

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

APPENDIX 4E

PRELIMINARY ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2009

**APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDING 30 JUNE 2009**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from Ordinary Activities:	\$855,233
Previous corresponding period:	\$727,506
Percentage Change:	Up 18%

Profit/(Loss) from Ordinary Activities after tax attributable to members:	(\$920,145)
Previous corresponding period:	(\$4,465,850)
Percentage Change:	Up 79%

Net Profit/(Loss) attributable to members:	(\$920,145)
Previous corresponding period:	(\$4,465,850)
Percentage Change:	Up 79%

There is no proposal to pay a dividend.

REVIEW OF OPERATIONS

The operating loss after income tax of the consolidated entity for the year ended 30 June 2009 was (\$920,145) (2008: (\$4,465,850)).

Equity markets and the global economy are slowly recovering from one of the most severe recessions in history. The recovery is led by Asia, notably China. Orchid Capital, an investor in entrepreneurial young companies, was naturally heavily affected by the recession, and recorded a loss for the full year, but managed to climb back to profitability in the second half of the reporting period. For the period January to June 2009 we recorded a profit of \$1,187,686.

Major contributor to loss and profit is the share price of our largest investee, Gongyou Machines Ltd.

Our operating costs in the last year have been significantly below the previous period, and will be even lower in the actual period.

Orchid Capital's strategy, to invest in Pre-IPO stage companies, has in FY 2007 led to the first ever profit in the history of the company. Thereafter, the financial crisis has led to a collapse of the IPO markets and very low equity prices for listed small caps.

We have abstained from new investment, in order to conserve cash, for nearly 2 years. The losses in the first half of the reporting period are due to investments made before 2008.

Orchid Capital is in a net cash position and, in combination with the further reduced operating costs, should be able to overcome the crisis.

The nascent economic recovery should offer good opportunities. We are proactively searching and examining investment targets. A precondition for new investments would be a very low valuation, good growth perspectives, a solid track record and balance sheet and a reasonable risk level.

Our Asian Portfolio

Orchid's largest investment is a stake of nearly 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 leader in its market, with more than 1000 staff, low production costs, more than 200 machine types developed by a 150-staff-R&D team. During the reporting period, Gongyou's domestic market, mainly Chinese furniture manufacturers, suffered from both, falling furniture exports and low demand furniture and construction materials in China. Gongyou's sales to Chinese clients recover significantly in the last few months. Gongyou's direct exports, mainly to ASEAN, Russia and Latin America also fell sharply and have not recovered yet. Gongyou recorded a loss in its last reporting period. Previously, it has been profitable for many years and recorded a net profit of about AU\$ 7 million in the three financial years which ended on 30.06.2006 - 2008. We expect Gongyou to overcome the crisis, based on its strong balance sheet and on cost reduction measures, and to roughly break even in the actual reporting period and fully recover to old profitability levels afterwards.

The other investments (RGM Entertainment Pte Ltd., Xing Ling International Pte Ltd and some other small investments) have been sold or are in negotiations of being sold. In total, we expect a profit and a further increase in our cash balance from these divestments in the current reporting period.

Orchid is constantly evaluating and negotiating opportunities in Asia and Australia, seeking to offer its shareholders the best possible return. Because of our cautious approach, we have not made any new investments during the period.

