

Meridien Capital Limited

ABN 15 121 348 730

Annual Financial Report

for the year ended 30 June 2007

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Corporate Directory

Meridien Capital Limited is a public company incorporated in Australia.

Directors

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

Secretary

Mr Kevin Good

**Registered Office and
Principal Place of Business**

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2 Chifley Square
Sydney NSW 2000
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Solicitors and Nominated Advisor

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Suite 9, Level 5
137 -139 Bathurst Street
Sydney NSW 2000
Ph: (02) 9264 2216
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Website

www.meridiencapital.com.au

Auditors

DFK – Richard Hill Pty Ltd
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

Meridien Capital Ltd

ABN 15 121 348 730

Corporate Governance Statement

The Board of Directors (“the Board”) of Meridien Capital Limited (“the company”) is responsible for the corporate governance of the company. The Board guides and monitors the business and affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the Board.

The best practice recommendations of both the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures are set out below and have been applied for the entire financial year ended 30 June 2007. Where there has been any variation from the recommendations it is because the Board believes that the company is not as yet of a size, nor are its financial affairs of such complexity to justify some of those recommendations and as such those practices continue to be the subject of the scrutiny of the full Board.

Board composition:

The Board is comprised of three directors, of which all directors are Executive Directors.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report, their attendances at meetings and their term of office are detailed in the directors’ report. Because of the size of the company all directors are not independent directors. This situation will be monitored and reviewed from time to time. The names of the directors of the company in office at the date of this statement are:

Name	Position
Mr Kevin Shirlaw	Executive Director, Chairman
Mr John McColl	Executive Director
Mr Kevin Good	Executive Director

When determining whether a director is independent, the Board has determined that the director must not be an executive and:

- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- within the last three last years has not been employed in an executive capacity by the company or been a director after ceasing to hold any such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the company or an employee materially associated with the service provided;
- is not a material supplier or customer of the company or an officer of or otherwise associated directly or indirectly with a significant supplier or customer;
- has no material contractual relationship with the company other than as a director of the company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the company.

Directors have the right to seek independent professional advice in the furtherance of their duties as directors, at the company’s expense.

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Corporate Governance Statement

The Board and Board nominations:

The company does not presently operate a nomination committee. As such, the full Board (subject to members voting rights in general meeting) is responsible for selection of new members and has regard to a candidate's experience and competence.

Under the company's Constitution:

- the maximum number of directors on the Board is ten;
- a director (other than the Managing Director) may not retain office for more than three years without submitting for re-election;
- at the Annual General Meeting each year effectively one third of the directors in office (other than the Managing Director) retire by rotation and must seek re-election by shareholders; and
- Casual directors appointed during any year must submit themselves for election at the next Annual General Meeting.

Securities trading policy:

The company has not as yet adopted a formal securities trading policy however the directors and employees are restricted from acting on material information until it has been released to the market in accordance with the ASX requirements of continuous disclosure. Furthermore the directors have agreed to disclose to the company details of directors' interests in securities and in contracts relevant to securities which they are obliged to disclose to the ASX.

Directors' remuneration and policies:

The company does not presently operate a remuneration committee. The remuneration of all directors is determined by the Board.

All compensation arrangements for directors including the Managing Director are determined by the directors after taking into account the current competitive rates prevailing in the market.

The amount of remuneration for all directors including the full remuneration packages, comprising all monetary and non-monetary components of the Executive and Non Executive Directors, are detailed in the directors' report.

Executives will receive base salary, superannuation, fringe benefits and in some cases, performance incentives. Executives and staff may be invited by the Board, to participate in the yet to be determined Meridien Capital Limited Directors' and Employee's Option Plan ("Employee's Option Plan"). These packages are reviewed on an ongoing basis and in most cases will be reviewed against predetermined performance criteria.

All remuneration to be paid to present or future executives will be valued at the cost to the company and expensed. Shares issued to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure that is implemented will result in the company being able to attract and retain the best executives to manage the economic entity. It will also provide the executives with the necessary incentives to work to grow long-term shareholder value.

The Board can exercise its discretion in relation to approving incentives, bonuses and options. There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

External auditors:

The auditors of the company, DFK Richard Hill Pty Ltd (DFK RH), have open access to the Board at all times. DFK RH attend the company's annual general meeting.

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Corporate Governance Statement

Audit and Compliance Committee:

The audit and compliance committee comprises all three directors. The responsibilities of the committee include the responsibility to ensure that an effective internal control framework exists within the entity, and to produce half year and annual financial statements.

Managing risks:

The Board meets regularly to evaluate, control, review and oversee the implementation of the company's operations and objectives.

