

**APPENDIX 4D
HALF-YEAR REPORT
FOR THE HALF-YEAR ENDING 31 DECEMBER 2009**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from Ordinary Activities:	\$546,762
Previous corresponding period:	\$134,687
Percentage Change:	Up 306%
Net Profit / (Loss) attributable to members:	\$50,232
Previous corresponding period:	(\$2,107,831)
Percentage Change:	Up 102%
Total Comprehensive Income attributable to members:	\$71,490
Previous corresponding period:	(\$1,041,215)
Percentage Change:	Up 107%
There is no proposal to pay a dividend.	
Net tangible assets per security:	1.35
Previous corresponding period:	1.11

ORCHID CAPITAL LIMITED
(ABN 30 073 099 171)

HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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CORPORATE DIRECTORY

Chairman

C McKee

Directors

J Sandt

A Tan

R Lambe

Company Secretary

R Lambe

Registered Office

C/- Mercia Taxation and Accounting

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Auditors

Monash Partners

Suite 2, 454 Roberts Road

Subiaco, Western Australia, 6008

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

ACN 073 099 171

ABN 30 073 099 171

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2009.

Directors

The names of Directors of the Company in office at any time during the half year and up to the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Clive McKee (Chairman)
Julian Sandt (Chief Executive Officer)
Alvin Tan (Non-Executive Director)
Richard Lambe (Financial Director and Company Secretary)

Review and Results of Operations

The operating profit after income tax of the consolidated entity for the half-year ended 31 December 2009 was \$50,232 (31 December 2008: Loss \$2,107,831).

Equity markets and the global economy continue a slow recovery from the "Global Financial Crisis". Orchid Capital, an investor in entrepreneurial young companies, managed to record a small profit for the second half-year period in sequence (January-June 2009, and for the reporting period July-December 2009)

Major contributor to the profit were selling proceeds of unlisted and listed assets, especially our complete holding in Pangala Group Limited, and the fluctuating share price of our largest investee, Gongyou Machines Ltd. A negative factor was the strong development of the Australian dollar, as most of our investments are denominated in other currencies, so that the increase in value in the currencies of the country of investment was partly neutralised if measured in Australian dollars.

Our operating costs in the last year have been significantly below the previous 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 about 2 years.

The nascent economic recovery should offer good opportunities. We are proactively searching and examining investment targets, and are currently in negotiations with interesting targets.

Our Asian Portfolio

Orchid Capital'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 Capital 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. While the machine tool industry is still depressed in most countries, we can see the first signs of recovery in case of Gongyou. We expect Gongyou to overcome the crisis, based on its strong balance sheet and on cost reduction measures, and to roughly break even in 2010 and to fully recover to previous profitability levels afterwards.

The other investments (RGM Entertainment Pte. Ltd and some other small investments) have been sold or are in negotiations of being sold. RGM Entertainment Pte. Ltd is currently in the process of preparing a Reverse Takeover (RTO) with a company listed on ASX. In total, we expect a profit and a further increase in our cash balance from these divestments in the current reporting period.

DIRECTORS' REPORT (CONTINUED)

Auditor's Independence Declaration

The lead auditor's independence declaration for the half year ended 31 December 2009 has been received and is set out on page 12.

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, appearing to read 'R. Lambe', written in a cursive style.

Richard Lambe, Director
Perth, 23 February 2010

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Orchid Capital Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half year then ended on that date of the consolidated entity; and
 - complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- 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.

On behalf of the Board,



Richard Lambe, Director
Perth, 23 February 2010

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

		Consolidated	
	Notes	31-Dec- 09	31-Dec-08
		\$	\$
Revenue from continuing operations			
Investment revenue		15,674	37,190
Net realised gain on disposal of held-for-trading investments		56,435	-
Gain on disposal of Pangala Group Limited	5	415,943	57,683
Net unrealised gain from held for trading investments		58,710	-
Other income	3	-	39,814
Total Revenue		<u>546,762</u>	<u>134,687</u>
Cost of goods sold		-	(21,913)
Employee benefits expenses		-	(43,074)
Depreciation expenses		-	(1,969)
Consultancy and other professional fees		(133,496)	(167,328)
Computer and office expenses		(155)	(68,216)
Interest expenses		-	(2,375)
Travelling and entertainment expenses		(2,238)	(13,202)
Foreign exchange losses		(200,637)	(715,558)
Impairment losses		-	(290,040)
Net unrealised losses from held for trading investments		(53,000)	(889,347)
Net realised losses from held for trading investments		-	(1,033)
Other expenses	3	(29,761)	(28,463)
Profit / (loss) from ordinary activities before income tax expense		127,475	(2,107,831)
Income tax expense relating to ordinary activities		-	-
Profit / (loss) for the period from continuing operations		<u>127,475</u>	<u>(2,107,831)</u>
Discontinued operations			
Loss on discontinued operations	6	(77,243)	-
Profit / (loss) for the period		50,232	(2,107,831)
Other comprehensive income			
Movement in translation reserve		21,258	1,066,616
Total comprehensive income for the period		<u>71,490</u>	<u>(1,041,215)</u>
Total comprehensive income attributable to the owners of the parent		<u>71,490</u>	<u>(1,041,215)</u>
Earnings per share			
Basic earnings / (loss) per share (cents per share)		0.028	(1.17)
Diluted earnings / (loss) per share (cents per share)		0.028	(1.17)
From continuing operations			
Basic earnings / (loss) per share (cents per share)		0.071	(1.17)
Diluted earnings / (loss) per share (cents per share)		0.071	(1.17)

