



## **MERIDIEN CAPITAL LIMITED**

**ACN 121 348 730**

### **PROSPECTUS**

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PROSPECTUS FOR THE ISSUE OF 700,000 FULLY PAID ORDINARY SHARES AT AN ISSUE PRICE OF \$0.50 CENTS PER SHARE TO RAISE A MINIMUM OF \$350,000 TOGETHER WITH ONE ATTACHING NEW OPTION FOR EVERY TWO NEW SHARES SUBSCRIBED FOR EXERCISABLE AT \$0.50 CENTS PER OPTION UP TO 30 SEPTEMBER 2011. OVER SUBSCRIPTIONS OF UP TO 300,000 NEW SHARES AND 150,000 NEW OPTIONS TO RAISE A FURTHER \$150,000 MAY BE ACCEPTED.

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THE OFFER HAS BEEN PARTLY UNDERWRITTEN BY COLLINS STREET SECURITIES PTY LIMITED TO THE EXTENT OF \$100,000 COMPRISING A SPREAD OF 50 SHAREHOLDERS WITH MINIMUM MARKETABLE PARCELS OF \$2,000 EACH.

SPONSORING BROKER: TONKIN SCORER MENZIES

This is an important document that should be read in its entirety.  
If you do not understand it you should consult your professional advisers without delay.

The securities offered by this Prospectus are of a speculative nature.

# Meridien Capital

## CORPORATE DIRECTORY

### DIRECTORS

Mr Kevin Shirlaw (Chairman)  
Mr John McColl  
Mr Kevin Good

### COMPANY SECRETARY

Mr Kevin Good

### REGISTERED OFFICE

Level 11  
32 Martin Place  
Sydney NSW 2000  
Ph: (02) 9221 0444  
Fax: (02) 9221 5935

### SHARE REGISTRY

Registries Limited  
Level 2, 28 Margaret Street  
Sydney NSW 2000  
Ph: (02) 9290 9600  
Fax: (02) 9279 0664

### NOMINATED ADVISOR

Whittens Lawyers & Consultants  
Suite 9  
Level 5  
137-139 Bathurst Street  
Sydney NSW 2000  
Ph: (02) 9264 2216  
Fax: (02) 9283 1970

### SPONSORING BROKER

Tonkin Scorer Menzies  
ANZ Bank Chambers  
16a Bolton Street  
Newcastle NSW 2300  
Ph: (02) 4929 1541  
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### INDEPENDENT ACCOUNTANT

DFK – Richard Hill Pty Ltd  
Level 11  
32 Martin Place  
Sydney NSW 2000  
Ph: (02) 9221 0444  
Fax: (02) 9221 5935

### UNDERWRITER

Collins Street Securities Pty Ltd  
Level 5  
406 Collins Street  
Melbourne VIC 3000  
Ph: (03) 9670 4277  
Fax: (03) 9606 0267

### AUDITORS

DFK – Richard Hill Pty Ltd  
Level 11  
32 Martin Place  
Sydney NSW 2000  
Ph: (02) 9221 0444  
Fax: (02) 9221 5935

### SOLICITORS

Whittens Lawyers & Consultants  
Suite 9, Level 5  
137-139 Bathurst Street  
Sydney NSW 2000  
Ph: (02) 9264 2216  
Fax: (02) 9283 1970

### INTERMEDIARY

Novus Capital Limited  
Level 24, Royal Exchange Building  
56 Pitt Street, Sydney NSW 2000  
Ph: (02) 9375 0112  
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AFSL No. 238168

# Meridien Capital

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## **IMPORTANT INFORMATION**

### **LODGEMENT**

This Prospectus is dated 12 December 2006 and will expire on 12 January 2008. No Shares will be issued or allotted on the basis of the Prospectus after 12 January 2008. The Prospectus was lodged with ASIC on 12 December 2006. ASIC takes no responsibility for the contents of the Prospectus.

### **NOTE TO APPLICANTS**

Before deciding to invest in the Shares offered for subscription under the Prospectus you should read the entire Prospectus and in particular consider the risk factors that could affect the financial performance of the Company. You should carefully consider these risks in light of your personal circumstances (such as financial and taxation issues) and seek advice from your professional advisers before deciding whether or not to invest. An investment in Shares should be considered speculative in nature. This document is important and should be read in its entirety. No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in the Prospectus. Any information that is not contained in the Prospectus may not be relied upon as having been authorised by the Company and its Directors. If you require an explanation of the contents of the Prospectus, you should consult a professional adviser.

### **EXPOSURE PERIOD**

The Corporations Act prohibits the Company from processing Applications in the seven day period following the date of lodgment of the Prospectus with ASIC. This period may be extended by up to a further seven days. The period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. Any Applications received during the exposure period will not be processed until after the end of that period. No preference will be given to Applications received during the exposure period.

### **AUSTRALIAN FINANCIAL SERVICES LICENCE**

The Company does not hold, and does not intend to hold, an Australian Financial Services Licence and the Directors have prudently decided that the Company will only issue Shares pursuant to this Prospectus under an arrangement of the type contemplated by section 911A(2)(b) of the Corporations Act made with the holder of an Australian Financial Services Licence. Offers under this Prospectus will be made pursuant to an arrangement between the Company and an Australian Financial Services Licensee pursuant to section 911A(2)(b) of the Corporations Act. The Company will only authorise licensees to make offers to people to arrange for the issue of Shares by the Company under the Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

Novus Capital Limited is the holder of Australian Financial Services Licence number 238 168 and the Company has procured the services of Novus Capital Limited to make the offers of Shares under this Prospectus. Please refer to Section 9.1.5 for further information.

### **DEFINITIONS AND INTERPRETATIONS**

A number of defined terms and expressions are used in the Prospectus and these terms and expressions are explained in Section 11. The Prospectus is available in electronic format on the Internet at <http://www.meridiencapital.com.au> and you should refer to Section 3.18 of the Prospectus for further information.

### **LISTING**

Within seven days of lodgment of this prospectus with ASIC application has been/will be made for listing of the Company's securities offered by this disclosure document by the NSX. The fact that the NSX may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities. The NSX takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document. Please refer to Section 7 for further information.

### **FORWARD LOOKING STATEMENTS**

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed herein.

# Meridien Capital

## CHAIRMAN'S LETTER

12 December 2006

Dear Investor,

As Chairman of Meridien Capital Limited ("**Meridien Capital**" or "**the Company**") I am pleased to present this Prospectus on behalf of the Board and invite you to subscribe for New Shares in our Company.

The minimum investment size is \$2,000 and I encourage you to read this Prospectus carefully before making your investment decision as it contains detailed information about the Company and its investment philosophy.

Meridien Capital has been established as an investment holding company with a predominant focus on investment in the securities of publicly listed "small cap" companies with a market capitalisation of between \$2 million and \$50 million. The Company intends to focus on securities listed on the Australian Stock Exchange and Newcastle Stock Exchange.

The Company recently acquired a portfolio of investments which in the main comprise fully paid ordinary shares in Harrington Group Limited and ADV Group Limited. The shares in each of these companies are traded on the ASX.

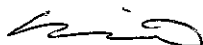
The Company's Board of Directors have extensive investment and corporate finance experience in Australia and overseas and are well placed to implement the Company's investment strategy.

Under this Prospectus, Meridien Capital is offering subscription to 700,000 Shares at an Application Price of \$0.50 per Share to raise \$350,000, together with one attaching Option for every two Shares subscribed for. The Company has the right to accept oversubscriptions of up to 300,000 Shares with one attaching Option for every two Shares subscribed for to raise an additional \$150,000.

The Company's existing Shareholders are not selling any of their Shares in this Issue, nor will they receive any proceeds from this Issue.

The Directors join me in offering you the opportunity to participate in the ownership of Meridien Capital Limited and we look forward to welcoming you as a shareholder.

Yours Sincerely,



Kevin Shirlaw  
Chairman

# Meridien Capital

## 1. EXECUTIVE SUMMARY

### 1.1 Introduction

The primary objective of the Company is to create significant and long term shareholder returns from investments in small cap listed securities (market capitalisation of between \$2 million and \$20 million) where the Directors believe there are good opportunities for the value of an investment to grow significantly over a period of time.

To avoid any adverse impact on the Company from any individual investment loss, the Company proposes to be invested in a number of security interests with an emphasis on companies that are listed in Australia.

The Company's underlying investment philosophy, investment strategy and assessment criteria are set out in more detail in Section 2 of this Prospectus.

### 1.2 Existing Investments

The Company currently holds minority investment interests in the following publicly listed companies:

- Harrington Group Limited (1,000,000 Ordinary Shares) (ASX Code HGR).
- ADV Group Limited (1,000,000 Ordinary Shares) (ASX Code ADS).

and

- Mercator Gold Limited (10,000 Ordinary Shares) (AIM Code MCR).

Additional details on the current investments of the Company are set out in Section 2 of this Prospectus.

On 7 December 2006 the company sold 50,000 ADV shares at a price of 22.5 cents. This sale realised \$11,200 ( net of brokers commission)

#### • 1.3 The Offer

The Company will offer for subscription up to 1,000,000 Ordinary Shares and 500,000 Options. The rights attaching to the Shares and Options are set out in Section 9 of this Prospectus.

The minimum subscription for the Offer is \$350,000 being receipt of valid Applications for not less than 700,000 Ordinary Shares.

The issue has been partly underwritten by Collins Street Securities Pty Limited to the extent of \$100,000 comprising a spread of 50 shareholders with minimum marketable parcels of \$2,000 each.

### 1.4 Capital Structure

The capital structure of the Company prior to the Offer and its capital structure assuming minimum and maximum subscriptions upon completion of the Offer are set out below. The summary should be read in conjunction with the information detailed in Sections 4 and 9 of this Prospectus.

	Minimum Subscription	Maximum Subscription
Ordinary Shares on Issue prior to Offer	2,950,000	2,950,000
Ordinary Shares on Issue prior to Offer	700,000	1,000,000
<b>Total Ordinary Shares Issue</b>	<b>3,650,000</b>	<b>3,950,000</b>
Options on Issue prior to Offer	1,450,000	1,450,000
New Option Issue	350,000	500,000
<b>Total Options on Issue</b>	<b>1,800,000</b>	<b>1,950,000</b>

## 1.5 Market Capitalisation

Minimum subscription \$1,825,000

Maximum subscription \$1,975,000

## 1.6 FINANCIAL POSITION

The Company's unaudited balance sheet as at 30 November 2006 and the pro-forma balance sheets, assuming minimum and maximum subscriptions upon completion of the Offer, are summarised below. This summary should be read in conjunction with the detailed financial information set out in Section 4 and the Independent Accountant's Report set out in Section 8 of this Prospectus:

	UnAudited 30 Nov 2006 \$	Minimum Subscription \$	Maximum Subscription \$
<b>ASSETS</b>			
Cash	12,101	289,125	439,125
Listed Share Portfolio	294,613	294,613	294,613
Other	1,628	1,628	1,628
Total current assets	308,342	585,366	735,366
Total non-current assets	1,125	21,690	21,690
<b>Total Assets</b>	<b>309,467</b>	<b>607,056</b>	<b>757,056</b>
<b>LIABILITIES</b>			
Total current liabilities	18,276	18,276	18,276
Total non-current liabilities	1,328	-	-
<b>Total Liabilities</b>	<b>19,604</b>	<b>18,276</b>	<b>18,276</b>
<b>NET ASSETS</b>	<b>289,863</b>	<b>588,780</b>	<b>738,780</b>
<b>EQUITY</b>			
Issued Capital	286,128	286,128	286,128
New Issue	-	350,000	500,000
Reserves	764	764	764
Retained Earnings	49,124	50,451	50,451
Less Issue expenses	(46,153)	(98,563)	(98,563)
<b>SHAREHOLDERS EQUITY</b>	<b>289,863</b>	<b>588,780</b>	<b>738,780</b>

# Meridien Capital

## 1.7 Indicative Dates

Prospectus lodged with ASIC	12 December 2006
Opening Date	22 December 2006
Despatch of Prospectus	22 December 2006
Closing Date	12 February 2007
Expected date for despatch of Transaction Confirmation Statements	19 February 2007
Expected date for Listing on NSX	26 February 2007

The above dates are indicative only and the Directors expressly reserve the right to vary the Offer dates and to extend the Issue or to close it at an earlier date.

## 1.8 Risk Factors

An investment in the Company is speculative and involves a number of risks. While the Directors intend to focus management on investment risk minimization no assurances can be given by the Company to Shareholders as to the success or otherwise of its business. Investors should consider the risk factors identified in this Prospectus, particularly those identified in Section 6, before applying for shares.

As this company is an investment company, the company's success will be largely determined by the skill of the directors and the investment decisions they make on behalf of the company. To this effect prospective investors should read the descriptions of the directors' previous experience in assessing whether or not to invest in the company.



## 2. COMPANY INFORMATION

### 2.1 Company Incorporation

Meridien Capital Limited was incorporated on 21 August 2006 and subsequently raised an amount of \$30,000 by private placement as reflected in the Independent Accountants Report set out in Section 8.

### 2.2 Recent Significant Events

On 30 August 2006 the Company agreed to acquire a portfolio of listed securities from Fairchoice Limited. The sole consideration was the issue, to Fairchoice Limited, of 1,000,000 full paid Ordinary Shares and 500,000 Options exercisable at \$0.50 up to 30 September 2011.

Following the transfer of this share portfolio the 1,000,000 fully paid Ordinary Shares and 500,000 Options were issued to Fairchoice Limited on 31 October 2006.

The portfolio of shares acquired from Fairchoice Limited comprises:

Company Name	Stock Code	Number of Shares	Sale price as at 30 August 2006	Market Value (\$) on 30 August
Mercator Gold Limited		10,000	£0.90	25,000
Harrington Group Limited		1,000,000	\$0.075	75,000
ADV Group Limited		1,000,000	\$0.125	125,000
<b>TOTAL</b>				<b>225,000</b>

The following table shows the value of the portfolio as at 30 November 2006:

Company Name	Stock Code	Number of Shares	Last Sale price 30 November 2006	Value (\$)
Mercator Gold Limited		10,000	£0.765	18,945
Harrington Group Limited		1,000,000	\$0.056	56,000
ADV Group Limited		1,000,000	\$0.205	205,000
<b>TOTAL</b>				<b>279,945</b>

The following table shows the value of the portfolio as at the date of the Prospectus.

Company Name	Stock Code	Number of Shares	Last Sale Price 07 December 2006	Current Value (\$)
Mercator Gold Limited		10,000	£0.785	19,581
Harrington Group Limited		1,000,000	\$0.050	50,000
ADV Group Limited		950,000	\$0.215	204,250
<b>TOTAL</b>				<b>273,831</b>

Further details of these investments are set out in Section 2.7 below.

