital Pte Ltd, Singapore. No other Directorships were held in listed companies over the past three years.

Alvin Tan (Non-Executive Director)

Appointed 27 July 1999. Mr Tan is a Bachelor of Commerce graduate with Honours from the University of Western Australia and worked for KPMG Peat Marwick in Kuala Lumpur from 1993 to 1995. He has also worked with stockbroking house, DJ Carmichael Pty Ltd, as an investment adviser where he specialized in the Asia Pacific Equity Markets. He previously served on the Board of Pacific Rim Investment Corporation and is currently a Director of BKM Management Limited.

Richard Lambe (Finance Director and Company Secretary)

Appointed 27 November 2006. Mr Lambe has a Bachelor of Business degree in Economics and Finance from Curtin University, a Graduate Diploma of Accounting from Murdoch University and is a Certified Practising Accountant. He has worked in various positions with companies including Price Waterhouse Coopers (formerly Coopers & Lybrand during his employment), Wescorp International Ltd (former subsidiary of Wesfarmers Ltd) and is a current director of the CPA firm of Accountants and Business Advisers, Mercia Taxation and Accounting.

DIRECTORS' SHAREHOLDINGS

As at the date of this report, the interests of the directors in the shares and options of Orchid Capital Limited were:

Name	Fully Paid	Share Options
	Ordinary Shares	expiring 28 Feb 2012
C. McKee	3,081,510	1,250,000
J. Sandt*	13,882,757	1,000,000
A. Tan	460,000	1,750,000
R. Lambe	-	-

* Includes 2,000,000 fully paid ordinary shares under escrow until 27 April 2009 and 4,000,000 fully paid ordinary shares under escrow until 9 November 2009 in accordance with the terms of the employment agreement of the CEO and approved at the AGM's held on 28 November 2005 and 9 November 2007 respectively.

DIVIDENDS

No dividend has been paid during the financial year and no dividend is recommended for the current year.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the year were investment.

REVIEW OF OPERATIONS

The operating loss after income tax of the consolidated entity for the year ended 30 June 2008 was (\$4,465,850) (2007: profit \$2,394,324).

Orchid Capital has unfortunately recorded a significant loss in the past financial year. Major contributor being the falling share price of our largest investee, Gongyou Machines Ltd. We have further reduced our operating costs.

The company has, since late 2005, embarked on a new strategy, to invest in Pre-IPO stage companies. This strategy has, in FY 2007, led to the first ever profit in the history of the company. The global financial crisis, which has started in July 2007, the first month of the actual financial period, has led to a collapse of the IPO markets and, in many countries, the worst fall in equity prices for listed small caps since the Great Depression of the 1930s.

Our focus was to invest in companies with a proven operational and financial track record, a solid balance sheet and low Price-Earnings-Ratio, in order to reduce the risk of being affected by a potential downturn. We have however not predicted that a combination of depressed equity and credit markets, high inflation, especially for industrial raw materials, and falling growth rates even in Asia would drive valuations of small companies to the current level.

We are still convinced that a crisis offers exceptional opportunities, and we are actively seeking transactions to maximize the shareholder value of our loyal investors.

Our Asian Portfolio

Orchid's largest 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 2006. Gongyou was the first Chinese company with a primary listing in Germany. Gongyou is a sizable group with 1300 staff and with outstanding competitive advantages: Still comparatively low production costs and a product range of more than 200 machine types, developed by an R&D team of 150 engineers. While the domestic market, mainly Chinese furniture manufacturers, suffers in the last few months from falling furniture exports to the USA, Gongyou's exports in regions like ASEAN, Russia and Latin America are still growing. Gongyou has been profitable for many years and recorded a net profit of more than AU\$ 5 million in the two financial years which ended on 30.06.2006 and 30.06.2007. Profits for the financial year which ended on 30.06.2008 have not been published yet. We expect Gongyou to be profitable, even if profits might fall due to the macroeconomic environment and high prices for steel and copper and increasing labour costs in China. Orchid's losses are mainly due to the fall in Gongyou's share price.

Our second Pre-IPO investment in RGM Entertainment Pte. Ltd., a Singapore-based Asian media group (www.rgm.com.sg) has been concluded in July 2007. 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. RGM will be the executive producer of high-profile movie Point Break 2. RGM has also recently raised a film financing facility, which could enable RGM to produce films with a combined budget of up to US\$ 400 million. RGM plans to list on a stock exchange once the equity markets normalize.

Xing Ling International Pte. Ltd, a pharma distributor majority-owned by Orchid, recorded a loss in the past financial period. Orchid is considering to sell Xing Ling.

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

CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the economic entity during the financial year not otherwise dealt with in this report and the financial statements.

SUBSEQUENT EVENTS

The Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Consolidated Entity in subsequent financial years.

FUTURE DEVELOPMENTS

The Directors continue to examine other high growth investment opportunities, with the view to taking advantage of strong growth potential in China and the impact of such growth on various industries. The Company is also seeking to expedite the rationalisation of non-performing assets to increase the capital base for other investment opportunities.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has entered into an Officer's Protection Deed with the Directors to indemnify each of them against any liability that may be incurred in relation to his duties as an officer of the Company to the extent permitted by the law.

DIRECTORS' MEETINGS

During the year ended 30 June 2008 the Company held 5 meetings of Directors. The attendances of Directors at meetings of the Board were:

Name	Number held and entitled to attend	Number attended
C McKee	5	5
J Sandt	5	5
A Tan	5	5
R Lambe	5	5

REMUNERATION REPORT (AUDITED)**Remuneration Philosophy**

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key management personnel comprise the Directors of the Company and Executives for the Company. The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Company does not have an employee share option scheme. Other than an entitlement to shares at nil cost granted to Mr Sandt, no remuneration options or shares have been issued to directors.

Remuneration Structure*Executive Directors*

The Company has entered into an Executive Service Agreement with Mr J.Sandt pursuant to which Mr Sandt is engaged by the Company as Chief Executive Officer with effect from 18 September 2005, for a period of 5 years (or until terminated in accordance with the terms of the agreement).

Under the agreement, the Company is to pay Mr Sandt director's fees of \$130,000 per annum. Mr Sandt is also entitled to, for a period of 5 years, at the beginning of each 12 month period starting on 18 September 2005, an allotment of 2 million fully paid ordinary shares in Orchid at zero consideration. These shares cannot be sold by Mr Sandt within 2 years of allotment but Orchid will apply for admission for trading so that the shares become tradable 2 years after allotment. In case of termination, the shares to be allotted will be pro-rated for the time since the last allotment until the last day of employment. This clause is subject to shareholder approval.

The agreement may be terminated at 3 months notice.

No other agreements with key management personnel or their controlled entities have been entered into.

Remuneration of non-executive directors is based on fees approved by the Board of directors and is set at levels to reflect market conditions and encourage the continued services of the directors. The remuneration of non-executive directors will be not more than the aggregate fixed sum determined by a general meeting of shareholders.

Details of the nature and amount of each element of remuneration of each key management personnel of the Consolidated Entity paid or payable by the Consolidated Entity during the financial year are disclosed on this page below.

Director and executive details

The following persons acted as directors of the company during or since the end of the financial year:

Mr. C. McKee (Chairman)
 Mr. J.L. Sandt (Chief Executive Officer)
 Mr. A. Tan
 Mr. R.P. Lambe

There were no company executives who were not also directors for the 2008 financial year.

Director and executive remuneration

The directors and executives received the following amounts as compensation for their services as directors and executives of the Group during the year:

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		Total	% consisting of options or shares
	Salary & fees	Bonus	Non-cash	Other	Super-annuation		Options & rights	Ordinary shares		
2008	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Directors										
C. McKee	96,000	-	-	-	-	-	-	-	96,000	-
J.L. Sandt	130,000	-	-	-	-	-	-	52,000	182,000	28.57%
A. Tan	36,000	-	-	-	-	-	-	-	36,000	-
R.P. Lambe	62,833	-	-	-	-	-	-	-	62,833	-
Sub-total - Directors	324,833	-	-	-	-	-	-	52,000	376,833	
Other key management personnel										
U. Caprani (Director, Orchid Emarb Ltd)	2,913	-	-	-	-	-	-	-	2,913	-
E. Ng (Director, Xing Ling)	23,017	-	-	-	3,340	-	-	-	26,356	-
WK. Ng (Director, Xing Ling)	-	-	-	-	-	-	-	-	-	-
P. Khoo (Sales Manager, Xing Ling)	18,413	-	-	7,365	2,016	-	-	-	27,795	-
Sub-total - Key Management Personnel	44,343	-	-	7,365	5,356	-	-	-	57,065	
Totals	369,175	-	-	7,365	5,356	-	-	52,000	433,898	

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		Total	% consisting of options or shares
	Salary & fees	Bonus	Non-cash	Other	Super-annuation		Options & rights	Ordinary shares		
2007	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Directors										
C. McKee	110,000	-	-	-	-	-	-	-	110,000	-
J.L. Sandt	130,000	-	-	-	-	-	-	88,000	218,000	40.37%
A. Tan	36,000	-	-	-	-	-	-	-	36,000	-
R.P. Lambe*	29,167	-	-	-	-	-	-	-	29,167	-
N. Grafton**	22,677	-	-	-	26,425	-	-	-	49,102	-
Sub-total - Directors	327,844	-	-	-	26,425	-	-	88,000	442,269	
Other key management personnel										
U. Caprani (Director, Orchid Emarb Ltd)	3,096	-	-	-	-	-	-	-	3,096	-
E. Ng (Director, Xing Ling)	24,406	-	-	-	2,064	-	-	-	26,470	-
P. Khoo (Sales Manager, Xing Ling)	19,525	-	-	7,810	2,138	-	-	-	29,473	-
Sub-total - Key Management Personnel	47,027	-	-	7,810	4,202	-	-	-	59,039	
Totals	374,871	-	-	7,810	30,627	-	-	88,000	501,308	

* Appointed 27 November 2006

** Resigned 27 November 2006

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 12 to 35 and the disclosures in the Remuneration Report which are included in the Director's Report:

1. (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
(b) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date.
2. The Chief Executive Officer and Finance Director have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.