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue from continuing operations					
Investment revenue/(loss)	3	62,728	68,538	8,741	22,452
Net realised gain/(loss) on disposal of held-for-trading investments		342,972	27,435	917,165	(1,975)
Recovery of written down investments		156,807	476,718	156,807	476,718
Foreign exchange gains		-	-	-	141,045
Other income	4	292,726	154,815	144,654	1,050
Total Revenue		855,233	727,506	1,227,367	639,290
Cost of goods sold		(103,685)	(94,099)	-	-
Employee benefits expense		(87,481)	(90,427)	-	-
Share based payments		-	(52,000)	-	(52,000)
Depreciation expense		(5,626)	(10,846)	(5,221)	(9,007)
Consultancy and other professional fees		(312,445)	(391,273)	(280,420)	(364,505)
Computer and office expenses		(137,922)	(123,043)	(109,138)	(95,215)
Travelling and entertainment expenses		(25,314)	(30,553)	-	(1,543)
Foreign exchange losses		(135,373)	(229,412)	(164,843)	-
Impairment losses		(439,381)	(464,782)	(439,381)	(663,006)
Net unrealised losses from held for trading investments		(476,794)	(3,634,977)	(323,989)	(3,387,376)
Other expenses from ordinary activities	5	(51,358)	(71,944)	(30,072)	(57,284)
Profit (loss) from ordinary activities before income tax expense		(920,145)	(4,465,850)	(125,697)	(3,990,646)
Income tax expense relating to ordinary activities	6	-	-	-	-
Net profit (loss) after tax		(920,145)	(4,465,850)	(125,697)	(3,990,646)
Attributable to:					
Minority interest		-	-	-	-
Net profit (loss) attributable to members of the parent entity		(920,145)	(4,465,850)	(125,697)	(3,990,646)
Basic earnings/(loss) per share (cents per share)	16	(0.51)	(2.49)		

* 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 2009**

	Note	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	7	1,217,784	813,099	1,142,043	429,445
Trade and other receivables	8	3,314	42,909	3,311	11,722
Inventories		-	30,794	-	-
Other financial assets	9	1,202,513	2,189,641	1,202,513	990,070
TOTAL CURRENT ASSETS		2,423,611	3,076,443	2,347,867	1,431,237
NON CURRENT ASSETS					
Other financial assets	9	-	290,040	50,000	4,601,500
Property, plant and equipment	11	-	5,773	-	5,221
TOTAL NON-CURRENT ASSETS		-	295,813	50,000	4,606,721
TOTAL ASSETS		2,423,611	3,372,256	2,397,867	6,037,958
CURRENT LIABILITIES					
Trade and other payables	12	48,582	326,856	28,824	186,343
TOTAL CURRENT LIABILITIES		48,582	326,856	28,824	186,343
NON CURRENT LIABILITIES					
Borrowings from subsidiary		-	-	-	3,356,875
TOTAL NON CURRENT LIABILITIES		-	-	-	3,356,875
TOTAL LIABILITIES		48,582	326,856	28,824	3,543,218
NET ASSETS		2,375,029	3,045,400	2,369,043	2,494,740
EQUITY					
Issued capital	13	31,848,559	31,848,559	31,848,559	31,848,559
Reserves	14	622,075	372,301	643,331	643,331
Accumulated losses	15	(30,095,605)	(29,175,460)	(30,122,847)	(29,997,150)
TOTAL EQUITY		2,375,029	3,045,400	2,369,043	2,494,740

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

	Ordinary Shares	Translation reserve	Option Reserve	Accumulated Losses	Total Attributable to Members	Minority interest	Total
	\$	\$	\$	\$	\$	\$	\$
Consolidated							
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>
Balance at 1 July 2008	31,848,559	(271,030)	643,331	(29,175,460)	3,045,400	-	3,045,400
Movement in translation reserve	-	249,774	-	-	249,774	-	249,774
Shares issued in respect of share-based payments	-	-	-	-	-	-	-
Loss for the year	-	-	-	(920,145)	(920,145)	-	(920,145)
Minority interest	-	-	-	-	-	-	-
Balance at 30 June 2009	<u>31,848,559</u>	<u>(21,256)</u>	<u>643,331</u>	<u>(30,095,605)</u>	<u>2,375,029</u>	<u>-</u>	<u>2,375,029</u>