Regular controls established by the Board include:

- delegation of authority to the Executive Chairman to ensure approval of expenditure obligations;
- implementation of operating plans, cash flows and budgets by management and Board monitoring of progress against projections; and
- procedures to allow directors, and management in the furtherance of their duties, to seek independent professional advice via the utilisation of various external technical consultants.

The Board recognises the need to identify areas of significant business risk and to develop and implement strategies to investigate these risks.

Commitment to stakeholders & ethical standards:

Although the company has not yet developed a Code of Conduct, the Board supports the highest standards of corporate governance and requires its members and the management and staff of the company to act with integrity and objectivity in relation to:

- Compliance with laws and regulations affecting the company's operations;
- The ASX's Corporate Governance;
- Employment practices;
- Responsibilities to the community;
- Responsibilities to the individual;
- The environment;
- Conflict of interests;
- Confidentiality;
- Ensure that shareholders and the financial community are at all times fully informed in accordance with the spirit and letter of the ASX's continuous disclosure requirements;
- Corporate opportunities arising from these for personal gain or to compete with the company;
- Protection of and proper use of the company's assets; and
- Active promotion of ethical behaviour.

Monitoring of the board's performance and communication to shareholders:

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed by the Chairman.

The Board aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

- the annual financial report which is distributed to all shareholders;
- the half-yearly report distributed to shareholders so requesting;
- adherence to continuous disclosure requirements;
- the annual general meeting and other meetings so called to obtain shareholder approval for Board action as appropriate;
- the provision of the company's website containing all of the above mentioned reports and its ongoing update and maintenance.

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Directors' Report

The directors of Meridien Capital Limited ("the company") submit here with the annual financial report of the company for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company in office during or since the end of the financial year are:

Current Directors

Kevin R Shirlaw FCA ,ACIS – (Chairman)

Kevin became a qualified chartered accountant in 1964 and 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.

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

Kevin currently is involved for ten days a month in matters relating to the Company.

Mr. John McColl – (Executive Director)

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.

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 reelected in 1994, 2000 and again in 2006.

John is President of the Commission of Cultural Affairs and Education and Director and Treasurer of the Association Nationale des Ecoles Françaises à l'Étranger (National Association of Schools Abroad) in Paris and a Director of the French-Australian Chamber of Commerce and Industry.

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

At this stage John is involved for four days a month in matters relating to the Company.

Mr. Kevin Good – (Executive Director)

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.

Kevin is 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 currently involved for four days a month in matters relating to the Company.

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Directors' Report

Company Secretary

Mr. Kevin Good

Date of appointment: 1 November 2006

Principal activities

The principal activity of the company during the financial year was investments in small cap publicly listed equities of Australian companies and other private companies contemplating listing. No significant changes to this activity are anticipated in the future.

Directors meetings

The number of directors' meetings held and number of meetings attended by each of the directors of the company, at the time of those meeting, during the financial year are:

	Numbers of meetings of full board held during period of appointment	Numbers of meetings of full board attended during period of appointment
Kevin R Shirlaw	15	15
John McColl	15	11
Kevin Good	15	13

During the year, the audit, finance, nomination, risk management and environment functions are handled by the full board of the company. This had been considered appropriate at the current stage of the company's development.

Directors' shareholdings

Particulars of directors' interests in the shares and options of the company as at the date of this report are as follows:

	Fully paid shares held	Options held ⁽¹⁾
K Shirlaw	300,000	150,000
J McColl	50,000	25,000
K Good	50,000	25,000

Share options

Prior to the listing of the company, the following share options were granted, directly or indirectly, to the directors of the company. However, these options were granted as founder options rather than as remuneration options.

Directors and employees	Number of options granted	Issuing entity	Number of ordinary shares under option
K Shirlaw	150,000	Meridien Capital Limited	150,000
J McColl	25,000	Meridien Capital Limited	25,000
K Good	25,000	Meridien Capital Limited	25,000

Details of unissued shares or interests under option are:

Issuing entity	Number of shares under option	Class of Shares	Exercise price of option	Expiry date of options	Note
Meridien Capital Limited	740,000	Ordinary	\$0.50	30 September 2011	Escrowed 24 months from listing
Meridien Capital Limited	190,000	Ordinary	\$0.50	30 September 2011	Escrowed 12 months from listing

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Directors' Report

Details of unissued shares or interests under option (continued):

Issuing entity	Number of shares under option	Class of Shares	Exercise price of option	Expiry date of options	Note
Meridien Capital Limited	202,500	Ordinary	\$0.50	30 September 2011	Escrowed 6 months from listing
Meridien Capital Limited	668,500	Ordinary	\$0.50	30 September 2011	Not escrowed

There are no shares or interests issued during the financial year as a result of exercise of an option.