## 2.3 Investment Objective

The aim of the Company and its investment objective is to create significant and long term shareholder returns from any investments where the Directors believe there are good opportunities for the value of an investment to grow over a period of time.

To the extent that the Company proposes to invest in securities, it will primarily invest in securities listed on the Australian Stock Exchange and the Newcastle Stock Exchange.

To minimize any future potential adverse impact on the Company from any individual investment, the Company will work towards the establishment and maintenance of an investment portfolio incorporating a diverse range of listed companies.

## 2.4 Investment Strategy

The Company will seek to invest in marketable securities of listed small cap companies: generally those listed companies with a \$2 million - \$50 million market capitalization which the Directors consider:

- are likely to outperform other companies in the sector in which the investment is made and consequently offer the prospect of higher capital gain than otherwise applicable in that sector; or
- have existing or emerging cash flow from businesses which have products or markets where the proposed investee has a particular advantage over other companies in the sector.

The Company is unlikely, given the nature of its proposed activities, to invest more than 30% of its financial resources in any individual entity.

While the Company will primarily invest in listed entities, it may from time to time invest in securities of companies to which it is providing corporate and management services, particularly where those services relate to any such client listing on a Stock Exchange. In circumstances where the provision of advice is of a nature which requires an appropriate AFSL licence the Company will ensure that such advice will be independently provided by an appropriately licensed third party.

Investments will be held for such time as the Directors determine and may be sold at any time. In making investment decisions, the Company will generally take a medium to long term view with respect to investments. This will likely be a six month to three year view. However, the Company will also adopt policies relating to stop loss where within the anticipated period of investment, the investee suffers adverse financial circumstances or where the industry in which it operates suffers significant downturn that is assessed to likely be long term.

## 2.5 Investment Criteria

The basic parameters which will govern an investment are:

- Investment will be sought where the Company believes that the underlying value of an equity exceeds its market price by a sufficient margin to provide a safety buffer against loss.
- Risk will be minimised and diversified by holding a number of investments in companies operating in different sectors so as to create a diversified investment portfolio.
- The Company will not borrow on shares unless the shares generate sufficient dividend income to service borrowings related thereto.
- The Directors will maintain review of the portfolio on a regular basis by maintaining focus on the

investee companies based on information provided to the market by these companies and will also focus on the industry sectors in which investment takes place.

Investment criteria which are considered desirable or appropriate include:

- Companies with cash flow, attractive investment fundamentals such as low price to earnings ratios and cash flow multiples which reflect undervalue compared with other entities in the relevant sector.
- Attractive returns on equity generally.
- Where applicable and appropriate, acquisition of interests in companies which have experienced decreased market valuations for reasons which the Directors do not consider to be either valid or long term and where the Directors consider the underlying fundamentals of the investee company to be sound.
- Companies which have long term potential growth either because of company specific reasons such as ownership of technology or specific resources or where a sector is resurgent or expanding as a result of cultural or commercial trends. Converse to this is that investments in such sectors can often suffer. An example is the technology sector which expanded significantly in the period 1999 – 2001 and which suffered collapse in or around May/June 2001 with many technology companies suffering significant downturns.
- Companies with sound management and with significant management equity interests, where the interests of management and proprietors are aligned.

## **2.6 Investment Process**

Investment opportunities will be identified through a variety of methods. Many investment opportunities will come to the Directors notice because of the Directors' diverse and extensive contact base. Other opportunities will be identified from discussions with brokers and other industry professionals and by focus on industries in which the Company proposes to invest.

Where a significant investment is proposed to be made, the Company may seek to meet with management and conduct such due diligence as would be deemed appropriate to the scale of proposed investment. Where an entity is more speculative: based either on proprietary technology or resources, review will be made of the nature of the technology or resources and where appropriate, independent experts will be engaged to provide commentary or analysis.

## **2.7 Description of Current Investments**

### **Harrington Group Limited**

The Company currently holds 1,000,000 fully paid ordinary shares in Harrington Group Limited. The shares currently held by the Company represent less than 1% holding in the issued capital of Harrington Group Limited. Harrington Group Limited is listed on the Australian Stock Exchange and is primarily engaged in investment activities.

Further details of Harrington Group Limited (ASX Code HGR) may be found at its website [www.hgrltd.com](http://www.hgrltd.com)

# Meridien Capital

## **ADV Group Limited**

The Company currently holds 1,000,000 fully paid ordinary shares in ADV Group Limited. The shares currently held by the Company represent less than 1% holding in the issued capital of ADV Group Limited. ADV Group Limited is listed on the Australian Stock Exchange (ASX Code ADS) and is primarily engaged in investment activities.

## **Mercator Gold Limited**

The Company currently holds 10,000 fully paid ordinary shares in Mercator Gold Limited. The shares currently held by the Company represent less than 1% holding in the issued capital of Mercator Gold Limited.

Mercator Gold Limited is listed on the AIM Exchange in London and is a company engaged in gold exploration and mining activities.

Further details of Mercator Gold Limited (AIM Code MCR) may be found at its website [www.mercatorgold.com](http://www.mercatorgold.com)

### 3. THE INVESTMENT OFFER

#### 3.1 Proposed Applicants

The Offer is made to members of the public and institutional investors.

#### 3.2 Objective of the Offer

The objective of the Offer is to raise capital to fund further acquisitions, to meet the expenses associated with the offer and to provide working capital for ongoing operations and investment.

#### 3.3 Details of the Offer

The Company is offering for subscription a total of 700,000 new Ordinary Shares at an issue price of \$0.50 cents per share to raise \$350,000 on the basis that for every two new Ordinary Shares subscribed for the allottee will be granted one (1) Option to acquire an Ordinary Share exercisable at \$0.50 up until 5.00pm AEST 30 September 2011.

The Company further expressly reserves the right to accept oversubscriptions for an additional 300,000 new Ordinary Shares and a further 150,000 Options to raise a further \$150,000.

The Shares offered for subscription by this Prospectus will rank equally in all respects with all other Ordinary Shares on issue in the capital of the Company.

The rights and liabilities attached to all Ordinary Shares and Options presently on issue, or to be issued under this Prospectus, are set out in detail in Section 9.2 of this Prospectus.

#### 3.4 Capital Structure

The capital structure of the Company prior to the Offer and its capital structure assuming minimum and maximum subscriptions upon completion of the Offer are set out below.

Capital Structure	Minimum Subscription	Maximum Subscription
Ordinary Shares on Issue prior to Offer	2,950,000	2,950,000
New Ordinary Shares Issue	700,000	1,000,000
<b>Total Ordinary Shares on Issue</b>	<b>3,650,000</b>	<b>3,950,000</b>
Options on Issue prior to Offer	1,450,000	1,450,000
New Option Issue	350,000	500,000
<b>Total Options on Issue</b>	<b>1,800,000</b>	<b>1,950,000</b>

- There are currently 2,950,000 fully paid Ordinary Shares on issue.
- There are currently 550,000 Founder Options. Each Option entitles the subscriber to one Ordinary Share in the Company upon the payment of \$0.50 cents. The Options will lapse at 5.00 pm AEST on 30 September 2011.
- The company has issued 75,000 options to Directors. Each Option entitles the subscriber to one Ordinary Share in the Company upon the payment of \$0.50 cents. The Options will lapse at 5.00 pm AEST on 30 September 2011.

- d) The Underwriter has been issued with 100,000 Options. Each Option entitles the subscriber to one Ordinary Share in the Company upon the payment of \$0.50 cents. The Options will lapse at 5.00 pm AEST on 30 September 2011.
- e) The Company has issued 725,000 to pre IPO investors. Each Option entitles the subscriber to one Ordinary Share in the Company upon the payment of \$0.50 cents. The Options will lapse at 5.00 pm AEST on 30 September 2011.
- f) In addition, the Company has approved, but not issued, a further 500,000 Options under its Employee Share Option Scheme. These Options will be allocated and issued at some time in the future based on the financial performance of the Company. Each Option entitles the subscriber to one Ordinary Share in the Company upon the payment of \$0.25 cents. The Options will lapse at 5.00 pm AEST on the fifth anniversary of the date on which each tranche is issued.

### 3.5 Minimum Subscription

The intended minimum subscription for the Offer is \$350,000 being receipt of valid Applications for not less than 700,000 Ordinary Shares. If this minimum subscription is not received by the Company by the Closing Date of this Prospectus, the Company will repay all Application Monies received within seven days of the closing date, without interest.

### 3.6 Application for Shares

Applications must be for a minimum 4,000 new Ordinary Shares and 2,000 Options at an aggregate issue price of \$2,000 and thereafter in multiples of \$1,000. The Company reserves the right to accept applications for a smaller number of shares.

### 3.7 Application Forms

Attached to and forming part of this Prospectus is an application form for use by Applicants. Instructions for the completion and lodgement of Application Forms are set out on the Application Form.

Completed Application Forms together with Subscription moneys must be forwarded to:

**Novus Capital Limited**  
PO Box R1464  
Royal Exchange NSW 1225  
Ph: (02) 9375 0112  
Fax: (02) 9375 0188  
OR

**Registries Limited**  
Level 2  
28 Margaret Street  
Sydney NSW 2000  
Ph: (02) 9290 9600  
Fax: (02) 9279 0664

Completed Application Forms may be lodged at any time after the Opening Date, but no later than the Closing Date.

### **3.8 Payment for Shares**

The subscription moneys for the Shares the subject of the Issue are payable in full on application. Cheques must be made out in Australian currency.

Cheques in Australian currency forwarded to the Company in Australia must be made payable to "Meridien Capital Subscription A/c" and crossed "Not Negotiable".

### **3.9 Opening and Closing of the Offer**

The Offer will open on 22 December 2006 and, subject to the right of the Directors to close the Issue at an earlier date or to extend it, will close at 5.00pm (AEST) on 12 February 2007 (the Closing Date).

The Directors expressly reserve the right to close the Issue at an earlier date or to extend the Closing Date.

### **3.10 Underwriting**

The Company and the Underwriter are parties to an Underwriting Agreement. Further information in respect of this agreement is set out in Section 9.1.2

Collins Street Securities Pty Limited has underwritten the issue to the extent of \$100,000 comprising a minimum spread of 50 shareholders holding marketable parcels of \$2,000 as required by the NSX listing rules.

### **3.11 Sponsoring Broker**

Tonkin Scorer Menzies has been appointed as Sponsoring Brokers. Further information in respect of this agreement is set out in Section 9.1.4.

### **3.12 Overseas Shareholders**

This Prospectus does not constitute an offer in any jurisdiction outside of Australia or to any person to whom it would not be lawful to issue this Prospectus.

Nominees applying for Shares on behalf of overseas residents are responsible for ensuring that such an application does not breach any regulation applicable to any such overseas resident.

Lodgement of Application Forms accompanied by the relevant application moneys will be taken by the Company to constitute a representation from the Applicant that no breaches of any such regulations have occurred. Applicants, who are nominees, or persons proposing to act as nominees, should seek independent advice as to how they should proceed.

### **3.13 NSX Quotation**

Application will be made within seven days of the issue of this Prospectus for permission for the Securities issued, allotted or granted pursuant to this Prospectus to be listed for quotation by NSX.

If permission is not granted for the securities offered for subscription by this Prospectus to be listed for quotation on the stock market of NSX within 6 months after the date of the issue of this Prospectus, the Company, in accordance with the Corporations Act 2001, will either:

- (a) repay to applicants all moneys received by it;
- (b) issue a supplementary Prospectus advising that the securities offered for subscription by this Prospectus will not be listed on NSX and give applicants one month to withdraw their applications and be repaid in full.

No interest will be paid on any moneys repaid.

# Meridien Capital

That the Stock Exchange of Newcastle Ltd may admit the Company to its Official List and list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities.

The Stock Exchange of Newcastle Ltd takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.

## **3.14 Taxation and Stamp Duty Implications**

Applicants should seek their own independent advice in relation to matters relating to the operation of taxation laws in Australia and taxation and stamp duty laws in New Zealand.

The Company is unable to give advice on taxation matters generally, as each Applicant's position will relate to their own specific circumstances.

Applicants should satisfy themselves of possible taxation consequences of purchases and sales of securities by consulting their own professional tax advisers.

## **3.15 Acceptance of Applications for Shares**

If an Entitlement and Acceptance Form is not completed properly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. The decision of the Company as to whether to treat an acceptance as valid or how to construe it will be final.

## **3.16 Allotment**

In accordance with the provisions of the Corporations Act 2001, all subscription moneys shall, pending allotment and issue of the new Ordinary Shares and Options pursuant to this Issue, be held by the Company in trust in a bank account established solely for the purpose of depositing application moneys received. Any interest earned on those moneys shall be to the Company's account. Transaction Confirmation Statements will be despatched on or about 19 February 2007 unless the Closing Date is varied.

## **3.17 Application of Funds**

The funds raised by the Issue will be applied, first, to pay the costs of the Issue (see estimate below) and, thereafter, to meet ongoing corporate operating costs and to provide working capital in relation to the Company's business operations.

The cash costs of the Issue are estimated at \$89,001 (minimum subscription) and \$89,001 (maximum subscription).

In addition, a cost of \$30,000 has been taken up in the accounts representing the value of the 200,000 Ordinary Shares issued to the Underwriter.



The funds to be raised by the issue will be applied as follows:

Application of Funds	Minimum Subscription \$	Maximum Subscription \$
Accounting	10,000	10,000
Legal	20,000	20,000
Share Registry, postage and sundry	4,000	4,000
Underwriting Commission	13,000	13,000
Sponsoring Broker	15,000	15,000
Intermediary	15,000	15,000
ASIC Fees	2,000	2,000
Listing fee	7,150	7,150
Travel and Sundry Costs	2,851	2,851
Plus:		
Value of Shares & Options issued to Underwriter	30,000	30,000
Less:		
Income tax saving on IPO Cost	(20,565)	(20,565)
Working capital	251,564	401,564
<b>Total</b>	<b>350,000</b>	<b>500,000</b>

Depending on the success or otherwise of the Company's operational strategy and the Company's ability to generate sufficient fee based income from its activities, those funds may be adequate and sufficient for the purposes set out above. However, if the Company's operational strategy results in a prolonged period where it fails to generate sufficient income to be self sufficient then the working capital set out above may be inadequate for that purpose necessitating additional capital raisings.

### 3.18 Electronic Prospectus

If you have received this Prospectus as an Electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company at Telephone: (02) 9221 0444 or Facsimile: (02) 9221 5935 and you will be forwarded, free of cost, either a paper copy or a further electronic copy of the Prospectus as requested by you.