	Ordinary Shares	Translation reserve	Option Reserve	Accumulated Losses	Total Attributable to Members	Minority interest	Total
	\$	\$	\$	\$	\$	\$	\$
Parent Entity							
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>
Balance at 1 July 2008	31,848,559	-	643,331	(29,997,150)	2,494,740	-	2,494,740
Movement in translation reserve	-	-	-	-	-	-	-
Shares issued in respect of share-based payments	-	-	-	-	-	-	-
Loss for the year	-	-	-	(125,697)	(125,697)	-	(125,697)
Minority interest	-	-	-	-	-	-	-
Balance at 30 June 2009	<u>31,848,559</u>	<u>-</u>	<u>643,331</u>	<u>(30,122,847)</u>	<u>2,369,043</u>	<u>-</u>	<u>2,369,043</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated		Parent	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts from customers		176,547	198,508	-	-
Cash paid to suppliers and employees		(786,649)	(816,201)	(569,384)	(544,242)
Interest received		39,708	57,386	8,741	22,452
Interest paid		(2,437)	(93)	(11)	(93)
Sundry income		146,111	2,827	144,654	1,050
Net cash (used in) operating activities	17	(426,720)	(557,573)	(416,000)	(520,833)
Cash flows from investing activities					
Payments for investments		-	(801,744)	-	(464,782)
Proceeds from the sale of investments		783,868	1,265,195	160,398	818,838
Dividends received		23,019	11,152	-	-
Proceeds from the sale of subsidiaries		-	-	968,200	-
Net cash provided by investing activities		806,887	474,603	1,128,598	354,056
Cash flows from financing activities					
Proceeds from share and option issues		-	-	-	-
Proceeds from loan from subsidiary		-	-	-	-
Net cash provided by financing activities		-	-	-	-
Net increase/(decrease) in cash and cash equivalents		380,167	(82,970)	712,598	(166,777)
Cash and cash equivalents at 1 July		813,099	899,275	429,445	596,222
Effect of exchange rate fluctuations on cash held in foreign currencies		24,518	(3,206)	-	-
Cash and cash equivalents 30 June	7	1,217,784	813,099	1,142,043	429,445

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

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

(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 of 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 twelve 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. The group divested its entire 51% holding in Xing Ling International Pte Ltd and, as a result, investment was the only segment 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. It is the intention of the Directors to liquidate the assets of this entity as soon as possible.

Orchid Emarb Ltd, formerly a wholly owned subsidiary company, the main purpose of which, was to trade securities and secure investment opportunities has been liquidated and deconsolidated from the group on 30 June 2009.

Xing Ling International Pte Ltd, formerly a 51% owned subsidiary company, the main purpose of which, was the distribution of health and pharmaceutical products has been sold and deconsolidated from the group on 30 June 2009.

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 2009 and 30 June 2008.

Note 2: Segment Reporting (continued)

Primary Reporting - Business Segments

	2009	2008
Revenue	\$	\$
Revenue from investment segment		
Realised gain on investments	342,972	27,435
Recovery of written down investment	156,807	476,718
Unrealised gain on investments	-	-
Interest	39,708	57,386
Dividends	23,019	11,152
Foreign exchange gain	-	-
Other	146,111	1,393
Total revenue from investment segment	<u>708,617</u>	<u>574,084</u>
Revenue from pharmaceutical segment		
Pharmaceutical sales	146,616	151,988
Other income - pharmaceutical	-	1,434
Foreign exchange gain	-	-
Total revenue from pharmaceutical segment	<u>146,616</u>	<u>153,422</u>
Total consolidated revenue	<u>855,233</u>	<u>727,506</u>

	2009	2008
Segment Result	\$	\$
Continuing operations		
Investments	(702,176)	(3,947,211)
Total result from continuing operations	<u>(702,176)</u>	<u>(3,947,211)</u>
Discontinued operations		
Investments	(96,116)	(409,768)
Pharmaceutical products	(121,853)	(108,871)
Less: minority interest (pharmaceutical products)	-	-
Total result from discontinued operations	<u>(217,969)</u>	<u>(518,639)</u>
Profit/(loss) before income tax	(920,145)	(4,465,850)
Income tax expense	-	-
Net profit/(loss)	<u>(920,145)</u>	<u>(4,465,850)</u>

Segment Assets and Liabilities

	Assets		Liabilities	
	2009	2008	2009	2008
	\$	\$	\$	\$
Investment segment	2,423,611	3,307,245	48,582	71,500
Pharmaceutical segment	-	65,011	-	255,356
Consolidated	<u>2,423,611</u>	<u>3,372,256</u>	<u>48,582</u>	<u>326,856</u>