Remuneration report

Directors' details

The directors of the company during the financial year were:

- Mr. Kevin Shirlaw (Executive Director, Chairman) (From 22 August 2006)
- Mr. John McColl (Executive Director) (From 22 August 2006)
- Mr. Kevin Good (Executive Director) (From 22 August 2006)

Since the end of the financial year up until the date of this report no changes in the directors of the company have occurred.

Elements of directors' remuneration

Remuneration packages may contain all or some the following key elements:

- (a) Primary benefits – salary and fees;
- (b) Post employment benefits – including superannuation;
- (c) Equity – share options granted under the company's Employees' Option Plan; and
- (d) Other benefits.

Elements of remuneration related to performance

For each director referred to in the above option table no element of the remuneration is dependent on the satisfaction of a related performance condition. The reason for this is explained in the company's remuneration philosophy below.

Remuneration philosophy

The company's broad remuneration policy is to ensure each remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency
- Capital management

The company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

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Directors' Report

Aggregate directors' remuneration

The aggregate compensation of the key management personnel of the company is set out below:

	2007
	\$
Short term employee benefits	67,779
	67,779

The compensation of each member of key management personnel of the entity is set out below:

	Short-term benefits	Post employment benefits	Equity settled share based payment Options (i)	Total
2007	Salary & Fees	Superannuation		
Directors:	\$	\$	\$	\$
Mr. Kevin Shirlaw	25,000	-	-	25,000
Mr. John McColl	17,525	-	-	17,525
Mr. Kevin Good	10,341	-	-	10,341
Key management personnel:				
Mr. Michael Ivkovic	14,913	-	-	14,913
	67,779	-	-	67,779

There were no options granted to any Directors as remuneration during the current financial year. However, prior to the Company being listed, each of the three initial shareholders received ordinary shares and options. Mr. Shirlaw received 100,000 ordinary shares and 50,000 options while Mr. McColl and Mr. Good each received 50,000 ordinary shares and 25,000 options. The current three directors are those three initial shareholders. In accordance with AASB 2 Share Based Payments, the values of these shares and options have not been recognised as remuneration expenses because the shares and options were granted to them as owners of the Company rather than as directors of the company.

There are no service and/or performance criteria attached to these options.

Service agreement

The Company has not entered into any material contracts with directors.

Dividends

No dividends were paid or declared by the company during the financial year or the prior year. The directors do not recommend the payment of a dividend.

Operating results, review of operations

The company was incorporated on the 22 August 2006 and listed on the National Stock Exchange on the 17 May 2007, raising \$351,000 under the IPO.

Net operating loss for the ten months since incorporation amount to \$108,347 inclusive of unrealised losses of \$2,410 arising from the movement in the market value of the securities held as at balance date. All investments are carried at cost or recoverable value and as at 30 June 2007 the current investments are carried at \$346,040.

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Directors' Report

Changes in state of affairs

Significant changes in the state of affairs of the company during the financial year were as follows:

Fully paid, ordinary share capital was issued during the period as follows:

- Between 21 August 2006 to 30 November 2006, 2,950,000 shares were issued to founder shareholders(directors), investors and various advisors of the company. Each share included one free options for the purchase of one additional share at a price of \$0.50.
- 17 May 2007 – Initial public offer of 702,000 shares at \$0.50 per share. Each share included one free option for the purchase of one additional share at a price of \$0.50.

Subsequent events

It is the opinion of the directors of the company, that in the interval between the end of the period and the date of this report, there are items, transactions or events of a material and unusual nature significantly affecting the operations of the company. The directors believe the following items, transactions or events are relevant:

- The Company investment portfolio has increased in value since 30 June 2007. In particular, Odin Energy Limited and Everyday Mining Limited listed at substantial premiums above the Company's subscription costs whilst the Harrington Group Limited share price has increased from \$0.013 to a peak of \$0.07. The Company has since sold 800,000 Harrington shares at the average price of \$0.04.
- The Company has been mandated to advise and manage the listing of Meridien Resources Limited, Noble Capital Limited and Medvest Limited on the National Stock Exchange. The Company expects that all three companies will be listed within the next six months guaranteeing fee income and equity interests.

Future developments

The company will continue to operate as an investment company. In accordance with its objectives the company intends to

- Develop further opportunities and mandates for new listings on the National Stock Exchange and the Australian Stock Exchange.
- Raise further funding by way of a placement of new ordinary shares to raise up to \$300,000. This initiative will be implemented in the fourth quarter of calendar year 2007 and is aimed at raising funds to expand the Company investment portfolio.

Environmental regulations

The company's operations are not regulated by any significant environmental regulation under the law of the Commonwealth or of a State or Territory.

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Directors' Report

Auditors independence declaration

The auditors' independence declaration is included on page 10 of the financial report.

