

**Orient Resource Holdings Limited**  
(ABN 51 077 398 826)

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT**

1. Highlights of Results
2. Financial Statements

31st August 2007

## 1. Highlights of Results

Set out below is summary financial information for the company for the Full Year to 30 June 2007 and previous corresponding year 30 June 2006.

Summary Information	Consolidated			
	30-Jun-07 AUD	30-Jun-06 AUD	(Inc)/Dec AUD	(Inc)/Dec %
Revenue from Ordinary Activities	277,720	119,376	(158,344)	(132.6)
(Loss) from Continuing Operations after Tax from Ordinary Activities	(2,272,006)	(1,807,761)	(464,245)	(25.7)
(Loss) after tax from discontinued operation	-	(626,321)	626,321	100.0
Net Profit/(Loss) after Tax Attributable to Members	(2,272,006)	(2,434,082)	162,076	6.7
Basic Earnings - Cents Per Share	(3.35)	(4.69)	1.34	28.6

Dividends (distributions)	Per Security	Franked Amount Per Security
Dividends Paid during Year	Nil	Nil
Proposed Final Dividend	Nil	Nil
Proposed payment date for final dividend	N/A	
Record date for determining entitlements to the dividend	N/A	

The Company's accounts are in the process of being audited by PKF, Chartered Accountants.

### Summary Commentary on Results

The results for the 30 June 2007 financial year for Orient Resource Holdings Limited ("Orient" or "the Company") reflected a consolidated net loss attributable to members of \$2,272,006. The Board is pleased to note however that Orient's share in the international corrosion business, which is equity accounted in these financial statements, generated revenue of \$2.1 million resulting in a maiden profit of \$63,000 for the full year. Offsetting this was the write-off of \$676,000 relating to the costs incurred in reviewing and undertaking due diligence on the dredging opportunity in China. \$467,000 of this amount relates to engineering design of dredges. In addition, Australian corporate costs of \$1,488,000 were incurred.

## **Corrosion Business**

Orient has continued to maintain its strategy of identifying and accessing opportunities for its corrosion protection business, with the aim of providing specialist services and best practice solution for that demand.

Orient is concentrating on rapidly expanding markets, where global competition is currently limited. The fastest growing and most prospective markets for these services are in the Peoples Republic of China (PRC) and the Middle East and these areas are the primary targets.

The Company's majority owned, but jointly controlled, Sino Foreign joint venture, Orient (Tianjin) Corrosion Engineering (O(T)CE) continued to pursue marine corrosion opportunities at Tianjin Port and in other locations in the Bohai Bay region of north-eastern PRC. The O(T)CE joint venture has successfully secured new projects and delivered existing projects in accordance with the proposed time lines and budgets. There is additionally a robust pipeline of potential opportunities that are at varying stages of development, encompassing Hong Kong and other regions of the PRC.

The Joint Venture recorded turnover of \$2.6 million (\$2.1m Orient) for the twelve months. As at 30 June 2007, the Joint Venture had 3 projects underway or committed. With the establishment of a strong management and engineering team in the PRC, the Directors plan to expand the corrosion protection business into the buoyant oil and gas sector domestically in the PRC in the coming year. The Directors consider that the opportunities they have reviewed in this market sector warrant the dedication of further investment and development resources.

The Board of Orient continues to be alert and is actively seeking opportunities in other emerging and fast growing economies and market sectors. It is envisaged that organic growth of the Company will be supplemented by acquisitions in sectors that are complementary to the existing business.

Consistent with this approach, Orient announced in May 2007 that it had acquired, for a nominal amount, a majority shareholding in the UK based company, Corroco Ltd. Corroco offers corrosion protection products and services into the Middle East and North African markets, The Directors believe that Corroco will add a new dimension to Orient's existing business through the significant intellectual property, reputation and track record of the two existing principals. Corroco also offers Orient a growth platform in the European market. Monthly sales volumes post acquisition have been consistent with the growth targets set by the Board.

## **Dredging Opportunity**

The outstanding success of the corrosion protection business in the Port of Tianjin resulted in the management of the Port offering Orient the opportunity to participate in offshore dredging of sand and clay materials to build substantial reclaimed areas, which will form the basis of new industrial, marine and residential development adjacent to the existing Port.