Notwithstanding that you may receive this Prospectus electronically; there is no facility for Applications to be accepted electronically. The Application Form in this Prospectus must not be circulated or handed on to prospective investors unless accompanied by a complete and unaltered copy of this Prospectus and any supplementary Prospectus which may hereafter be issued.

The Company reserves the right not to accept an Application for Shares from a person where it has reason to believe that, when that person was given access to the electronic Application Form, it was not provided to that person together with the Electronic Prospectus and any relevant supplementary or replacement Prospectus or if any of those documents were provided in an incomplete or altered form. In such case, the Application Moneys received will be dealt with in accordance with Section 722 of the Corporations Act.

### 3.19 Chess

The Company will participate in the Clearing House Electronic Sub-register System ("CHESS"), in accordance with NSX Listing Rules and operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of shares.

Consequently, the Company will not issue certificates to security holders. Security holders will be provided with transaction confirmation statements (similar to a holding statement), which will set out the number of New Shares and Options allotted to them under this Prospectus. At the end of the month of allotment, CHESS (acting on behalf of the Company) will provide security holders with a holding statement that will confirm the number of shares and options then held.

A holding statement or transaction confirmation statement (whether issued by CHESS or the Company) will also provide details of a Security holder's Holder Identification Number in the case of a holding on the CHESS sub-register or Security holder Reference Number in the case of a holding in the issuer-sponsored sub-register. Following distribution of these initial statements to all security holders, a holding statement will be provided to each security holder at the end of any subsequent month during which the balance of that security holder's holding of securities changes.

### **3.20 Rights and Liabilities Attaching to Shares**

All shares to be issued pursuant to this Prospectus are fully paid Ordinary Shares. The rights and obligations attaching to the Shares are set out in detail in the Constitution. A summary of selected provisions of the Constitution are set out in Section 9.2. The Constitution is available for inspection and respective applicants should read Section 9.2 for further information.

### **3.21 Enquiries**

If you have any enquiries as to the terms of the Issue please contact the Company Secretary -

Mr Kevin Good

Telephone: (02) 9221 0444

Facsimile: (02) 9221 5935

## 4. FINANCIAL INFORMATION

### 4.1 Pro-Forma Statements of Financial Position

Set out below is a summary of the pro-forma Statement of Financial Position of the Company as at 30 November 2006. This summary was based on the Company's accounts which were extracted from the Independent Accountants Report set out in Section 8 of this Prospectus.

	Note	30 November 2006 Unaudited \$	Pro-forma Minimum Subscription \$	Pro-forma Maximum Subscription \$
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	4.2	12,101	289,125	439,125
Financial Asset (Share Portfolio)		294,613	294,613	294,613
Trade and other receivables		1,628	1,628	1,628
<b>TOTAL CURRENT ASSETS</b>		<b>308,342</b>	<b>585,366</b>	<b>735,366</b>
<b>NON-CURRENT ASSETS</b>				
Deferred tax asset			20,565	20,565
Intangible assets		1,125	1,125	1,125
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,125</b>	<b>21,690</b>	<b>21,690</b>
<b>TOTAL ASSETS</b>		<b>309,467</b>	<b>607,056</b>	<b>757,056</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payables		18,276	18,276	18,276
<b>TOTAL CURRENT LIABILITIES</b>		<b>18,276</b>	<b>18,276</b>	<b>18,276</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred income tax liability		1,328		
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,328</b>		
<b>TOTAL LIABILITIES</b>		<b>19,604</b>	<b>18,276</b>	<b>18,276</b>
<b>NET ASSETS</b>		<b>289,863</b>	<b>588,780</b>	<b>738,780</b>
<b>EQUITY</b>				
Issued capital	4.4	286,128	636,128	786,128
Direct cost – IPO		(16,026)	(77,436)	(77,436)
Direct Cost – IPO (share based)		(30,127)	(21,127)	(21,127)
Reserves		764	764	764
Retained Earnings		49,124	50,451	50,451
<b>TOTAL EQUITY</b>		<b>289,863</b>	<b>588,780</b>	<b>738,780</b>

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	30 November 2006 Unaudited \$	Pro-forma Minimum Subscription \$	Pro-forma Maximum Subscriptions \$
<b>4.2 Cash</b>			
Cash and cash equivalents	12,101	12,101	12,101
Proceeds from issue of shares following the Offer		350,000	500,000
Less payment of offer costs		(99,422)	(99,422)
<b>Pro-forma cash assets at 30 Nov 2006</b>	<b>20,000</b>	<b>252,997</b>	<b>402,997</b>
<b>4.3 Listed Investments</b>			
Harrington Group Limited	50,000	50,000	50,000
ADV Group Limited	225,000	225,000	225,000
Mercator Gold Limited	19,613	19,613	19,613
<b>Total Investments</b>	<b>294,613</b>	<b>294,613</b>	<b>294,613</b>
<b>4.4 Equity</b>			
Issued Capital at 30 Nov 2006	286,128	636,128	786,128
New Share Issue		350,000	500,000
Reserves	764	764	764
Retained earnings	49,124	50,451	50,451
Less Costs of the Offer	(46,153)	(98,563)	(98,563)
<b>Pro-forma Equity at 30 Nov 2006</b>	<b>289,863</b>	<b>588,780</b>	<b>738,780</b>
<b>4.5 Costs of Offer</b>			
Accounting		10,000	10,000
Legal		20,000	20,000
Share Registry, Postage and Sundry		4,000	4,000
Underwriting Commission		13,000	13,000
Intermediary Fee		15,000	15,000
Sponsoring Broker		15,000	15,000
Listing Fee		7,150	7,150
ASIC Fee		2,000	2,000
Travel and Sundry Costs		2,851	2,851
Plus:			
Value of Shares & Options issued to Underwriter		30,000	30,000
Less:			
Income tax savings on IPO Cost		(20,565)	(20,565)
<b>Total Costs</b>		<b>98,436</b>	<b>98,436</b>

## **4.7 Proposed Accounting Policies and Notes to Accounts**

A summary of significant accounting policies which have been adopted in the preparation of the Pro Forma Statement of Financial Position set out in Section 4 of this Prospectus, or which will be adopted and applied in the preparation of the financial statements of the Company as at 30 November 2006 and subsequent financial years are as follows.

### **4.7.1 Basis of Accounting**

The financial information has been prepared in accordance with the measurement, but not all of the disclosure, requirements of Australian Accounting Standards and Urgent Issues Group Consensus Views. In the view of the Company, the omitted disclosures would provide no relevant information to potential investors. The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with the historical cost convention.

### **4.7.2 Income Tax**

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences. Timing differences, which arise due to different accounting periods in which items of revenue and expense are included in the determination of pre-tax accounting profit and taxable income, are brought to account as either a provision for deferred income tax or an asset described as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse changes will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

### **4.7.3 Valuation from Investment Portfolio**

Securities, including listed and unlisted shares, notes and options, are initially brought to account at cost and are re-valued to market values continuously. Increments and decrements are taken to the Asset Revaluation Reserve whilst that reserve has a positive balance in total, otherwise the adjustments are included in Net Profit. Where the disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Asset Revaluation Reserve to the Asset Realisation Reserve while this reserve has a positive balance in total, otherwise the adjustments are transferred to Net Profit.

### **4.7.4 Income from Holdings of Securities**

Distributions relating to listed securities are recognised as income when those securities are quoted in the market on an "ex-distribution" basis. Distributions relating to unlisted securities are recognised as income when received.

## **4.8 Impact of Adopting International Financial Reporting Standards**

The Australian Accounting Standards Board is adopting Australian standards that will be equivalent to International Financial Reporting Standards. These new Australian standards will be known as AIFRS and are to be applied for reporting periods beginning on or after 1 January 2005. The adoption of AIFRS will be reflected for the first time in the financial statements of the Company for the half-year ending on 31 December 2006 and the year ending on 30 June 2007. The following is a summary of the significant likely effects on the financial statements of the Company arising from the adoption of AIFRS.

## 4.8.1 Investment Portfolio to be Measured at Market Value

Under AIFRS the investment portfolio will be re-valued to fair market value continuously with all increments and decrements being included in Net Profit, whereas the investment portfolio is currently valued at the lower of carrying value and market value in aggregate. This change may result in increased volatility in reported results for the investment portfolio.

## 4.8.2 Income Tax Impact of Measuring Investment Portfolio at Market Value

Under AIFRS the Company will be required to recognise an additional tax asset or liability reflecting the deferred tax effect of measuring the investment portfolio at market value as described above. The additional deferred tax liability or asset on the investment portfolio will be reflected as an income tax expense.

## 4.8.3 Realised Gains of Investment Portfolio Included in Net Profit

Under AIFRS, the realised gains of the investment portfolio (net of tax) will be included in Net Profit rather than treated as a direct equity adjustment.

## 4.9 Balance Date

The balance date of the Company is 30 June in each year and the accounts will be prepared for the year. The first full set of financial reports for the Company will be prepared for the year ending 30 June 2007.

## 4.10 Dividend Policy

The Company may pay dividends to shareholders from the earnings generated from its operating activities to the extent permitted by law and in accordance with prudent business practices. Such dividends will be franked to the extent that available imputation credits permit.

The Company does not presently intend to pay a dividend. It is not anticipated that the Company will pay a dividend in the future if at all.

## 4.11 Securities on Issue

The Company has 2,950,000 Ordinary Shares and 1,450,000 Options on issue as at the date of this Prospectus. No other securities have been issued.

## 4.12 Working Capital

The Directors believe there is sufficient working capital for the Company to carry out its objectives. The operating costs of the Company for the first twelve months following listing can be summarised:

Application of Funds	Maximum Subscription \$
Directors' Fees	60,000
Professional Indemnity Insurance	30,000
Nominated Adviser	18,000
Accounting & Audit Fees	10,000
Annual Listing Share Registry and Chess Fees	15,000
Communication	6,000
Travel	6,000
Administration/Other	5,000
	<b>150,000</b>

#### **4.13 Employees**

As at the date of this Prospectus there are no persons employed by the Company.

#### **4.14 Office Space**

DFK-Richard Hill Pty Limited provides office space and the use of office equipment and facilities to the Company at no cost. In the future DFK-Richard Hill Pty Limited may charge the Company for these services and any such charges shall be at commercial rates.

#### **4.15 Controlled Entities**

The Company has no controlled entities.

#### **4.16 Contingent Liabilities**

Except as set out in this Prospectus, the Directors are not aware of any contingent liabilities of the Company.

## 5. DIRECTORS AND CORPORATE GOVERNANCE

### 5.1 Directors' Experience

The Company's Board of Directors has extensive experience in the investment and banking industries in Australia, USA, Europe and Asia and is well placed to implement the Company's strategies and achieve the Company's financial objectives. Additionally, the Directors have a broad overall skill base in relation to acquisitions, mergers and investments which they will apply in assessing direct and indirect investment activities which the Company may undertake.

The Directors global network of contacts should provide further opportunities to develop the Company's investment portfolio.

In relation to investment activities, the investment process the Company will undertake will be that investment proposals may be put to the Board by any Director, together with a memorandum of reasons for investment. All proposals for investment will be reviewed by all Directors. The Directors propose that before any investment be proceeded with, they will carry out or cause to be carried out any applicable and appropriate due diligence on the proposed investment. At that time the Board will make a decision whether or not to invest. This process may, in certain circumstances be protracted, and in others, comparatively short.

All Directors will be involved in the investment process and will provide such time as reasonably necessary to enable adequate review of operations generally and investment decisions in particular.

### 5.2 Directors' Skills

The blend of skills which the Directors present is considered by them to be appropriate for the establishment, operation and development of its proposed business. The knowledge of the Directors, either individually or collectively, that is relevant to the affairs of the Company encompasses the following areas:

- Accounting: preparation and maintenance of prime books of account and other records; preparation of balance sheets, profit and loss and other financial statements; arranging preparation of taxation returns; understanding of tax issues relevant to a company.
- Corporations Act: statutory and other Directors' duties, membership issues (issues of shares, member's rights, maintenance of capital, etc); relevant interests in shares; requirements for disclosure of substantial shareholdings.
- General Business: establishment of banking facilities; employment of staff; acquisition of office premises; purchase of office needs; negotiations with suppliers and service providers; retaining advisers (eg. lawyers, accountants, etc).
- Restructuring: the refinancing and or restructuring of the financial affairs of corporations.
- Investment Analysis: ability to read and understand financial statements and statutory reports (annual/half-yearly, etc.); use of financial ratios to determine financial health of a particular company; comparative analysis between competing companies in a particular field; ability to make judgments about the impact of macro economic factors and general conditions on the business or operations of a company; yield analysis; investment valuation using different methods (eg. capitalised interest or net-tangible asset valuations).
- Listing Requirements: the ongoing obligations to which listed issuers are subject under the Listing Rules of NSX.

The above list is a summary only and is not an exhaustive list of the skills and experience of the Directors that is relevant to the affairs of the Company. The experience and knowledge of the Directors has been gained over an extended period of time through a combination of their business activities and their educational activities.



It must be said that the Directors have not had the stewardship of a publicly listed investment company of the type it is intended that the Company will become. However, it is the belief of the Directors, formed reasonably, that they have the necessary skills and expertise to manage the operations and affairs of the Company.

### 5.3 Directors' Profiles

#### **Kevin R Shirlaw FCA ,ACIS – (Chairman) (aged 65)**

Kevin joined B O Smith & Son as a recently qualified chartered accountant in 1964. He became a member of the Institute of Corporate Managers and Administrators in 1968. Kevin became a partner of B O Smith & Son in 1973 and became the managing partner in 1982.

In 1985 the firm merged with Forge Connolly, Chartered Accountants who had become a part of the international firm known as Horwath and Horwath. Kevin remained as a senior partner of the merged firm until 1998 at which time he became a Senior Consultant. He now practices as Kevin Shirlaw & Associates.

Kevin Shirlaw has specialised in business recovery and insolvency since 1975. He has acted as an administrator of numerous public and private companies and has been instrumental in the restructuring of the financial affairs of corporations, trusts and individuals. His corporate advisory work has involved accepting appointments as a Director of the client corporations. His listed public company Directorships included Mining houses of Australia Ltd, Playfair Australia Ltd (which changed its name to Pac Prop Developments Ltd after restructuring ) and more recently, LV Living Ltd.

Mr Shirlaw has acted for numerous insolvent and near insolvent companies, both in a formal capacity (as administrator, receiver, or liquidator) and in an informal capacity (as adviser to the board of directors or as a director). In several cases, the company of which he became a director went into liquidation with someone other than Mr Shirlaw being appointed as liquidator.

Kevin's wealth of experience enables him to provide advice in relation to a number of industries including property and construction, leisure and tourism, mining, retail, manufacturing, professional practices and the motor vehicle industry.

