

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

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2006

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CORPORATE DIRECTORY

DIRECTORS

C McKee
J Sandt
N Grafton
A Tan

COMPANY SECRETARY

N Grafton

REGISTERED OFFICE

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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
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STOCK EXCHANGE LISTING

The Company is listed on the Australian Stock 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

CHAIRMAN'S REPORT

On behalf of the Board of Orchid Capital Limited ("the Company"), I present the Annual Report for the year ended 30 June 2006.

2006 was a year of profound change for the Company. After withdrawing from the mineral exploration projects in China during the first months of the reporting period, the Board decided to re-focus the strategy of the company.

While we continue to focus on Asia, the region with the highest economic growth rate, we concentrate on investing in companies in fast growing sectors, such as pharmaceuticals, renewable energy. These companies will typically either be located in China, or benefit directly from the strong economy in China and other Asian countries.

Regarding the type and structure of future investments, we would look for either a controlling interest in the investee company or perhaps a non-controlling interest in the case of already highly profitable companies which can be listed on a stock exchange in the near future (Pre-IPO stage).

Julian Sandt assumed the position of CEO of Orchid Capital in September 2005. Since then, Orchid has invested in Xing Ling International Pte Ltd, Singapore, and Gongyou Machines Ltd. An agreement was signed in May 2006 to invest S\$2,200,000 in Gongyou Machines Ltd (incorporated in Singapore with operations in China), but the finalisation of the agreement and the transfer of funds occurred after the end of the reporting period and is therefore not reflected in the accounts.

In addition, Mr Sandt has implemented rigid cost reduction measures, of which the full impact will become evident in the current financial year 2006/7.

The outlook for the Company's older Asian investments has improved. The Jiva Kata hotel has been sold at a price above book value and Advent Air Ltd, (formerly Advent Television Ltd), recently had its IPO on the London Stock Exchange (AIM). Our intention is to sell all of our older, non-core investments.

The Company continues to hold a healthy cash balance.

The Board of Directors is optimistic that the new investee companies will perform well, and that this coming year should prove to be a rewarding one for the company. We trust that our loyal shareholders will stay with us whilst we enter this new significant growth opportunity in the China/Asia Pacific region. We also see good chances that on-going negotiations will lead to additional investments. Orchid is well positioned to benefit from the economic expansion in Asia.

I would like to thank the Board for its contribution to the progress of the Company during this year of consolidation. We expect to see the first fruits of the new strategy within the current financial period.

REVIEW OF OPERATIONS

After the termination of the China exploration projects, Orchid had to lay new and solid foundations.

The first months of the reporting period were affected by measures related to the exit from the exploration projects, although every effort was made to minimise these costs.

At the same time, the management changed, and a new strategy had to be implemented.

The new management immediately executed drastic cost reduction measures. Salaries, office costs and headcount were reduced to the bare minimum, and the costly listing on London's AIM was terminated.

In November 2005, Orchid's new management finalised its first investment in Asia, a 51% majority interest in Xing Ling International Pte. Ltd., Singapore for S\$250,000. While it is a relatively small investment in a young company, the upside potential is tremendous. Xing Ling owns the exclusive global distribution rights for Topsun, China's fifth largest pharmaceutical group. Xing Ling recently announced that the Singapore Health Authority has granted approval for the sale of several additional products in the Singapore market. Xing Ling currently sells to the local market in Singapore, but is in negotiation with large chain stores in several countries.

After having examined various Pre-IPO investment opportunities in China, Orchid announced in May 2006 that with an investment of S\$2.2 million it will be the lead investor in the pre-IPO investment round of Asia Gongyou (Holdings) Pte. Ltd (the name has since been changed to Gongyou Machines Ltd). Gongyou is China's leading manufacturer of woodworking machines and has been increasingly profitable for many years. The company, with far more than 1,000 employees, has had significant growth in both the domestic and export markets. The participation has been acquired at a low Price-Earnings-Ratio, so that a listing on an overseas stock exchange is expected to generate a high return. The preparations for a listing have already started.

Orchid EMARB Ltd (EMARB) is an international offshore fund established in 2002 with funds of €2.5 million. The fund invests principally in investment grade Euro bonds. EMARB recorded a loss for the year of € 253, 819. At the end of the financial year ended 30 June 2006, cash represented 52% of the portfolio. The Board continues to monitor the market closely and maintains a conservative perspective in its investments.

Orchid has disposed of its 23.2% interest in the Jiva Resort and Spa (Phuket/Thailand). The sales proceeds will be transferred in several stages by the buyer over the coming year. Advent Air Ltd., an investment made in the year 2000, which was nearly fully written down, had its IPO in London during the period, which should allow Orchid to sell its shares at a profit.

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 2006 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 2.2 The chairperson should be an independent director 2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual 2.4 The board should establish a nomination committee 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. None 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: 3.1.1 the practices necessary to maintain confidence in the company's integrity 3.1.2 the responsibility and accountability of individuals for reporting or investigating reports of unethical practices 3.2 Disclose the policy concerning trading in company securities by directors, officers and employees 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>	Adopted

<p>4.2 The board should establish an audit committee</p> <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>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>
<p>Promote timely and balanced disclosure of all material matters concerning the company</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>Adopted</p>
<p>Respect the rights of shareholders and facilitate the effectiveness of those rights</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>Adopted</p>
<p>Establish a sound system of risk oversight and management and internal control</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> <ul style="list-style-type: none"> 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 7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects. <p>7.3 Provide the information indicated in the 'Guide to reporting on Principle 7'</p>	<p>Adopted</p>
<p>Fairly review and actively encourage enhanced board and management effectiveness</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>Adopted</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

DIRECTORS' REPORT

The Board of Directors of Orchid Capital Limited have pleasure in presenting their report on the consolidated entity consisting of Orchid Capital limited and the entities controlled at the end of or during the year ended 30 June 2006.