The Port of Tianjin is reported (Xinhua News Agency February 14 2006) to be spending US\$4.59 billion over the period 2006 – 2010 to upgrade the port facilities and construction of deepwater channels with a view of making Tianjin the main shipping centre for the northern area of the PRC. The Port is also seeking 'world's best practice' management and operation to supplement the fast tracking of the development of these new areas. Orient has successfully established its management credentials in Tianjin and has the mining expertise to be successful with a dredging venture.

The scale of the dredging requirements in Tianjin are massive on a world scale, with, of the order of, a billion cubic metres to be dredged over the next ten years. A similar requirement exists in other major port developments in the Bohai Bay region. There currently exists a significant shortfall of offshore dredging capacity in the PRC and the developments in the Middle East has consumed all the surplus dredging capacity elsewhere in the world.

Orient has aggressively pursued this opportunity and secured the design and long lead items for four new dredges from IHC, an international leader in the design and supply of dredging equipment.

As of the date of this report and following extensive negotiations with several interested parties, the Directors are not sufficiently confident that an acceptable commercial outcome can be achieved to form a Sino Foreign JV, to undertake the dredging works. As such, Directors have elected to write off all costs incurred with pursuing this opportunity, including the design costs of the dredges, which has resulted in a write off of \$676,000. Orient continues to evaluate opportunities in dredging.

## **Corporate**

Orient engaged in two capital raisings during the course of the year, the first being a 1 for 2 Rights Issue which raised \$3.589 million at a price of 8 cents and the second being a Placement at 10 cents to raise \$1.065 million. Both of these capital raisings were underwritten by Transocean Securities Pty Ltd.

The Board of Orient remained unchanged over the course of the financial year until 25 June 2007 where Mr Ramesh Kana and Mr Grant Freeman were appointed as Directors and Mr Ian Love resigned as a Director.

Mr Shane Hartwig and Mr Emmanuel Correia were appointed joint Company Secretary during the financial year, to replace Ms Samantha Dunn.

## **Outlook**

Orient has established a successful business in the PRC which is now operating profitably. This business is expected to grow significantly during the course of the next twelve months and it will provide Orient with the cash flow necessary to focus on identifying and evaluating more substantial opportunities in the PRC.

The Board also continues to focus on enhancing and building a robust and experienced management and operational team in PRC.

A strategic review of the most prospective market sectors in the PRC is currently being undertaken by the Board of Directors, utilising the business network and market knowledge gained over the previous three years. This will assist the Company in its allocation of resources towards the highest value adding activities in the coming year. Key to the review is the creation of a sustainable longer term platform to achieve growth in the PRC.

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## 2. Financial Statements

### Income Statements

For The Year Ended 30 June 2007

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30</i>	<i>30</i>
		<i>June</i>	<i>June</i>
		<i>2007</i>	<i>2006</i>
		<i>\$</i>	<i>\$</i>
<b>Continuing operations</b>			
Revenue from ordinary activities:			
Interest income		98,608	115,256
Other revenue		179,112	4,120
Total revenue		<u>277,720</u>	<u>119,376</u>
Depreciation expense		7,100	7,650
Employee benefits expense		202,000	321,518
Share based payment expenses		154,064	598,518
Other administrative expenses		2,249,438	787,699
Share of (profit)/loss from joint ventures	4	<u>(62,876)</u>	<u>211,432</u>
Total expenses		2,549,726	1,926,817
<b>(Loss) from continuing operations before tax</b>		<u>(2,272,006)</u>	<u>(1,807,761)</u>
Income tax expense	2	-	-
<b>(Loss) from continuing operations after tax</b>		<u>(2,272,006)</u>	<u>(1,807,761)</u>
(Loss) after tax from discontinued operation		-	(626,321)
<b>Net (loss) for the period</b>		<u>(2,272,006)</u>	<u>(2,434,082)</u>
Loss attributable to minority interest		-	-
<b>(Loss) for the year attributable to members of the parent entity</b>		<u>(2,272,006)</u>	<u>(2,434,082)</u>
Basic (loss) per share (cents per share)		(3.35)	(4.69)

The accompanying notes form part of these Financial Statements.