Kevin has in the past acted as honorary treasurer and director of The Royal Commonwealth Society, Prior for New South Wales of the Ancient Order of Saint Agatha of Paterno. He is a past honorary auditor of the Longueville Tennis Club and he is a long standing member of the Manly Life Saving Club.

Kevin is a Registered Trustee and an officer of The Supreme Court of New South Wales.

It is anticipated that Kevin will be involved for eight days a month in matters relating to the Company.

#### **Mr John McColl – (Executive Director) (Aged 56)**

John was born in France and migrated to Australia in 1970.

Shortly thereafter he commenced his business career with the Commonwealth Bank before moving to the Banque Nationale de Paris in 1975 where he spent 18 years as a Senior Corporate Manager responsible for the promotion of French investments and the establishment of French companies in Australia. His duties included all aspects of corporate finance and risk management related to his area of responsibility.

In 1991 he was elected to the Assemblée des Français de l'Étranger AFE (French Parliament) where he represents registered French voters residing in Australia, New Zealand and Vanuatu. He was re-elected in 1994, 2000 and again in 2006.

John established the Representative Office for Banque Transatlantique (wholly owned by Crédit Mutuel) in Australia in 1998 and served as its Chief Regional Representative until the office closed in late 2004.

John is President of the Commission of Cultural Affairs and Education and Director and Treasurer of the Association Nationale des Ecoles Françaises à l'Etranger (National Association of Schools Abroad) in Paris. John is ultimately responsible for the financial affairs of the Association and in particular the securing and administration of French Government guarantees associated with 150 French international schools located in over 60 countries, world wide.

John is also a Director of the French-Australian Chamber of Commerce and Industry.

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In 2002 John was awarded the Chevalier de l'Ordre National de la Légion d'Honneur (French Legion of Honour).

It is anticipated that John will be involved for eight days a month in matters relating to the Company.

## **Mr Kevin Good - (Executive Director) (Aged 58 )**

Kevin entered the Finance and Insurance industry in 1973 when he set up a Sydney-based consultancy business. For the past thirty three years he has continued developing this business to be at the leading edge of innovative financial concepts.

In 1985 Kevin became a director of the publicly listed, North Queensland Resources NL., a position he held until 1989 at which time he resigned to concentrate on the further development of his consultancy business.

In 1999 he was appointed to the board of the Canadian, publicly listed Anzex Resources Ltd. Kevin subsequently served as President and CEO of this company until mid 2003 when he resigned his executive position. He remained on the board as a non-executive director until mid-2005.

In 2005, Kevin became a director of the financial services company, AAA Financial Group Ltd. This company is involved in a broad range of financial services including: Stockbroking, Financial Planning, Insurance Advising, Mortgage and Finance and General Insurance.

Kevin is jointly responsible for the management of AAA Financial Group Ltd including the management of staff, accounting and administration matters and customer relations.

It is anticipated that Kevin will be involved for six days a month in matters relating to the Company.

## **5.4 Management**

In view of the present level of operations of the Company and its state of affairs it has been determined that the investment activities of the Company will be managed by the executive Directors, namely Mr Kevin Shirlaw, Mr John McColl and Mr Kevin Good. The Company does not propose to retain the services of any executives or employees in the foreseeable future.

## **5.5 Remuneration of Directors**

The Directors and the Company Secretary are currently entitled to be remunerated as set out below:

Name	Position	Remuneration (Inclusive of Superannuation)
K Shirlaw	Chairman	30,000
J McColl	Director	15,000
K Good	Director	15,000

The total remuneration of non-executive and executive Directors may not exceed in aggregate in any financial year the amount of \$60,000 (inclusive of Superannuation).

If a Director undertakes any work additional to that usually required of Directors of a Company similar to this Company, the Directors may award such special remuneration and fix the amount hereof at any time during or after the rendering of such special service or the undertaking of such additional work. Directors are also entitled to travelling expenses for or in connection with any journeys undertaken by them on the Company's business.

## **5.6 Director's Retirement Benefits**

There are no Directors' retirement benefits under any contracts or plan entered into between the Company and any Director and no such agreements are presently contemplated to be entered into.

## 5.7 Number of Directors and Tenure

The number of Directors must not be less than three and, unless otherwise determined by the Company in general meeting, no more than ten. At every Annual General Meeting of the Company, one-third of the Directors (excluding the Managing Director) must retire from office. Directors may be appointed or removed by resolution of the Company in general meeting. In addition, the Directors themselves may appoint additional Directors provided that any such Directors must retire from office at the next Annual General Meeting. Directors who retire at an Annual General Meeting may offer themselves for re-election.

## 5.8 Qualification Shares

Under the provisions of the Constitution, a Director is not required to hold any securities in the Company in order to qualify them to hold office as a Director.

## 5.9 Directors' Interests in Securities of the Company

The relevant interests of the Directors and their related parties as defined in Accounting Standard AASB 1017, in securities of the Company, as will exist immediately prior to the issue of Shares pursuant to the Issue are as follows:

Name	Shares	Options	Option Value)
K Shirlaw	300,000	150,000	
J McColl	50,000	25,000	
K Good	50,000	25,000	

Mr Kevin Shirlaw holds 50,000 Ordinary Shares and 25,000 Options in his own right whilst a related entity Finlay (Aust) Pty Limited (as Trustee for the Shirlaw Family Trust) holds 250,000 Ordinary Shares and 125,000 Options.

## 5.10 Other Interests of Directors

Except as otherwise set out herein, no Director named herein now has or during the last two years has had any interest in the promotion of the Company, or any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer. Furthermore, no sums have been paid, or have been agreed to be paid, to a Director in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company or the Offer.

## 5.11 Corporate Governance

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals, and monitoring of the business and affairs of the Company on behalf of its members. The Company is cognisant of the Principles of Good Corporate Governance and Best Practice Recommendations as published by ASX Corporate Governance Council and acknowledges that the 10 principles set out therein are fundamental to good corporate governance. The Company will include a statement in its annual return disclosing the extent to which those best practice recommendations are followed in any reporting period and to identify any recommendations not followed and provide reasons for their not being followed.

Given that the Company is small, with limited activities and limited resources, it has not established a series of committees to address specific areas of corporate governance such as risk management, strategic review and operations and remuneration. These issues will be dealt with by the Board acting as a committee in relation to the various areas or issues required to be considered with any interested Directors abstaining or being absent as required either by the Act or as necessary to avoid conflict or possible breach of their fiduciary duties. The Board has, however, established one committee: namely the Audit and Compliance Committee, details of which are set out below.

## 5.11.1 Audit and Compliance Committee

Each of the Directors are members of this committee.

The Audit and Compliance Committee is a committee established by the Board to give additional assurance regarding the quality and reliability of financial information used by the Board and financial information provided by the Company pursuant to its Statutory reporting requirements.

The Board believe that having raised funds from the public, it has a responsibility to ensure independent accountability exists. The focus of the activities of this Committee is to increase confidence in the credibility and reliability of financial statements and other financial information released to the public.

## 5.11.2 Objectives

- Provide enhanced public confidence in the credibility and objectivity of financial information released to the public.
- Demonstration of the Board's intention to exercise due care in reviewing financial information and in fulfilling legal responsibilities.
- Improved quality of financial reporting.
- Augment non Executive Directors' knowledge and understanding of financial information.
- Increase focus on the corporate risk profile of the Company including the level of authority delegated to management by the Board.
- Provide an insight to the Directors of the Company in respect to the accounting and control systems that exist within the Company and management action to maintain and improve them.
- Assist the Financial Controller/Company Secretary by providing a forum in which to raise issues of concern.
- Increase Directors' understanding of the nature and scope of the statutory audit and where applicable, internal audit.
- Provide a framework within which the external Auditors can assert their independence in the event of a dispute with management.
- Strengthen the position of the internal audit function, by providing a greater degree of independence from management.
- Provide improved communication between the external Auditor and the Board.

## 5.11.3 Responsibilities

The Committee shall consider any matters relating to the financial affairs of the Company, compliance with statutory requirements, NSX Listing Rules and issues relating to internal and external Audit. In addition, the Committee shall examine any other matters referred to it by the Board.

The duties of the Committee are as follows:

- reviewing financial statements and other financial information distributed externally and determine whether or not to recommend their acceptance by the Board;
- monitoring corporate risk assessment and internal controls instituted and implementing internal controls to manage those risks;
- monitoring the establishment of an appropriate internal control framework, including information systems and considering enhancements;
- reviewing internal and external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by

management;

- reviewing the nomination and performance of the external Auditors;
- liaising with the external Auditors and ensuring that the annual and half-year statutory audits are conducted in an effective manner;
- monitoring procedures in place to ensure that the Company is in compliance with the Act, the Listing Rules, its Constitution and other legislative and reporting requirements. This includes implementing a reporting system that meets formulated standards for public announcements made by the Company to ensure that shareholders and financial markets are adequately and properly informed in order to meet the continuous reporting requirements of the Act and the Listing Rules;
- reviewing reports on any major defalcations, frauds and thefts from the Company;
- reviewing the declaration from the Company Secretary on compliance with statutory responsibilities;
- ensuring that a corporate Code of Ethics is established and periodically reviewed;
- initiating and supervising special investigations;
- reviewing risk management practices;
- reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between the Company and members of management;
- reviewing related party transactions and considering the adequacy of disclosure of those transactions in the financial statements;
- reviewing reports on certain aspects of the Company's superannuation plan and compliance with relevant laws and regulations;
- reviewing reports on the adequacy of insurance coverage;
- formulating, reviewing and monitoring compliance with and investigating allegations of a breach of appropriate internal controls and reporting standards, mechanisms and procedures to ensure that the Board is informed at all times of all material corporate governance matters effecting the Company; and
- formulating and updating, for submission to the Board for its approval, a statement of corporate governance principals and other associated documents dealing with, amongst other matters:
  - the structure and responsibilities of the Board;
  - the proper relationship between the Board and management including the proper relationship between the Board and the Managing Director;
  - the responsibilities of management;
  - the proper relationships between the Company and its shareholders, suppliers and customers and employees;
  - business dealings, in particular related party transactions, by Directors, management and employees giving rise to actual or potential conflicts of interest and their appropriate disclosure of such dealings;
  - ethical and other matters considered by the Committee to be relevant to good corporate governance practice;
  - monitoring compliance with and reviewing or investigating allegations of a breach of good corporate governance practice and to report to the Board in respect of such compliance, reviews and investigations at least annually, or more frequently if circumstances require;

# Meridien Capital

- facilitating the implementation of appropriate procedures to enable individual Directors to have access to independent professional advice, as considered necessary, in respect of corporate governance matters; and
- acting as a resource for individual Directors and the Company as a whole on questions of corporate governance and corporate ethics, including providing decisions and/or advice on such matters as are referred to the Committee by the Chairman of the Board or the Managing Director.

Clearly, in the event of an acquisition, the composition of the Audit and Compliance Committee and the Company's corporate governance procedures will change. Subsequent to any acquisition being made, the Company will reconsider corporate governance procedures in a manner determined upon by the Board of the Company as it may exist after any such acquisition is completed.

## **6. INVESTOR INFORMATION**

### **6.1 Risk Factors**

The operating and financial performance of the Company may be affected by a range of risk factors. While certain risks to which a company is normally subject can be mitigated by the company's plans and actions, many are beyond the control of any company.

While the Company presently has no business operations, it is not subject to those risks which relate to general business operations. However, given that it is the intent of the Company to engage in investment activities, any Applicant should realise that his investment will become subject to those risks in due course. As a consequence of those risks any company's share price may rise or fall.

### **6.2 Personnel Risk**

The Company is dependent on the continued services of Mr Kevin Shirlaw, Mr John McColl and Mr Kevin Good and the loss of the services of any of these persons could have an adverse effect on the operations of the Company.

### **6.3 General Risks**

- Changes in legislation and government policy (including taxation and monetary policies and corporation laws) could materially affect the operating results of the Company.
- Changes in short term and long term interest rates, exchange rates, commodity prices, the strength of the equity markets or the general economic climate (both in Australia and internationally) could materially affect the operating results of the Company.
- The value of investments acquired by the Company can fall as well as rise, due to any number of circumstances that may be beyond the control of the Company, including market conditions, and such investments may not generate the returns or capital growth expected.
- The markets for small cap companies are historically more volatile with greater or lesser degrees of liquidity depending on the nature of the investment and the period of the investment cycle in which the investment is acquired or sold.
- The success of the Company may be affected by the ability of the Company to raise adequate, debt or equity capital to meet its commitments in respect of its investment activities.
- There is no guarantee that an active market will develop in the Shares.
- The ability of the Company to pay dividends to its shareholders will in part depend upon the ability of the Directors to make profits through the acquisition and realisation of investments. It is not possible to predict at what point in time profits will be generated or at what point in time the Company will generate sufficient earnings to cover its operating expenses.
- Once the existing investments held by the Company are developed and/or realised the success and profitability will depend on the ability of the Directors to identify other opportunities to acquire investments and then realise such investments to generate profits for the Company. Any such investments may not generate the expected returns or capital growth.

## **6.4 Tax Issues**

There may be tax implications arising from the acquisition of Shares, the receipt of dividends (both franked and un-franked) and the disposal of Shares. All prospective investors should carefully consider these tax implications and if uncertain as to the relevant taxation issues, obtain further advice from a qualified professional adviser. Tax liabilities are the responsibility of each individual investor and the Company will not be responsible for any tax or related penalties incurred by investors.

## **6.5 Other Considerations**

Applicants are advised to read this Prospectus in full and consult a qualified adviser if they do not understand the contents or the terms of the Offer.

Prior to applying for Shares all prospective Applicants should consider whether the Shares to be issued are a suitable investment and be aware that there are risks associated with an investment in the Company. Some of these risks are summarised in Section 6.3 above.

The Directors intend to use prudent management techniques to minimise the risks to Shareholders but no assurance can be given by the Directors as to the likely success or otherwise of the activities of the Company.

An investment in Shares should be regarded as speculative.



## **7. THE NEWCASTLE STOCK EXCHANGE**

### **7.1 Information about The NSX**

The Newcastle Stock Exchange was originally established in 1937 and was incorporated as Stock Exchange of Newcastle Limited in 1972. It is one of only a handful operating stock exchanges in Australia and has a national network of broker members including the following organizations:

- ABN Amro Morgans Limited
- Bell Potter Securities Limited
- Cameron Stockbrokers Limited
- Findlay & Co Stockbrokers
- Freeman Fox Securities Limited
- Macquarie Equities Limited
- Martin Place Securities Pty. Limited
- Pritchard & Partners Pty. Limited
- Reynolds & Company Pty. Limited
- Tonkin Scorer Menzies

The NSX is approved as a stock exchange under the Corporations Act. The NSX is a fully operational main Board stock exchange regulated by ASIC.