In the Directors' opinion:

3. (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
(b) there are reasonable grounds to believe that the Company 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.

Dated this 30th day of September, 2008.



Executive Chairman

CORPORATE GOVERNANCE

The Board of Directors of Orchid Capital Limited (“Orchid”) is responsible for the corporate governance of the economic entity. The Board guides and monitors the business and affairs of Orchid on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board.

COMPOSITION OF THE BOARD

The composition of the Board is determined in accordance with the following principles and guidelines:

- the Board should comprise at least four directors and it intends to establish a majority of non-executive directors;
- the Chairman should be a non-executive director, although this has not yet been achieved;
- the Board should comprise directors with an appropriate range of qualifications and expertise; and
- the Board shall meet at regular intervals and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the Board selects a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate, who must stand for election at the next general meeting of shareholders. The Company does not have a formal Nomination Committee.

REMUNERATION COMMITTEE

Remuneration levels are set by the Board in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

AUDIT COMMITTEE

The company is not of a size that justifies having a separate Audit Committee. However, matters typically dealt with by such committees are dealt with by the full Board.

BOARD RESPONSIBILITIES

As the Board acts on behalf of and is accountable to the shareholders, it seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The Board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the economic entity is delegated by the Board to the Chief Executive Officer. The Board ensures that the Chief Executive Officer is appropriately qualified and experienced to discharge his responsibilities, and has in place procedures to assess the performance for the Company’s officers, contractors and consultants.

The Board is responsible for ensuring that management’s objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

- Board approval of a strategic plan, designed to meet shareholder needs and manage business risk;
- implementation of operating plans and budgets by management and Board monitoring progress against budget;
- procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the Company’s expense.

MONITORING OF THE BOARD'S PERFORMANCE AND COMMUNICATION TO SHAREHOLDERS

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is to be reviewed annually by the chairperson. Directors whose performance is unsatisfactory are asked to retire.

BEST PRACTICE RECOMMENDATION

Outlined below are the 10 Principles of Good Corporate Governance and Best Practice Recommendations as outlined by the ASX and the Corporate Governance Council, along with details as to whether the Principles had been adopted at 30 June 2008 and if not, the reasons why not adopted.

	Action taken and reasons if not adopted
<p>Recognise and publish the respective roles and responsibilities of the board and management</p> <p><i>Principle 1: Lay solid foundation for management and oversight</i></p> <p>1.1 Formalise and disclose the functions reserved to the Board and those delegated to management</p>	Adopted
<p>Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties</p> <p><i>Principle 2: Structure the board to add value</i></p> <p>2.1 A majority of the Board should be independent</p> <p>2.2 The chairperson should be an independent director</p> <p>2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual</p> <p>2.4 The Board should establish a nomination committee</p> <p>2.5 Provide the information indicated in 'Guide to reporting on Principle 2</p>	Adopted except as follows:- The company is not of a size that justifies having a separate Nomination, Remuneration and Audit Committees. However, matters typically dealt with by such committees are dealt with by the full Board. One of the four Board members is considered independent. This matter will be addressed over the next few years, depending upon the growth of the Company.
<p>Actively promote ethical and responsible decision-making</p> <p><i>Principle 3: Promote ethical and responsible decision-making</i></p> <p>3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:</p> <p>3.1.1 the practices necessary to maintain confidence in the company's integrity</p> <p>3.1.2 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices</p> <p>3.2 Disclose the policy concerning trading in company securities by directors, officers and employees</p> <p>3.3 Provide the information indicated in 'Guide to Reporting on Principle 3'</p>	Adopted
<p>Have a structure in place to independently verify and safeguard the integrity of the company's financial reporting</p> <p><i>Principle 4: Safeguard integrity in financial reporting</i></p> <p>4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.</p> <p>4.2 The Board should establish an audit committee</p>	Adopted The company is not of a size that justifies having a separate Audit Committee. However, matters typically dealt with by such committees are dealt with by the full Board.

<p>4.3 Structure the audit committee so that it consists of:</p> <ul style="list-style-type: none"> ▪ Only non-executive directors ▪ A majority of independent directors ▪ An independent chairperson who is not the chairperson of the Board ▪ At least three members <p>4.4 The audit committee should have a formal operating charter</p> <p>4.5 Provide the information indicated in the 'Guide to reporting on Principle 4'</p>	
<p>Promote timely and balanced disclosure of all material matters concerning the company</p>	<p>Adopted</p>
<p><i>Principle 5: Make timely and balanced disclosure</i></p>	
<p>5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance</p> <p>5.2 Provide the information indicated in the 'Guide to reporting on Principle 5'</p>	
<p>Respect the rights of shareholders and facilitate the effectiveness of those rights</p>	<p>Adopted</p>
<p><i>Principle 6: Respect the rights of shareholders</i></p>	
<p>6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.</p> <p>6.2 Request the external audit to attend the annual general meeting and be available to answer shareholder questions about the audit and the preparation and content of the auditor's report</p>	
<p>Establish a sound system of risk oversight and management and internal control</p>	<p>Adopted</p>
<p><i>Principle 7: Recognise and manage risk</i></p>	
<p>7.1 The Board or appropriate Board committee should establish policies on risk oversight and management</p> <p>7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that:</p> <p>7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board</p> <p>7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</p> <p>7.3 Provide the information indicated in the 'Guide to reporting on Principle 7'</p>	
<p>Fairly review and actively encourage enhanced board and management effectiveness</p>	<p>Adopted</p>
<p><i>Principle 8: Encourage enhanced performance</i></p>	
<p>8.1 Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives</p>	
<p>Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined</p>	<p>Adopted</p>

Principle 9: Remunerate fairly and responsibly

- 9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the cost and benefits of these policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.
- 9.2 The Board should establish a remuneration committee
- 9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives
- 9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders

Recognise the legal and other obligations of all legitimate stakeholders

Principle 10: Recognise the legitimate interest of stakeholders

- 10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders

Adopted

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue from continuing operations					
Investment revenue/(loss)	3	68,538	78,783	22,452	16,663
Net realised gain/(loss) on disposal of held-for-trading investments		27,435	308,618	(1,975)	295,377
Recovery of written down investments		476,718	-	476,718	-
Net unrealised gain on held-for-trading investments		-	2,733,562	-	2,679,180
Foreign exchange gains		-	192,791	141,045	-
Other income	4	154,815	190,089	1,050	533
Total Revenue		727,506	3,503,843	639,290	2,991,753
Cost of goods sold		(94,099)	(119,596)	-	-
Employee benefits expense		(90,427)	(133,852)	-	(13,025)
Share based payments		(52,000)	(88,000)	(52,000)	(88,000)
Depreciation expense		(10,846)	(16,708)	(9,007)	(14,987)
Consultancy and other professional fees		(391,273)	(461,391)	(364,505)	(417,254)
Computer and office expenses		(123,043)	(154,384)	(95,215)	(122,268)
Travelling and entertainment expenses		(30,553)	(67,723)	(1,543)	(22,094)
AIM listing expenses		-	(34,131)	-	(34,131)
Foreign exchange losses		(229,412)	-	-	-
Impairment losses		(464,782)	-	(663,006)	-
Net unrealised losses from held for trading investments		(3,634,977)	-	(3,387,376)	-
Other expenses from ordinary activities	5	(71,944)	(77,021)	(57,284)	(48,888)
Profit (loss) from ordinary activities before income tax expense		(4,465,850)	2,351,036	(3,990,646)	2,231,106
Income tax expense relating to ordinary activities	6	-	-	-	-
Net profit (loss) after tax		(4,465,850)	2,351,036	(3,990,646)	2,231,106
Attributable to:					
Minority interest		-	(43,288)	-	-
Net profit (loss) attributable to members of the parent entity		(4,465,850)	2,394,324	(3,990,646)	2,231,106
Basic earnings/(loss) per share (cents per share)	18	(2.49)	1.37		

* Diluted earnings per share have not been disclosed because it results in a more favourable earnings per share figure than basic earnings per share.