Other Segment Information

	Investment Activities		Pharmaceutical Sales	
	2009	2008	2009	2008
	\$	\$	\$	\$
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	(439,381)	(464,782)	-	-
Recognised in equity	-	-	-	-
Reversals of impairment losses:				
Recognised in profit or loss	-	-	-	-
Recognised in equity	-	-	-	-
Depreciation and amortisation of segment assets	(5,221)	(9,007)	(405)	(1,839)
Significant other non-cash expenses				
Issue of shares to CEO per terms of employment	-	(52,000)	-	-
Significant revenues (expenses)				
Unrealised loss on investments	(476,794)	(3,634,977)	-	-
Unrealised gain on investments	-	-	-	-
Realised gains on investments	342,972	27,435	-	-
Foreign exchange gain	-	-	-	-
Foreign exchange loss	(134,601)	(229,386)	(771)	(26)
Recovery of written down investment	156,807	476,718	-	-
Sales	-	-	146,616	151,988
Interest income on investments	39,708	57,386	-	-
Salaries	-	-	(26,974)	(23,017)
Consulting fees - directors	(250,000)	(324,834)	-	-
Terminal access to financial market information	(106,780)	(83,942)	-	-
Travel and accommodation	-	(1,286)	(24,169)	(23,509)

Secondary Reporting - Geographical Segments

	Segment Revenue		Segment Result	
	2009	2008	2009	2008
	\$	\$	\$	\$
Continuing operations				
Australia	1,227,367	639,290	(125,697)	(3,990,646)
Thailand	354	384	(3,287)	(2,203)
Discontinued operations				
Singapore	148,072	153,765	(121,853)	(108,871)
Switzerland	53,633	75,112	(96,116)	(409,768)
Eliminations	(574,193)	(141,045)	(573,192)	45,638
Minority interest	-	-	-	-
Consolidated	<u>855,233</u>	<u>727,506</u>	<u>(920,145)</u>	<u>(4,465,850)</u>

Note 3: Investment Revenue

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Interest received	39,708	57,386	8,741	22,452
Dividends	23,019	11,152	-	-
Total Investment Revenue	62,728	68,538	8,741	22,452

Note 4: Other Income

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Pharmaceutical sales	146,616	151,988	-	-
Service income	-	1,434	-	-
Prior year expense written back	144,654	-	144,654	-
Sundry income	1,457	1,393	-	1,050
Total Other Revenue	292,726	154,815	144,654	1,050

Note 5: Other Expenses

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Advertising	-	632	-	632
ASX fees	9,580	17,378	9,580	17,378
ASIC fees	1,000	1,000	1,000	1,000
Bad debts expense	-	-	-	-
Bank charges	9,195	16,977	3,819	10,182
Electricity	3,716	3,082	-	-
General expenses	2,599	2,332	1,473	498
Office relocation	-	-	-	-
Insurance	-	-	-	-
Interest payable	2,437	93	11	93
Postage, freight & courier	5,981	1,236	192	-
Repairs & maintenance	2,854	1,711	-	-
Share registry services	4,525	4,440	4,525	4,440
XETRA Sponsorship	-	20,883	-	20,883
Storage rental	1,910	2,178	1,910	2,178
Subscriptions & donations	-	-	-	-
Net realised loss on sale of investments	7,562	-	7,562	-
Total Other Expense	51,358	71,944	30,072	57,284

Note 7: Cash and cash equivalents

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank and in hand	1,217,784	749,655	1,142,043	369,445
Short-term bank deposits	-	63,444	-	60,000
Total Cash and cash equivalents	1,217,784	813,099	1,142,043	429,445

Note 8: Trade and other receivables

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Trade debtors	-	25,932	-	-
Sundry debtors	3,311	7,310	3,311	3,722
Prepayments	3	9,666	-	8,000
Total trade and other receivables	3,314	42,909	3,311	11,722