The NSX operates its own trader workstation terminal as well as electronic feeds for those wishing to use their own terminals or for information vendors. The service is called NETS (NSX Electronic Trading System) and is based on one of the most technologically advanced trading platforms in the world. NSX sources its technology from OMX.OMX is a provider of exchange trading software for over 50 exchanges world wide.

NETS compares buying and selling orders entered into the system and automatically executes trades in strict time/price priority whenever two orders match. Orders, are entered on NETS trader workstations in stockbrokers' offices which may be located anywhere, and are then routed to network processors in the NSX's data centre. All trades are settled in the ASTC CHESS system where approved by NSX.

Market trading hours are between 9.00am and 2.30pm Australian Eastern Standard Time ("AEST"), Monday to Friday excluding public holidays.

Further information about the NSX can be obtained from the NSX website at <http://www.newsx.com.au/>

### **7.2 NSX Listing**

Within seven days of the date on which this Prospectus is lodged with ASIC the Company will make application to be admitted to the Official List of the NSX and for quotation of the Shares for trading on the NSX market. If the application is approved, quotation will commence as soon as practicable after the allotment of the Shares to successful Applicants.

# Meridien Capital

If the Company is not admitted to the Official List of the NSX and the Shares are not granted quotation on the NSX market within six months after the date of this Prospectus, none of the Shares offered under this Prospectus will be allotted and all monies paid by Applicants hereunder will be refunded without interest within the time prescribed by the Corporations Act.

## **7.3 Restricted Securities**

The NSX may, as a condition of admitting the Company to the Official List of NSX and granting quotation of the Shares, classify certain of the securities of the Company as restricted securities. If so, prior to quotation of the Shares being granted, the holders of any such restricted securities will be required to enter into restriction agreements. The terms of such agreements will be determined by the NSX in accordance with the Listing Rules of the NSX. Any such restriction agreements will prohibit the transfer of effective ownership or control of the securities subject to those restrictions for such period as NSX may determine unless the written consent of NSX is obtained prior to any such transfer of effective ownership or control.

## **7.4 Chess and Issuer Sponsored Holdings**

The Company will apply to be admitted to participate in CHESS. On admission to CHESS, the Company will operate an electronic issuer sponsored sub register and an electronic CHESS sub register. The two sub registers combined will comprise the Register of Members that the Company is required to maintain pursuant to the provisions of the Corporations Act.

Transaction confirmation statements will be issued to all Shareholders setting out the number of Shares in respect of which the Shareholder has been allotted under this Prospectus. Those Shareholders who elect to hold Shares on the CHESS sub register will receive an initial holding statement issued by the CHESS operator, ASX Settlement and Transfer Corporation Pty Limited (ACN 008 504 532), acting on behalf of the Company.

Following the distribution of transaction confirmation statements to Shareholders a holding statement will also be provided to a Shareholder at the end of any month during which the balance of Shares held by that Shareholder has increased or decreased.

## **7.5 Sponsoring Broker**

The Listing Rules of the NSX require that an application by an entity to be admitted to the Official List of the NSX must be sponsored by a member broker of the NSX. Tonkin Scorer Menzies has agreed to act as Sponsoring Broker.

## **7.6 Nominated Adviser**

The Listing Rules of the NSX require that an entity admitted to the Official List of the NSX appoint an adviser to assist the Company to comply with the Listing Rules. Whittens Lawyers and Consultants have agreed to act as the Nominated Adviser to the Company.

## 8. INDEPENDENT ACCOUNTANT'S REPORT

(See attached Financial Statements)

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intentionally left blank.**

# **Meridien Capital Ltd**

## **Financial Statements**

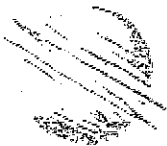
**For the Period Ended 30 November 2006**

# Meridien Capital Ltd

For the Period Ended 30 November 2006

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Statement of Changes in Equity	6
Cash Flow Statement	7
Notes to the Financial Statements	8



**DFK - Richard Hill**

CHARTERED ACCOUNTANTS &  
BUSINESS ADVISERS

Director:  
**RICHARD L.S. HILL**  
J.C. & FCA

**RICHARD O. COLLINGE**  
A.C.A. (N.Z.)

Associate Director:  
**DAVID G. SHARP**  
J.C. & FCA

Telephone (64) 9 422 5443  
Facsimile (64) 9 422 5445  
Email: [info@dfk.co.nz](mailto:info@dfk.co.nz)  
www.dfk.co.nz

# Meridien Capital Limited

## Independent Accountant's Report on Reviewed History Financial Information

### Introduction

We have prepared this Independent Accountant's Report ("report") on the historical information of Meridien Capital Limited for inclusion in a Prospectus dated on or about 30 November 2006. Pursuant to this Prospectus, the Company offers for subscription 1,000,000 Shares in the Company at an issue price of \$0.50 per Share to raise \$500,000 with one Attaching Option for every two Shares issued. The minimum subscription is \$350,000.

Expressions referred to in the Prospectus have the same meaning in this report.

### Background

The Company was incorporated in New South Wales on 21 August 2006 as a public company.

Since its incorporation the Company has:

- ☐ Entered into a Share Sale and Purchase Agreement with Fairchoice Limited, to purchase a portfolio of listed equity investments from Fairchoice Limited for the sole consideration of the issue of 1,000,000 fully paid ordinary shares and 500,000 Options exercisable at \$0.50 up to 30 September 2011.
- ☐ Issued new shares and options in the company to founders, pre IPO investors and underwriter.

### Historical and Pro-forma information

The historical and pro-forma financial information (together referred to as "the Financial Information") set out on pages 4 to 17 of this report comprise:

- ☐ The historical Income Statement for the period from 21 August 2006 to 30 November 2006;
- ☐ The historical Balance Sheet as at 30 November 2006;
- ☐ The historical Statement of Cash flows for the period from 21 August 2006 to 30 November 2006;
- ☐ The historical Statement of Changes in Equity for the period ended 30 November 2006;
- ☐ The pro-forma Balance Sheet as at 30 November 2006, based on the assumption that the transactions contemplated in the Prospectus have been completed at 30 November 2006; and
- ☐ Notes to the historical and pro-forma Financial Information.

### Scope

You have requested DFK Richard Hill to prepare a report covering the following Financial Information:

- a) The historical performance of the Company for the period from 21 August 2006 to 30 November 2006; and



Chartered Accountants  
Incorporated in the Republic of New Zealand  
A member of the International Federation of Accountants  
Incorporated in 1997

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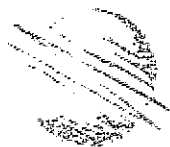
100, 101 & 102, 103 & 104, 105  
UNITED OVERSEAS BANK BUILDING  
100-105, MAHARUA PLACE, SYDNEY NSW 2000  
GPO BOX 104, SYDNEY NSW 2000

Company logo of

**DFK**

100-105, MAHARUA PLACE

A subsidiary of the company of the International Federation of Accountants



**DFK - Richard Hill**

CHARTERED ACCOUNTANTS &  
BUSINESS ADVISERS

Directors  
**RICHARD L.S. HILL**  
B.Com. FTA

**RICHARD O. COLLINGE**  
ACA (NSW)

Associate Directors  
**DAVID G. SHARP**  
F.Tax. ACA

Telephone: (012) 9221 0444  
Facsimile: (012) 9221 0915  
Email: [info@dfkrichardhill.com.au](mailto:info@dfkrichardhill.com.au)  
[www.dfkrichardhill.com.au](http://www.dfkrichardhill.com.au)

## Meridien Capital Limited

### Independent Accountant's Report on Reviewed History Financial Information

- b) The historical Balance Sheet as at 30 November 2006 and the pro-forma Balance Sheet as at 30 November 2006, which assumes completion of the contemplated transactions disclosed in the Prospectus and the transactions which have occurred subsequent to 30 November 2006 which have been detailed above.

The financial statements have been reviewed by DFK Richard Hill Pty Ltd. The Directors of Meridien Capital Ltd are responsible for the preparation and presentation of the Financial Information included in this report. 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 estimates inherent in the Financial Information.

We have conducted our review of the Financial Information including the pro-forma adjustments in accordance with the Australian Auditing Standard AUS 902 "Review of Financial Report". We have made such enquiries and performed such procedures as we in our professional judgment, consider reasonable in the circumstances including:

- ☐ Analytical procedures on the reviewed financial performance of the Company for the relevant historical period;
- ☐ A review of accounting records, work papers and other documents;
- ☐ A review of the assumptions used to compile the pro-forma Balance Sheet;
- ☐ A review of adjustments made to the pro-forma historical financial information;
- ☐ A comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia and the accounting policies adopted by the Company; and
- ☐ Enquiry of directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit and accordingly we do not express an audit opinion.

### Review Statement on Historical Financial Information

Based on our review which is not an audit, nothing has come to our attention which causes us to believe that:

- a) The historical Financial Information does not present fairly the historical financial position of the Company as at 30 November 2006 and its historical performance and cash flows for the period ended 30 November 2006 in accordance with the recognition and measurement principles prescribed in the Australia Accounting Standards and other mandatory professional reporting requirements and accounting policies adopted by the Company; and
- b) The pro-forma Balance Sheet as at 30 November 2006 has not been properly prepared on the basis of the pro-forma transactions.



Chartered Accountants

Publicly listed by ASIC on 10/10/06  
License Number 10111 - 10/10/06  
March 2007 - 10/10/06

**DFK - RICHARD HILL PTY LTD**

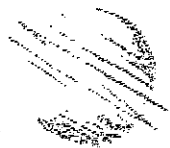
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1111 GOSFORD ROAD, GOSFORD NSW 2250  
LEVEL 11, 111 GOSFORD ROAD, GOSFORD NSW 2250  
GPO BOX 111, GOSFORD NSW 2250

Company logo of

**DFK**  
RICHARD HILL

A public company listed on the Australian Securities Exchange  
ASX listing code: MCL





**DFK - Richard Hill**

CHARTERED ACCOUNTANTS &  
BUSINESS ADVISERS

Directors  
**RICHARD L.S. HILL**  
FCA, CPA

**RICHARD O. COLLINGE**  
FCA, FPA

Associate Director:  
**DAVID G. SHARP**  
B.Com, CA, CPA

Registered in NSW 9231 0044  
Incorporated in NSW 9231 0044  
Solely owned by Richard Hill Pty Ltd  
Solely owned by Richard Hill Pty Ltd

## Meridien Capital Limited

### Independent Accountant's Report on Reviewed History Financial Information

#### Subsequent Events

Since the date of the reviewed historical financial information the Company has incurred costs associated with the production of this prospectus and managing of the Company's assets.

Apart from the matters noted above and having regard to the scope of our report, to the best of our knowledge the belief no material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our report or that would cause such information to be misleading or deceptive.

#### Independence of Disclosure of Interest

DFK Richard Hill Pty Ltd does not have any interest in the outcome of this Prospectus other than for the preparation of this report and which normal professional fees will be received.

Yours faithfully

DFK Richard Hill Pty Ltd

Richard Hill  
Partner



Chartered Accountants

Validity limited by the Australian  
Accounting Standards and the Corporations Act  
2006 (Cth) s. 284(1)(a)

**DFK - RICHARD HILL PTY LTD**

ACN 9231 0044 / FCA 9231 0044

27, THE QUEENSLAND BANK BUILDING

LEVEL 11, 111 MARKET STREET, SYDNEY NSW 2000

GPO BOX 104, SYDNEY NSW 2000

Company name of

**DFK**

111, THE QUEENSLAND

Bank Building, 111 Market Street, Sydney NSW 2000

# Meridien Capital Limited

## Income Statement

For the Period Ended 30 November 2006

	Note	30 November 2006 \$
Other income	8	68,983
Administrative Expenses		(18,532)
<b>Profit before income tax</b>		<b>50,451</b>
Income tax expense		(1,327)
<b>Profit attributable to members of the parent entity</b>		<b>49,124</b>

The above income statement should be read in conjunction with the accompanying notes.

# Meridien Capital Limited

## Balance Sheet

30 November 2006

	Note	30 November 2006 \$	Unaudited Pro Forma Minimum Subscription 30 November 2006	Unaudited Pro Forma Full Subscription 30 November 2006
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	3	12,101	289,125	439,125
Financial Asset	4	294,613	294,613	294,613
Trade and other receivables	5	1,628	1,628	1,628
<b>Total current assets</b>		<b>308,342</b>	<b>585,366</b>	<b>735,366</b>
<b>Non-current assets</b>				
Deferred tax asset			20,565	20,565
Intangible assets	6	1,125	1,125	1,125
<b>Total non-current assets</b>		<b>1,125</b>	<b>21,690</b>	<b>21,690</b>
<b>TOTAL ASSETS</b>		<b>309,467</b>	<b>607,056</b>	<b>757,056</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		18,276	18,276	18,276
<b>Total current liabilities</b>		<b>18,276</b>	<b>18,276</b>	<b>18,276</b>
Deferred income tax liability	9	1,328		
<b>Total non- current liability</b>		<b>1,328</b>		
<b>Total LIABILITY</b>		<b>19,604</b>	<b>18,276</b>	<b>18,276</b>
<b>NET ASSETS</b>		<b>289,863</b>	<b>588,780</b>	<b>738,780</b>
<b>EQUITY</b>				
Issued capital	7	286,128	636,128	786,128
Direct cost - IPO		(16,026)	(77,436)	(77,436)
Direct cost – IPO(share-based)		(30,127)	(21,127)	(21,127)
Reserves		764	764	764
Retained earnings		49,124	50,451	50,451
<b>TOTAL EQUITY</b>		<b>289,863</b>	<b>588,780</b>	<b>738,780</b>

The above balance sheet and consolidated pro-forma balance sheets should be read in conjunction with the accompanying notes.

