

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

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT**

1. Highlights of Results
2. Financial Statements

29th August 2008

**1. Highlights of Results**

Set out below is summary financial information for the company for the Full Year to 30 June 2008 and previous corresponding year 30 June 2007.

Summary Information	Consolidated			
	30-Jun-08 AUD	30-Jun-07 AUD	Change AUD	Change %
Revenue	3,791,336	2,259,953	1,531,383	67.8
(Loss) from Continuing Operations after Tax	(1,819,792)	(2,268,179)	448,387	-19.8
Net (Loss) after Tax Attributable to Members	(1,819,792)	(2,268,179)	448,387	-19.8
Net Tangible Asset Backing Per Share (cents)	3.5	4.4		

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 2008 financial year for Orient Resource Holdings Limited ("ORH" or "the Company") reflected a consolidated net loss attributable to members of \$1,819,792. (2007: \$2,268,179)

However the Board is pleased to report that the investment of ORH in the Chinese corrosion engineering business continued to perform well and ORH recorded a profit after tax for its interest of \$323,826 on revenue of approximately \$2.7million.

The Board was also pleased to announce that it had signed a conditional Sale and Purchase Agreement for the acquisition of the Perth-based mining services and engineering business comprising the Ridwest Group of Companies (Ridwest Group)

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## **Corrosion Business**

The Company's majority owned, but jointly controlled, Sino Foreign joint venture, Orient (Tianjin) Corrosion Engineering (OTCE) continued to pursue marine corrosion opportunities at Tianjin Port and in other locations in the Bohai Bay region of north-eastern PRC. The OTCE joint venture has successfully secured new projects and delivered existing projects in accordance with the proposed time lines and budgets.

OTCE has gained considerable operational and commercial credibility over the past year in completing several major corrosion engineering projects including:

- Tianjin Container Terminal III- the world's largest steel pile structure container terminal
- Cao Fei Dian Coal Terminal-Asia's largest steel structure terminal
- Longzhou Highway Bridge-China's first concrete structure cathodic protection project

As a consequence of this excellent reputation, OTCE was also successful in being awarded a contract during the year for a cathodic protection project on the 28 kilometre Qingdao Bay Cross Sea Bridge. It is the first time in China that corrosion engineering services for new concrete structures was selected by public bidding. The competitive bidding process for this project was very strong, with participation by all the larger Chinese corrosion engineering firms and also a number of international providers.

OTCE is also working with the international division of China Harbour Engineering Company (CHEC), the largest marine and transport infrastructure group in China, to secure a number of major marine projects in the Middle East and North Africa. OTCE will be the preferred partner for all the corrosion engineering aspects of these projects.

The Joint Venture recorded turnover of \$3.3 million (2007:\$2.5 million) for the twelve months. As at 30 June 2008, the Joint Venture had five (5) 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 power generation industry over the coming year. OTCE is also reviewing some opportunities to participate in the supply of corrosion engineering services to the domestic oil and gas sector in the PRC. 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 ORH 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, ORH announced in May 2007 that it had acquired, for a nominal amount, a majority shareholding in the UK based company, Industrial and Marine Protection Services Ltd (IMP). During the course of the year, ORH acquired the remaining shareholding in IMP.

IMP offers corrosion protection products and services into the Middle East and North African markets. Growth of IMP has been slower than anticipated due to the need to establish and develop the business but the outlook for the coming financial year is very positive.

## **Dredging Opportunity**

The outstanding success of the corrosion protection business in the Port of Tianjin resulted in the management of the Port offering to ORH, in early 2007, 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. Commercial terms acceptable to ORH to participate in the dredging could not be reached at that time but ongoing discussions are occurring.

## **Ridwest Opportunity**

The Board of ORH announced, on 9 May 2008, the signing of a Heads of Agreement with the Ridwest Group of Companies ("Ridwest Group"), Joshua Ridley and Indian West Pty Ltd for the acquisition of privately held mining services and engineering companies based in Perth, Western Australia.

The Ridwest Group is a diversified company with engineering, contracting and plant hire divisions that are capable of delivering an integrated one-stop offering to the mining and construction industries. Founded in 2002 by Joshua Ridley, Ridwest has grown to around 100 staff and has permanent workshops in Port Hedland, Karratha and Perth. The Ridwest capabilities include bulk earthworks, open cut mining services, plant hire and engineering of mining service vehicles. These capabilities have significant scope for growth and expansion within WA and the potential for interstate penetration and growth is currently being planned.