DIRECTORS

The names and details of the Directors in office at the date of this report are:

Clive McKee (Chairman)

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)

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.

Norman Grafton (Finance Director and Company Secretary)

Mr Grafton (FCPA, FCIS) has had considerable experience in both Australian and international commerce, having previously been based in Singapore, Indonesia, Papua New Guinea and Jamaica. Prior to returning to Australia, he was Director of Finance and Company Secretary of the largest agro-industrial operation in Jamaica on secondment from a major UK firm of corporate managers. No other Directorships were held in listed companies over the past three years.

Alvin Tan (Non-Executive Director)

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.

DIRECTORS' MEETINGS

During the year ended 30 June 2006 the Company held fifteen meetings of Directors. The attendances of Directors at meetings of the Board were:

Name	Number held and entitled to attend	Number attended
C McKee	15	15
J Sandt	15	14
N Grafton	15	15
A Tan	15	15
R Kestel	-	-
D Tyrwhitt	8	8

PRINCIPAL ACTIVITIES

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

RESULTS OF OPERATIONS

The operating loss after income tax of the consolidated entity for the year ended 30 June 2006 was \$1,357,451 (2005: \$4,125,594).

DIVIDENDS

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS AND REVIEW OF OPERATIONS

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. A full review on the operations of the Orchid Group, are set out under "Review of Operations" in the Annual Report.

INDEMNITIES

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.

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.

EVENTS SUBSEQUENT TO BALANCE DATE

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.

NON-AUDIT SERVICES

The Board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor, and
- The nature of the services do not compromise the general principles relating to auditors independence as set out in the Institute of Chartered Accountant's in Australia and CPA Australia's Professional Statement F1; Professional Independence.

Tax Services	\$3,751
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REMUNERATION REPORT**Directors' Remuneration**

The Board reviews the remuneration packages of all Directors and any Executive Officers. The Board does not have any formal remuneration policy, but any decision on remuneration increases or bonuses is made having due regard to the Consolidated Entity's performance and other relevant factors.

Details of the nature and amount of each element of remuneration of each Director of the Consolidated Entity paid or payable by the Consolidated Entity during the financial year are as follows:

Mr Sandt is entitled to an issue of 2 million shares for each of the three years of his letter agreement. Although the first tranche of 2 million shares has been provided for, they have not as yet been issued. There are no redundancy terms. The contract with Norman Grafton has been cancelled subsequent to balance date and there are no redundancy payments to be made.

Parent Entity Directors' Remuneration 2006

	Salary, Fees & Commissions	Superannuation Contribution	Non-Cash Benefits	Total
	\$	\$	\$	\$
Clive McKee	126,131	-	-	126,131
Julian Sandt	110,028	-	92,000	202,028
Norman Grafton	99,684	32,063	-	131,747
Alvin Tan	98,000	4,650	-	102,650
Ross Kestel	-	-	-	-
David Tyrwhitt	41,000	-	-	41,000
	<u>474,843</u>	<u>36,713</u>	<u>92,000</u>	<u>603,556</u>

2005

	Salary, Fees & Commissions	Superannuation Contribution	Non-Cash Benefits	Total
	\$	\$	\$	\$
Clive McKee	141,552	-	-	141,552
Julian Sandt	31,709	-	-	31,709
Norman Grafton	110,696	34,000	-	144,696
Alvin Tan	158,333	14,250	-	175,583
Ross Kestel	31,354	-	-	31,354
	<u>473,644</u>	<u>48,250</u>	<u>-</u>	<u>521,894</u>

OPTIONS

At the date of this report, the unissued ordinary shares of Orchid Capital Limited under option are as follows:

Date of Expiry	Exercise Price \$	Number under Option
30 November 2006	0.05	99,255,521

No person entitled to exercise these options had or has any right by virtue of the option to participate in any share issue of any other body corporate.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2006 has been received and is set out on page 39.

This report is made in accordance with a resolution of the Directors.

Norman Grafton
Director
Perth, Western Australia
26 September 2006

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Revenue from ordinary activities	3	1,944,716	13,823,398	113,478	115,561
Cost of goods sold		(33,789)	-	-	-
Employee benefits expense		(329,609)	(366,717)	(256,515)	(366,717)
Depreciation expense		(33,901)	(16,855)	(32,245)	(16,855)
Consultancy and other professional fees		(411,856)	(234,500)	(389,822)	(228,701)
Computer and office expenses		(188,957)	(190,885)	(164,962)	(190,885)
Travelling and entertainment expenses		(79,576)	(39,828)	(48,829)	(39,828)
Provision for write down of investments		(411,119)	(56,670)	(38,120)	(229,696)
Cost of investments sold		(1,629,255)	(13,049,851)	(54,921)	(49,750)
Exploration and evaluation costs written off		(227,671)	(3,500,194)	(227,671)	-
AIM listing expenses		(463,709)	(146,881)	(463,709)	(146,881)
Foreign exchange losses		(216,786)	-	-	-
Write off of unrecoverable investment & loan		-	-	-	(3,165,080)
Share of net losses of associates accounted for using equity method/deconsolidation adjustment		881,889	(201,966)	-	-
Other expenses from ordinary activities		(129,101)	(144,645)	(91,689)	(65,238)
Loss from ordinary activities before income tax expense		(1,328,724)	(4,125,594)	(1,655,005)	(4,384,070)
Income tax expense relating to ordinary activities		-	-	-	-
Net loss after tax		(1,328,724)	(4,125,594)	(1,655,005)	(4,384,070)
Add minority interest		(28,727)	-	-	-
Net loss attributable to members of the parent entity		(1,357,451)	(4,125,594)	(1,655,005)	(4,384,070)
Basic earning per share (cents per share)	9	(0.78)	(2.72)		