As of 30 June 2009, 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	
	2009	2008	2009	2008
	\$	\$	\$	\$
<u>Current</u>				
Bank Deposits	-	531,665	-	-
Listed shares - at fair value	1,202,513	1,657,976	1,202,513	990,070
Convertible Loan - RGM Entertainment	366,086	464,782	366,086	464,782
less accumulated impairment	(366,086)	(464,782)	(366,086)	(464,782)
Total current other financial assets	1,202,513	2,189,641	1,202,513	990,070

A loan of Singapore Dollars six hundred thousand was made to RGM Entertainment Pte Ltd on 16 July 2007. The loan, which was 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. 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. As at 30 June 2009 SGD\$115,000 had been recovered.

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 \$625,392 at 30 June 2009. As of 28 August 2009 the fair value has decreased to \$595,172 based on the market price and exchange rates at that date. The fair value of other listed investments was \$577,121 at 30 June 2009. As of 28 August 2009 the fair value, having sold shares with a 30 June 2009 fair value of \$269,749, has decreased to \$325,082 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 2009.

Non-current

<u>Investments in subsidiaries</u>				
Orchid Emarb Ltd	-	-	-	4,261,460
Orchid Thailand Ltd	-	-	89,047	89,047
less accumulated impairment	-	-	(39,047)	(39,047)
Xing Ling International Pte Ltd	-	-	-	198,224
less accumulated impairment	-	-	-	(198,224)
Total investments in subsidiaries	-	-	50,000	4,311,460
<u>Land held for sale</u>				
Lot 12 Samsara, Thailand	290,040	290,040	290,040	290,040
less accumulated impairment	(290,040)	-	(290,040)	-
Total land held for resale	-	290,040	-	290,040
<u>Investment in unlisted associated companies</u>				
Jiva Kata Resort Company Ltd	-	229,962	-	229,962
less accumulated impairment	-	(229,962)	-	(229,962)
Total investment in unlisted associated companies	-	-	-	-
Total non-current other financial assets	-	290,040	50,000	4,601,500

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 (%)*	
		2009	2008
Parent Entity:			
Orchid Capital Ltd	Australia		
Subsidiaries:			
Orchid Emarb Ltd	BVI	0	100
Orchid Capital Ltd (Thailand)	Thailand	100	100
Xing Ling International Pte Ltd	Singapore	0	51
Teleios Pte Ltd (wholly-owned subsidiary of Xing Ling)	Singapore	0	100

* Percentage of voting power is in proportion to ownership

Note 11: Property, Plant and Equipment

	Consolidated		Parent Entity	
	2009	2008	2009	2008
Plant and Equipment	\$	\$	\$	\$
At cost	-	64,048	-	58,630
Accumulated depreciation	-	(58,275)	-	(53,409)
Total Property, Plant and Equipment	-	5,773	-	5,221

(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	
	2009	2008	2009	2008
Consolidated Entity:	\$	\$	\$	\$
Plant and equipment				
Balance at the beginning of the year	5,773	16,612	5,221	14,228
Additions	-	-	-	-
Written down value of disposals	-	-	-	-
Foreign exchange effect on opening balance	(147)	7	-	-
Depreciation expense	(5,626)	(10,846)	(5,221)	(9,007)
Carrying amount at the end of the year	-	5,773	-	5,221

Note 12: Trade and other payables

	Consolidated		Parent Entity	
	2009	2008	2009	2008
CURRENT	\$	\$	\$	\$
Trade payables	31,355	313,566	28,824	186,343
Sundry payables and accrued expenses	17,227	13,290	-	-
	48,582	326,856	28,824	186,343

Note 13: Issued Capital

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
180,643,756 (2008: 180,643,756) fully paid ordinary shares	31,848,559	31,848,559	31,848,559	31,848,559

Movement in ordinary shares on issue

	2009		2008	
	No.	\$	No.	\$
At the beginning of the financial year	180,643,756	31,848,559	176,643,756	31,708,559
Employee share issue	-	-	4,000,000	140,000
Exercise of options	-	-	-	-
No. shares bought back during the year	-	-	-	-
At the end of the financial year	180,643,756	31,848,559	180,643,756	31,848,559