The accompanying notes form part of these financial statements.

**BALANCE SHEET
AS AT 30 JUNE 2008**

	Note	Consolidated		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	7	813,099	899,275	429,445	596,222
Trade and other receivables	8	42,909	416,734	11,722	347,047
Inventories		30,794	27,718	-	-
Other financial assets	9	2,189,641	5,920,651	990,070	4,386,826
TOTAL CURRENT ASSETS		3,076,443	7,264,378	1,431,237	5,330,095
NON CURRENT ASSETS					
Other financial assets	9	290,040	290,040	4,601,500	4,799,724
Property, plant and equipment	11	5,773	16,612	5,221	14,228
TOTAL NON-CURRENT ASSETS		295,813	306,652	4,606,721	4,813,952
TOTAL ASSETS		3,372,256	7,571,030	6,037,958	10,144,047
CURRENT LIABILITIES					
Trade and other payables	12	326,856	291,772	186,343	213,924
Short-term provisions	13	-	88,000	-	88,000
TOTAL CURRENT LIABILITIES		326,856	379,772	186,343	301,924
NON CURRENT LIABILITIES					
Borrowings from subsidiary		-	-	3,356,875	3,496,737
TOTAL NON CURRENT LIABILITIES		-	-	3,356,875	3,496,737
TOTAL LIABILITIES		326,856	379,772	3,543,218	3,798,661
NET ASSETS		3,045,400	7,191,258	2,494,740	6,345,386
EQUITY					
Issued capital	14	31,848,559	31,708,559	31,848,559	31,708,559
Reserves	15	372,301	192,309	643,331	643,331
Accumulated losses	16	(29,175,460)	(24,709,610)	(29,997,150)	(26,006,504)
Total equity attributable to members of the parent entity		3,045,400	7,191,258	2,494,740	6,345,386
Minority interests	17	-	-	-	-
TOTAL EQUITY		3,045,400	7,191,258	2,494,740	6,345,386

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008**

	Ordinary Shares	Translation reserve	Option Reserve	Accumulated Losses	Total Attributable to Members	Minority interest	Total
	\$	\$	\$	\$	\$	\$	\$
Consolidated							
Balance at 1 July 2006	31,612,407	49,574	564,678	(27,103,934)	5,122,725	-	5,122,725
Movement in translation reserve	-	(500,596)	-	-	(500,596)	-	(500,596)
Options issued during the year	-	-	99,256	-	99,256	-	99,256
Transaction costs	-	-	(20,603)	-	(20,603)	-	(20,603)
Shares issued in respect of share-based payments	92,000	-	-	-	92,000	-	92,000
Exercise of options	4,152	-	-	-	4,152	-	4,152
Profit for the year	-	-	-	2,394,324	2,394,324	-	2,394,324
Minority interest	-	-	-	-	-	-	-
Balance at 30 June 2007	<u>31,708,559</u>	<u>(451,022)</u>	<u>643,331</u>	<u>(24,709,610)</u>	<u>7,191,258</u>	<u>-</u>	<u>7,191,258</u>
Balance at 1 July 2007	31,708,559	(451,022)	643,331	(24,709,610)	7,191,258	-	7,191,258
Movement in translation reserve	-	179,992	-	-	179,992	-	179,992
Shares issued in respect of share-based payments	140,000	-	-	-	140,000	-	140,000
Loss for the year	-	-	-	(4,465,850)	(4,465,850)	-	(4,465,850)
Minority interest	-	-	-	-	-	-	-
Balance at 30 June 2008	<u>31,848,559</u>	<u>(271,030)</u>	<u>643,331</u>	<u>(29,175,460)</u>	<u>3,045,400</u>	<u>-</u>	<u>3,045,400</u>
	Ordinary Shares	Translation reserve	Option Reserve	Accumulated Losses	Total Attributable to Members	Minority interest	Total
	\$	\$	\$	\$	\$	\$	\$
Parent Entity							
Balance at 1 July 2006	31,612,407	-	564,678	(28,237,610)	3,939,475	-	3,939,475
Movement in translation reserve	-	-	-	-	-	-	-
Options issued during the year	-	-	99,256	-	99,256	-	99,256
Transaction costs	-	-	(20,603)	-	(20,603)	-	(20,603)
Shares issued in respect of share-based payments	92,000	-	-	-	92,000	-	92,000
Exercise of options	4,152	-	-	-	4,152	-	4,152
Profit for the year	-	-	-	2,231,106	2,231,106	-	2,231,106
Minority interest	-	-	-	-	-	-	-
Balance at 30 June 2007	<u>31,708,559</u>	<u>-</u>	<u>643,331</u>	<u>(26,006,504)</u>	<u>6,345,386</u>	<u>-</u>	<u>6,345,386</u>
Balance at 1 July 2007	31,708,559	-	643,331	(26,006,504)	6,345,386	-	6,345,386
Movement in translation reserve	-	-	-	-	-	-	-
Shares issued in respect of share-based payments	140,000	-	-	-	140,000	-	140,000
Loss for the year	-	-	-	(3,990,646)	(3,990,646)	-	(3,990,646)
Minority interest	-	-	-	-	-	-	-
Balance at 30 June 2008	<u>31,848,559</u>	<u>-</u>	<u>643,331</u>	<u>(29,997,150)</u>	<u>2,494,740</u>	<u>-</u>	<u>2,494,740</u>

The accompanying notes form part of these financial statements.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated		Parent	
		2008 \$	2007 \$	2008 \$	2007 \$
Cash flows from operating activities					
Cash receipts from customers		198,508	229,179	-	-
Cash paid to suppliers and employees		(816,201)	(967,014)	(544,242)	(664,442)
Interest received		57,386	70,676	22,452	16,093
Interest paid		(93)	(423)	(93)	(124)
Sundry income		2,827	1,696	1,050	533
Net cash (used in) operating activities	19	(557,573)	(665,886)	(520,833)	(647,940)
Cash flows from investing activities					
Payments for investments		(801,744)	(2,088,070)	(464,782)	-
Proceeds from the sale of investments		1,265,195	2,981,693	818,838	626,752
Dividends received		11,152	8,108	-	570
Net cash provided by investing activities		474,603	901,731	354,056	627,322
Cash flows from financing activities					
Proceeds from share and option issues		-	82,805	-	82,805
Proceeds from loan from subsidiary		-	-	-	300,000
Net cash provided by financing activities		-	82,805	-	382,805
Net increase/(decrease) in cash and cash equivalents		(82,970)	318,650	(166,777)	362,187
Cash and cash equivalents at 1 July		899,275	607,760	596,222	234,035
Effect of exchange rate fluctuations on cash held in foreign currencies		(3,206)	(27,135)	-	-
Cash and cash equivalents 30 June	7	813,099	899,275	429,445	596,222

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008****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, including Australian 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 except for financial instruments at fair value through the profit and loss and held for trading that are measured at fair value. 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.

Basis of Preparation

Orchid Capital Limited and controlled entities, and Orchid Capital Limited as an individual parent entity have prepared financial statements in accordance with the Australian Equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

Compliance with AIFRSs ensures that this financial report complies with the IFRSs and interpretations adopted by the International Accounting Standards Board.

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Company's accounting policies.

At the date of authorization of the financial report, the following Standards and Interpretations were in issue but not yet effective:

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and the parent entity's assessment of the impact of new standards and interpretations that may affect the Group is set out below.

(i) *AASB 8 Operating Segments* and *AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group does not have any borrowings.

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(iv) Revised AASB 3 *Business Combinations* changes the application of acquisition accounting for business combinations and the accounting for non-controlling (minority) interests. Key changes include: the immediate expensing of all transaction costs; measurement of contingent consideration at acquisition date with subsequent changes through the income statement; measurement of non-controlling (minority) interests at full fair value or the proportionate share of the fair value of the underlying net assets; guidance on issues such as reacquired rights and vendor indemnities; and the inclusion of combinations by contract alone and those involving mutuals. The revised standard becomes mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

(v) Revised AASB 127 *Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. Key changes include: the remeasurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

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 10 to the financial statements. All controlled entities have a 30 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. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(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 at cost less, where applicable, any accumulated depreciation and impairment losses.

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) 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 assesses 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.

(f) **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.

(g) **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.

(h) **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;
- retained profits are translated at the exchange rates prevailing at the date of the transaction;
- income and expenses are translated at average exchange rates for the period; and

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.

(i) **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 or the options granted.

(j) **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.

(k) **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 three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(l) **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).

(m) **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.

(n) **Comparative Figures**

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(o) **Inventories**

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

(p) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 6 : Income Tax
- Note 9 : Other financial assets
- Note 13 : Provisions
- Note 20: Share Based Payments

Note 2: Segment Reporting

The group's primary reporting format is business segments, with investment and sales of pharmaceutical products being the only segments operating at the end of the financial year. Secondary segment information is reported geographically.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Orchid Thailand Ltd is a wholly owned subsidiary company, the main purpose of which, is to assist in realising Thailand held assets.