Diluted earnings per share has not been included, as 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 2006**

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	10	607,760	2,162,621	234,035	595,489
Trade and other receivables	11	114,949	45,111	11,722	24,142
Trading Stock (finished goods)		7,463	-	-	-
Other financial assets	14	3,951,931	3,248,012	57,000	87,041
TOTAL CURRENT ASSETS		4,682,103	5,455,744	302,757	706,672
NON CURRENT ASSETS					
Receivables	11	-	4,337	-	4,337
Other financial assets	14	810,040	849,151	5,319,724	5,168,611
Property, plant and equipment	16	34,347	48,340	30,611	48,340
Exploration and evaluation expenditure		-	-	-	-
TOTAL NON-CURRENT ASSETS		844,387	901,828	5,350,335	5,221,288
TOTAL ASSETS		5,526,490	6,357,572	5,653,092	5,927,960
CURRENT LIABILITIES					
Trade and other payables	18	200,505	164,204	166,150	148,094
Short-term provisions	19	26,463	55,053	17,134	55,053
TOTAL CURRENT LIABILITIES		226,968	219,257	183,284	203,147
NON CURRENT LIABILITIES					
Borrowings from subsidiary	28	-	-	1,400,000	-
Long-term provisions	19	41,509	38,333	38,333	38,333
TOTAL NON CURRENT LIABILITIES		41,509	38,333	1,438,333	38,333
TOTAL LIABILITIES		268,477	257,590	1,621,617	241,480
NET ASSETS		5,258,013	6,099,982	4,031,475	5,686,480
EQUITY					
Issued capital	21	31,612,407	31,612,407	31,612,407	31,612,407
Reserves	22	614,252	142,058	564,678	564,678
Accumulated losses	22	(27,011,934)	(25,654,483)	(28,145,610)	(26,490,605)
Total equity attributable to members of the parent entity		5,214,075	6,099,982	4,031,475	5,686,480
Minority interests	22	43,288	-	-	-
TOTAL EQUITY		5,258,013	6,099,982	4,031,475	5,686,480

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Total equity at the beginning of the financial year	6,099,982	8,046,161	5,686,480	7,336,030
Loss for the year	(1,357,451)	(4,125,594)	(1,655,005)	(4,384,070)
Total recognised loss for the year attributable to members of Orchid Capital Limited	(1,357,451)	(4,125,594)	(1,655,005)	(4,384,070)
Transactions with equity holders in their capacity as equity holders:				
Shares issued during the year	-	1,600,000	-	1,600,000
Options exercised during the year	-	1,165,472	-	1,165,472
Movement in Option Premium Reserve	-	(30,952)	-	(30,952)
Movement in Foreign Currency Translation Reserve	472,194	(555,105)	-	-
Minority interests	43,288	-	-	-
Total equity at the end of the financial year	5,258,013	6,099,982	4,031,475	5,686,480

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers, contractors and employees		(2,106,528)	(908,618)	(1,616,510)	(823,663)
Sundry income		5,800	1,290	-	1,290
Interest received		129,408	295,144	11,983	44,819
Dividends received		3,877	-	-	-
Sales		48,024	-	-	-
Proceeds on sale of investments		1,757,607	-	101,495	-
Effect of translating foreign financial statements		-	(78,462)	-	-
Net cash used in operating activities	30	(71,812)	(690,646)	(1,503,032)	(777,554)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of plant and equipment		(49,701)	(26,077)	(44,309)	(26,077)
Payment for investments		(1,407,675)	(12,436,293)	(214,113)	-
Mining tenements and exploration expenditure		-	(1,900,194)	-	-
Proceeds from investments		-	13,338,566	-	68,043
Net receipts on derivative instruments		-	157,314	-	-
Net cash generated (used in)/from investing activities		(1,457,376)	(866,684)	(258,422)	(22,137)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from share and option issues		-	1,059,521	-	1,059,521
Funds received from former subsidiary		-	-	-	-
Loan provided from subsidiary		-	-	1,400,000	-
Loan provided to a subsidiary		-	-	-	(1,146,478)
Net cash inflow financing activities		-	1,059,521	1,400,000	(86,957)
Net increase/(decrease) in cash held		(1,528,188)	(497,809)	(361,454)	(886,648)
Cash and cash equivalents at beginning of financial year	10	2,162,621	2,774,618	595,489	1,482,137
Effect of exchange rates on cash holdings in foreign operations	10	(25,673)	(114,188)	-	-
Cash and cash equivalents at end of financial year		607,760	2,162,621	234,035	595,489

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

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 (IFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of IFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of Orchid Capital Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented. The parent and consolidated entities have however elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement.

Reconciliations of the transition from previous Australian GAAP to IFRS have been included in Note 2 to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Significant Accounting Policies

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

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

(a) Principles of Consolidation

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

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

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

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

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

(b) Income Tax

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

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

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

(c) Land for Sale

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

(d) Plant and Equipment

Plant and equipment are measured on the cost basis.

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

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

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

Depreciation

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

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

The depreciation rate used for depreciable assets is:

Plant and equipment	33.3%
Office Furniture	20.0%

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

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

(e) **Exploration and Development Expenditure**

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

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

(f) **Financial Instruments**

Recognition

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

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

Fair value

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

Impairment

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

(g) Impairment of Assets

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

(h) Investments in Associates

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

(i) Foreign Currency Transactions and Balances**Functional and presentation currency**

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

Transaction and balances

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

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

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

Group companies

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

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

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

(j) Employee Benefits

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

Defined superannuation schemes

There are no defined benefit plans.