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 14: Reserves

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Option Premium Reserve				
Balance at 1 July	643,331	643,331	643,331	643,331
Balance at 30 June	643,331	643,331	643,331	643,331
Foreign Currency Translation Reserve				
Balance at 1 July	(271,030)	(451,022)	-	-
Movement due to foreign currency exchange	249,774	179,992	-	-
Balance at 30 June	(21,256)	(271,030)	-	-
Total Reserves	622,075	372,301	643,331	643,331

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 15: Accumulated Losses

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Accumulated Losses				
Balance at 1 July	(29,175,460)	(24,709,610)	(29,997,150)	(26,006,504)
Net (loss)/profit	(920,145)	(4,465,850)	(125,697)	(3,990,646)
Balance at 30 June	(30,095,605)	(29,175,460)	(30,122,847)	(29,997,150)

Note 16: Earnings per Share

	Consolidated	
	2009	2008
	¢	¢
Basic earnings/(loss) per share	(0.51)	(2.49)
	2009	2008
	No.	No.
Weighted average number of ordinary shares during the year used in the calculation of basic earnings per share	180,643,756	179,212,062

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 17: Notes to the Cash Flow Statement

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Reconciliation of net cash used in operating activities to operating profit/(loss) after income tax				
Operating profit/(loss) after income tax	(920,145)	(4,465,850)	(125,697)	(3,990,646)
Add:				
Depreciation	5,626	10,846	5,221	9,007
Share-based payments	-	52,000	-	52,000
(Gain)/Loss on sale of subsidiary	-	-	(917,592)	-
(Gain)/Loss on sale of property, plant and equipment	-	-	-	-
(Gain)/loss on sale of investments and recovery of written down investments	(148,817)	(504,153)	(148,817)	(474,743)
(Gain)/loss on revaluation of financial assets at fair value through profit or loss	329,007	3,634,977	329,007	3,387,376
Impairment losses	434,362	464,782	434,362	663,006
Dividends received and receivable from investing activities	(23,019)	(11,152)	-	-
Foreign exchange translation	104,151	189,860	156,197	(139,861)
Minority interest for the year	-	-	-	-
Changes in net assets/liabilities:				
(Increase)/decrease in receivables	39,595	39,109	8,838	609
(Increase)/decrease in inventories	30,794	(3,076)	-	-
(Decrease)/Increase in payables	(278,274)	35,084	(157,519)	(27,581)
(Decrease)/increase in provisions	-	-	-	-
Net cash (used in) operations	(426,720)	(557,573)	(416,000)	(520,833)

Note 18: Share-based Payments

The following share-based payment arrangement existed at 30 June 2009:

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.

A resolution seeking shareholder approval of the issue of the fourth tranche of 2 million shares, due and payable on 18 September 2008, was withdrawn. Issue of the 4th and 5th tranches of 2 million shares each have been deferred until further notice.

Note 19: 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 22 to the financial statements.

(c) Transactions with related parties

Transactions with key management personnel are disclosed in Note 22 to the financial statements.

Note 20: Commitments and Contingencies

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

Operating lease commitments

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Due within 1 year	-	7,664	-	-
Due 1 to 5 years	-	-	-	-
Due after 5 years	-	-	-	-
Total	-	7,664	-	-

Service Agreements

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

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Julian Sandt				
Due within 1 year	66,000	130,000	66,000	130,000
Due 1 to 5 years	-	27,083	-	27,083
Due after 5 years	-	-	-	-
Total	66,000	157,083	66,000	157,083

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

Note 21: 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 \$625,392 at 30 June 2009. As of 28 August 2009 the fair value has decreased to \$595,172 based on the market price and exchange rates at that date. The fair value of other listed investments was \$577,121 at 30 June 2009. As of 28 August 2009 the fair value, having sold shares with a 30 June 2009 fair value of \$269,749, has decreased to \$325,082 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 2009.