Orchid Emarb Ltd is a wholly owned subsidiary company, the main purpose of which, is to trade securities and secure investment opportunities.

Xing Ling International Pte Ltd is a 51% owned subsidiary company, the main purpose of which, is the distribution of health and pharmaceutical products.

Business Segments: The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 30 June 2008 and 30 June 2007.

Note 2: Segment Reporting (continued)
Primary Reporting - Business Segments

	2008	2007
Revenue	\$	\$
Revenue from investment segment		
Realised gain on investments	27,435	308,618
Recovery of written down investment	476,718	-
Unrealised gain on investments	-	2,733,562
Interest	57,386	70,676
Dividends	11,152	8,108
Foreign exchange gain	-	192,642
Other	1,393	533
Total revenue from investment segment	574,084	3,314,139
Revenue from pharmaceutical segment		
Pharmaceutical sales	151,988	188,394
Other income - pharmaceutical	1,434	1,162
Foreign exchange gain	-	149
Total revenue from pharmaceutical segment	153,422	189,704
Total consolidated revenue	727,506	3,503,843

	2008	2007
Segment Result	\$	\$
Continuing operations		
Investments	(4,356,979)	2,525,770
Pharmaceutical products	(108,871)	(174,733)
Less: minority interest (pharmaceutical products)	-	43,288
Total result from continuing operations	(4,465,850)	2,394,324
Profit/(loss) before income tax	(4,465,850)	2,394,324
Income tax expense	-	-
Net profit/(loss)	(4,465,850)	2,394,324

Segment Assets and Liabilities

	Assets		Liabilities	
	2008	2007	2008	2007
	\$	\$	\$	\$
Investment segment	3,307,245	7,459,632	71,500	183,951
Pharmaceutical segment	65,011	111,398	255,356	195,821
Consolidated	3,372,256	7,571,030	326,856	379,772

Other Segment Information

	Investment Activities		Pharmaceutical Sales	
	2008	2007	2008	2007
	\$	\$	\$	\$
Carrying value of investments accounted for using the equity method	-	-	-	-
Share of net profit/(loss) of associates and jointly controlled entities accounted for under the equity method	-	-	-	-
Acquisition of segment assets	-	-	-	-
Impairment losses:				
Recognised in profit or loss	(464,782)	-	-	-
Recognised in equity	-	-	-	-
Reversals of impairment losses:				
Recognised in profit or loss	-	-	-	-
Recognised in equity	-	-	-	-
Depreciation and amortisation of segment assets	(9,007)	(14,987)	(1,839)	(1,721)
Significant other non-cash expenses				
Issue of shares to CEO per terms of employment	(52,000)	(88,000)	-	-
Significant revenues (expenses)				
Unrealised loss on investments	(3,634,977)	-	-	-
Unrealised gain on investments	-	2,733,562	-	-
Realised gains on investments	27,435	308,618	-	-
Foreign exchange gain	-	192,642	-	149
Foreign exchange loss	(229,386)	-	(26)	-
Recovery of written down investment	476,718	-	-	-
Sales	-	-	151,988	188,394
Interest income on investments	57,386	70,676	-	-
Salaries	-	(124,714)	(23,017)	(120,827)
Consulting fees - directors	(324,834)	(303,071)	-	-
Terminal access to financial market information	(83,942)	(88,759)	-	-
Travel and accommodation	(1,286)	(21,807)	(23,509)	(35,669)

Secondary Reporting - Geographical Segments

	Segment Revenue		Segment Result	
	2008	2007	2008	2007
	\$	\$	\$	\$
Australia	639,290	2,991,753	(3,990,646)	2,231,105
Switzerland	75,112	166,978	(409,768)	141,999
Singapore	153,765	189,836	(108,871)	(174,732)
Thailand	384	386	(2,203)	(2,225)
Eliminations	(141,045)	154,890	45,638	154,890
Minority interest	-	-	-	43,288
Consolidated	727,506	3,503,843	(4,465,850)	2,394,324

Note 3: Investment Revenue

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Interest received	57,386	70,676	22,452	16,093
Dividends	11,152	8,108	-	570
Total Investment Revenue	<u>68,538</u>	<u>78,783</u>	<u>22,452</u>	<u>16,663</u>

Note 4: Other Income

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Pharmaceutical sales	151,988	188,394	-	-
Service income	1,434	1,162	-	-
Sundry income	1,393	533	1,050	533
Total Other Revenue	<u>154,815</u>	<u>190,089</u>	<u>1,050</u>	<u>533</u>

Note 5: Other Expenses

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Advertising	632	1,344	632	1,344
ASX fees	17,378	15,742	17,378	15,742
ASIC fees	1,000	3,010	1,000	3,010
Bad debts expense	-	4,744	-	-
Bank charges	16,977	13,200	10,182	2,742
Electricity	3,082	4,096	-	-
General expenses	2,332	5,851	498	1,421
Office relocation	-	1,862	-	1,862
Insurance	-	477	-	477
Interest payable	93	423	93	124
Postage, freight & courier	1,236	305	-	109
Repairs & maintenance	1,711	3,909	-	-
Share registry services	4,440	9,796	4,440	9,796
XETRA Sponsorship	20,883	8,961	20,883	8,961
Storage rental	2,178	1,269	2,178	1,269
Subscriptions & donations	-	635	-	635
Loss on sale of fixed assets	-	1,396	-	1,396
Total Other Expense	<u>71,944</u>	<u>77,021</u>	<u>57,284</u>	<u>48,888</u>

Note 6: Income Tax Expense

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
(Loss)/profit from ordinary activities before income tax expense	(4,465,850)	2,351,037	(3,990,646)	2,231,106
Prima facie tax on operating profit/(loss) before income tax at 30%	(1,339,755)	705,311	(1,197,194)	669,332
Add/(less) tax effect of:				
Differences	1,075,555	(1,014,423)	1,005,358	(1,001,097)
Unused tax losses not recognised as deferred tax assets	264,200	309,112	191,836	331,765
Income tax attributable to operating loss	-	-	-	-

The Directors have considered it prudent not to bring to account the future income tax benefit of income tax losses until there is virtual certainty of deriving assessable income of a nature and amount to enable such a benefit to be realised.

The Company has estimated income losses and capital losses of \$12,648,880 and \$4,072,613 respectively (2007: \$11,768,000 and \$4,072,000 respectively). The benefit of these losses and timing differences will only be obtained if:

- (a) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- (b) the Company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

Unrecognised temporary differences

Deferred tax assets (at 30%)

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue losses	3,794,664	3,530,464	3,744,953	3,553,117
Capital losses	1,221,784	1,221,784	1,221,784	1,221,784
Capital raising costs	50,771	79,945	50,771	79,945
Unrealised (gains)/losses on investments	381,781	(579,495)	384,012	(551,467)
Provisions and accruals	148,367	4,500	344,921	4,500
Net deferred tax assets	5,597,367	4,257,198	5,746,441	4,307,879

Note 7: Cash and cash equivalents

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank and in hand	749,655	389,275	369,445	86,222
Short-term bank deposits	63,444	510,000	60,000	510,000
Total Cash and cash equivalents	813,099	899,275	429,445	596,222

Note 8: Trade and other receivables

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Trade debtors	25,932	402,293	-	334,716
Sundry debtors	7,310	4,331	3,722	4,331
Prepayments	9,666	10,110	8,000	8,000
Total trade and other receivables	42,909	416,734	11,722	347,047

As of 30 June 2008, trade and other receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

Note 9: Other financial assets

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
<u>Current</u>				
Bank Deposits	531,665	679,255	-	-
Listed shares - at fair value	1,657,976	5,241,396	990,070	4,386,826
Convertible Loan - RGM Entertainment	464,782	-	464,782	-
less accumulated impairment	(464,782)	-	(464,782)	-
Total current other financial assets	<u>2,189,641</u>	<u>5,920,651</u>	<u>990,070</u>	<u>4,386,826</u>

A loan of Singapore Dollars six hundred thousand was made to RGM Entertainment Pte Ltd on 16 July 2007. The loan, which is convertible to ordinary shares upon ETL (Eligibility to List), is interest free and secured against Collateral Agreements in place between RGM Entertainment Pte Ltd and various entities within the global entertainment industry. Shares will be converted at 2:1 so that SGD\$ 1,200,000 worth of shares at the IPO price will be issued to Orchid Capital Ltd. Due to current levels of uncertainty in global markets generally and the entertainment industry specifically, the Directors have taken the decision to make a provision for impairment of the full amount of the loan.

The fair value of listed investments has been determined directly by reference to published price quotations in an active market. Included in listed shares are shares in Gongyou Machines Ltd which had a fair value of \$960,962 at 30 June 2008. As of 29 September 2008 the fair value, having sold 1,500 shares since balance date, has decreased to \$662,732 based on the market price and exchange rates at that date. The fair value of other listed investments was \$697,014 at 30 June 2008. As of 29 September 2008 the fair value has decreased to \$583,316 based on market price and exchange rates at that date. This decrease is a post balance sheet event and has not been accounted for at 30 June 2008.