# Meridien Capital Limited

## Statement of Changes in Equity

For the Period Ended 30 November 2006

	Ordinary Shares \$	30 November 2006 Share Option Reserve \$	Retained Earnings \$
<b>Balance at Incorporation</b>			
Shares issues on incorporation	3		
Profit/ (Loss) for the period to 30 November 2006			49,124
Share issued during the period (net of direct cost)	286,125	764	
Less IPO Cost incurred to 30 November 2006	(46,153)		
<b>Balance at 30 November 2006</b>	<b>239,975</b>	<b>764</b>	<b>49,124</b>
<b>Pro-forma transactions</b>			
Issue of new shares pursuant to this prospectus	350,000		
Additional IPO expenses	(72,975)		
Deferred tax assets associated with the expenses of the offer being written off	21,893		
Reduction of deferred tax liability	(1,328)		1,328
<b>Pro-form transactions at 30 November 2006 Minimum Subscription</b>	<b>537,565</b>	<b>764</b>	<b>50,451</b>
Issue of an additional 1,000,000 new shares pursuant to this prospectus	150,000		
<b>Pro-forma transactions at 30 November 2006 Full Subscription</b>	<b>687,565</b>	<b>764</b>	<b>50,451</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	30 November 2006 \$
<b>Cash from operating activities:</b>		
Receipts from customers		-
Payments to suppliers and employees		(17,910)
Interest received		7
<b>Net cash provided by (used in) operating activities</b>		<b>(17,902)</b>
<b>Cash flows from investing activities:</b>		
Formation expenses		(1,125)
<b>Net cash provided by (used in) investing activities</b>		<b>(1,125)</b>
<b>Cash flows from financing activities:</b>		
Contributed capital		31,128
<b>Net cash provided by (used in) financing activities</b>		<b>31,128</b>
<b>Other activities:</b>		
<b>Net increase in cash held</b>		<b>12,101</b>
<b>Cash at end of the financial period(30 November 2006)</b>		<b>12,101</b>

The above cash flow statement should be read in conjunction with the accompanying notes.

# Meridien Capital Limited

## Notes to the Financial Statements

For the Period Ended 30 November 2006

### 1. Statement of Significant Accounting Policies

#### (a) General information

The financial report has been prepared in accordance with the applicable disclosure requirements of Australian Accounting Standards and Urgent Issues Group Consensus Views. In the view of the Directors of Meridien Capital Limited ("the company"), the omitted disclosures would provide no further relevant information to potential investors.

#### (b) Reporting Basis and Conventions - reporting entity

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, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### (c) 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 three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### (d) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

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

Revenue from investment properties is recognised on an accruals basis or straight-line basis in accordance with lease agreements.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

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

#### Investment Portfolio to be measured at Market Value

Investment portfolios are re-valued to fair market value continuously with all increments and decrements being included in Net Profit.

#### Income tax impact of Measuring Investment Portfolio at Market Value

Under AIFRS the Company is to recognize an additional tax asset or liability reflecting the deferred tax effect of measuring the investment portfolio at market value described above. The additional deferred tax liability or asset on the investment portfolio will be reflected as an income tax expenses.

# Meridien Capital Limited

## Notes to the Financial Statements

For the Period Ended 30 November 2006

### 1. Statement of Significant Accounting Policies continued

#### **Realized Gain of Investment Portfolio Included in Net Profit**

Under AIFRS, the realized gains of the investment portfolio (net of tax) will be included in Net Profit.

#### **(e) Comparative Figures**

As the Company was incorporated on 21 August 2006, the Interim account to 30 November 2006 is its first financial accounts, and therefore no comparative is provided

#### **(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.

##### **Fair value**

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

#### **(g) Financial Assets**

##### **Recognition**

Financial assets are initially measured at cost at 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.

# Meridien Capital Limited

## Notes to the Financial Statements

For the Period Ended 30 November 2006

### 1. Statement of Significant Accounting Policies continued

#### Available-for-sale financial assets

All investments are classified as available-for-sale financial assets. Available-for-sale financial assets are reflected at fair value unless their fair value cannot be reliably measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

#### Fair value

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

#### (h) Finance Costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in the income statement in the period in which they are incurred.

#### (i) Incorporation

The company was incorporated on 21 August 2006 as a public company.

#### (j) Contributed equity

Issued capital is recognized at the fair value of the consideration received by the company.

Any capital raising costs are initially recognized as a prepaid expense and offset directly against equity as a reduction of the share proceeds on receipt.

#### (k) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

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



# Meridien Capital Limited

## Notes to the Financial Statements

For the Period Ended 30 November 2006

### 1. Statement of Significant Accounting Policies continued

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.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realized and comply with the conditions of deductibility imposed by the law.

#### (l) **Equity- settled compensation**

Shares and share options issued as part of employees' remuneration payments or to other counterparties in return for goods and services are measured at the more readily determinable fair value of the good/ service or the fair values of the equity instrument. The fair value of the equity instrument is determined by application of the Binomial methodology.

Where the grant date and the vesting date are different the total expenditure will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

# Meridien Capital Limited

## Notes to the Financial Statements

For the Period Ended 30 November 2006

### 2 Basis of Preparation of the Pro-Forma Balance Sheet

The Pro Forma Balance Sheet has been prepared from the Reviewed Balance Sheet adjusted for the following transactions as if they had taken place on 30 November 2006.

#### 2.1 Assuming Minimum Subscription

- The issue of 700,000 new shares at \$0.50 per share to raise \$350,000 less associated capital raising costs estimated to be \$89,001 (excluding the value of shares and options issued to the underwriter Collins Street Securities, which is \$30,127), of which \$16,025 has been paid during the period from 21 August to 30 November 2006.
- The issue of 350,000 options to subscriptions of new shares with an exercise price of \$0.50 exercisable at any time up to 30 September 2011. The fair value of these options is 0.13 cent each.

#### 2.2 Assuming Maximum Subscription

- The issue of a further 300,000 new shares at \$0.50 per share to raise additional \$150,000. Additional associated capital raising costs is estimated to be nil.
- The issue of 150,000 options to subscriptions of new shares with an exercise price of \$0.50 exercisable at any time up to 30 September 2011. The fair value of these options is 0.13 cent each.

### 3 Cash and Cash Equivalents

	30 November 2006	Pro Forma Minimum Subscription 30 November 2006	Pro Forma Full Subscription 30 November 2006
	\$	\$	\$
Petty Cash	1,503	1,503	1,503
Cash at bank	10,598	287,622	437,622
<b>Total</b>	<b>12,101</b>	<b>289,125</b>	<b>439,125</b>

### 4 Financial Asset

Held for trade – Investment portfolio	294,613	294,613	294,613
---------------------------------------	---------	---------	---------

On 30 August 2006 the Company entered into a Share Sale and Purchase Agreement (refer to Section 9.1.3 in the prospectus for further information) with Fairchoice Limited. Pursuant to the agreement the Company agreed to purchase a portfolio of listed equity investments from Fairchoice Limited for the sole

# Meridien Capital Limited

## Notes to the Financial Statements

For the Period Ended 30 November 2006

consideration of the issue of 1,000,000 full paid ordinary shares and 500,000 Options exercisable at \$0.50 up to 30 September 2011. The transaction was completed on 31 October 2006.

The portfolio of shares acquired from Fairchoice Ltd comprises:

Company Name	Stock Code	Number of Shares	Sale price as at 30 Aug 2006	Market Value on 30 August (AU\$)
Mercator Gold Limited		10,000	£0.90	25,000
Harrington Group Limited		1,000,000	\$0.075	75,000
ADV Group Limited		1,000,000	\$0.125	125,000
		<b><u>TOTAL</u></b>		<b><u>225,000</u></b>

Since acquisition the share portfolio has performed very well. As illustrated below, at the balance date of this report the market value of the portfolio has increased to \$294,613, an increase of over 30%:

Company Name	Stock Code	Number of Shares	Last Sale Price 15 Nov 2006	Current Value (AU\$) as at 30 November 2006
Mercator Gold Limited		10,000	£0.765	19,613
Harrington Group Limited		1,000,000	\$0.056	50,000
ADV Group Limited		1,000,000	\$0.205	225,000
		<b><u>TOTAL</u></b>		<b><u>294,613</u></b>

In dollar terms, the portfolio has increased in value by \$69,613. As such, an amount of \$68,976 (netting of the value for the options issued to Fairchoice \$637, ref note 10) has been recorded in the Income Statement as an unrealized gain (refer Note 8).

	30 November 2006	Pro Forma Minimum Subscription 30 November 2006	Pro Forma Full Subscription 30 November 2006
	\$	\$	\$

**5 Trade and Other Receivables**  
**CURRENT**

Other receivables – GST Input Tax Credit Receivable

1,628	1,628	1,628
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**6 Intangible Assets**

Formation Expenses

1,125	1,125	1,125
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**7 Issued Capital**

	Number of shares issued	\$
<b>Paid up capital</b>		
Fully paid ordinary shares on issue at 30 November 2006	2,950,000	286,128
Pursuant to this Prospectus- Minimum Subscription	700,000	350,000
<b>At Minimum Subscription</b>	<b>3,650,000</b>	<b>636,128</b>
Additional shares issued pursuant to this Prospectus – Full Subscription	300,000	150,000
<b>At Full Subscription</b>	<b>3,950,000</b>	<b>786,128</b>

**8 Revenue**

**30 November  
2006 \$**

(a) Investing activities

Unrealized appreciation in value – Shares in listed companies

68,976

**Total Revenue**

68,976

(b) Interest revenue from:

Bank

7

**Total interest revenue**

7

## 9 Deferred tax liabilities

### Detailed table

	30 November 2006 \$
Deferred Tax Liability	1,328
<b>Total</b>	<b>1,328</b>

Under AIFRS the Company is required to recognize an additional tax asset or liability reflecting the deferred tax effect of measuring the investment portfolio at market value (refer note 6). The additional deferred tax liability on the investment portfolio is reflected as an income tax expenses.

The Deferred Tax Liability is calculated as follows:

The increment of value for the portfolio:	\$68,976
Plus Other income	\$7
Less Tax deductible items:	
Direct Cost IPO (deferred tax deductible)	-\$46,026
Other expenses	-\$18,532
<b>Net deferred income</b>	<b>\$4,425</b>
<b>Deferred tax liability</b>	<b>\$4,425X 30% Income tax rate</b>
	<b>\$1,328</b>

## 10 Share-based Payments

	No. shares issued	Value (\$)	No. Option Exercise price \$0.50 Expiry 30 Sep 2011	Value (\$)
Underwriter (Collin Street Securities Pty Ltd)	200,000	30,000*	100,000	127
Fairchoice Limited	1,000,000	225,000**	500,000	637

\* Based on the estimated value of shares at \$0.15 each.

\*\* Based on the market value of the share portfolio on acquisition date.

### Fair value of options granted

The assessed fair value at grant date of options granted during the period ended 30 November 2006 was 0.13 cent per option. The fair value at grant date is determined using a modified Binomial option pricing model. The modified Binomial model is adjusted for the inability to accurately estimate the spot price of the shares and the volatility of the share price.

### The model inputs for options granted during the period ended 30 November 2006 included:

- Options are granted for no consideration, have a five year life and are exercisable at any time during the period ending on or before the expiry date
- Exercise price: \$0.50
- Grant date: 30 November 2006
- Expiry date: 30 Sep 2011
- Share price at grant date (estimated based on net asset value for each share): \$0.15
- Expected price volatility of the company's shares: 22%
- Expected dividend yield: 0%
- risk-free interest rate: 5.66%

Movements of Share options issued during the period are summarized as follows:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the period Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
22 Sep 2006	30 Sep 2011	0.50	0	550,000	0	0	550,000	550,000
21 Oct 2006	30 Sep 2011	0.50	0	125,000	0	0	125,000	125,000
31 Oct 2006	30 Sep 2011	0.50	0	500,000	0	0	500,000	500,000
1 Nov 2006	30 Sep 2011	0.50	0	75,000	0	0	75,000	75,000
14 Nov 2006	30 Sep 2011	0.50	0	100,000	0	0	100,000	100,000
29 Nov 2006	30 Sep 2011	0.50	0	100,000	0	0	100,000	100,000
<b>Total</b>			<b>0</b>	<b>1,450,000</b>	<b>0</b>	<b>0</b>	<b>1,450,000</b>	<b>1,450,000</b>

On completion of the transactions contemplated in this Prospectus, the following share options will be outstanding:

	Minimum Subscription	Maximum Subscription
Existing Options	1,450,000	1,450,000
Options issued pursuant to the Prospectus	350,000	500,000
<b>Total</b>	<b>1,825,000</b>	<b>1,975,000</b>

These options have an exercise price of \$0.50 and are exercisable at any time up to 30 September 2011.

For more information on the terms and conditions of the options please refer to 9.12 in the Prospectus.

## 11 Contingent liabilities and contingent assets

### Contingent liabilities

As at the reporting date, there were no contingent liabilities not disclosed elsewhere in this report.

### Contingent assets

As at the reporting date, there are no contingent assets not disclosed elsewhere in this report.

## 12 Key Management Personnel Compensation

2007	Short-term benefits			Post employment benefits	Other long-term benefits	Share-based payments		Total
	Cash, salary & commissions	Super-annuation	Cash Bonus			Equity	Options	
	\$	\$	\$	\$	\$	\$	\$	\$
	16,768			1,508				18,276
	16,768			1,508				18,276

## 9. ADDITIONAL INFORMATION

### 9.1 Material Agreements

It is considered that each of the documents described below is a contract that is material to the operations and affairs of the Company and which prospective investors and their advisers would reasonably expect to be disclosed in this Prospectus to enable an informed decision to be made regarding the offer. The information supplied is only a summary of the terms of each contract and to gain a complete understanding of a particular contract it is necessary to read it.

#### 9.1.1 Officers Indemnity and Insurance

Pursuant to the company's constitution:

To the extent permitted by law the Company may indemnify every person who is or has been an Officer of the Company or of a related body corporate of the Company against:

- (a) any liability incurred by the person, as an Officer of the Company or of a related body corporate of the Company, to another person (other than the Company or a related body corporate of the Company) unless the liability arises out of conduct involving a lack of good faith; or is a pecuniary penalty or compensation order under section 1317G and section 1317H of the Law; and
- (b) any liability for costs and expenses incurred by that person in defending any proceedings, whether civil or criminal, in which judgment is given in that person's favour, or in which the person is acquitted, or in connection with an application in relation to any proceedings in which the Court grants relief to the person under the Law.

And

To the extent permitted by law, the Company may pay, or agree to pay, a premium in respect of a contract insuring a person who is or has been an Officer of the Company or of a related body corporate of the Company against a liability:

- (a) incurred by the person in his or her capacity as an Officer of the Company or of a related body corporate of the Company or in the course of acting in connection with the affairs of the Company or a related body corporate of the Company or otherwise arising out of the Officer's holding such office, provided that the liability does not arise out of conduct involving a wilful breach of duty in relation to the Company or a related body corporate of the Company or a contravention of section 182 or section 183 of the Law; or
- (b) for costs and expenses incurred by that person in defending proceedings, whether civil or criminal, whatever their outcome.

For more details of this indemnity and insurance, prospective shareholders may request a copy of the Company's constitution by contacting the company.

#### 9.1.2 Underwriting Agreement (hereinafter referred to as "this agreement")

This agreement dated 4 December 2006 records the terms and conditions upon which the Underwriter has agreed to underwrite the offer to the extent of 200,000 Shares at \$0.50 cash per share and a spread of 50 shareholders each holding a minimum marketable parcel of \$2,000. The Company has agreed to pay the Underwriter a management fee of \$3,000 for its services hereunder plus an underwriting commission fee of 10% in respect of the amount underwritten. The Underwriter is entitled



to receive 200,000 Shares and 100,000 Options, exercisable at \$0.50 up to 30 September 2011. It is the responsibility of the Underwriter to pay commissions to any other brokers raising funds under the Offer.