Equity-settled compensation

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

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Cash and Cash Equivalents

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

(m) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

(o) Comparative Figures

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

(p) Inventories

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

Note 2: First-time Adoption of Australian Equivalents to International Financial Reporting Standards**AASB Transition Exemptions**

The consolidated entity has made its election in relation to transitional exemptions allowed by AASB1: *First time adoption to AIFRS* as follows:

- 1) **Business Combination**
AASB3: Business combination was not prepared retrospectively to past business combinations that occurred before the date of transition to AIFRS.
- 2) **Exemptions from the requirement to restate comparative information for AASB132 and AASB 139**
The consolidated entity has elected to adopt this exemption and has not applied AASB 132: *Financial Instruments presentation and Disclosure* and AASB 139: *Financial Instruments: Recognition and measurements* to its comparative information.
- 3) **There were no AIFRS impacts and therefore there are no adjustments to the prior year's comparatives.** Share options issued in 2005 were costed at fair values in the prior years' accounts.

Note 3: Revenue	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Operating activities				
Interest income	129,408	287,393	11,983	46,228
Dividends	3,877	-	-	-
Proceeds on disposal of tradable investments	1,757,607	13,338,567	101,495	68,043
Net results from derivative investments	-	196,148	-	-
Sales	48,024	-	-	-
Sundry income	5,800	1,290	-	1,290
Total Revenue	1,944,716	13,823,398	113,478	115,561

Note 4: Profit/(Loss) from Ordinary Activities

Loss from ordinary activities before income tax has been determined after:

<i>Gains/(Expenses)</i>				
Depreciation of plant and equipment	(33,901)	(16,855)	(32,245)	(16,855)
Employee benefit expenses	(329,609)	(366,717)	(256,515)	(366,717)
Provision for write down of investments	(411,119)	(56,670)	(38,120)	(229,696)
Share of net losses of associates	-	(201,966)	-	-
Write-off of property, plant and equipment	(29,793)	(94)	(29,793)	(94)
Exploration and evaluation costs written off	(227,671)	(3,500,194)	(227,671)	-
Write off of unrecoverable investment & loan	-	-	-	(3,165,080)
Options issued to specified executives	-	(75,000)	-	(75,000)
Net exchange (loss)/gain	(216,786)	-	-	-
Net results from derivative instruments	-	196,148	-	-

Note 5: Income Tax Expense

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Prima facie tax on operating loss before income tax at 30%	(407,235)	(1,237,678)	(501,007)	(1,315,221)
Tax effect of permanent differences	(11,010)	(14,028)	(11,963)	1,279,807
Carried forward tax losses	-	16,435	105,024	16,435
Future income tax benefit not brought to account	396,225	1,235,271	407,946	18,979
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 benefit to be realised.

The Company has estimated income losses and capital losses of \$10,664,000 and \$4,072,000 respectively (2005: \$9,241,000 and \$4,119,000 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 condition of 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.

Deferred tax assets

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Provisions and accruals	24,891	28,015	21,140	28,015
Write down of investments	390,699	374,201	402,413	383,513
Tax losses	3,199,200	2,772,300	3,199,200	2,772,300
	<u>3,614,790</u>	<u>3,174,516</u>	<u>3,622,753</u>	<u>3,183,828</u>

Note 6: Directors' and Executives' Remuneration (key management personal)

- (a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Parent Entity Directors

Clive McKee	Chairman	Appointed 20 September 2005
Julian Sandt	Chief Executive Officer	Appointed 20 September 2005
Norman Grafton	Finance Director/Company Secretary	
Alvin Tan	Non-executive Director	Resigned as Managing Director 20 September 2005
Ross Kestel	Chairman	Retired 1 July 2005
David Tyrwhitt	Chairman	Appointed 1 July 2005, Resigned 20 September 2005

Specified Executives (key management personal)

There were no specified executives during the current year

- (b) **Parent Entity Directors' Remuneration 2006**

	Salary, Fees & Commissions	Superannuation Contribution	Non-Cash Benefits	Total
	\$	\$	\$	\$
Clive McKee	126,131	-	-	126,131
Julian Sandt	110,028	-	92,000	202,028
Norman Grafton	99,684	32,063	-	131,747
Alvin Tan	98,000	4,650	-	102,650
Ross Kestel	-	-	-	-
David Tyrwhitt	41,000	-	-	41,000
	<u>474,843</u>	<u>36,713</u>	<u>92,000</u>	<u>603,556</u>

2005

	Salary, Fees & Commissions	Superannuation Contribution	Non-Cash Benefits	Total
	\$	\$	\$	\$
Clive McKee	141,552	-	-	141,552
Julian Sandt	31,709	-	-	31,709
Norman Grafton	110,696	34,000	-	144,696
Alvin Tan	158,333	14,250	-	175,583
Ross Kestel	31,354	-	-	31,354
	<u>473,644</u>	<u>48,250</u>	<u>-</u>	<u>521,894</u>

The service and performance criteria set to determine remuneration are included per Note 7(h).

(c) **Specified Executives' Remuneration**

There were no Specified Executives (key management personal other than directors) in the current year.

2005

	Primary			Total
	Salary & Fees	Superannuation Contribution	Options	
	\$	\$	\$	\$
David Tyrwhitt	226,000	-	320,000	546,000
Stephen Dobson	80,500	7,245	75,000	162,745
	<u>306,500</u>	<u>7,245</u>	<u>395,000</u>	<u>708,745</u>

(d) **Remuneration Options**

There were no options granted as remuneration during the current year.