Indemnification of officers and auditors'

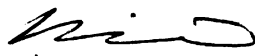
At the time of this report the company has not entered or agreed to enter into an insurance contract to provide directors and officer's liability insurance.

Other than stated above, the company has not during or since the financial year ended, agreed to indemnify an officer or auditor of the company against a liability as such an officer or auditor.

This report has been signed in accordance with a resolution of the directors made pursuant to s298(2) of the Corporations Act 2001.

For and on behalf of the directors

Kevin Shirlaw
Executive Chairman



Sydney, 28 September 2007

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AUDITORS INDEDEPENT DECLARATION Under Section 307C of the Corporation Act 2001

To: the directors of Meridien Capital Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of the company for the 11 months ended 30 June 2007, there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporation Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

DKF – RICHARD HILL PTY LTD



Richard Hill
Partner
Sydney 28 September 2007

Meridien Captial Ltd

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Independent audit report to the members

of Meridien Capital Limited

Report on the Financial Report

We have audited the accompanying financial report of Meridien Captial Ltd, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended that date a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Meridien Captial Ltd on, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion the financial report of Meridien Capital Ltd is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

DKF – RICHARD HILL PTY LTD



Richard Hill
Partner
Sydney 28 September 2007

Directors' Declaration

The directors' declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company; and
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the directors



Kevin Shirlaw
Executive Chairman

Sydney, 28 September 2007

Income Statement
for the financial year ended 30 June 2007

	Notes	2007 \$
Investment Income from ordinary activities		
Net realised gains on disposal of held for trading investments		42,476
Net unrealised gains(losses) on held for trading investments		(2,410)
Other revenue	2	3,114
Total Income from ordinary activities		43,180
 Administration expenses		 (80,907)
Other expenses	2	(70,620)
Total expenses		(151,527)
 (Loss) before income tax expense		 (108,347)
Income tax expense	3	-
(Loss) for the period		(108,347)
(Loss) attributable to equity holders of the entity		(108,347)
(Loss) Per Share - Basic (cents per share)	18	(4)
(Loss) Per Share - Diluted (cents per share)	18	(4)

Notes to the financial statements are included on pages 19 to 33

Balance Sheet
as at 30 June 2006

	Notes	2007 \$
Current Assets		
Cash and cash equivalents	6	35,106
Trade and other receivables	7	164,450
Investment portfolio held for trading	8	206,014
Other	9	14,345
Total Current Assets		419,915
Total Assets		419,915
Current Liabilities		
Trade and other payables	12	56,500
Total Current Liabilities		56,500
Total Liabilities		56,500
Net Assets		363,415
Equity		
Issued Capital	16	471,762
Accumulated losses		(108,347)
Total Equity		363,415

Notes to the financial statements are included on pages 19 to 33

**Statement of changes in equity
for the financial year ended 30 June 2007**

Attributable to equity holders

	Issued capital	Options Reserves	Accumulated losses	Total equity
	\$	\$	\$	\$
At 1 July 2006	-	-	-	-
Shares issued during the year (net of issue costs)	470,998	-	-	470,998
(Loss) for the period	-	-	(108,347)	(108,347)
Options Reserve	-	764	-	764
At 30 June 2007	470,998	764	(108,347)	363,415

Notes to the financial statements are included on pages 19 to 33

Statement of cash flows
for the financial year ended 30 June 2007

	Notes	2007 \$
Cash flows from operating activities		
Interest received		1912
Payments to suppliers and employees		(162,751)
Income tax paid		(545)
		<hr/>
Net cash inflow (outflow) from operating activities		(161,384)
	25(b)	<hr/>
Cash flows from investing activities		
Proceeds from sale of investment		112,833
Payments for purchases of investments		(391,841)
		<hr/>
Net cash (outflow) from investing activities		(279,008)
		<hr/>
Cash flows from financing activities		
Proceeds from the issue of shares		595,001
Share issue expenses		(119,503)
		<hr/>
Net cash inflow from financing activities		475,498
		<hr/>
Net increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the financial year		0
		<hr/>
Cash and cash equivalents at the end of the financial year	25(a)	35,106
		<hr/>

Notes to the financial statements are included on pages 19 to 33

**Notes to the financial statements
for the financial year ended 30 June 2007**

1. Summary of significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Urgent Issues Group Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 28 September 2007.

Basis of preparation of financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Historical cost convention

These financial statements have been prepared under the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets.

(a) Investments

1) Classification

Investments may consist of shares in publicly listed and unlisted companies and investments in fixed interest securities.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at fair value rather than historical cost and by presenting the Balance Sheet on a liquidity basis.

2) Valuation

All investments are classified as "held-for-trading" investments and are recognised at fair value including the potential tax charges that may arise from the future sale of the investments.