## Balance Sheets

As At 30 June 2007

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30 June 2007 \$</i>	<i>30 June 2006 \$</i>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	3,320,260	1,357,359
Trade and other receivables		338,706	12,108
Inventories		71,224	-
<b>Total Current Assets</b>		<u>3,730,190</u>	<u>1,369,467</u>
<b>Non-current Assets</b>			
Other financial assets		6,440	148,626
Investment in joint venture entity	4	924,262	861,386
Property, plant and equipment		12,324	15,336
<b>Total Non-current Assets</b>		<u>943,026</u>	<u>1,025,348</u>
<b>TOTAL ASSETS</b>		<u>4,673,216</u>	<u>2,394,815</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		294,995	61,988
<b>Total Current Liabilities</b>		<u>294,995</u>	<u>61,988</u>
<b>TOTAL LIABILITIES</b>		<u>294,995</u>	<u>61,988</u>
<b>NET ASSETS</b>		<u>4,378,221</u>	<u>2,332,827</u>
<b>EQUITY</b>			
Contributed equity		20,768,874	16,605,538
Accumulated losses		(17,153,744)	(14,881,738)
Reserves		763,091	609,027
<b>TOTAL EQUITY</b>		<u>4,378,221</u>	<u>2,332,827</u>

The accompanying notes form part of these Financial Statements.

# Cash Flow Statements

For The Year Ended 30 June 2007

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30</i>	<i>30</i>
		<i>June</i>	<i>June</i>
		<i>2007</i>	<i>2006</i>
		<i>\$</i>	<i>\$</i>
<b>Cash flows from operating activities</b>			
Receipts from customers		35,363	-
Payments to suppliers and employees		(1,841,624)	(1,071,579)
Interest received		98,608	115,256
<b>Net cash flows used in operating activities</b>	6	<u>(1,707,653)</u>	<u>(956,323)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(4,087)	(25,093)
Payment for deposit on Dredging Equipment		(680,881)	-
Investment in joint venture		-	(1,083,383)
Loan to joint venture		142,186	(8,626)
Proceeds from sale of subsidiary		50,000	-
<b>Net cash flows used in investing activities</b>		<u>(492,782)</u>	<u>(1,117,102)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		4,654,708	1,000,000
Payment of share issue costs		(491,372)	(89,286)
<b>Net cash flows from financing activities</b>		<u>4,163,336</u>	<u>910,714</u>
Net increase/(decrease) in cash and cash equivalents		1,962,901	(1,162,717)
Cash and cash equivalents at beginning of the year		1,357,359	2,520,076
<b>Cash and cash equivalents at end of year</b>		<u><u>3,320,260</u></u>	<u><u>1,357,359</u></u>

The accompanying notes form part of these Financial Statements.

## Statements of Changes in Equity

For The Year Ended 30 June 2007

CONSOLIDATED	Issued Capital \$	Accumulated Losses \$	Options Reserve \$	Total \$
<b>At 1 July 2006</b>	16,605,538	(14,881,738)	609,027	2,332,827
Net loss for the year	-	(2,272,006)	-	(2,272,006)
Total income and expense for the year	-	(2,272,006)	-	(2,272,006)
Shares issued during the year net of expenses				
- entitlement offer	1,626,436	-	-	1,626,436
- private placements	2,536,900	-	-	2,536,900
Option expense	-	-	154,064	154,064
<b>Balance at 30 June 2007</b>	20,768,874	(17,153,744)	763,091	4,378,221
<b>Balance at 1 July 2005</b>	16,268,025	(12,447,656)	25,483	3,845,852
Write off performance shares and options previously revalued to recoverable amount	(588,495)	-	-	(588,495)
Total income and expense for the year recognised directly in equity	(588,495)	-	-	(588,495)
Loss for the year	-	(2,434,082)	-	(2,434,082)
Total income / (expense) for the year	(588,495)	(2,434,082)	-	(3,022,577)
Shares issued during the year				
- issue of share capital net of expenses	883,508	-	-	883,508
- Issue of performance shares	42,500	-	-	42,500
Option expense	-	-	583,544	583,544
<b>At 30 June 2006</b>	16,605,538	(14,881,738)	609,027	2,332,827

The accompanying notes form part of these Financial Statements.

# Notes to the Financial Statements

For The Year Ended 30 June 2007

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been applied on a consistent basis to the previous year.

### (a) Basis of accounting

The financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, and Accounting Standards and other mandatory professional reporting requirements.

The financial statements have been prepared on a historical cost basis.

### (b) Statement of compliance

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS').

#### (i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Orient Resource Holdings Limited and its subsidiaries ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Orient Resource Holdings Limited has control.

#### (ii) Interest in joint ventures

The Group's interest in jointly controlled entities are brought to account using the equity method of accounting whereby an interest in a jointly controlled entity is initially recorded at cost and adjusted thereafter for the post acquisition change in the share of net assets of the jointly controlled entities, including, profit and losses.