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 22: 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): ceased to be a subsidiary of Orchid Capital Ltd on 30 June 2009
Mr Ng Chi-Lik Erik (Director, Xing Ling International Pte Ltd): ceased to be a subsidiary of Orchid Capital Ltd on 30 June 2009
Mrs Ng Wei Koon (Director, Xing Ling International Pte Ltd): ceased to be a subsidiary of Orchid Capital Ltd on 30 June 2009
Mr Phillip Khoo (Sales Manager, Xing Ling International Pte Ltd): ceased to be a subsidiary of Orchid Capital Ltd on 30 June 2009

(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.

In response to the extent of the devaluation of the company's assets as a result of the global financial crisis, Mr J. Sandt agreed to reduce his director's fees to \$66,000pa with effect 1 October 2008 until further notice. Mr Sandt further agreed to defer issue of his entitlements to the 4th and 5th tranches, each of 2 million fully paid ordinary shares in Orchid at zero consideration.

In addition, and for the same reason outlined in the preceding paragraph, the Chairman, Mr C. McKee has agreed to reduce his director's fees by 50% with effect 1 October 2008 until further notice.

(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			
	\$	\$	\$	\$	\$	\$	\$			
2009										
Directors										
C. McKee	60,000	-	-	-	-	-	-	-	60,000	-
J.L. Sandt	82,000	-	-	-	-	-	-	-	82,000	-
A. Tan	36,000	-	-	-	-	-	-	-	36,000	-
R.P. Lambe	72,000	-	-	-	-	-	-	-	72,000	-
Sub-total - Directors	250,000	-	-	-	-	-	-	-	250,000	-
Other key management personnel										
U. Caprani (Director, Orchid Emarb Ltd)	5,194	-	-	-	-	-	-	-	5,194	-
E. Ng (Director, Xing Ling)	26,974	-	-	-	3,914	-	-	-	30,888	-
WK. Ng (Director, Xing Ling)	-	-	-	-	-	-	-	-	-	-
P. Khoo (Sales Manager, Xing Ling)	21,579	-	-	8,632	2,363	-	-	-	32,574	-
Sub-total - Key Management Personnel	53,747	-	-	8,632	6,277	-	-	-	68,656	-
Totals	303,747	-	-	8,632	6,277	-	-	-	318,656	-

	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		

(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 2008	Granted as compensation	Exercised	Expired	Other changes*	Held at 30 June 2009	Exercisable at 30 June 2009
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 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)	-	-	-	-	-	-	-

(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 2008	Purchases	Granted as Remuneration	Received on exercise of options	Sales	Held at 30 June 2009
Directors						
C. McKee	3,081,510	-	-	-	-	3,081,510
J.L. Sandt	13,882,757	-	-	-	-	13,882,757
A. Tan	460,000	212,762	-	-	-	672,762
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 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)	-	-	-	-	-	-

Note 23: Remuneration of Auditors

	Consolidated		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
Remuneration of the auditor of the parent entity for:				
auditing or reviewing the financial report	27,607	32,618	27,607	32,618
taxation services provided by related practice of auditor	-	-	-	-
Remuneration of other auditors of subsidiaries for:				
auditing or reviewing the financial report of subsidiaries	13,681	8,882	2,813	2,289

ADDITIONAL INFORMATION

Net Tangible Assets per security 1.31 cents per share

Previous period 1.69 cents per share

Entities over which control has been gained or lost: 2 lost

Orchid Emarb Ltd, a wholly owned subsidiary was liquidated on 30 June 2009.

Cash assets of \$968,200 and listed investments with a market value of \$553,031 were transferred to Orchid Capital Ltd.

Orchid Emarb Ltd contributed a loss of \$96,116 to the reporting entity's loss from ordinary activities during the period (2008: \$409,768 loss)

The entity's entire 51% shareholding in Xing Ling International Pte Ltd was sold on 30 June 2009.

Xing Ling contributed a loss of \$121,853 to the reporting entity's loss from ordinary activities during the period (2008: \$108,871 loss)

Associates and Joint ventures: Nil

This report is based on accounts which are in the process of being audited.