(e) **Shares Issued on Exercise of Remuneration Options**

There were no options exercised during the year that were granted as remuneration in prior periods.

(f) **Options and Rights Holdings**

Number of options held by Specified Directors and Executives

	Balance 1.7.05	Granted as Remuneration	Options Exercised*	Net Change Other*
Parent Entity Directors				
Clive McKee	1,250,000	-	-	-
Julian Sandt	1,000,000	-	-	-
Norman Grafton	1,000,000	-	-	-
Alvin Tan	1,750,000	-	-	-
Ross Kestel (Retired 1 July 2005)	250,000	-	-	-
David Tyrwhitt (Retired 20 September 2005)	-	-	-	-
Specified Executives				
There were no specified executives during the current year	-	-	-	-
Total	<u>5,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Balance 30.6.06	Total Vested 30.6.06	Total Exercisable 30.6.06	Total Unexercisable 30.6.06
Parent Entity Directors				
Clive McKee	1,250,000	1,250,000	1,250,000	-
Julian Sandt	1,000,000	1,000,000	1,000,000	-
Norman Grafton	1,000,000	1,000,000	1,000,000	-
Alvin Tan	1,750,000	1,750,000	1,750,000	-
Ross Kestel (Retired 1 July 2005)	-	-	-	-
David Tyrwhitt (Appointed 1 July 2005. Retired 20 September 2005)	-	-	-	-
Total	5,000,000	5,000,000	5,000,000	-

No options were issued, and no options were exercised, during the year.

*The net change other reflected above includes those options that have been forfeited by holders as well as options issued during the year under review.

(g) **Shareholdings**

Number of Shares held by Parent Entity Directors and Specified Executives

	Balance 1.7.05	Received as Remuneration	Options Exercised
Parent Entity Directors			
Clive McKee	1,250,000	-	-
Julian Sandt	100,000	-	-
Norman Grafton	-	-	-
Alvin Tan	460,000	-	-
Ross Kestel (Retired 1 July 2005)	-	-	-
David Tyrwhitt (Appointed 1 July 2005. Retired 20 September 2005)	2,000,000	-	-
	3,810,000	-	-
	* Net Change Other	Balance 30.6.06	
Parent Entity Directors			
Clive McKee	1,831,510	3,081,510	
Julian Sandt	6,391,556	6,491,556	
Norman Grafton	-	-	
Alvin Tan	-	460,000	
	8,223,066	10,033,066	-

* Net change other refers to shares purchased or sold during the financial year.

(h) **Remuneration Practices**

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

The Board reviews the remuneration packages of all Directors and any Executive Officers. The Board does not have any formal remuneration policy, but any decision on remuneration increases or bonuses is made having due regard to the Consolidated Entity's performance and other relevant factors.

Note 7: Auditors' Remuneration	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	25,216	28,500	22,695	28,500
— due diligence services	-	18,061	-	18,061
— taxation services provided by related practice of auditor	3,513	3,750	-	3,750
Remuneration of other auditors of subsidiaries for:				
— auditing or reviewing the financial report of subsidiaries	8,306	4,295	2,521	3,300

Note 8: Dividends

No dividends were paid during the current year

Note 9: Earnings per Share

	2006 \$	2005 \$
(a) Reconciliation of Earnings to Profit/(Loss)		
Profit/(Loss) from:		
discontinued operations	654,218	-
continuing operations	(2,011,669)	(4,125,594)
Net Profit/(Loss)	(1,357,451)	(4,125,594)
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	No. 174,560,713	No. 151,768,454
(c) Earnings per share from:	Cents	Cents
discontinued operations	0.37	-
continuing operations	(1.15)	(2.72)

Note 10: Cash Assets	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Cash at bank and in hand	547,782	141,543	174,035	145,489
Short-term bank deposits	59,978	2,021,078	60,000	450,000
	<u>607,760</u>	<u>2,162,621</u>	<u>234,035</u>	<u>595,489</u>

The effective interest rate on short-term bank deposits was 5.7% (2005: 3.26%); these deposits have an average maturity of 180 days.

Note 11: Trade & Other Receivables	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
CURRENT				
Trade receivables	112,694	22,736	11,722	24,142
Other receivables	2,255	22,375	-	-
TOTAL CURRENT RECEIVABLES	<u>114,949</u>	<u>45,111</u>	<u>11,722</u>	<u>24,142</u>
NON CURRENT				
Deposit	-	4,337	-	4,337

Note 12: Land Held for Resale

Pangala Holdings Limited ("PHL"), 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 at Samsara, Thailand. It is the intention to sell PHL 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 13: Associated Company

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carry amount of investment	
				2006 %	2005 %	2006 \$	2005 \$
Unlisted:							
Jiva Kata Resort Company Limited	Hotel Management Thailand		Ord	23.2%	23.2%	500,000	550,000

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
(a) Movements During the Year in Equity Accounted Investment in Associated Company					
Balance at beginning of the financial year		555,000	704,648	555,000	704,648
Share of associated company's profit/(loss) from ordinary activities and write down of carrying value		55,000	149,648	55,000	149,648
Disposals during the year		-	-	-	-
Balance at end of the financial year		500,000	555,000	500,000	555,000

Note 14: Other Financial Assets	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Available-for-sale Financial Assets:				
Listed investments, at fair value				
Shares in listed corporations	1,348,315	439,887	57,000	87,041
Investments in debt instruments	2,603,616	2,808,125	-	-
	3,951,931	3,248,012	57,000	87,041

Other Financial Assets (Non current):