Non-current

Investments in subsidiaries				
Orchid Emarb Ltd	-	-	4,261,460	4,261,460
Orchid Thailand Ltd	-	-	89,047	89,047
less accumulated impairment	-	-	(39,047)	(39,047)
Xing Ling International Pte Ltd	-	-	198,224	198,224
less accumulated impairment	-	-	(198,224)	-
Total investments in subsidiaries	<u>-</u>	<u>-</u>	<u>4,311,460</u>	<u>4,509,684</u>
Land held for sale				
Lot 12 Samsara, Thailand	290,040	290,040	290,040	290,040
Total land held for resale	<u>290,040</u>	<u>290,040</u>	<u>290,040</u>	<u>290,040</u>
Investment in unlisted associated companies				
Jiva Kata Resort Company Ltd	229,962	706,680	229,962	706,680
less accumulated impairment	(229,962)	(706,680)	(229,962)	(706,680)
Total investment in unlisted associated companies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current other financial assets	<u>290,040</u>	<u>290,040</u>	<u>4,601,500</u>	<u>4,799,724</u>

Pangala Group Limited ("PGL"), a company incorporated in the British Virgin Islands, and a wholly owned subsidiary of Orchid Capital Limited, was set up to hold the land at Lot 12 Samsara, Thailand. It is the intention to sell PGL to a third party, and it is the directors' opinion that the amount recoverable from the sale of the land is expected to be in excess of the carrying value. Considering the nature of the holding, the investment has been treated as an investment held for resale and thus no consolidation is performed to incorporate the company's financial position and state of affairs into the Consolidated Financial Statements.

Note 10: Controlled Entities

	Country of Incorporation	Percentage Owned (%)*	
		2008	2007
Parent Entity:			
Orchid Capital Ltd	Australia		
Subsidiaries:			
Orchid Emarb Ltd	BVI	100	100
Orchid Capital Ltd (Thailand)	Thailand	100	100
Xing Ling International Pte Ltd	Singapore	51	51
Teleios Pte Ltd (wholly-owned subsidiary of Xing Ling)	Singapore	100	100

* Percentage of voting power is in proportion to ownership

Note 11: Property, Plant and Equipment

	Consolidated		Parent Entity	
	2008	2007	2008	2007
Plant and Equipment	\$	\$	\$	\$
At cost	64,048	64,109	58,630	58,630
Accumulated depreciation	(58,275)	(47,497)	(53,409)	(44,402)
Total Property, Plant and Equipment	<u>5,773</u>	<u>16,612</u>	<u>5,221</u>	<u>14,228</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

	Consolidated		Parent Entity	
	2008	2007	2008	2007
Consolidated Entity:	\$	\$	\$	\$
Plant and equipment				
Balance at the beginning of the year	16,612	34,347	14,228	30,611
Additions	-	-	-	-
Written down value of disposals	-	(1,027)	-	(1,396)
Foreign exchange effect on opening balance	7	-	-	-
Depreciation expense	(10,846)	(16,708)	(9,007)	(14,987)
Carrying amount at the end of the year	<u>5,773</u>	<u>16,612</u>	<u>5,221</u>	<u>14,228</u>

Note 12: Trade and other payables

	Consolidated		Parent Entity	
	2008	2007	2008	2007
CURRENT	\$	\$	\$	\$
Trade payables	313,566	220,928	186,343	155,792
Sundry payables and accrued expenses	13,290	70,843	-	58,132
	<u>326,856</u>	<u>291,772</u>	<u>186,343</u>	<u>213,924</u>

Note 13: Provisions

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current - Employee entitlements	-	88,000	-	88,000
	<u>-</u>	<u>88,000</u>	<u>-</u>	<u>88,000</u>

Note 14: Issued Capital

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
180,643,756 (2007: 176,643,756) fully paid ordinary shares	31,848,559	31,708,559	31,848,559	31,708,559

	2008		2007	
	No.	\$	No.	\$
Movement in ordinary shares on issue				
At the beginning of the financial year	176,643,756	31,708,559	174,560,713	31,612,407
Employee share issue	4,000,000	140,000	2,000,000	92,000
Exercise of options	-	-	83,043	4,152
No. shares bought back during the year	-	-	-	-
At the end of the financial year	<u>180,643,756</u>	<u>31,848,559</u>	<u>176,643,756</u>	<u>31,708,559</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 15: Reserves

	Consolidated		Parent Entity	
	2008	2007	2008	2007
Option Premium Reserve	\$	\$	\$	\$
Balance at 1 July	643,331	564,678	643,331	564,678
Option issue	-	99,256	-	99,256
Transaction costs	-	(20,603)	-	(20,603)
Balance at 30 June	<u>643,331</u>	<u>643,331</u>	<u>643,331</u>	<u>643,331</u>
Foreign Currency Translation Reserve				
Balance at 1 July	(451,022)	49,574	-	-
Movement due to foreign currency exchange	179,992	(500,596)	-	-
Balance at 30 June	<u>(271,030)</u>	<u>(451,022)</u>	<u>-</u>	<u>-</u>
Total Reserves	<u>372,301</u>	<u>192,309</u>	<u>643,331</u>	<u>643,331</u>

Option Premium Reserve

The option premium reserve records items recognised as expenses on valuation of employee share options and the issue of share options for cash consideration.

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

Note 16: Accumulated Losses

	Consolidated		Parent Entity	
	2008	2007	2008	2007
Accumulated Losses	\$	\$	\$	\$
Balance at 1 July	(24,709,610)	(27,103,934)	(26,006,504)	(28,237,610)
Net (loss)/profit	(4,465,850)	2,394,324	(3,990,646)	2,231,106
Balance at 30 June	<u>(29,175,460)</u>	<u>(24,709,610)</u>	<u>(29,997,150)</u>	<u>(26,006,504)</u>

Note 17: Minority Interest

	Consolidated		Parent Entity	
	2008	2007	2008	2007
Balance at beginning of year	\$	\$	\$	\$
	-	43,288	-	-
Share of current year's equity	-	-	-	-
Share of current year's losses	-	(43,288)	-	-
Total minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The parent company has taken over the losses of its subsidiaries as there is no firm commitment from the minority shareholders to provide additional funding to the subsidiary.

Note 18: Earnings per Share

	Consolidated	
	2008	2007
Basic earnings/(loss) per share	€	€
	(2.49)	1.37
Weighted average number of ordinary shares during the year used in the calculation of basic earnings per share	No.	No.
	179,212,062	174,965,338

Diluted earnings per share have not been disclosed because it results in a more favourable earnings per share figure than basic earnings per share.

Note 19: Notes to the Cash Flow Statement

	Consolidated		Parent	
	2008	2007	2008	2007
	\$	\$	\$	\$
Reconciliation of net cash used in operating activities to operating profit/(loss) after income tax				
Operating profit/(loss) after income tax	(4,465,850)	2,394,326	(3,990,646)	2,231,106
Add:				
Depreciation	10,846	16,708	9,007	14,987
Share-based payments	52,000	92,000	52,000	92,000
(Gain)/Loss on sale of property, plant and equipment	-	1,027	-	1,396
(Gain)/loss on sale of investments and recovery of written down investments	(504,153)	(308,618)	(474,743)	(295,377)
(Gain)/loss on revaluation of financial assets at fair value through profit or loss	3,634,977	(2,733,562)	3,387,376	(2,679,180)
Impairment losses	464,782	-	663,006	-
Dividends received and receivable from investing activities	(11,152)	(8,108)	-	(570)
Foreign exchange translation	189,860	(108,341)	(139,861)	-
Minority interest for the year	-	(43,288)	-	-
Changes in net assets/liabilities:				
(Increase)/decrease in receivables	39,109	32,931	609	(609)
(Increase)/decrease in inventories	(3,076)	(20,255)	-	-
(Decrease)/Increase in payables	35,084	91,267	(27,581)	47,774
(Decrease)/increase in provisions	-	(71,972)	-	(59,467)
Net cash (used in) operations	<u>(557,573)</u>	<u>(665,886)</u>	<u>(520,833)</u>	<u>(647,940)</u>

Note 20: Share-based Payments

The following share-based payment arrangement existed at 30 June 2008:

The CEO, Julian Sandt, is entitled to an issue of 2 million shares for each of the five* years of his letter of employment agreement dated 18 September 2005. The first tranche of 2 million shares was issued on 27 April 2007. The first tranche was valued at 4.6 cents per share being the closing price on ASX on the grant date 28 November 2005. The second and third tranches were issued on 9 November 2007. The second and third tranche were valued at 3.5 cents per share being the closing price on ASX on the grant date of 9 November 2007. Total valuation of the second and third tranches was \$140,000.

The fourth tranche of 2 million shares, due and payable on 18 September 2008, will be issued subject to approval at the 2008 AGM.

* Note 20 in the Annual Report for the year ended 30 June 07 incorrectly stated a period of three years in Mr Sandt's letter of employment agreement. This was the result of a typographical error. As reported separately in Note 24 (below), and in Note 24 of the Annual Report for the year ended 30 June 2007, the period of entitlement is five years.