## Notes to the Financial Statements

For The Year Ended 30 June 2007

### 2. INCOME TAX

	<i>CONSOLIDATED</i>	
	<i>30</i>	<i>30</i>
	<i>June</i>	<i>June</i>
	<i>2007</i>	<i>2006</i>
	<i>\$</i>	<i>\$</i>
The components of income tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax benefit on loss from ordinary activities at 30% (2006-30%)	(2,272,006)	(2,434,082)
Prima facie tax benefit on loss from ordinary activities at 30% (2006-30%)	(681,602)	(730,225)
Add: tax effect of non- deductible expenditure	(23,931)	398,225
Tax effect of temporary differences and tax losses not brought to account	705,533	332,000
Income tax attributable to the entity	<u>-</u>	<u>-</u>

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## Notes to the Financial Statements

For The Year Ended 30 June 2007

### 3. SEGMENT REPORTING

#### Primary Reporting – Geographical Segments

The economic entity's risks and rewards are affected predominantly by differences in the geographical areas in which it operates, therefore, its primary reporting format is based on geographical segments.

#### Secondary Reporting - Business segments

The economic entity operates predominantly in one business being the design of corrosion protection systems.

The following tables present the revenue and profit information regarding business segments for the years ended 30 June 2007 and 30 June 2006.

30 June 2007	Continuing Operations			Discontinued Operation	Total Operations
	Australia \$	China \$	Total \$	China \$	\$
<b>Segment revenue</b>					
Other revenue from external parties	277,720	-	277,720	-	277,720
Total Revenue	277,720	-	277,720	-	277,720
<b>Segment Result</b>					
Profit/(Loss) before income tax	(2,334,882)	62,876	(2,272,006)	-	(2,272,006)
Income tax expense	-	-	-	-	-
Net (Loss) for the year	(2,334,882)	62,876	(2,272,006)	-	(2,272,006)
<b>Segment assets/liabilities</b>					
Segment assets	4,673,216	-	4,673,216	-	4,673,216
Segment Liabilities	294,995	-	294,995	-	294,995
<b>Other segment information</b>					
Depreciation	7,100	-	7,100	-	7,100

## Notes to the Financial Statements

For The Year Ended 30 June 2007

### 3. SEGMENT REPORTING (Continued)

30 June 2006	Continuing Operations			Discontinued Operation	Total Operations
	Australia \$	China \$	Total \$	China \$	\$
<b>Segment revenue</b>					
Other income from external parties	119,376	-	119,376	-	119,376
Total Revenue	119,376	-	119,376	-	119,376
<b>Segment Result</b>					
(Loss) before income tax	(1,596,329)	(211,432)	(1,807,761)	(626,321)	(2,434,082)
Income tax expense	-	-	-	-	-
Net (Loss) for the year	(1,596,329)	(211,432)	(1,807,761)	(626,321)	(2,434,082)
<b>Segment assets/liabilities</b>					
Segment assets	1,572,696	721,386	2,294,082	140,000	2,394,815
Segment Liabilities	(61,988)	-	(61,988)	-	(61,988)
<b>Other segment information</b>					
Depreciation	(7,650)	-	(7,650)	-	(7,650)
Impairment Loss	-	-	-	(575,148)	(575,148)

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## Notes to the Financial Statements

For The Year Ended 30 June 2007

### 4. INVESTMENT IN JOINT VENTURE ENTITIES

#### CONSOLIDATED

30 June 2007 \$	30 June 2007 \$
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(a) Orient Corrosion Engineering Limited has an 80% interest in the joint venture entity Orient(Tianjin)Corrosion Ltd, incorporated in the Peoples Republic of China, which is involved in the corrosion protection and prevention of new and existing infrastructure.

Carrying amount of investment in joint venture entity

Balance at the beginning of the financial year	861,386	-
Investment made during the year	-	1,072,818
Share of joint venture's profit/(loss) from ordinary activities after tax	62,876	(211,432)
Balance at the end of the year	924,262	861,386

Share of Joint venture entity's results and financial position:

Current Assets	1,236,707	493,894
Non-Current Assets	115,991	78,805
Total Assets	1,352,698	572,699
Current Liabilities	428,436	12,032
Non-Current Liabilities	-	-
Total Liabilities	428,436	12,032
Revenue	2,055,822	-
Expenses	1,992,946	211,432
Profit/(Loss) from Ordinary Activities before income tax	62,876	(211,432)
Income tax expense	-	-
Profit/(Loss) from Ordinary Activities after income tax	62,876	(211,432)

## Notes to the Financial Statements

For The Year Ended 30 June 2007

### 4. INVESTMENT IN JOINT VENTURE ENTITIES (CONTINUED)

(b) Orient Resources Pty Limited had a 70% interest in the joint venture entity Tongling Huasheng Chemical Investment Co. Limited, incorporated in the Peoples Republic of China, which was involved in the extraction of precious metals from Roaster Tailings. The reporting date of the Joint Venture is 31 December.