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 9 to 11.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

		Consolidated	
	Note	31-Dec-09	30-Jun-09
		\$	\$
Current Assets			
Cash and cash equivalents	4	1,752,407	1,216,529
Trade and other receivables		6,383	3,314
Other financial assets		708,867	1,202,512
Total Current Assets		<u>2,467,657</u>	<u>2,422,355</u>
Non-Current Assets			
Other financial assets		-	-
Total Non-Current Assets		<u>-</u>	<u>-</u>
Total Assets		<u>2,467,657</u>	<u>2,422,355</u>
Current Liabilities			
Trade and other payables		21,140	47,328
Total Current Liabilities		<u>21,140</u>	<u>47,328</u>
Total Liabilities		<u>21,140</u>	<u>47,328</u>
Net Assets		<u>2,446,517</u>	<u>2,375,027</u>
Equity			
Issued capital		31,848,559	31,848,559
Reserves		643,331	622,073
Accumulated losses		(30,045,373)	(30,095,605)
Total equity attributable to members of the parent entity		<u>2,446,517</u>	<u>2,375,027</u>

Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 9 to 11.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Ordinary Shares \$	Translation Reserve \$	Option Reserve \$	Accumulated Losses \$	Total Attributable to Members \$
Consolidated					
Balance at 1 July 2008	31,848,559	(271,030)	643,331	(29,175,460)	3,045,400
Total comprehensive income for the half year	-	1,066,616	-	(2,107,831)	(1,041,215)
Balance at 31 December 2008	31,848,559	795,586	643,331	(31,283,291)	2,004,185
Balance at 1 July 2009	31,848,559	(21,258)	643,331	(30,095,605)	2,375,027
Total comprehensive income for the half year	-	21,258	-	50,232	71,490
Balance at 31 December 2009	31,848,559	-	643,331	(30,045,373)	2,446,517

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 9 to 11.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Note	Consolidated 31-Dec-2009 \$	31-Dec-2008 \$
Cash flows from operating activities			
Cash receipts from customers		-	31,986
Cash paid to suppliers and employees		(358,066)	(313,112)
Interest received		15,674	26,400
Interest paid		-	(2,375)
Sundry income		-	305
Net cash (used in) operating activities		<u>(342,392)</u>	<u>(256,796)</u>
Cash flows from investing activities			
Proceeds from sale of Pangala Group Limited		415,943	-
Proceeds from sale of investments		462,327	59,323
Dividend received		-	10,789
Net cash from investing activities		<u>878,270</u>	<u>70,112</u>
Cash flows from financing activities			
Proceeds from borrowings		-	49,222
Repayment of borrowings		-	(3,933)
Net cash from financing activities		<u>-</u>	<u>45,289</u>
Net increase / (decrease) in cash and cash equivalents		535,878	(141,395)
Cash and cash equivalents at beginning of the period		1,216,529	813,099
Effect of exchange rate fluctuations on cash held in foreign currencies		-	95,318
Cash and cash equivalents at end of the period	4	<u>1,752,407</u>	<u>767,022</u>

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 9 to 11.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

1. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report together with any public announcements made by Orchid Capital Limited during the half year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historic costs, except for the financial assets for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

Apart from adoption of new and amending standards as per below, the accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2009.

- AASB 8 Operating Segments: The revised standard separates owner and non-owner changes in equity and requires a statement of comprehensive income to be prepared which discloses all changes in equity during a period resulting from non-owner transaction. The Company has presented the statement of comprehensive income in a single statement approach.
- AASB 101 Presentation of Financial Statements: This standard requires a management approach to be used for segment report and replaces the requirement to determine the primary and secondary segments. The adoption of this standard did not have any impact on the Company.