Note 21: Related Party Disclosures

(a) Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 10 to the financial statements.

(b) Key management personnel remuneration and equity holdings

Details of key management remuneration and equity holdings are disclosed in Note 24 to the financial statements.

(c) Transactions with related parties

Transactions with key management personnel are disclosed in Note 24 to the financial statements.

Note 22: Commitments and Contingencies

The company's subsidiary, Xing Ling International Pte Ltd, has entered into a rental agreement for its offices.

Operating lease commitments

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Due within 1 year	7,664	10,505	-	-
Due 1 to 5 years	-	12,282	-	-
Due after 5 years	-	-	-	-
Total	<u>7,664</u>	<u>22,787</u>	<u>-</u>	<u>-</u>

Service Agreements

In terms of service agreements, the Company and Group have a commitment to the following expenditure:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Julian Sandt				
Due within 1 year	130,000	130,000	130,000	130,000
Due 1 to 5 years	27,083	157,083	27,083	157,083
Due after 5 years	-	-	-	-
Total	<u>157,083</u>	<u>287,083</u>	<u>157,083</u>	<u>287,083</u>

There were no contingent liabilities or assets at the end of the year.

Note 23: Events after balance sheet date

The fair value of listed investments has been determined directly by reference to published price quotations in an active market. Included in listed shares are shares in Gongyou Machines Ltd which had a fair value of \$960,962 at 30 June 2008. As of 29 September 2008 the fair value, having sold 1,500 shares since balance date, has decreased to \$662,732 based on the market price and exchange rates at that date. The fair value of other listed investments was \$697,014 at 30 June 2008. As of 29 September 2008 the fair value has decreased to \$583,316 based on market price and exchange rates at that date. This decrease is a post balance sheet event and has not been accounted for at 30 June 2008.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Note 24: Key Management Personnel Disclosures

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated, were key management personnel for the entire period:

Mr Clive McKee (Chairman)
 Mr Julian Lionel Sandt (CEO)
 Mr Alvin Tan (Non-executive Director)
 Mr Richard Philip Lambe (Finance Director)
 Mr Umberto Caprani (Director, Orchid Emarb Ltd)
 Mr Ng Chi-Lik Erik (Director, Xing Ling International Pte Ltd)
 Mrs Ng Wei Koon (Director, Xing Ling International Pte Ltd)
 Mr Phillip Khoo (Sales Manager, Xing Ling International Pte Ltd)

(a) Remuneration Structure
Executive Directors

The Company has entered into an Executive Service Agreement with Mr J.Sandt pursuant to which Mr Sandt is engaged by the Company as Chief Executive Officer with effect from 18 September 2005, for a period of 5 years (or until terminated in accordance with the terms of the agreement).

Under the agreement, the Company is to pay Mr Sandt director's fees of \$130,000 per annum. Mr Sandt is also entitled to, for a period of 5 years, at the beginning of each 12 month period starting on 18 September 2005, an allotment of 2 million fully paid ordinary shares in Orchid at zero consideration. These shares cannot be sold by Mr Sandt within 2 years of allotment but Orchid will apply for admission for trading so that the shares become tradable 2 years after allotment. In case of termination, the shares to be allotted will be pro-rated for the time since the last allotment until the last day of employment. This clause is subject to shareholder approval.

The agreement may be terminated at 3 months notice.

No other agreements with key management personnel or their controlled entities have been entered into.

Remuneration of non-executive directors is based on fees approved by the Board of directors and is set at levels to reflect market conditions and encourage the continued services of the directors. The remuneration of non-executive directors will be not more than the aggregate fixed sum determined by a general meeting of shareholders.

(b) Key management personnel remuneration

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		Total	% consisting of options or shares
	Salary & fees	Bonus	Non-cash	Other	Super-annuation	Options & rights	Ordinary shares			
2008	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Directors										
C. McKee	96,000	-	-	-	-	-	-	-	96,000	-
J.L. Sandt	130,000	-	-	-	-	-	-	52,000	182,000	28.57%
A. Tan	36,000	-	-	-	-	-	-	-	36,000	-
R.P. Lambe	62,833	-	-	-	-	-	-	-	62,833	-
Sub-total - Directors	324,833	-	-	-	-	-	-	52,000	376,833	
Other key management personnel										
U. Caprani (Director, Orchid Emarb Ltd)	2,913	-	-	-	-	-	-	-	2,913	-
E. Ng (Director, Xing Ling)	23,017	-	-	-	3,340	-	-	-	26,356	-
W.K. Ng (Director, Xing Ling)	-	-	-	-	-	-	-	-	-	-
P. Khoo (Sales Manager, Xing Ling)	18,413	-	-	7,365	2,016	-	-	-	27,795	-
Sub-total - Key Management Personnel	44,343	-	-	7,365	5,356	-	-	-	57,065	
Totals	369,175	-	-	7,365	5,356	-	-	52,000	433,898	

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		Total	% consisting of options or shares
	Salary & fees	Bonus	Non-cash	Other	Super-annuation	Options & rights	Ordinary shares			
2007	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Directors										
C. McKee	110,000	-	-	-	-	-	-	-	110,000	-
J.L. Sandt	130,000	-	-	-	-	-	-	88,000	218,000	40.37%
A. Tan	36,000	-	-	-	-	-	-	-	36,000	-
R.P. Lambe*	29,167	-	-	-	-	-	-	-	29,167	-
N. Grafton**	22,677	-	-	-	26,425	-	-	-	49,102	-
Sub-total - Directors	327,844	-	-	-	26,425	-	-	88,000	442,269	
Other key management personnel										
U. Caprani (Director, Orchid Emarb Ltd)	3,096	-	-	-	-	-	-	-	3,096	-
E. Ng (Director, Xing Ling)	24,406	-	-	-	2,064	-	-	-	26,470	-
P. Khoo (Sales Manager, Xing Ling)	19,525	-	-	7,810	2,138	-	-	-	29,473	-
Sub-total - Key Management Personnel	47,027	-	-	7,810	4,202	-	-	-	59,039	
Totals	374,871	-	-	7,810	30,627	-	-	88,000	501,308	

* Appointed 27 November 2006

** Resigned 27 November 2006

(c) Options over equity instruments

The movement, during the reporting period, in the number of options over ordinary shares held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2007	Granted as compensation	Exercised	Expired	Other changes*	Held at 30 June 2008	Exercisable at 30 June 2008
Directors							
C. McKee	1,250,000	-	-	-	-	1,250,000	1,250,000
J.L. Sandt	1,000,000	-	-	-	-	1,000,000	1,000,000
A. Tan	1,750,000	-	-	-	-	1,750,000	1,750,000
R.P. Lambe	-	-	-	-	-	-	-
Other key management personnel							
U. Caprani (Director, Orchid Emarb Ltd)	-	-	-	-	-	-	-
E. Ng (Director, Xing Ling)	-	-	-	-	-	-	-
WK. Ng (Director, Xing Ling)	-	-	-	-	-	-	-
P. Khoo (Sales Manager, Xing Ling)	-	-	-	-	-	-	-

	Held at 1 July 2006	Granted as compensation	Exercised	Expired	Other changes*	Held at 30 June 2007	Exercisable at 30 June 2007
Directors							
C. McKee	1,250,000	-	-	(1,250,000)	1,250,000	1,250,000	1,250,000
J.L. Sandt	1,000,000	-	-	(1,000,000)	1,000,000	1,000,000	1,000,000
A. Tan	1,750,000	-	-	(1,750,000)	1,750,000	1,750,000	1,750,000
R.P. Lambe (Appointed 27 November 2006)	-	-	-	-	-	-	-
N. Grafton (Retired 27 November 2006)	1,000,000	-	-	-	(1,000,000)	-	-
Other key management personnel							
U. Caprani (Director, Orchid Emarb Ltd)	-	-	-	-	-	-	-
E. Ng (Director, Xing Ling)	-	-	-	-	-	-	-
P. Khoo (Sales Manager, Xing Ling)	-	-	-	-	-	-	-

* Other changes represent options that were acquired or were forfeited during the year

(d) Movement in shares

The movement, during the reporting period, in the number of ordinary shares held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2007	Purchases	Granted as Remuneration	Received on exercise of options	Sales	Held at 30 June 2008
Directors						
C. McKee	3,081,510	-	-	-	-	3,081,510
J.L. Sandt	8,802,302	1,080,455	4,000,000	-	-	13,882,757
A. Tan	460,000	-	-	-	-	460,000
R.P. Lambe	-	-	-	-	-	-
Other key management personnel						
U. Caprani (Director, Orchid Emarb Ltd)	-	-	-	-	-	-
E. Ng (Director, Xing Ling)	-	-	-	-	-	-
WK. Ng (Director, Xing Ling)	-	-	-	-	-	-
P. Khoo (Sales Manager, Xing Ling)	-	-	-	-	-	-

	Held at 1 July 2006	Purchases	Granted as Remuneration	Received on exercise of options	Sales	Held at 30 June 2007
Directors						
C. McKee	3,081,510	-	-	-	-	3,081,510
J.L. Sandt	6,491,556	310,746	2,000,000	-	-	8,802,302
A. Tan	460,000	-	-	-	-	460,000
R.P. Lambe (Appointed 27 November 2006)	-	-	-	-	-	-
N. Grafton (Retired 27 November 2006)	-	-	-	-	-	-
Other key management personnel						
U. Caprani (Director, Orchid Emarb Ltd)	-	-	-	-	-	-
E. Ng (Director, Xing Ling)	-	-	-	-	-	-
P. Khoo (Sales Manager, Xing Ling)	-	-	-	-	-	-

(e) Other transactions with key management personnel including their related parties

The following table discloses significant related party transactions between the Company's 51% owned subsidiary, Xing Ling International Pte Ltd and its Directors:

	2008	2007
	\$	\$
With a Company in which a Director has financial interest and control:		
Purchases	5,517	22,295
Rental of office	-	4,592
	<u>7,651</u>	<u>2,520</u>
Sales	7,651	2,520
With holding Company:		
Service income	1,434	-
Other Directors' interest:		
- with a company of which the wife of one Director has financial interest and control		
Purchases	18,812	35,370
	<u>18,812</u>	<u>35,370</u>

No other transactions with key management personnel occurred during the reporting period.