3) Unrealised gain and losses

Unrealised gains and losses are included in operating profit for the year and are transferred to an asset revaluation reserve, net of the potential tax charges that may arise from the future sale of the investments.

4) Investment income/ Revenue recognition

Dividend income is recognised in the Income Statement on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

**Notes to the financial statements
for the financial year ended 30 June 2007**

1. Summary of significant accounting policies (continued)

(b) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities, which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

(c) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Interest revenue is recognised as it occurs, taking into account the effective yield on the financial asset.

(d) Payables and accruals

Payables and accruals are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

(e) Share-based payments

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised on a straight line basis over the period during which the employees become unconditionally entitled to the option.

**Notes to the financial statements
for the financial year ended 30 June 2007**

1. Summary of significant accounting policies (continued)

(e) Share-based payments (continued)

The fair value at grant date is independently determined using the Black-Scholes and Binomial valuation models that takes into account the exercise price, the term of the option, the vesting criteria and the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The fair value of the options granted excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to issued capital.

(f) Operating segments

The Company is engaged in investment activities conducted in Australia and derives investment income from listed securities, short term interest bearing securities and cash holdings.

(g) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(h) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(i) Financial instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

**Notes to the financial statements
for the financial year ended 30 June 2007**

1. Summary of significant accounting policies (continued)

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

(j) Goods and services tax (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(k) Australian accounting standards not yet effective

The following Australian Accounting Standards have been issued or amended and are applicable to the company but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2005–10: Amendments to Australian Accounting Standards	AASB 1: First time adoption of AIFRS AASB 4: Insurance Contracts AASB 101: Presentation of Financial Statements AASB 114: Segment Reporting AASB 117: Leases AASB 133: Earnings per Share AASB 1023: General Insurance Contracts AASB 1038: Life Insurance Contracts AASB 139: Financial Instruments: Recognition and Measurement	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 Jan 2007	1 July 2007
AASB 7: Financial Instruments: Disclosures	AASB 132: Financial Instruments: Disclosure and Presentation	As above	1 Jan 2007	1 July 2007
AASB 8: Operating Segments	AASB 8: Operating Segments	Given that the company is only operating in one segment, no direct impact on financial report	Feb 2007	1 Jan 2009
AASB 101: Presentation of Financial Statements	AASB 101: Presentation of Financial Statements	There will be no direct impact on amounts included in the financial report as it is a disclosure standard.	July 2007	1 July 2007

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**Notes to the financial statements
for the financial year ended 30 June 2007**

(k) Australian accounting standards not yet effective (continued)

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

2. Profit (Loss) from operations

Profit (Loss) from operations before income tax includes the following items of revenue and expense:

	2007
	\$
(a) Other revenue	
Interest	3,114
	<u>3,114</u>
(b) Other Expenses	
ASX fees	10,887
Audit Fees	18,000
Travel Expenses	9,068
Other professional services	20,568
Share registry fees	
Other Expemses	12,096
	<u>70,620</u>

3. Income tax

2007
\$

(a) The prima facie income tax expense on pre-tax accounting profit / (loss) reconciles to the income tax expense in the financial statements as follows:

Profit (Loss) from ordinary activities	<u>(108,347)</u>
Prima facie Income tax benefit calculated at 30 % of loss from ordinary activities	32,504
Less tax effect of:	
Non-deductible expenditure	(3,629)
Accrued Expenses	(7,500)
Unrealised Losses on investments	(723)
Add tax effect of:	
Accrued Interest	361
Section 40-880 Deduction (5 year write-off)	7,560
Income tax benefit attributable to loss from ordinary activities	<u>28,573</u>

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**Notes to the financial statements
for the financial year ended 30 June 2007**

(b) Deferred tax assets

	2007
	\$
Tax losses	95,242
Less : Deferred tax assets recognisable (tax losses)	(28,573)
	<hr/> <hr/> 66,670

The deferred tax asset arising from the tax losses has not been recognised as an asset in the balance sheet because recovery is not certain.

The taxation benefit of tax losses not brought to account will only be obtained if:

- (a) assessable income is derived of a nature and of an amount sufficient to enable the benefits to be realised;
- (b) conditions for deductibility imposed by the law are complied with; and
- (c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

4. Key management personnel compensation

The directors and other key management personnel of the Company during the year were:

- Mr. Kevin Shirlaw (Executive Director, Chairman) (From 22 August 2006)
- Mr. John McColl (Executive Director) (From 22 August 2006)
- Mr. Kevin Good (Executive Director) (From 22 August 2006)
- Mr. Michael Ivkovic (Founder Consultant) (From 22 August 2006)

There are no other personnel within the company other than the directors with authority and responsibility for planning, directing and controlling the activities of the entity.