Shares in subsidiaries				
Orchid EMARB Ltd	-	-	4,261,460	4,261,460
Orchid Thailand Ltd	-	-	89,048	89,048
Less: provision for write down	-	-	(39,048)	(31,048)
Xing Ling International Pte Ltd	-	-	198,224	-
	-	-	4,509,684	4,319,460

Investments in unlisted associate companies (Note 13)

Jiva Kata Resort Company Limited	1,226,750	1,226,750	1,226,750	1,226,750
Less: provision for write down	(726,750)	(671,750)	(726,750)	(671,750)
	500,000	555,000	500,000	555,000

Shares in other companies	595,581	595,581	595,581	595,581
Less: provision for write down	(575,581)	(575,581)	(575,581)	(575,581)
	20,000	20,000	20,000	20,000

Investment land held for resale (Note 12)	290,040	274,151	290,040	274,151
Total non current other financial assets	810,040	849,151	5,319,724	5,168,611

Note 15: Controlled Entities

(a) **Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)*	
		2006	2005
Parent Entity:			
Orchid Capital Limited	Australia		
Subsidiaries of			
Orchid EMARB Limited	BVI	100	100
Orchid Capital Limited (Thailand)	Thailand	100	100
Xing Ling International Pte Ltd	Singapore	51	-
Teleios Pte Ltd (Subsidiary of Xing Ling)	Singapore	100	-

* Percentage of voting power is in proportion to ownership

(b) **Acquisition of Controlled Entities**

The parent entity incorporated a 51% owned subsidiary, Xing Ling International Pte Ltd, in December 2005 and also Xing Ling's wholly owned subsidiary Teleios Pte Ltd.

Note 16: Property, Plant and Equipment	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
PLANT AND EQUIPMENT				
Plant and Equipment:				
At cost	66,246	86,684	60,562	86,684
Accumulated depreciation	(31,899)	(38,344)	(29,951)	(38,344)
Accumulated impairment losses	-	-	-	-
Total Property, Plant and Equipment	34,347	48,340	30,611	48,340

(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

	2006	2005
	\$	\$
Consolidated Entity:		
Plant and equipment		
Balance at the beginning of year	48,340	39,212
Additions	49,701	26,077
Loss on disposals	(29,793)	(94)
Depreciation expense	(33,901)	(16,855)
Carrying amount at the end of year	34,347	48,340

	2006	2005
	\$	\$
Parent Entity:		
Balance at the beginning of year	48,340	39,212
Additions	44,309	26,077
Loss on Disposals	(29,793)	(94)
Depreciation expense	(32,245)	(16,855)
Carrying amount at the end of year	<u>30,611</u>	<u>48,340</u>

Impairment losses

No impairment loss has been recognised in the income statement.

	Note	Consolidated		Parent Entity	
		2006	2005	2006	2005
		\$	\$	\$	\$
Note 18: Payables					
CURRENT					
Trade payables		187,092	164,204	166,150	148,094
Sundry payables and accrued expenses		13,413	-	-	
		<u>200,505</u>	<u>164,204</u>	<u>166,150</u>	<u>148,094</u>

Note 19: Provisions

	Consolidated		Parent Entity	
	2006	2005	2006	2005
Current -Employee entitlements	26,463	55,053	17,134	55,053
Non-current - Employee entitlements	41,509	38,333	38,333	38,333
	<u>67,972</u>	<u>93,386</u>	<u>55,467</u>	<u>93,386</u>

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

Note 20: Retirement Benefit Obligations

There are no defined benefit retirement obligations

Note 21: Issued Capital	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
174,560,713 (2005: 174,560,713) fully paid ordinary shares	31,612,407	31,612,407	31,612,407	31,612,407

(a) Ordinary Shares	No.	No.	No.	No.
At the beginning of reporting period	174,560,713	143,370,296	174,560,713	143,370,296
No. shares issued during the year	-	31,190,417	-	31,190,417
No. shares bought back during year	-	-	-	-
At reporting date	174,560,713	174,560,713	174,560,713	174,560,713

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 22: Reserves

(a) **Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary

(b) **Option Reserve**

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

(c) **Movement for the year**

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Translation Reserve				
Balance at beginning of year	(422,620)	132,485	-	-
Movement for year	472,194	(555,105)	-	-
Balance at end of year	49,574	(422,620)		
Option Premium Reserve	564,678	564,678	564,678	564,678
Total Reserves	614,252	142,058	564,678	564,678

Accumulated Losses

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Balance at beginning of year	25,654,483	21,528,889	26,490,605	22,106,535
Loss for year	1,357,451	4,125,594	1,655,005	4,384,070
Balance at end of year	27,011,934	25,654,483	28,145,610	26,490,605

Minority Interests

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Balance at beginning of year	-	-	-	-
Capital of subsidiary	104,264	-	-	-
Share of losses of subsidiary	(60,976)	-	-	-
Total minority interests	43,288	-	-	-

Note 23: Capital and Leasing Commitments

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

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Operating lease commitments				
Due within 1 year	10,775	26,020	-	26,020
Due 1 to 5 years	17,235	26,020	-	26,020
Due after 5 years	-	23,852	-	23,852
	28,010	75,892	-	75,892

Note 24: Contingent Liabilities and Contingent Assets

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

Note 25: 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, and its secondary format is geographical segments.