Note 25: Remuneration of Auditors

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
auditing or reviewing the financial report	32,618	35,839	32,618	35,839
taxation services provided by related practice of auditor	-	2,966	-	2,966
Remuneration of other auditors of subsidiaries for:				
auditing or reviewing the financial report of subsidiaries	8,882	9,350	2,289	3,265
	<u>8,882</u>	<u>9,350</u>	<u>2,289</u>	<u>3,265</u>

Note 26: Financial Risk Management

The consolidated entity's financial instruments consist of listed securities, deposits with banks, accounts receivable and payable and a loan to a non-related party. The main risks arising from the consolidated entity's financial instruments are interest rate risk, credit risk, foreign currency risk, equity price risk and liquidity risk.

Risk management is carried out by the Board of Directors who monitor, evaluate, and manage the consolidated entity's financial risk across its operating units.

The financial receivables and payables of the consolidated entity and company in the table below are due or payable within 30 days. The financial investments are held for trading and are realised at the discretion of the Board of Directors.

Consolidated	Variable Interest Rate	Fixed maturity dates - 1 year or less	Non-interest Bearing	Total
	\$	\$	\$	\$
2008				
Financial assets				
Cash and cash equivalents	748,026	60,000	5,073	813,099
Receivables	-	-	42,909	42,909
Other financial assets - current	-	531,665	1,657,976	2,189,641
Other financial assets - non-current	-	-	290,040	290,040
	<u>748,026</u>	<u>591,665</u>	<u>1,995,998</u>	<u>3,335,689</u>
Weighted average effective interest rate	0.23%	0.28%		
Financial liabilities				
Payables	-	-	326,856	326,856
	<u>-</u>	<u>-</u>	<u>326,856</u>	<u>326,856</u>
Net Financial Assets	<u>748,026</u>	<u>591,665</u>	<u>1,669,142</u>	<u>3,008,833</u>
	Variable Interest Rate	Fixed maturity dates - 1 year or less	Non-interest Bearing	Total
	\$	\$	\$	\$
2007				
Financial assets				
Cash and cash equivalents	178,388	510,000	210,887	899,275
Receivables	-	-	416,734	416,734
Other financial assets - current	-	679,255	5,920,651	5,920,651
Other financial assets - non-current	-	-	290,040	290,040
	<u>178,388</u>	<u>1,189,255</u>	<u>6,838,312</u>	<u>7,526,700</u>
Weighted average effective interest rate	0.50%	4.60%		
Financial liabilities				
Payables	-	-	291,772	291,772
	<u>-</u>	<u>-</u>	<u>291,772</u>	<u>291,772</u>
Net Financial Assets	<u>178,388</u>	<u>1,189,255</u>	<u>6,546,540</u>	<u>7,234,928</u>
Reconciliation of Net Financial Assets/(Liabilities) to Net Assets	2008	2007		
	\$	\$		
Net financial assets	3,008,833	7,234,928		
Trading stock	30,794	27,718		
Property, plant and equipment	5,773	16,612		
Provisions	-	(88,000)		
Net assets	<u>3,045,400</u>	<u>7,191,258</u>		

Note 26: Financial Risk Management (continued)

Parent Entity	Variable	Fixed	Non-interest	Total
	Interest Rate	maturity		
		dates -		
		1 year or less		
2008	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	369,445	60,000	-	429,445
Receivables	-	-	11,722	11,722
Other financial assets - current	-	-	990,070	990,070
Other financial assets - non-current	-	-	4,601,500	4,601,500
	<u>369,445</u>	<u>60,000</u>	<u>5,603,292</u>	<u>6,032,737</u>
Weighted average effective interest rate	0.36%	2.78%		
Financial liabilities				
Payables	-	-	186,343	186,343
Borrowings from subsidiary	-	-	3,356,875	3,356,875
	<u>-</u>	<u>-</u>	<u>3,543,218</u>	<u>3,543,218</u>
Net Financial Assets	<u>369,445</u>	<u>60,000</u>	<u>2,060,074</u>	<u>2,489,519</u>

	Variable	Fixed	Non-interest	Total
	Interest Rate	maturity		
		dates -		
		1 year or less		
2007	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	86,222	510,000	-	596,222
Receivables	-	-	347,047	347,047
Other financial assets - current	-	-	4,386,826	4,386,826
Other financial assets - non-current	-	-	4,799,724	4,799,724
	<u>86,222</u>	<u>510,000</u>	<u>9,533,597</u>	<u>10,129,819</u>
Weighted average effective interest rate	0.50%	6.06%		
Financial liabilities				
Payables	-	-	213,924	213,924
Borrowings from subsidiary	-	-	3,496,737	3,496,737
	<u>-</u>	<u>-</u>	<u>3,710,661</u>	<u>3,710,661</u>
Net Financial Assets	<u>86,222</u>	<u>510,000</u>	<u>5,822,936</u>	<u>6,419,158</u>

Reconciliation of Net Financial Assets/(Liabilities) to Net Assets	2008	2007
	\$	\$
Net financial assets	2,489,519	6,419,158
Property, plant and equipment	5,221	14,228
Provisions	-	(88,000)
Net assets	<u>2,494,740</u>	<u>6,345,386</u>

(a) Interest rate risk exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The consolidated entity is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate deposits. The consolidated entity has no borrowings. The weighted average interest rates are 0.25% for the consolidated entity (2007: 4.07%) and 0.70% for the parent entity (2007: 5.26%)

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash at bank and bank deposits	1,344,764	1,578,530	429,445	596,222
	<u>1,344,764</u>	<u>1,578,530</u>	<u>429,445</u>	<u>596,222</u>
Weighted average effective interest rate	0.25%	4.07%	0.70%	5.26%

(b) Credit risk exposure

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties. The Consolidated Entity measures credit risk on a fair value basis.

The Consolidated Entity does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics.

The Company entered into an agreement with RGM Entertainment Pte Ltd ("RGM") on 5 July 2008. Under the terms of the agreement, the Company made a convertible loan to RGM of SGD\$600,000. The loan, which is convertible to ordinary shares upon ETL (Eligibility to List), is interest free and secured against Collateral Agreements in place between RGM Entertainment Pte Ltd and various entities within the global entertainment industry. Shares will be converted at 2:1 so that SGD\$1,200,000 worth of shares at the IPO price will be issued to Orchid Capital Ltd. Maturity occurs in December 2008. If, by maturity, listing does not occur by reason of RGM's failure to comply with the listing requirements of a recognised stock exchange, redemption of the loan shall take place within 7 days of a written request from the Company. Interest will accrue at 18% pa calculated on the principal for the number of days elapsed from completion date to payment date. If listing does not occur for reason other than RGM's failure to comply with the listing requirements of a recognised stock exchange, interest will accrue at 8% pa calculated daily as above. If redemption of the loan is made for any other reason interest will accrue at 18% pa calculated daily on the principal.

The credit quality of the financial assets is as follows: (i) there are no past due financial assets; and (ii) due to uncertainty in financial markets generally, and the entertainment industry specifically, provision has been made, at 30 June 2008, for the impairment of the full value of the convertible loan to RGM Entertainment. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below:

Note 26: Financial Risk Management (continued)

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash and cash equivalents	813,099	899,275	429,445	596,222
Receivables	42,909	416,734	11,722	347,047
Other financial assets - current	2,189,641	5,920,651	990,070	4,386,826
Other financial assets - non-current	290,040	290,040	4,601,500	4,799,724
	<u>3,335,689</u>	<u>7,526,700</u>	<u>6,032,737</u>	<u>10,129,819</u>

The consolidated entity measures credit risk on a fair value basis. The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the consolidated entity's maximum exposure to credit risk.

All receivables noted above are due within 30 days. None of the above receivables are past due.

The Directors have taken the decision to fully provide for the impairment of the RGM loan of \$464,782.