Remuneration of key management personnel

Details of the compensation for each person is set out below:

Principles used to determine the nature and amount of remuneration.

The objective of the company's key management personnel reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns key management personnel reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that key management personnel reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage / alignment of executive compensation
- Transparency
- Capital management

The company has structured a key management personnel remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

**Notes to the financial statements
for the financial year ended 30 June 2007**

4. Key management personnel compensation (continued)

Alignment to shareholders' interests:

- Has economic performance as a core component of plan design
- Focuses on sustained growth in share price and delivering constant return on assets as well as focusing the key management personnel on key non-financial drivers of value
- Attracts and retains high calibre executives

Alignment to program participants' interests:

- Rewards capability and experience
- Reflects competitive reward for contribution to shareholder growth
- Provides a clear structure for earning rewards
- Provides recognition for contribution

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

Directors' fees

The current base remuneration was last reviewed with effect from 22 August 2006. The Chairman's remuneration is inclusive of fees paid whilst chairing the meetings of executives and officers.

Retirement allowances for directors

At this time the company does not have a policy for the payment of retirement allowances for non-executive directors appointed. None of the directors who retired during the year were provided with any retirement allowances and received only those payments to which they were entitled according to their base remuneration and or law.

Executive pay

The executive pay and reward framework has two components:

- (e) Base pay and benefits;
- (f) Long-term incentives through participation in the company's Directors' and Employees' Option Plan ("Employees' Option Plan"); and

The combination of these comprise the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executive's discretion.

The Executives have been offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for the senior executive is reviewed at the expiry of the term of employment to ensure the executive's pay is competitive with the market.

There are no guaranteed base pay increases fixed in the senior executive's contract.

Details of compensation

Details of the compensation for each key management personnel of the company, which includes one director as an executive of the company are set out in the following tables.

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**Notes to the financial statements
for the financial year ended 30 June 2007**

4. Key management personnel compensation (continued)

Aggregate Key management personnel compensation

The aggregate compensation of the key management personnel of the company is set out below:

	2007
	\$
Short term employee benefits	67,779
	<u>67,779</u>

The compensation of each member of key management personnel of the entity is set out below:

	Short-term benefits	Post employe nt benefits	Equity settled share based payment Options (i)	Total
2007	Salary & Fees	Superannuati on		
Directors:	\$	\$	\$	\$
Mr. Kevin Shirlaw	25,000	-	-	25,000
Mr. John McColl	17,525	-	-	17,525
Mr. Kevin Good	10,341	-	-	10,341
Key management personnel:				
Mr. Michael Ivkovic	14,913	-	-	14,913
	<u>67,779</u>	<u>-</u>	<u>-</u>	<u>67,779</u>

There were no options granted to any Directors as remuneration during the current financial year. However, prior to the Company being listed, each of the three initial shareholders received ordinary shares and options. Mr. Shirlaw received 100,000 ordinary shares and 50,000 options while Mr. McColl and Mr. Good each received 50,000 ordinary shares and 25,000 options. The current three directors are those three initial shareholders. In accordance with AASB 2 Share Based Payments, the values of these shares and options have not been recognised as remuneration expenses because the shares and options were granted to them as owners of the Company rather than as directors of the company.

There are no service and/or performance criteria attached to these options.

Consulting agreement

The Company has not entered into any material contracts with directors.

Nevertheless, the Company has engaged Mr Michael Ivkovic as a consultant to assist in business development activities. Mr Ivkovic is a beneficiary of Ivkovic Superannuation Fund, a substantial founder shareholder of the Company. The Ivkovic Family Superannuation fund owns 1,100,000 ordinary shares and 550,000 options in Meridien Capital Limited. His general and investment banking background over a career spanning 40 years bring invaluable experience to overall operations.

Mr Ivkovic is presently retained on a month to month basis although it is anticipated that the company may elect to enter into a formal service agreement with him at some appropriate time in the future.

Mr Ivkovic's formal engagement commenced on 1 May 2007 and his monthly consulting fee is \$6,000.

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**Notes to the financial statements
for the financial year ended 30 June 2007****4. Key management personnel compensation (continued)****Options on issue**

The following reconciles the total outstanding share options.

	2007	
	No of Options	Weighted average exercise price
		\$
Balance at beginning of financial year	-	-
Granted during the financial year	1,801,000	0.5
Exercised during the financial year	-	-
Expired during the financial year	-	-
Balance at end of financial year	1,801,000	0.5
Exercisable at end of financial year	1,801,000	0.5

The share options outstanding at the end of the financial year had a weighted exercise price of 50 cents and a weighted average remaining contractual life of 1,553 days. None of the above options are listed.