2. SEGMENT INFORMATION

The Company has adopted AASB 8 Operating Segments with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The adoption of AASB 8 has not resulted in any changes to the segments that are disclosed in the annual financial statements, as the segments are consistent with the internal management reporting information that is regularly reviewed by the chief operating decision maker.

After the disposal of all subsidiaries, the Company engages in one business being investment management, activity from which it earns revenues, and its results are analysed as a whole by the chief operating decision maker. Consequently revenue, profit and net assets for the operating segment are reflected in the half-year report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

3. INCOME AND EXPENSES

	31-Dec-09	Consolidated 31-Dec-08
	\$	\$
Other income		
Pharmaceutical Sales	-	39,509
Sundry Income	-	305
Total other income	<u>-</u>	<u>39,814</u>
Other expenses		
ASIC and ASX fees	11,713	9,570
Bank charges	2,892	6,189
Electricity	-	1,909
General expenses	1,221	2,485
Legal expenses	2,959	-
Postage, freight & courier	172	2,289
Management fees	8,062	-
Repairs & maintenance	-	1,724
Share registry services	2,742	3,137
Storage rental	-	1,160
Total other expenses	<u>29,761</u>	<u>28,463</u>

4. CASH AND CASH EQUIVALENTS

	31-Dec-09	Consolidated 30-June-09
	\$	\$
Cash at bank and in hand	1,692,407	1,216,529
Short-term bank deposits	60,000	-
Cash and cash equivalents at the end of the financial period	<u>1,752,407</u>	<u>1,216,529</u>

5. DISPOSAL OF INVESTMENT HELD FOR SALE

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. Considering the nature of the holding, the investment has been treated as an investment held for sale in previous years. During the current period, the Company sold PGL for 13,000,000 Thai Baht (equivalent to \$415,943) to a third party. A gain of \$415,943 was recognised in the disposal of PGL for the half year ended 31 December 2009.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

6. DISPOSAL OF A SUBSIDIARY (DISCONTINUED OPERATION)

On 24 November 2009, the Company transferred its 100% holding in Orchid Capital Limited (Thailand) (“Thailand Company”) at \$Nil consideration to directors of the Thailand Company. The transfer was part of a strategy to exit from Thailand.

The loss for the period from the discontinued operation is analysed as follows:

	31-Dec-09
	\$
Loss of Thailand Company for the period	(1,781)
Loss on disposal of Thailand Company	(77,243)
	(79,024)
Basic earnings (loss) per share (cents per share)	(0.043)
Diluted earnings (loss) per share (cents per share)	(0.043)

The following were the results of Thailand Company for the period:

	31-Dec-09
	\$
Revenue	37
Operating expenses	(1,818)
Loss before income tax	(1,781)
Income tax expense	-
Loss after income tax	(1,781)

7. DIVIDEND PAID

No dividends were paid or provided during the half-year ended 31 December 2009.

8. COMMITMENTS AND CONTINGENCIES

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report.

9. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. During the half year ended 31 December 2009, directors’ fees of \$24,000, \$33,000, \$18,000 and \$36,000 were paid to Clive McKee, Julian Sandt, Alvin Tan and Richard Lambe, respectively.

10. EVENTS AFTER THE BALANCE SHEET DATE

There are no material items, transactions or events 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.



AUDITOR'S INDEPENDENCE DECLARATION

To: the Directors of 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 lead audit partner for the review of the financial statements of Orchid Capital Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have no contraventions of:

- the auditor independence requirements of the Corporation Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Dated 23 February 2010

A handwritten signature in black ink that reads "Monash Partners" followed by a stylized signature that appears to be "Mark Anthony English".

Monash Partners
Chartered Accountants

Mark Anthony English
Registered Company Auditor
Number 14074



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Orchid Capital Limited, which comprises the consolidated statement of financial position as at 31 December 2009, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration. The consolidated entity comprised both Orchid Capital Limited ("the Company") and the entity it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year 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..

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements; ASRE 2410 Review of Interim And Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with Corporations Act 2001 including, giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Orchid Capital Limited, ASRE 2410 requires that we comply with the ethical requirements.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, has been provided to the directors of Orchid Capital Limited on 23 February 2010.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orchid Capital Limited is not in accordance with the Corporations Act 2001 including;

- giving a true and fair review of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001

Dated 23 February 2010

Handwritten signature of Monash Partners, consisting of the words "Monash Partners" in a cursive script, with a second, more stylized signature below it.

Monash Partners
Chartered Accountants
Number 14074

Mark Anthony English
Registered Company Auditor