The Underwriter is entitled to be reimbursed for reasonable costs and expenses incurred in connection with the Offer. The Company has given certain representations and warranties to the Underwriter regarding the position of the Company.

The Company unconditionally and irrevocably indemnifies the Underwriter, its Officers and Employees against:

- all losses suffered by the Indemnified Party;
- all liabilities incurred by the Indemnified Party; and
- all legal costs and other expenses in connection with a demand, action, arbitration or Proceeding (including mediation, compromise, out of court settlement or appeal);
- arising directly or indirectly as a result of or in connection with:
  - the Offer;
  - the Prospectus;
  - a breach or non-performance of any of the obligations of the Company under this Agreement whether express or implied, or of any other obligations binding on the Company set out in the Prospectus or relating to the Offer;
  - any announcement, advertisement or promotional material or other publicity issued, made or distributed by or on behalf of the Company in relation to the Prospectus or the Offer;
  - any announcement, advertisement or promotional material or other statement or publicity issued, made or distributed by or on behalf of an Indemnified Party in relation to the Prospectus or the Offer;
  - in reliance on the Prospectus or any material or information provided by or on behalf of the Company; or
  - with the consent or with the knowledge of the Company;
  - a representation or warranty made or given by the Company proving to be untrue or incorrect;
  - the Company engaging directly or indirectly in misleading or deceptive conduct in relation to the Prospectus or the Offer;
  - any Claim for which an Indemnified Party is liable under the Corporations Act or any other applicable law in relation to the Prospectus or the Offer;
  - any investigation, inquiry or legal proceedings by ASIC or NSX or other Proceeding in connection with the Prospectus or the Offer.

The Underwriter may terminate its obligations under this Agreement by notice to the Company if on or before the allotment of all of the Underwritten Shares:

- official quotation of all of the Underwritten Securities has not been granted by NSX or, having been granted, is subsequently withdrawn, withheld or qualified;
- the agreed timetable for the Opening Date, the Closing Date and announcements for the Offer is delayed for more than 3 Business Days;
- either the ASX, All Ordinaries Share Price Index, the S&P/ASX 200 Share Price, the ASX Gold

Index or the S&P/ASX Small Resources Index is, at any time at the close of normal trading on a Business Day after the date of this Agreement, at a level which is 10% or more below its level at the close of trading on the Business Day before the date of this Agreement; or

- the Company materially defaults under the Agreement.
- Furthermore, the Underwriter may, without prejudice to any other right or remedy available to it, terminate the agreement by notice to the Company if any of the following events occur before the Shares are allotted under the Offer.

### **Change in Law or Policy**

A new law or policy is announced, introduced or adopted subsequent to the date of this Agreement which does or is likely to prohibit or restrict or have a materially adverse effect upon the Offer. A "law" or "policy" includes:

- any legislation of the Australian parliament or the parliament of any State or Territory;
- any regulation, proclamation, order or other delegated legislation under the authority of the Australian parliament or the parliament of any State or Territory, including local government ordinances and by-laws; and
- any policy, guidelines or rule of ASIC, NSX, the Reserve Bank of Australia or other relevant fiscal or regulatory authority.

### **Failure to Lodge Prospectus or Withdrawal**

The Company fails to lodge the Prospectus with ASIC on or before the 31 December 2006; or withdraws the Prospectus or the Offer.

### **Prospectus Deficiencies**

Any one or more of the following apply:

- a statement, report, representation, matter or thing contained in the Prospectus or any accompanying application form is or becomes misleading or deceptive;
- there is an omission from the Prospectus of material required by the Corporations Act;

or there is:

- a misleading or deceptive statement, report, representation, matter or thing contained in the Prospectus or any accompanying application form;
- an omission from the Prospectus of material required by the Corporations Act; or
- a new circumstance which has arisen since the Prospectus was lodged that would have been required by the Corporations Act to be included in the Prospectus if it had arisen before lodgement;
- ASIC or NSX determines, or the Underwriter forms the view on reasonable grounds, that the Offer requires a supplementary or replacement prospectus to be lodged with the ASIC;
- any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus.

### **Repayment or Withdrawal**

Any circumstance arises after lodgement of the Prospectus resulting in the Company being required to:

- repay the money received from applicants; or
- give applicants an opportunity to withdraw their applications and be repaid; or
- persons having a right to return securities issued in connection with the Offer and have their application moneys repaid.

### **Failure to Obtain Listing**

NSX makes an official statement to any person, or indicates to the Company or the Underwriter in writing, that unconditional approval, or approval subject to conditions the satisfaction of which is within the control of the Company or the Underwriter for the official quotation of all the Underwritten Shares will not be granted, or will not be granted within 3 months after the date of the Prospectus; or if granted, the approval is subsequently withdrawn, qualified or withheld before the issue of the Underwritten Shares.

### **Specific Intervention by ASIC**

ASIC:

- gives notice of its intention to hold a hearing under section 739 of the Corporations Act;
- makes an interim order under section 739(3) of the Corporations Act;
- makes an order under section 739 of the Corporations Act to stop the issue of securities to which the Prospectus relates;
- applies for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or the Offer; or
- commences any investigation, examination or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 in connection with the Prospectus or the Offer.

### **Withdrawal of Consent to Prospectus**

Any person (other than the Underwriter) who consented to being named in, or to the issue of, the Prospectus or any supplementary or replacement prospectus gives a notice under section 733(3) of the Corporations Act or withdraws a consent previously given under section 720 of the Corporations Act or otherwise.

### **Breach of Material Contract**

A material contract referred to in the Prospectus is, without the prior consent of the Underwriter:

- materially breached by the Company or a Related Body Corporate of the Company;
- terminated (whether for breach or otherwise);
- significantly altered or amended; or
- found to be void or voidable.

### **Non-Compliance**

The Company or any Related Body Corporate of the Company fails to comply with:

- a provision of its constitution;
- any law of the country where it is incorporated, or in which it carries on business, or where its

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securities are listed or are intended to be listed;

- a requirement of the Listing Rules;
- a requirement, order or request made by or on behalf of ASIC or any governmental agency; or
- any agreement entered into by it.

## **Warranty Untrue or Incorrect**

Any representation or warranty in this Agreement is or becomes untrue or incorrect.

## **Insolvency**

An Insolvency Event occurs or is threatened in writing.

## **Change of Law**

Any of the following occurs and which has or is likely to have the effect of prohibiting, restricting or regulating the Offer and which in the opinion of the Underwriter has or is likely to have a material adverse effect on the Offer:

- the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory;
- the public announcement or proposal of prospective legislation or policy by the government of the Commonwealth of Australia or of any State or Territory;
- the adoption of, or announcement of a proposal to adopt, any policy or regulation by ASIC, the Reserve Bank of Australia or any other governmental authority.

## **Market Conditions**

Any change or disruption in the national or international political situation, financial or economic conditions which have, or is likely to have, a material adverse effect on the prospects of the Offer.

## **Capital Structure**

The Company or a Related Body Corporate of the Company alters its capital structure without the prior written consent of the Underwriter (except for an alteration referred to in the Prospectus) or issues or agrees to issue any shares, options or equity securities (as that term is defined in the Listing Rules) since the date of this Agreement other than as set out in the Prospectus.

## **Constitution Altered**

The Company or a Related Body Corporate of the Company alters its constitution without the prior written consent of the Underwriter (except for an alteration referred to in the Prospectus or requested by NSX).

## **Directors**

There are any changes to the Board of Directors of the Company after the date of this Agreement without the prior written consent of the Underwriter or a director of the Company, or any Related Body Corporate of the Company, is charged with an indictable offence relating to any financial or corporate matter; or is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.

**Encumbrance**

The Company or any Related Body Corporate of the Company charges or agrees to Encumber the whole or a substantial part of its business or property without the prior written consent of the Underwriter (except for an Encumbrance referred to in the Prospectus).

**Due Diligence**

There is a material omission from the results of the Due Diligence Investigations, or the results of the Due Diligence Investigations or the verification material are, or prior to the allotment of the Shares become, false or misleading or; the Due Diligence Investigations reveal information that is not satisfactory to the Underwriter acting reasonably.

**Ceasing Business**

The Company or a Related Body Corporate of the Company ceases or threatens to cease to carry on its business.

**Disposal**

The Company disposes of or agrees to dispose of the whole or any significant part of any of its business or property other than as disclosed in the Prospectus.

**Acquisition**

The Company acquires any major asset or enters into any major expenditure other than in accordance with the proposals in the Prospectus.

**Material Adverse Change**

Any material adverse change occurs in the financial or trading position or performance or in the assets, liabilities, earnings, profits, losses, business, operations or prospects of the Company or a Related Body Corporate of the Company.

**Other Material Adverse Events**

Any other event occurs which has, or is likely to have, a material adverse effect on the Company or a Related Body Corporate of the Company.

**Allegation of Non-Compliance**

Any person gives a formal notice under the Corporations Act alleging the Prospectus does not comply with the law in any way, and in the opinion of the Underwriter acting reasonably, the allegation is not trivial or frivolous.

**Prejudicial Publication**

The Company or any Related Body Corporate of the Company without the prior written approval of the Underwriter makes any statement or publishes or issues by any means any notice, circular or advertisement relating to the Company or any Related Body Corporate of the Company or its activities or the Offer which is prejudicial in any manner whatever to the prospects of the Offer being fully subscribed by persons other than the Underwriter.

## **Hostilities**

There is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities occurs, or a major act of terrorism occurs, involving any one or more of the following:

Australia;  
the United States of America;  
the Peoples Republic of China;  
the United Kingdom;  
Japan;  
Israel;  
Indonesia;  
The Middle East; or

any member country of the Organisation of Petroleum Exporting Countries, or any diplomatic, military, commercial or political establishment of any 7 of those countries anywhere else in the world.

## **9.1.3 Share Sale and Purchase Agreement**

On 30 August 2006 the Company agreed to acquire a portfolio of listed securities from Fairchoice Limited. The portfolio comprised 1,000,000 ordinary shares in ADV Group Limited, 1,000,000 ordinary shares in Harrington Group Limited (both listed on ASX) and 10,000 ordinary shares in Mercator Gold Limited (listed on AIM Exchange in London).

The sole consideration was the issue, to Fairchoice Limited, of 1,000,000 full paid Ordinary Shares and 500,000 Options exercisable at \$0.50 up to 30 September 2011.

The share portfolio was transferred to the Company during October 2006 and the transaction was evidenced by an acknowledgement from the Company to Fairchoice Limited The Ordinary Shares and Options were issued to Fairchoice Limited on 31 October 2006.

## **9.1.4 Sponsoring Broker Mandate Letter**

A letter dated 28 November 2006 records the terms and conditions upon which Tonkin Scorer Menzies has agreed to act as the Sponsoring Broker. The Company has agreed to pay a Sponsoring Broker fee of \$15,000 (plus applicable GST).

## **9.1.5 Intermediary Mandate Letter**

A letter dated 05 December 2006 records the terms and conditions upon which Novus Capital Limited has agreed to act as the Intermediary. The Company has agreed to pay an Intermediary Fee of \$15,000 (plus applicable GST) to Novus Capital Limited.

Novus Capital has agreed to receive and process applications for shares and remit any application funds received to Meridien's nominated Share Registry.

The Company has executed an Indemnity in favour of Novus Capital whereby it has indemnified Novus Capital as follows:

- a) Meridien agrees that no claim shall be made by it or any of its directors or associates (collectively "Meridien and Associates") against Novus Capital, any related company or entity or any director, officer, authorised representative, consultant or agent of those companies and entities (collectively "Novus

Capital and Associates") to recover any loss or damage which Meridien and Associates may suffer or incur occasioned by or resulting from or attributable to the assignment or transactions contemplated by the Mandate Letter or otherwise requested by Meridien and Associates or any other activity or matter in which Novus Capital becomes involved in connection with them ("The Assignment");

b) Meridien indemnifies Novus Capital and Associates against all losses, claims, liabilities, damages, settlements, assessments, judgments, costs, charges and expenses which Novus Capital may suffer or incur or which may be made against Novus Capital and Associates occasioned by or resulting from or attributable to The Assignment for any reason;

c) The agreement set out in paragraph (a) and the indemnities set out in paragraph (b) shall not apply to matters arising from the negligence of Novus Capital and Associates and shall not apply to either:

(i) any claim which arises from any bad faith or unlawful conduct by Novus Capital and Associates, or

(ii) any matter which may not lawfully be excluded, provided or required.

## **9.2 Constitution**

The Constitution governs the Company. Relevant provisions of the Constitution are described elsewhere in this Prospectus (in particular, see Sections 9.2 to 9.12). Copies of the Constitution are available for inspection free of charge between 9:00 am and 5:00 pm at the Company's registered office.

### **9.2.1 Shares: Rights and Liabilities**

The following is a Board summary of the provisions of the Constitution governing the rights and liabilities that attach to Shares. This summary is not exhaustive nor does it constitute a definite statement of the rights and liabilities of the Company's members. To obtain such a statement, Applicants should seek independent legal advice.

### **9.2.2 Ranking**

The Shares will be fully paid Ordinary Shares and will rank equally in all respects with the existing Ordinary Shares in the Company.

### **9.2.3 Partly Paid Shares and Liability for Calls**

The Company has no partly paid shares on issue.

### **9.2.4 Reports and Notices**

Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the constitution of the Company, the Law and the Listing Rules.

### **9.2.5 General Meetings**

Members are entitled to be present in person, or by proxy, attorney or representative to speak and to vote at general meetings of the Company. Members may requisition general meetings in accordance with the Law and the constitution of the Company.

### **9.2.6 Voting**

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at the present time there are none) at a general meeting of the Company every ordinary member present

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in person, or by proxy, attorney or representative shall on a show of hands have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one member then on a show of hands that person shall have only one vote and not one vote for each person represented by him.

A member who holds a Share which is not fully paid shall be entitled to a fraction of a vote equal to the proportion that the amount paid-up bears to the total issue price of the Share.

## **9.2.7 Dividends**

The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to members according to their rights and interests.

## **9.2.8 Winding Up**

Subject to any special or preferential rights attaching to any class or classes of Shares, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them respectively, less any amount which remains unpaid on their Shares at the time of distribution.

## **9.2.9 Transfer of Shares**

Subject to the constitution of the Company, the Law and the Listing Rules, the Shares will be freely transferable.