The Voting power held by the Group was 50 %. The interest in the joint venture was ceased during the year.

	<i>CONSOLIDATED</i>	
	<i>30</i>	<i>30</i>
	<i>June</i>	<i>June</i>
	<i>2007</i>	<i>2006</i>
	\$	\$
Carrying amount of investment in joint venture entity		
Balance at the beginning of the Period	-	455,356
Gain recognised on disposal of property	-	99,721
Investment made during the year	-	10,572
Share of joint venture's loss from ordinary activities after tax	-	(150,894)
Impairment loss recognised in profit and loss	-	(414,755)
Balance at the end of the period	-	-
Share of Joint venture entity's results and financial position:		
Current Assets	-	379,221
Non-Current Assets	-	252,969
Total Assets	-	632,190
Current Liabilities	-	118
Non-Current Liabilities	-	-
Total Liabilities	-	118
Revenue	-	-
Expenses	-	150,894
(Loss) from Ordinary Activities before income tax	-	(150,894)
Income tax expense	-	-
(Loss) from Ordinary Activities after income tax	-	(150,894)

## Notes to the Financial Statements

For The Year Ended 30 June 2007

### 5. CHANGE IN COMPOSITION OF THE GROUP

On 1 May 2007, Orient Resource Holdings Limited purchased a 70% interest in Corroco Limited a company incorporated in England.

On 26 March 2007, Orient Resource Holdings Limited disposed of its 100% interest Orient Resource Pty Limited for \$50,000.

Subsidiaries	Country of Incorporation	Beneficial Interest	
		2007	2006
<b>Parent Entity</b>			
Orient Resource Holdings Limited	Australia		
<b>Subsidiaries Entities</b>			
Orient Resources Pty Limited	Australia	-	100%
Orient Corrosion Engineering Pty Limited	Australia	70%	70%
Orient Harbour Engineering Pty Limited	Australia	100%	100%
Corroco Limited	England	70%	-

The parent and ultimate controlling entity of the Orient Resource Holdings Group is Orient Resource Holdings Limited.

## Notes to the Financial Statements

For The Year Ended 30 June 2007

### 6. NOTES TO THE STATEMENTS OF CASH FLOWS

Reconciliation of net cash provided by (used in) operating activities to operating loss after income tax:

	CONSOLIDATED	
	30 June 2007	30 June 2006
	\$	\$
Operating Loss after income tax	(2,272,006)	(2,434,082)
Add: adjustments for non-cash items expenses		
Depreciation	7,100	7,650
Gain on disposal of assets	(50,000)	(89,096)
Share of joint venture (profit)/loss	(62,876)	362,326
Impairment of assets	-	575,148
Write off of engineering design assets	466,581	-
Share based payments	154,064	598,838
Movements in assets and liabilities		
Decrease/(increase) in trade and other receivables and prepayments	(112,298)	96,904
Increase/(decrease) in payables	234,769	(91,169)
Increase/(decrease) in other creditors and accruals	(1,763)	17,158
Increase in inventories	(71,224)	-
Cash flows from operating activities	(1,707,653)	(956,323)

### 7. Reconciliation of Cash

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:

	CONSOLIDATED	
	30 June 2007	30 June 2006
	\$	\$
Cash at bank and in hand	3,320,260	1,357,359

## Notes to the Financial Statements

For The Year Ended 30 June 2007

### DIRECTORS AND EXECUTIVE DISCLOSURES

#### (a) Details of Key Management Personnel

- |                |   |
|----------------|---|
| (i) Directors  |   |
| Michael Palmer | Non-executive Chairman  |
| Graham Roach   | Chief Executive Officer   |
| Stephen Gu     | Non - executive director  |
| Grant Freeman  | Non - executive director – Appointed 25 <sup>th</sup> June 2007 |
| Ramesh Kana    | Non - executive director – Appointed 25 <sup>th</sup> June 2007 |
| Ian Love       | Non - executive director – Resigned 25 <sup>th</sup> June 2007  |
| (ii) Key       |   |
| Jack Tan       | Executive   |