Primary Reporting — Business Segments

	Consolidated (continuing Operations)		Discontinued Operation (Mining)	
	2006	2005	2006	2005
	\$	\$	\$	\$
REVENUE				
External sales	53,925	-	-	-
Investment segment	1,890,791	13,823,398	-	-
Total income from ordinary activities	1,944,716	13,823,398	-	-
Profit/(Loss) before income tax	(2,011,669)	(625,400)	654,218	(3,500,194)
Income tax expense	-	-	-	-
Profit/(Loss) after income tax	(2,011,669)	(625,400)	654,218	(3,500,194)

	Consolidated (continuing Operations)		Discontinued Operation (Mining)	
	2006	2005	2006	2005
	\$	\$	\$	\$
ASSETS				
Segment assets	5,526,490	6,357,572		
Unallocated assets	-	-	-	-
Discontinued operations assets	-	-	-	-
Total assets	5,526,490	6,357,572	-	-
LIABILITIES				
Segment liabilities	268,477	257,590	-	-
Unallocated liabilities	-	-	-	-
Discontinued operations liabilities	-	-	-	-
Total liabilities	268,477	257,590	-	-
NET ASSETS	5,258,013	6,099,982	-	-

Secondary Reporting — Geographical Segments

	Segment Revenues from External Customers		Carrying Amount of Segment Net Assets		Acquisitions of Non-current Segment Assets	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Geographical location:						
Australia	113,478	115,561	111,755	430,828	-	-
Asia	54,289	195	940,930	503,272	88,344	-
Europe	1,776,949	13,707,642	4,205,328	5,165,882	-	-
	1,944,716	13,823,398	5,258,013	6,099,982	88,344	-

Secondary Reporting — Geographical Segments

	Australia		Asia		Europe		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Geographical segments	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE										
External sales	114	115	54	-	1,777	13,708	-	-	1,945	13,823
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total sales revenue	114	115	54	-	1,777	13,708	-	-	1,945	13,823
Share of net profit or (loss) result of associates/subsidiaries and deconsolidation adjustment	-	-	853	(202)	-	-	-	-	853	(202)
Total segment revenue	114	115	54	(202)	1,777	13,708	-	-	2,798	13,621
RESULT										
Segment Result	(1,655)	(1,007)	735	(3,705)	(437)	587	-	-	(1,357)	(4,126)
Unallocated corporate expenses									-	-

	Australia		Asia		Europe		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Geographical segments	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Profit or (Loss) from ordinary activities before income tax expense									(1,357)	(4,126)
Income tax expense									-	-
									(1,357)	(4,126)
Extraordinary items after income tax expense									-	-
Net profit/(Loss)									(1,357)	(4,126)

Secondary Reporting — Geographical Segments

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Geographical segments

The consolidated entity's business segments are located in Australia, Europe and Asia.

Note 26: Share-based Payments

The following share-based payment arrangement existed at 30 June 2006:

Mr Sandt is entitled to an issue of 2 million shares for each of the three years of his letter agreement. Although the first tranche of 2 million shares has been provided for, they have not as yet been issued.

Note 27: Events After the Balance Sheet Date

Subsequent to Balance Sheet date, the investment announced to the market in May in Asia Gongyou (Holdings) Pte Ltd in the amount of Singapore Dollars two million two hundred thousand has been made in September 2006.

Note 28: Related Party Transactions

The company's wholly-owned subsidiary Orchid EMARB Limited has advanced the sum of A\$1,400,000 to the parent company over the course of the year.

There have been no transactions between related parties other than normal employment contracts with the directors, details of which are disclosed in this report.

Note 29: Financial Instruments

		Fixed Interest Rate Maturing					
	Notes	Weighted Average Interest Rate	Floating Interest Rate \$	1 year or less \$	Over 1-5 years \$	Non interest bearing \$	Total \$
2006							
Financial Assets							
Cash	10	5.7%	547,782	59,978	-	-	607,760
Receivables	11		-	-	-	114,949	114,949
Other financial assets	14		-	-	-	3,951,931	3,951,931
Other financial assets (non current)	14		-	-	-	810,040	810,040
Total Financial Assets			<u>547,782</u>	<u>59,978</u>	<u>-</u>	<u>4,876,920</u>	<u>5,484,680</u>
Financial Liabilities							
Payables	18	-	-	-	-	200,505	200,505
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>-</u>	<u>200,505</u>	<u>200,505</u>
Net Financial Assets			<u>547,782</u>	<u>59,878</u>	<u>-</u>	<u>4,676,415</u>	<u>5,384,175</u>
2005							
Financial Assets							
Cash	10	1.08%	-	450,000	-	1,712,621	2,162,621
Receivables	11	-	-	-	-	49,448	49,448
Other financial assets	14	4.31%	-	2,808,125	-	352,846	3,160,971
Other financial assets (non current)	14	-	-	-	-	936,192	936,192
Total Financial Assets			<u>-</u>	<u>3,258,125</u>	<u>-</u>	<u>3,051,107</u>	<u>6,309,232</u>
Financial Liabilities							
Payables	10	-	-	-	-	164,204	164,204
Other financial liabilities	22(c)	-	-	-	-	-	-
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>-</u>	<u>164,204</u>	<u>164,204</u>
Net Financial Assets			<u>-</u>	<u>3,258,125</u>	<u>-</u>	<u>2,886,903</u>	<u>6,145,028</u>

Reconciliation of Net Financial Assets/(Liabilities) to Net Assets

	2006	2005
	\$	\$
Net financial assets/(liabilities)	5,284,175	6,145,028
Trading stock	7,463	-
Property plant and equipment	34,347	48,340
Provisions	<u>(67,972)</u>	<u>(93,386)</u>
Net assets	<u><u>5,258,013</u></u>	<u><u>6,099,982</u></u>

(a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries.

(i) Treasury Risk Management

The directors of the group analyse currency and interest rate exposure and treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risks the group is exposed to through its financial instruments are foreign currency risk, liquidity risk, credit risk and price risk.

Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. The Company has no formal policy to manage foreign exchange risk but closely monitors market movements.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

(b) Financial Instruments**Net Fair Values**

The net fair values of:

- Term receivables and government and fixed interest securities and bonds are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.
- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings to their present value.
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments and forward exchange contracts.