## **9.2.10 Future Increases in Capital**

The allotment and issue of Shares is under the control of the Directors of the Company. Subject to restrictions on the allotment of Shares to Directors or their Associates contained in the Listing Rules, the constitution of the Company and the Law, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

## **9.2.11 Variation or Cancellation of Rights**

- (a) Subject to the Listing Rules, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to shares in any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or cancelled by special resolution of the Company and:
  - (i) by special resolution passed at a meeting of the class of Members holding shares in that class; or
  - (ii) with the written consent of Members with at least 75% of the votes in the class.
- (b) The provisions of this Constitution relating to general meetings apply, with necessary amendments, to each separate meeting of members holding a class of shares, except that:
  - (i) a quorum is constituted by at least two persons holding or representing by proxy not less than one third of the issued shares of that class or, if there is only one holder of shares of that class, that person; and
  - (ii) any holder of shares of that class present in person or by proxy may demand poll.
- (c) The Company must give written notice of the variation or cancellation to the Members of the class within seven days after the variation or cancellation is made.



- (d) The rights conferred on the holders of shares in any class are not altered or abrogated by the creation or issue of further shares of the same class ranking equally with or in priority to the shares already issued, unless expressly provided in the terms of issue of the shares issued.

### **9.2.12 Directors**

The constitution of the Company contains provisions relating to the retirement of Directors by rotation (other than managing Directors and alternate Directors).

## **9.3 Options: Terms and Conditions**

### **9.3.1 Ordinary Options**

The Ordinary Options will not be listed.

The options issued to directors are .... options

The terms and conditions of Options are as follows:

- (a) Each Option entitles the holder to subscribe for one Ordinary Share in the Company upon the payment of \$0.50 cents subsequent to satisfaction of the restriction on exercise set out in (e) below.
- (b) The Options will lapse at 5.00pm (AEST) on 30 September 2011 ("Expiry Date").
- (c) The Options are transferable.
- (d) There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
- (e) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (f) The Options shall be exercisable at any time during the period ending on or before the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the Option holder to exercise all or a specified number of options held by the Option holder accompanied by an Option Certificate or holding statement and a cheque made payable to the Company for the subscription moneys for the shares to be issued on exercise of the options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him.
- (g) The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the options.
- (h) The Shares allotted shall rank, from the date of allotment, equally with the existing Ordinary Shares of the Company in all respects.

### **9.3.2 Founders' Options**

The Founders' Options will not be listed.

On 22 September 2006 Options were granted to the Founder on the following terms and conditions in accordance with a resolution passed at that meeting:

- (a) Each Option entitles the holder to subscribe for one Ordinary Share in the Company upon the payment of \$0.50 cents subsequent to satisfaction of the restriction on exercise set out in (e) below.
- (b) The Options will lapse at 5.00pm (AEST) on 30 September 2011 ("Expiry Date").
- (c) The Options are transferable.
- (d) There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
- (e) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (f) The Options shall be exercisable at any time during the period ending on or before the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the Option holder to exercise all or a specified number of Options held by the Option holder accompanied by an Option Certificate or holding statement and a cheque made payable to the Company for the subscription moneys for the Shares to be issued on exercise of the Options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by him.
- (g) The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the options.
- (h) The Shares allotted shall rank, from the date of allotment, equally with the existing Ordinary Shares of the Company in all respects.

### 9.3.3 Employee Options

The Company has approved an Employee Share Option Scheme as a means of rewarding Employees for performance. A total of 500,000 Options have been approved and these will be allotted and issued to Employees at the discretion of the Directors and with reference to the Company's audited annual financial statements. These Options will be issued on the following terms and conditions:

- (a) Each Option entitles the holder to subscribe for one Ordinary Share in the Company upon the payment of \$0.25 cents subsequent to satisfaction of the restriction on exercise set out in (e) below.
- (b) The Options will lapse at 5.00pm (AEST) on the date of the fifth anniversary of each respective issue ("Expiry Date").
- (c) The Options are not transferable.
- (d) There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
- (e) Notwithstanding the provisions of (a) above, the option shall not be capable of exercise until such time as the Company shall have raised not less than \$500,000 by the placement of Ordinary Shares at an issue price of not less than the exercise price of the Option as set out herein as modified or required to be modified from time to time pursuant to the provisions of (f) hereof and the operation of the Listing Rules.

- (f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (g) Subject to the restriction on exercise herein contained, the Options shall be exercisable at any time during the period ending on or before the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the Option holder to exercise all or a specified number of Options held by the Option holder accompanied by an Option Certificate or holding statement and a cheque made payable to the Company for the subscription moneys for the Shares to be issued on exercise of the Options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the Option holder to the balance of the Options held by him.
- (h) The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 15 business days of exercise of the Options.
- (i) The Shares allotted shall rank, from the date of allotment, equally with the existing Ordinary Shares of the Company in all respects.

#### 9.4 Existing Security Holders

Set out below are details of the holders of the Ordinary Shares and Options on issue as at the date of this Prospectus.

Shareholder / Optionholder	Shareholding	Optionholding	
		Options	Founders Options
Founder: Sydlyn Pty Limited	1,100,000		550,000
(As trustee for the Ivkovic Family Trust)			
Directors			
Kevin Shirlaw	50,000	25,000	
John McColl	50,000	25,000	
Kevin Good	50,000	25,000	
Underwriter Collins Street Securities Pty Limited	200,000	100,000	
Pre-IPO Investors			
Fairchoice Limited	1,000,000	500,000	
Finlay (Aust) Pty Limited			
(As Trustee for the Shirlaw Family Trust)	250,000	125,000	
Lynplan Pty Ltd			
(As Trustee for the Lander Family Trust)	200,000	100,000	
R Hammond and M Hammond			
As Trustees for the Gusco Pty Limited			
Employees Super Fund No.1	50,000		
Total	2,950,000	900,000	550,000

- a) There are currently 2,950,000 fully paid Ordinary Shares on issue.
- b) There are currently 550,000 Founder Options. Each Option entitles the subscriber to one Ordinary Share in the Company upon the payment of \$0.50 cents. The Options will lapse at 5.00 pm AEST on 30 September 2011.
- c) The company has issued 75,000 options to Directors. Each Option entitles the subscriber to one Ordinary Share in the Company upon the payment of \$0.50 cents. The Options will lapse at 5.00 pm AEST on 30 September 2011.
- d) The Underwriter has been issued with 100,000 Options. Each Option entitles the subscriber to one Ordinary Share in the Company upon the payment of \$0.50 cents. The Options will lapse at 5.00 pm AEST on 30 September 2011.
- e) The Company has issued 725,000 Options to pre IPO investors. Each Option entitles the subscriber to one Ordinary Share in the Company upon the payment of \$0.50 cents. The Options will lapse at 5.00 pm AEST on 30 September 2011.
- f) In addition, the Company has approved, but not issued a further 500,000 Options under its Executive Management Option scheme. These Options will be allocated and issued at some time in the future based on the financial performance of the Company. Each Option entitles the subscriber to one Ordinary Share in the Company upon the payment of \$0.25 cents. The Options will lapse at 5.00 pm AEST on the fifth anniversary of the date on which each tranche is issued.

## 9.5 Legal Proceedings

The Company is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings. As far as the Directors are aware, no such proceedings are threatened against the Company.

## 9.6 Interests of Advisors and Experts

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company with which any of those persons is or was associated, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
- the Offer under this Prospectus.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options or otherwise) have been paid or given or agreed to be paid or given to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

- a) In accordance with the terms of their engagement, Whittens Lawyers & Consultants will be paid \$20,000 (plus applicable GST) by the Company for services relating to the preparation of this Prospectus and in relation to the various material agreements and contracts set out herein.

- b) In accordance with the terms of their engagement, as the Independent Accountant DFK – Richard Hill Pty Ltd have been paid an amount \$10,000 (plus applicable GST) in relation to provision of the Independent Accountants' Report set out in Section 8.
- c) In accordance with the terms of their engagement, Collins Street Securities Pty Ltd, will be paid \$13,000 (plus applicable GST) by the Company in relation to the provision of their services as Underwriter.
- d) In accordance with the terms of their engagement, Tonkin Scorer Menzies, will be paid \$15,000 (Plus applicable GST by the Company in relation to the provision of their services as Sponsoring Brokers to the issue.
- e) In accordance with the terms of their engagement, Novus Capital Limited, will be paid \$15,000 (Plus applicable GST) by the Company in relation to the provision of their services as Intermediary to the issue.
- f) In accordance with the terms of their engagement, Whittens Lawyers & Consultants, will be paid \$1,500 (Plus applicable GST) per month (the first such payment falling due one month after listing) by the Company on an ongoing basis in relation to the provision of their services as Nominated Advisors.

## 9.7 Consents

DFK – Richard Hill Pty Ltd have given and not withdrawn their written consent to be named herein as Auditor, in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the despatch of this Prospectus with reference to their report in relation to the Financial Statements of the Company as at 15 November 2006. DFK – Richard Hill Pty Ltd have had no involvement in the preparation of this Prospectus other than the inclusion of such report and such references and have not given any professional or other advice in respect of any other part of this Prospectus. DFK – Richard Hill Pty Ltd do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this Prospectus.

Registries Limited have given and not withdrawn their written consent to be named herein as the share registry to the Company in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the despatch of this Prospectus. Registries Limited has had no involvement in the preparation of this Prospectus and have not given any professional or other advice in respect of any other part of this Prospectus. Registries Limited do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Whittens Lawyers & Consultants have given and not withdrawn their written consent to be named herein as the Nominated Advisor to the Company in the form and context in which they are so named. In addition, Whittens Lawyers & Consultants has given and not withdrawn its written consent to be named in the Prospectus as Solicitor to the Company in the form and context in which it is so named. Whittens Lawyers & Consultants has given and not withdrawn its written consent to the despatch of this Prospectus with all references to it in such capacity being included in this Prospectus in the form and context in which they are so included. Whittens Lawyers & Consultants do not accept any liability to any person for any false or misleading statement in, or omission from any part of this Prospectus.

Collins Street Securities Pty Ltd have given and not withdrawn their written consent to be named herein as the Underwriter to the Company in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the despatch of this Prospectus. Collin Street Securities Pty Ltd have had no involvement in the preparation of this Prospectus and have not given any professional or other advice in respect of any other part of this Prospectus. Collin Street Securities Pty Ltd do not accept any liability to any person in respect of any false or misleading statement in, or

# Meridien Capital

omission from, any part of this Prospectus.

Tonkin Scorer Menzies have given and not withdrawn their written consent to be named herein as the Sponsoring Broker to the Company in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the despatch of this Prospectus. Tonkin Scorer Menzies have had no involvement in the preparation of this Prospectus and have not given any professional or other advice in respect of any other part of this Prospectus. Tonkin Scorer Menzies do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

Novus Capital Limited have given and not withdrawn their written consent to be named herein as the Intermediary to the Company in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the despatch of this Prospectus. Novus Capital Limited have had no involvement in the preparation of this Prospectus and have not given any professional or other advice in respect of any other part of this Prospectus. Novus Capital Limited do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company report that for the purposes of Section 731 of the Corporations Act, they state that they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by Section 716(2) of the Corporations Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

Each Director of the Company consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- certain matters may be reasonably expected to be known to professional advisers of the kind with whom applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisers by virtue of any Acts or laws of any State or Territory of Australia or the Commonwealth of Australia.

This Prospectus is dated 11 December 2006.

Signed on behalf of the Company by



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Mr Kevin Shirlaw

Chairman

## 11. GLOSSARY

These definitions are provided to assist investors in understanding some of the expressions used in this Prospectus:

Applicant	A person who submits an Application
Application Form	An Application form attached to or accompanying this Prospectus
Application Monies	Monies received from Applicants in respect of their Applications
ASIC	Australian Securities & Investments Commission
ASP	Application Service Provider
NSX	The Stock Exchange of Newcastle Limited
Board	The Board of Directors of the Company
CHESS	Clearing House Electronic Subregister System
Close of Registers	5.00pm Sydney Time on the Closing Date
Closing Date	12 February 2007 or such earlier date as determined by the Board in conjunction with the Underwriter
Company	Company means Meridien Capital Limited
Directors	Each of the Directors of the Company from time to time
Exposure Period	The seven day period beginning on the day when this Prospectus is lodged with ASIC, as extended by ASIC under Section 727 (3) of the Corporations law, and ending no later than fourteen days after lodgement of this Prospectus
Existing Options	Existing options means Options described in Section....
HIN	Holder identification Number
Listing Rules	The official listing rules of the NSX
Offer	The offer of Ordinary Shares under this document
Official List	The official list of the NSX
Option	An option to acquire an Ordinary Share
Ordinary Share	An Ordinary Share in the Company
Shareholder	A holder of Ordinary Shares



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## HOW TO COMPLETE THE APPLICATION FORM

Please complete all relevant sections of the Application Form using BLOCK LETTERS.

Enter the NUMBER OF SHARES you wish to apply for. Applications must be for the minimum of 4,000 shares as set down on page 7 of this Prospectus and thereafter in multiples of 1,000 shares.

Enter the TOTAL AMOUNT of application money payable.

Enter the FULL NAMES(S) and TITLE(S) of all legal entities that are to be recorded as the registered holder(s).

Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.

Enter telephone numbers and a contact person the registry can speak to if they have any queries regarding this application.

Enter the tax file number(s) of the applicant(s). With a joint holding, only the tax file numbers of two holders are required.

Payment must be made in Australian Currency and cheques must be drawn on an Australian Bank. Cheques or bank drafts must be payable to MERIDIEN CAPITAL LIMITED and crossed Not Negotiable. Cheques not properly drawn will be rejected. Cheques will generally be deposited on the day of receipt. If cheques are dishonoured the application may be rejected.

Before completing the Application Form the applicant(s) should read this Prospectus. The applicant(s) agree(s) that this application is for Ordinary Shares in Meridien Capital Limited upon and, subject to the terms of this Prospectus, agree(s) to take any number of shares equal to or less than the number of shares indicated that may be allotted to the applicants pursuant to this Prospectus and declare(s) that all details and statements made are complete and accurate.

Ensure that the Application form is signed by all applicants. In case of a company (where still applicable) two Directors should sign and the company seal affixed.

Forward your completed application together with the application money to:

Meridien Capital Limited Share Offer  
C/- Registries Limited  
Level 2, 28 Margaret Street  
Sydney NSW 2000

Or

Meridien Capital Limited Share Offer  
C/- Novus Capital Limited  
Level 24, Royal Exchange Building  
58 Pitt Street  
Sydney NSW 2000

Any enquiries should be referred to the Company Secretary, Mr Kevin Good on Telephone (02) 9221 0444.

Applications must be received by no later than 5:00pm AEST on 12 February 2006 or such other date to be determined by the Directors.