2007
\$

5. Remuneration of auditors

During the year the following amounts were/to be paid to the auditor:

Audit or review of the financial statements	35,000
---	--------

The auditor of Meridien Capital Limited is DFK Richard Hill Pty Ltd.

6. Cash and cash equivalents

Cash at bank	35,106
	35,106

7. Current trade and other receivables

Goods and services tax (GST) receivable	16,183
Loan to Wine Bloc(i)	91,202
Loan to Netley Coal/Alma Energy (ii)	48,824
Other debtors	8,242
	164,450

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**Notes to the financial statements
for the financial year ended 30 June 2007**

7. Current trade and other receivables (continued)

i) Wine Bloc

Wine Bloc Pty Ltd was incorporated in 2006 for the specific purpose of facilitating a joint venture to redevelop the heritage precinct of Pentridge Village in Melbourne.

Wine Bloc is controlled 55% by the family interests of Peter Chiavaroli and 45% by Sydlyn Pty Ltd (as trustee for the Ivkovic Family Trust). Michael Ivkovic is a beneficiary of Ivkovic Family Trust.

To date unit holders have provided all \$550,000 funding required by unit holdings. To date Sydlyn has provided \$247,500 of which \$90,000 was sourced from Meridien Capital Limited.

Wine Bloc Pty Ltd has been working to redevelop the heritage precinct of Pentridge into wine storage facilities and the settlement of the first 67 strata wine cells will gross Wine Bloc over \$4.0 million in revenue. All unit holders' loans will be repaid on receipt of these funds expected no later than 31 October 2007.

In addition to repayment of the \$90,000 loan Meridien is entitled to 12% interest and a fee equal to a minimum \$50,000 or 10% of Wine Bloc's net income up to 30 June 2009.

ii) Netley Coal/Alma Energy (Darrell Williams)

Following a significant due diligence process (file attached) Meridien agreed to advance US\$40,000 to Netley Coal/Darrell Williams as a first instalment of a US\$150,000 total facility. In return Meridien was entitled to full repayment of all funds and an ongoing share of coal royalties from the Netley Mine in Kentucky.

This contract was to be sold into a newly incorporated Australian non listed public company (see file) in which Meridien and Collins Street Securities would be partners.

The initial US\$40,000 advance was funded in part by a \$25,000 loan from Mr R Clancey (introduced by Collins Street). The Clancey loan is repayable on 30 November 2007.

Undertaking from Darrell Williams and John Kenny/Amon Mahon/Larry Cook underpin the US\$40,000.

It became apparent in August 2007 that there were technical difficulties with the mining operation and Meridien made a decision to terminate the arrangements.

Williams has subsequently entered into negotiations to sell his mining rights and settlement is expected before 31 October 2007 at which time the Company will be repaid US\$40,000 plus US\$5,000 interest.

2007
\$

8. Investment portfolio held for trading

Quoted investments at net fair value 206,014

9. Other current assets

Rental Bond	13,800
Withholding tax paid	545
	<u>14,345</u>

MERIDIEN CAPITAL LIMITED

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**Notes to the financial statements
for the financial year ended 30 June 2007****2007**
\$**10. Current trade and other payables**

Loan from R Clancey (i)	25,000
Other Creditors - auditor	25,000
Other Creditors - others	6,500
	<u>56,500</u>

(i) Refer to Note 7 (ii).

11. Employee information

At 30 June 2007 the company had 3 employees.

12. Issued capital**Share Capital:**3,652,000 fully paid ordinary shares 471,762**Movements in Share Capital:**

1 July 2006 Opening Balance -

Share issued during the period:

3,652,000 fully paid ordinary shares 637,128

Exercise of options -

Less share issue expenses (166,130)30 June 2007 Closing Balance 470,998

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Share options

Options on issue are as follows:

Number of share options	Class of Shares	Exercise price of option	Exercisable from	Expiry date of options
668,500	Ordinary	\$0.50	17/05/2007	30/9/2011
202,500	Ordinary	\$0.50	17/11/2007	30/9/2011
190,000	Ordinary	\$0.50	17/05/2008	30/9/2011
740,000	Ordinary	\$0.50	17/05/2009	30/9/2011
1,801,000				

MERIDIEN CAPITAL LIMITED

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**Notes to the financial statements
for the financial year ended 30 June 2007**

2007
\$

13. Reserves

Equity-settled benefits reserve

Balance at 1 July	-
Share-based payment	764
Transfer to share capital	-
Balance at 30 June	<u>764</u>

The equity-settled benefits reserve arise on the grant of

- 500,000 options issued to Fairchoice Ltd, who sold the share portfolio to the Company in August 2006. These options were in addition to the 1,000,000 shares issued to them for the share portfolio.
- 100,000 options issued to the underwriter, Collins Street Securities. These options were issued in addition to 200,000 shares allocated to them for their services.