Subsequent to the signing of the Heads of Agreement, a conditional Sale and Purchase Agreement for the acquisition of the Ridwest Group was announced on 9 July 2008. ORH is already entitled to 9.29% of the Ridwest Group.

The highlights of the Sale and Purchase Agreement include:

- Subject to satisfaction of all conditions, ORH will issue 126.2 million shares at a deemed issue price of 11.5 cents per share to the vendors, including 69.6 million shares to Ridley (29.6 million of which are contingent on the audited financial performance of the Ridwest Group for the financial year ending 30 June 2009).
- The total transaction value is \$14.5 million for 90.71% of the Ridwest Group (excluding the percentage already beneficially owned by ORH), with a requirement that the Ridwest Group has at Completion of the transaction a net asset position of more than \$6.0 million.
- The deal valued ORH at approximately \$11.5million prior to the transaction
- Completion is conditional upon (among other things) regulatory (if necessary) and shareholder approvals and ORH raising a minimum of \$1.9m net of fees either as debt or equity.
- Ridley will receive 5.913 ORH shares for every \$1.00 of Net Profit After Tax of the Ridwest Group for the 08/09 financial year, up to a maximum of 29.6 million shares, if NPAT of \$5 million is achieved.
- A General Meeting of ORH is planned for November 2008 to seek the required shareholder approvals.

ORH considers that the combination of the existing ORH corrosion protection business and Ridwest Group's engineering business will offer a great opportunity for the shareholders of ORH and the vendors of the Ridwest Group. There is a substantial opportunity to grow the combined business in both Australia and China.

## **Corporate**

ORH undertook a placement in May 2008 of 9 million shares at a price of 11.5cents and 4.5 million attaching options, convertible on payment of 11.5cents within a three year period, to raise \$1.035million.

ORH also confirmed that Ridley will advance to ORH a \$2million loan, pursuant to a loan agreement and accompanying subscription agreement between the parties, as announced on 13 June 2008. ORH will, subject to shareholder approval and by way of conversion of the loan, issue to Ridley 17.4 million shares (at a deemed issue price of 11.5 cents) and 8.7 million options (for nil additional consideration, with an exercise price 11.5 cents, exercisable for 3 years).

Mr Graham Roach resigned as Managing Director on the 21<sup>st</sup> November 2007 and Mr Michael Palmer was appointed as Executive Chairman. Subsequently Mr Ramesh Kana was appointed Non Executive Chairman and Mr Michael Palmer was appointed Executive Director.

Mr Geoff Hann was appointed Chief Financial Officer and Company Secretary in January 2008 and replaced Mr Shane Hartwig and Mr Emmanuel Correia, who had acted as joint Company Secretary.

**Outlook**

ORH has established a successful business in the PRC which is now operating profitably. This business is expected to grow significantly over the course of the next twelve months.

Assuming the Ridwest transaction reaches a satisfactory conclusion, ORH will also have a proven business providing services to the booming minerals market in Western Australia.

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## 2. Consolidated Preliminary Financial Statements

### Consolidated Income Statement

For The Year Ended 30 June 2008

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30</i>	<i>30</i>
		<i>June</i>	<i>June</i>
		<i>2008</i>	<i>2007</i>
		\$	\$
<b>Continuing operations</b>			
Revenue:			
Sales revenue		3,645,436	2,115,921
Interest and other income		145,900	144,032
Total revenue		<u>3,791,336</u>	<u>2,259,953</u>
Cost of sales		2,068,692	1,190,830
Depreciation and amortisation expense		78,609	29,547
Employee benefits expense		863,117	530,950
Share based payment expenses		-	154,064
Other administrative expenses		2,411,366	2,611,120
Total expenses		<u>5,421,784</u>	<u>4,516,511</u>
<b>(Loss) from continuing operations before tax</b>		(1,630,448)	(2,256,558)
Income tax expense		(189,344)	(11,621)
<b>Net (loss) for the period</b>		(1,819,792)	(2,268,179)
Loss attributable to minority interest		-	-
<b>(Loss) for the year attributable to members of the parent entity</b>		<u>(1,819,792)</u>	<u>(2,268,179)</u>
Basic and dilutive earnings per share (cents)		(1.8)	(3.7)

The accompanying notes form part of these Consolidated Preliminary Financial Statements.