Note 30: Statement of Cash Flows

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
Reconciliation of net cash used in operating activities to operating loss after income tax				
Operating loss for the year	(1,357,451)	(4,125,594)	(1,655,005)	(4,384,070)
Add				
Depreciation	33,901	16,855	32,245	16,855
Loss on sale of plant	29,793	94	29,793	94
Net profit on sale of investments	-	(288,715)	-	(18,293)
Cost of investments sold	1,629,255	-	54,921	-
Minority interests	28,727	-	-	-
Net results from derivative instruments	-	(196,148)	-	-
Share in associated company net loss	-	201,966	-	-
Provision for write down of investments	411,119	56,670	38,120	229,696
Write off of unrecoverable investment and loan	-	-	-	3,165,080
Exploration and evaluation costs written off	-	3,500,194	-	-
Deconsolidation adjustments	(881,889)	-	-	-
Employee option remuneration	-	75,000	-	75,000
Foreign exchange translation/other	89,347	(78,462)	-	-
Changes in net assets/liabilities				
(Increase)/decrease in receivables	(65,501)	(14,828)	16,757	(22,965)
Increase in payables	36,301	116,129	18,056	114,856
(Decrease)/increase in provisions	(25,414)	46,193	(37,919)	46,193
			-	-
Net cash (used in) operations	(71,812)	(690,646)	(1,503,032)	(777,554)

DIRECTORS' DECLARATION

The directors of the company (Orchid Capital Limited) declare that:

1. the financial statements and notes, as set out on 11 to 35, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the company and economic entity;
2. the Chief Executive Officer and Chief Finance Officer 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.
3. in the directors' opinion 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 Board of Directors.

Director Norman Grafton

Dated this 26th day of September 2006

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ORCHID CAPITAL LIMITED

SCOPE

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity and statement of cash-flows, accompanying notes to the financial statements, and the directors' declaration for Orchid Capital Limited (the Company) and the consolidated entity for the year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

AUDIT OPINION

In our opinion, the financial report of Orchid Capital Limited is in accordance with:

- a) 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 2006 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

STANTONS INTERNATIONAL (Authorised Audit Company)

J P Van Dieren
Director
Perth, Western Australia
26 September 2006

26 September 2006

Board of Directors
Orchid Capital Limited
36 Reflection Gardens
BALLAJURA WA 6066

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 Audit Director for the audit of the financial statements of Orchid Capital Limited for the year ended 30 June 2006, 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)

John Van Dieren
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 22 September 2006.

DISTRIBUTION OF SHARE AND OPTION HOLDERS

	Fully Paid Shares	Options Expiring 30 November 2006
1- 1,000	58	3
1,001 - 5,000	90	9
5,001 - 10,000	101	15
10,001 - 100,000	202	52
100,001 and over	59	50
	<u>510</u>	<u>129</u>

HOLDERS OF NON-MARKETABLE PARCELS

There are 293 shareholders who hold less than a marketable parcel of shares.

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	114,654,269	65.682
Merrill Lynch (Australia) Nominees Pty Ltd (Berndale Acc)	11,998,517	6.874
Carmant Pty Ltd (Carmant Super Fund)	5,115,308	2.930
Merrill Lynch (Australia) Nominees Pty Ltd	4,285,054	2.455
LC Asia Ltd	3,000,000	1.719
Straight Investments SA	2,718,857	1.558
Mr Pat Volpe	2,200,000	1.260
Innovation Marketing & Finance Pty Ltd	1,378,496	0.790
IFTC Broking Services Ltd	1,250,000	0.716
Walpett Engineering Pty Ltd	1,140,000	0.653
Citicorp Nominees Pty Ltd	1,009,134	0.578
McNeil Nominees Pty Ltd	990,296	0.567
National Nominees Ltd	919,963	0.527
Asterbell Pty Ltd	838,875	0.481
Mr F P & Mrs T Mylonas	800,000	0.458
Mr Maxwell & Mrs Gillian Deason	750,000	0.430
Trayburn Pty Ltd	700,000	0.401
Mrs L A Martin	650,000	0.372
Kongming Investments Ltd	620,000	0.355
International Mining Finance Pty Ltd	600,000	0.344

Listed Options Expiring 30 November 2006

Shareholders	Number	Percentage
Merrill Lynch (Australia) Nominees Pty Ltd (Berndale Acc)	43,630,381	43.958
Innovation Marketing & Finance Pty Ltd	6,309,156	6.356
Mr Ang Tong Shing	6,000,000	6.045
Ms Bee Hun Thean	6,000,000	6.045
International Mining Finance Pty Ltd	4,331,264	4.364
ANZ Nominees Ltd	3,210,440	3.235
Essential Consulting & Business Services Pty Ltd	3,000,000	3.023
Asterbell Pty Ltd	2,255,286	2.272
Northbridge Business Services Pty Ltd	2,000,000	2.015
ITFC Broking Services Ltd	1,250,000	1.259
Clive McKee	1,000,000	1.008
Ostle Investments Pty Ltd	1,000,000	1.008
Julian Sandt	1,000,000	1.008
Norman Grafton	1,000,000	1.008
Temtor Pty Ltd	1,000,000	1.008
Cudgen Superannuation Services Pty Ltd	1,000,000	1.008
Trayburn Pty Ltd	1,000,000	1.008
Litmus Crest Pty Ltd	945,000	0.952
Gilventures Pty Ltd	890,000	0.897
Mrs Marie-Michele & Mr John Kyriakopoulos (JAMM Super Fund)	844,000	0.850

SUBSTANTIAL SHAREHOLDERS

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