(c) Foreign Currency Risk

The consolidated entity is exposed to foreign currency risk on the following:

- cash and other financial assets and liabilities held by its subsidiary Orchid Emarb Ltd;
- cash and other financial assets and liabilities held by its subsidiary Orchid Capital Ltd (Thailand);
- cash and other financial assets and liabilities held by its 51% owned subsidiary Xing Ling International Pte Ltd; and
- cash held by the company in a Singapore bank account;

The consolidated entity has not entered into any forward exchange contracts as at balance date and is currently fully exposed to foreign exchange risk. The consolidated entity's exposure to foreign currency risk at reporting date was as follows:

Consolidated 2008	EUR	USD	AUD	SDG	HKD	CHF	THB
Current:							
Cash and cash equivalents	157,405	221,986	811	479,637	18	-	2,246,558
Other financial assets	771,704	-	-	226,375	1,530,000	-	-
Receivables	-	-	-	39,352	-	1,500	112
Payables	-	-	-	(159,062)	-	(4,193)	(513,024)
2007	EUR	USD	AUD	SDG	HKD	CHF	THB
Current:							
Cash and cash equivalents	297,215	214,806	811	246,824	-	-	2,235,748
Other financial assets	4,547,668	-	-	706,175	-	-	-
Receivables	-	-	-	88,722	-	1,500	111
Payables	-	-	-	(77,093)	-	(3,000)	(437,644)
Parent Entity 2008	EUR	SDG					
Current:							
Cash and cash equivalents	138	-					
Other financial assets	590,704	-					
Receivables	-	-					
Payables	-	(2,200,000)					
2007	EUR	SDG					
Current:							
Cash and cash equivalents	-	-					
Other financial assets	4,344,668	-					
Receivables	-	-					
Payables	-	(2,200,000)					

Note 26: Financial Risk Management (continued)

(d) Equity Price Risk Exposure

Equity price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments in the market. Equity price risk is minimised through ensuring that investment activities are undertaken in accordance with Board established mandate limits and investment strategies.

Equity securities price risk arises on the financial assets at fair value through profit or loss or held for trading.

At the investment portfolio level, the consolidated entity is exposed (by the majority of its net assets) to Gongyou Machines Ltd. The market value of the Gongyou Machines Ltd investment at 30 June 2008 was \$960,962 representing 58% of the total market value of the consolidated entity's diversified listed investments and 28.5% of the fair value of its total assets. The market value of the Gongyou Machines Ltd investment at 30 June 2007 was \$4,344,668 representing 82.9% of the total market value of the consolidated entity's diversified listed investments and 57.4% of the fair v

(e) Liquidity Risk Management

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting obligations associated with financial liabilities. The consolidated entity has no borrowings. The consolidated entity's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The financial liabilities disclosed in the above table have a maturity obligation of within 30 days.

(f) Net Fair Value of Financial Assets and Liabilities

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Transaction costs are included in the determination of net fair value.

(g) Sensitivity Analysis

The consolidated entity has no borrowings, therefore no liability exposure to interest rate risk. The revenue exposure is immaterial in terms of the possible impact on profit or loss or total equity. It has therefore not been included in the sensitivity analysis.

The consolidated entity has performed sensitivity analyses on its exposure to foreign currency risk and market price risk of listed shares at balance date. The analyses demonstrate the effect on the current year results and equity which could result from a 15% change in exchange rates and equity prices.

	Consolidated		Parent Entity	
	2008	2007	2008	2007
(i) Foreign currency risk				
Change in profit	\$	\$	\$	\$
Increase in exchange rates by 15%	317,193	1,127,720	(90,946)	670,228
Decrease in exchange rates by 15%	(429,143)	(1,525,738)	123,044	(906,779)
Change in equity				
Increase in exchange rates by 15%	317,193	1,127,720	(90,946)	670,228
Decrease in exchange rates by 15%	(429,143)	(1,525,738)	123,044	(906,779)
(ii) Equity price risk				
Change in profit	\$	\$	\$	\$
Increase in equity prices by 15%	248,696	786,209	148,511	658,024
Decrease in equity prices by 15%	(248,696)	(786,209)	(148,511)	(658,024)
Change in equity				
Increase in equity prices by 15%	248,696	786,209	148,511	658,024
Decrease in equity prices by 15%	(248,696)	(786,209)	(148,511)	(658,024)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHID CAPITAL LIMITED

Report on the Financial Report and the AASB 124 remuneration disclosures contained in the Directors' Report

We have audited the accompanying financial report of Orchid Capital Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the Directors' Report under the heading "remuneration report" on pages 4 to 6.

Directors' responsibility for the Financial Report and the AASB 124 remuneration disclosures contained in the Directors' Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the Company are also responsible for the remuneration disclosures contained in the Directors' Report.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the Directors' Report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the Directors' Report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the Directors' Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the Directors' Report 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 entity'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 and the remuneration disclosures contained in the Directors' Report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion on the financial report

In our opinion:

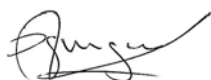
- (a) the financial report of Orchid Capital Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 1.

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in pages 4 to 6 of the Directors' Report comply with section 300 A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL (An Authorised Audit Company)

Stantons International



K G Lingard
Director

West Perth, Western Australia
30 September 2008

30 September 2008

Board of Directors
Orchid Capital Limited
Unit 6, 32 Hines Rd
O'CONNOR WA 6163

Dear Directors

RE: ORCHID CAPITAL LIMITED

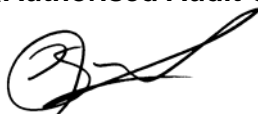
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Orchid Capital Limited.

As the Audit Director for the audit of the financial statements of Orchid Capital Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL
(Authorised Audit Company)



K G Lingard
Director

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information required by Australian Stock Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is made up to 30 June 2008.

DISTRIBUTION OF SHARE AND OPTION HOLDERS

	Fully Paid Shares	Options Expiring 28 February 2012
1- 1,000	58	0
1,001 - 5,000	83	4
5,001 - 10,000	81	1
10,001 - 100,000	175	23
100,001 and over	43	20
	440	48

HOLDERS OF NON-MARKETABLE PARCELS

There are 288 shareholders who hold less than a marketable parcel of shares.

There are 2,000,000 shares subject to voluntary escrow with escrow expiry date of 27 April 2009.

There are 4,000,000 shares subject to voluntary escrow with escrow expiry date of 9 November 2009.

Voting Rights

On a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, each share shall have one vote.

TWENTY LARGEST SHARE AND OPTION HOLDERS**Fully Paid Shares**

Shareholders	Number	Percentage
ANZ Nominees Ltd	103,716,373	57.415
Julian Sandt	13,882,757	7.685
Merrill Lynch (Australia) Nominees Pty Ltd	10,621,238	5.880
Carmant Pty Ltd	5,120,308	2.834
Straight Investments SA	4,325,177	2.394
Kongming Investments Ltd	3,000,000	1.661
Innovation Marketing & Finance Pty Ltd	2,817,371	1.560
Pat Volpe	2,200,000	1.218
ITFC Broking Services Ltd	1,250,000	0.692
Trayburn Pty Ltd	1,200,000	0.664
HSBC Custody Nominees	1,091,333	0.604
McNeil Nominees Pty Ltd	990,296	0.548
Walpett Engineering Pty Ltd	840,000	0.465
Maxwell James Deason & Gillian Deason	750,000	0.415
Shee Peng Lai	552,854	0.306
Ningi Aboriginal Corporation	500,000	0.277
Tao Yuan Ltd	500,000	0.277
Lynda Lee Po Yu	500,000	0.277
AT Growth Equities Sdn Bhd	460,000	0.255
Citicorp Nominees Pty Ltd	400,275	0.222

Listed Options Expiring 28 February 2012

Option holders	Number	Percentage
Merrill Lynch (Australia) Nominees Pty Ltd (Berndale Acc)	42,160,209	42.476
Innovation Marketing & Finance Pty Ltd	13,039,452	13.137
ANZ Nominees Ltd	8,521,314	8.585
Caro Finance Inc	7,500,000	7.556
Bee Hun Thean	6,000,000	6.045
Cudgen Superannuation Services Pty Ltd	4,000,000	4.030
Goffacan Pty Ltd	3,800,000	3.829
Trayburn Pty Ltd	2,600,464	2.620
Northbridge Business Services Pty Ltd	2,000,000	2.015
ITFC Broking Services Ltd	1,850,000	1.864
Ostle Investments Pty Ltd	1,000,000	1.008
Leo & Faye Radom	1,000,000	1.008
Julian Sandt	1,000,000	1.008
Temtor Pty Ltd	1,000,000	1.008
Mr Colin Weekes & Mr Michael Weekes	938,870	0.946
AT Growth Equities Sdn Bhd	750,000	0.756
Lynda Lee Po Yu	500,000	0.504
Anne-Marie Leaver	124,667	0.126
Graham Alan Leaver	124,027	0.125
Straight Investments SA	113,083	0.114

SUBSTANTIAL SHAREHOLDERS

As at report date, there are no shareholders recorded in the Register of Substantial Holders.