# Consolidated Balance Sheet

As At 30 June 2008

	<i>Notes</i>	<i>CONSOLIDATED</i>	
		<i>30</i>	<i>30</i>
		<i>June</i>	<i>June</i>
		<i>2008</i>	<i>2007</i>
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		583,569	3,350,534
Trade and other receivables		1,438,927	478,214
Financial assets		1,650,000	-
Inventories		128,650	1,138,150
<b>Total Current Assets</b>		<u>3,801,146</u>	<u>4,966,898</u>
<b>Non-current Assets</b>			
Trade and other receivables		-	16,457
Other financial assets		-	6,440
Property, plant and equipment		195,314	99,834
Deferred tax assets		271,179	12,024
<b>Total Non-current Assets</b>		<u>466,493</u>	<u>134,755</u>
<b>TOTAL ASSETS</b>		<u>4,267,639</u>	<u>5,101,653</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		422,394	703,433
Borrowings		17,713	-
Current tax liabilities		335,185	-
<b>Total Current Liabilities</b>		<u>775,292</u>	<u>703,433</u>
<b>Non-current Liabilities</b>			
Borrowings		16,974	-
<b>Total Non-current Liabilities</b>		<u>16,974</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>792,266</u>	<u>703,433</u>
<b>NET ASSETS</b>		<u>3,475,373</u>	<u>4,398,220</u>
<b>EQUITY</b>			
Contributed equity		21,383,222	20,768,874
Accumulated losses		(18,412,568)	(17,149,917)
Reserves		504,719	779,263
<b>TOTAL EQUITY</b>		<u>3,475,373</u>	<u>4,398,220</u>

The accompanying notes form part of these Consolidated Preliminary Financial Statements.

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# Consolidated Cash Flow Statement

For The Year Ended 30 June 2008

	<i>Notes</i>	
	<i>CONSOLIDATED</i>	
	<i>30</i>	<i>30</i>
	<i>June</i>	<i>June</i>
	<i>2008</i>	<i>2007</i>
	<i>\$</i>	<i>\$</i>
<b>Cash flows from operating activities</b>		
Receipts from customers	3,718,970	892,248
Payments to suppliers and employees	(5,776,833)	(2,371,002)
Income taxes paid	(113,313)	-
Interest received	145,900	144,032
<b>Net cash flows used in operating activities</b>	<u>(2,025,276)</u>	<u>(1,334,722)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(60,881)	(154,558)
Payment for dredging equipment and design costs	-	(680,881)
Provision of loan	(1,650,000)	-
<b>Net cash flows used in investing activities</b>	<u>(1,710,881)</u>	<u>(835,439)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	1,058,841	4,654,708
Payments for costs of issue of shares	(60,000)	(491,372)
Repayment of principal – finance leases	(26,676)	-
<b>Net cash flows from financing activities</b>	<u>972,165</u>	<u>4,163,336</u>
Net increase / (decrease) in cash and cash equivalents	(2,763,992)	1,993,175
Cash and cash equivalents at beginning of the year	3,350,534	1,357,359
Effect of exchange rate on cash in foreign currency	(2,973)	-
<b>Cash and cash equivalents at end of year</b>	<u>583,569</u>	<u>3,350,534</u>

The accompanying notes form part of these Consolidated Preliminary Financial Statements.

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## Consolidated Statements of Changes in Equity

For The Year Ended 30 June 2008

	Contributed Equity \$	Accumulated Losses \$	Foreign Currency Reserve \$	Options Reserve \$	Total \$
<b>At 1 July 2007</b>	20,768,874	(17,149,917)	16,172	763,091	4,398,220
Net loss for the year	-	(1,819,792)	-	-	(1,819,792)
Total income and expense for the year	-	(1,819,792)	-	-	(1,819,792)
Shares issued during the year net of expenses					
- share issue	23,841	-	-	-	23,841
- private placement	1,035,000	-	-	-	1,035,000
- costs of current period private placement	(60,000)	-	-	-	(60,000)
- costs of prior period private placement	(384,493)	-	-	384,493	-
Fluctuation on foreign exchange	-	-	(101,896)	-	(101,896)
Transfer of option expired	-	557,141	-	(557,141)	-
<b>Balance at 30 June 2008</b>	<b>21,383,222</b>	<b>(18,412,568)</b>	<b>(85,724)</b>	<b>590,443</b>	<b>3,475,373</b>

	Contributed Equity \$	Accumulated Losses \$	Foreign Currency Reserve \$	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	-	(2,268,179)	-	-	(2,268,179)
Total income and expense for the year	-	(2,268,179)	-	-	(2,268,179)
Shares issued during the year net of expenses					
- entitlement offer	1,626,436	-	-	-	1,626,436
- private placement	2,536,900	-	-	-	2,536,900
Fluctuation on foreign exchange	-	-	16,172	-	16,172
Option expense	-	-	-	154,064	154,064
<b>Balance at 30 June 2007</b>	<b>20,768,874</b>	<b>(17,149,917)</b>	<b>16,172</b>	<b>763,091</b>	<b>4,398,220</b>

The accompanying notes form part of these Consolidated Preliminary Financial Statements.

# Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2008

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Preliminary Financial Statements of Orient Resource Holdings Limited and subsidiaries for the year ended 30 June 2008 do not include all the notes of the type that would normally be included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance and financial position of the Group as the full financial report.

### (a) Basis of Preparation

The Consolidated Preliminary Financial Statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of certain non-current assets, financial assets and financial liabilities for which the value basis of accounting has been applied.

Unless otherwise detailed in this note, accounting policies have been consistently applied by the entities in the Group and are consistent with those applied in the 30 June 2007 annual report.

### (b) Changes in Accounting Policies

Since 1 July 2007 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2007. The Group has assessed the impact of adopting these Standards and Interpretations and do not believe that there is an effect on the financial position or performance of the Group. These Standards and Interpretations will be disclosed in the 2008 financial report.

- AASB 7 Financial Instruments: Disclosures.
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038).

For the year ended 30 June 2007, the Group accounted for its interest in jointly controlled entities by using the equity method of accounting whereby the interest in a jointly controlled entity was initially recorded at cost and adjusted subsequently for the post acquisition change in the share of net assets of the jointly controlled entity. In accordance with AASB 2007-4, AASB 131 "Interests in Joint Ventures" has been amended effective for annual reporting periods beginning on or after 1 July 2007. Under these amendments, the Group has the option to account for its interests in jointly controlled entities by applying either the equity or proportionate consolidation methods.

The Directors have resolved that it is more appropriate to adopt the proportionate consolidation method as it provides users of the financial report with more relevant information as to the financial position and financial performance of the Group and have changed its accounting policy accordingly. The application of the proportionate consolidation method means that the balance sheet of the Group includes its share of the assets and liabilities of the joint venture entity, the income statement of the Group includes its share of the revenue and expenses of the joint venture entity and the cash flow statement of the Group includes its share of the cash flows of the joint venture entity.

The aggregate effect of the change in accounting policy on the financial report for the year to 30 June 2008 is as follows:

# Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2008

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONSOLIDATED INCOME STATEMENT	Previously stated	AASB 131 adjustment	30 June 2008	Previously stated	AASB 131 adjustment	30 June 2007
	30 June 2008	30 June 2008		30 June 2007	30 June 2007	
	\$	\$	\$	\$	\$	\$
Sales revenue	967,117	2,678,319	3,645,436	179,112	1,936,809	2,115,921
Interest and other income	132,697	13,203	145,900	98,608	45,424	144,032
Share of profit / (loss) from joint venture	323,826	(323,826)	-	(62,876)	62,876	-
Other expenses	(3,243,432)	(2,178,352)	(5,421,784)	(2,486,850)	(2,029,661)	(4,516,511)
<b>(Loss) from continuing operations before tax</b>	<b>(1,819,792)</b>	<b>189,344</b>	<b>(1,630,448)</b>	<b>(2,272,006)</b>	<b>15,448</b>	<b>(2,256,558)</b>
Income tax	-	(189,344)	(189,344)	-	(11,621)	(11,621)
<b>(Loss) for the period</b>	<b>(1,819,792)</b>	<b>-</b>	<b>(1,819,792)</b>	<b>(2,272,006)</b>	<b>3,827</b>	<b>(2,268,179)</b>
<b>Basic and diluted (loss) per share (cents)</b>	<b>(1.81)</b>	<b>-</b>	<b>(1.81)</b>	<b>(3.67)</b>	<b>-</b>	<b>(3.67)</b>
CONSOLIDATED BALANCE SHEET	Previously stated	AASB 131 adjustment	30 June 2008	Previously stated	AASB 131 adjustment	30 June 2007
	30 June 2008	30 June 2008	30 June 2008	30 June 2007	30 June 2007	30 June 2007
	\$	\$	\$	\$	\$	\$
<b>Current Assets</b>						
Cash and cash equivalents	564,027	19,541	583,569	3,320,260	30,274	3,350,534
Trade and other receivables	100,928	1,337,999	1,438,927	338,706	139,508	478,214
Financial assets	1,650,000	-	1,650,000	-	-	-
Inventories	18,681	109,969	128,650	71,224	1,066,926	1,138,150
<b>Total Current Assets</b>	<b>2,333,637</b>	<b>1,467,509</b>	<b>3,801,146</b>	<b>3,730,190</b>	<b>1,236,708</b>	<b>4,966,898</b>
<b>Non-current Assets</b>						
Trade and other receivables	-	-	-	-	16,457	16,457
Other financial assets	-	-	-	6,440	-	6,440
Investment in joint venture entity	1,169,066	(1,169,066)	-	924,262	(924,262)	-
Property, plant and equipment	53,266	142,048	195,314	12,324	87,510	99,834
Deferred assets	-	271,179	271,179	-	12,024	12,024
<b>Total Non-current Assets</b>	<b>1,222,332</b>	<b>(755,839)</b>	<b>466,493</b>	<b>943,026</b>	<b>(808,271)</b>	<b>134,755</b>
<b>TOTAL ASSETS</b>	<b>3,555,969</b>	<b>711,670</b>	<b>4,267,639</b>	<b>4,673,216</b>	<b>428,437</b>	<b>5,101,653</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Trade and other payables	80,596	341,798	422,394	294,995	408,438	703,433
Borrowings	-	17,713	17,713	-	-	-
Current tax liabilities	-	335,185	335,185	-	-	-
<b>Total Current Liabilities</b>	<b>80,596</b>	<b>694,696</b>	<b>775,292</b>	<b>294,995</b>	<b>408,438</b>	<b>703,433</b>
<b>Non-current Liabilities</b>						
Borrowings	-	16,974	16,974	-	-	-
<b>Total Non-current Liabilities</b>	<b>-</b>	<b>16,974</b>	<b>16,974</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>80,596</b>	<b>711,670</b>	<b>792,266</b>	<b>294,995</b>	<b>408,438</b>	<b>703,433</b>
<b>NET ASSETS</b>	<b>3,475,373</b>	<b>-</b>	<b>3,475,373</b>	<b>4,378,221</b>	<b>19,999</b>	<b>4,398,220</b>
<b>EQUITY</b>						
Contributed equity	21,383,222	-	21,383,222	20,768,874	-	20,768,874
Accumulated losses	(18,412,568)	-	(18,412,568)	(17,153,744)	3,827	(17,149,917)
Reserves	504,719	-	504,719	763,091	16,172	779,263
<b>TOTAL EQUITY</b>	<b>3,475,373</b>	<b>-</b>	<b>3,475,373</b>	<b>4,378,221</b>	<b>19,999</b>	<b>4,398,220</b>

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## Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Previously stated 30 June 2008 \$	AASB 131 adjustment 30 June 2008 \$	Restated 30 June 2008 \$	Previously stated 30 June 2007 \$	AASB 131 adjustment 30 June 2007 \$	Restated 30 June 2007 \$
<b>CONSOLIDATED CASH FLOW STATEMENT</b>						
<b>Cash Flows from operating activities</b>						
Receipts from customers	1,087,832	2,631,138	3,718,970	35,363	856,885	892,248
Payments to suppliers and employees	(3,244,587)	(2,532,246)	(5,776,833)	(1,791,624)	(579,378)	(2,371,002)
Income taxes paid	-	(113,313)	(113,313)	-	-	-
Interest received	132,697	13,203	145,900	98,608	45,424	144,032
<b>Net cash flows used in operating activities</b>	<b>(2,024,058)</b>	<b>(1,218)</b>	<b>(2,025,276)</b>	<b>(1,657,653)</b>	<b>322,931</b>	<b>(1,334,722)</b>
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(31,015)	(29,866)	(60,881)	(4,087)	(150,471)	(154,558)
Payments for dredging equipment and design costs	-	-	-	(680,881)	-	(680,881)
Provision of loan	(1,650,000)	-	(1,650,000)	-	-	-
Repayment of loans to joint ventures	-	-	-	142,186	(142,186)	-
<b>Net cash flows used in investing activities</b>	<b>(1,681,015)</b>	<b>(29,866)</b>	<b>(1,710,881)</b>	<b>(542,782)</b>	<b>(292,657)</b>	<b>(835,439)</b>
<b>Cash flows from financing activities</b>						
Proceeds from issue of shares	1,058,841	-	1,058,841	4,654,708	-	4,654,708
Payment of share issue costs	(60,000)	-	(60,000)	(491,372)	-	(491,372)
Repayment of principal – finance leases	-	(26,676)	(26,676)	-	-	-
<b>Net cash flows from financing activities</b>	<b>998,841</b>	<b>(26,676)</b>	<b>972,165</b>	<b>4,163,336</b>	<b>-</b>	<b>4,163,336</b>
Net increase / (decrease) in cash and cash equivalents	(2,756,233)	(7,759)	(2,763,992)	1,962,901	30,274	1,993,175
Cash and cash equivalents at beginning of period	3,320,260	30,274	3,350,534	1,357,359	-	1,357,359
Effect of exchange rate on cash holdings in foreign currency	-	(2,973)	(2,973)	-	-	-
<b>Cash and cash equivalents at end of period</b>	<b>564,027</b>	<b>19,542</b>	<b>583,569</b>	<b>3,320,260</b>	<b>30,274</b>	<b>3,350,534</b>

# Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2008

## 2. 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 2008 and 30 June 2007.

30 June 2008	Continuing Operations			Total Operations
	Australia \$	China \$	United Kingdom \$	\$
<b>Segment revenue</b>				
Sales and other revenue from external parties	131,539	2,691,523	968,274	3,791,336
Total Revenue	131,539	2,691,523	968,274	3,791,336
<b>Segment Result</b>				
Profit / (loss) before income tax	(1,840,594)	513,171	(303,025)	(1,630,448)
Income tax expense	-	(189,344)	-	(189,344)
Net profit / (loss) for the year	(1,840,594)	323,827	(303,025)	(1,819,792)
<b>Segment assets/liabilities</b>				
Segment assets	2,308,956	1,880,735	77,948	4,267,639
Segment liabilities	(21,282)	(711,669)	(59,315)	(792,266)
<b>Other segment information</b>				
Depreciation and amortisation	41,668	34,533	2,408	78,609

## Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2008

### 2. SEGMENT REPORTING (Continued)

30 June 2007	Continuing Operations			Total Operations
	Australia \$	China \$	United Kingdom \$	\$
<b>Segment revenue</b>				
Sales and other revenue from external parties	148,225	1,982,232	129,495	2,259,952
Total Revenue	148,225	1,982,232	129,495	2,259,952
<b>Segment Result</b>				
Profit / (loss) before income tax	(2,521,329)	280,022	(15,251)	(2,256,558)
Income tax expense	-	(11,621)	-	(11,621)
Net profit / (loss) for the year	(2,521,329)	268,401	(15,251)	(2,268,179)
<b>Segment assets/liabilities</b>				
Segment assets	3,657,701	1,352,698	91,254	5,101,653
Segment liabilities	(189,672)	(408,438)	(105,323)	(703,433)
<b>Other segment information</b>				
Depreciation and amortisation	7,100	22,447	-	29,547

## Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2008

### 3. CONTRIBUTED EQUITY

a) Share Capital	<i>30 June 2008</i>	<i>30 June 2007</i>
	<u>\$</u>	<u>\$</u>
<i>Ordinary shares and performance shares Issued and fully paid</i>	<u>21,020,854</u>	<u>20,768,874</u>
	<i>Number of Shares</i>	<u>\$</u>
<i>Movements in shares on issue At 1 July 2007</i>	100,171,551	20,768,874
Shares issued during the period	9,250,957	696,473
Cost of share issues recognised during the period	-	(444,493)
At 30 June 2008	<u>109,422,508</u>	<u>21,020,854</u>
b) Other equity securities		
Value of options issued as part of private placement during the period		<u>362,368</u>
Total Contributed Equity		<u><u>21,383,222</u></u>

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# Notes to the Consolidated Preliminary Financial Statements

For The Year Ended 30 June 2008

## 4. DIRECTORS AND EXECUTIVE DISCLOSURES

### (a) Details of Key Management Personnel

(i) Directors

Ramesh Kana	Non - Executive Chairman
Michael Palmer	Executive Director
Stephen Gu	Non - Executive director
Grant Freeman	Non - Executive director
Graham Roach	Non - Executive director – Resigned 21 November 2007

(ii) Key Personnel

Geoffrey Hann	Chief Financial Officer and Company Secretary
Jack Tan	Executive