14. Earnings per share

Basic earnings (loss) per share (cents per share)	<u>(4)</u>
---	------------

Earnings (loss) used in the calculation of basic earnings per share	<u>(108,347)</u>
---	------------------

The weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	<u>2,695,033</u>
---	------------------

Diluted earnings (loss) per share (cents per share)	<u>(4)</u>
---	------------

Earnings (loss) used in the calculation of diluted earnings per share	<u>(108,347)</u>
---	------------------

The weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	<u>2,695,033</u>
---	------------------

Diluted loss per share is less than basic loss per share. Accordingly diluted loss per share equates to the basic loss per share.

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

Share options	<u>1,801,000</u>
---------------	------------------

Refer to Note 16 for details of shares issued.
Refer to Note 4 for details of options issued.

MERIDIEN CAPITAL LIMITED

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**Notes to the financial statements
for the financial year ended 30 June 2007**

15. 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 were no contingent assets not disclosed elsewhere in this report.

16. Segment information

The company operates in a single segment being the investment in Australian listed and unlisted companies.

17. Related party and key management personnel disclosures

(a) Key management personnel remuneration

Details of key management personnel's remuneration are disclosed in note 4 to the financial statements.

(b) Key management personnel equity holdings

Fully paid ordinary shares of Meridien Capital Limited

	Balance at 1 July No.	Granted as compensation No.	Net other change No.	Balance at 30 June No.
2007				
Kevin Good			50,000	50,000
John Mc Coll			50,000	50,000
Kevin Shirlaw			300,000	300,000
Michael Ivkovic			1,100,000	1,100,000
Total		-	1,500,000	1,500,000

Share options issued by Meridien Capital Limited

	Balance at 1 July No.	Granted as compensation No.	Other changes No.	Balance at 30 June No.	Balance vested at 30 June No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested during year No.
2007								
Kevin Good	-	-	25,000	25,000	-	25,000	-	25,000
John Mc Coll	-	-	25,000	25,000	-	25,000	-	25,000
Kevin Shirlaw	-	-	150,000	150,000	-	150,000	-	150,000
Michael Ivkovic	-	-	550,000	550,000	-	550,000	-	550,000
Total	-	-	750,000	750,000	-	750,000	-	750,000

(i) These options were granted during the establishment of the company prior to the listing of the company on ASX.

(ii) No options have been exercised during the financial year.

Further details of the Employees' Option Plan and of share options granted during the financial year are contained in Note 4 to the financial statements.

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**Notes to the financial statements
for the financial year ended 30 June 2007**

17. Related party and key management personnel disclosures (Continued)

(c) Transactions with other related parties

Refer to Note 7 (i).

18. Subsequent events

- At June 30, 2007 Company owned 1 million Harrington Limited shares. Share price increased in early September and Meridien has since sold 500,000 shares @ \$0.032 and a further 300,000 shares @ \$0.063. This compares to \$0.013 as @ June 30, 2007.
- Everyday Mining listed in July at which time all Meridien shares were sold @ \$0.58 cents (compared to \$0.40 cents IPO cost per share.)
- On 6 Sept 2007 Odin Energy limited listed at \$0.25 (compared to Meriden's preIPO acquisition cost of \$0.10 per share). Meridien has since sold 80,000 of its 200,000 shares of this company at the average price of \$0.213.
- In summary, the Company has realised a profit of \$40,740 on the sales mentioned above.

19. Cash flow Information

2007
\$

(a) Reconciliation of cash

For the purpose of the Cash Flow Statement, cash includes cash at bank and held on hand. Cash at the end of the year shown in the Cash Flow Statement is reconciled to the Balance Sheet as follows:

Cash and cash equivalents	35,106
---------------------------	--------

The weighted average interest rate for cash as at 30 June 2007 is 2.10%

(b) Reconciliation of profit (loss) from operations after income tax to net cash outflow from operating activities

Loss from ordinary activities after income tax	-108,347
Cash flows excluded from profit from ordinary activities attributable to operating activities	
Sales - Listed Shares	(112,833)
Cost of Shares Sold	70,354
Non-cash flows in profit from ordinary activities	
Unrealised Loss in Share investments	2,410
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries	
(Increase)/decrease in trade and other debtors	(6,242)
(Increase)/decrease in income tax paid	(545)
(Increase)/decrease in GST paid	(16,183)
(Increase)/decrease in Interest receivable	(1,202)
(Increase)/decrease in Deposit Paid	(13,800)
Increase/(decrease) in Accrued Expenses	25,000
Net Cash flows from ordinary activities	(161,384)

**Notes to the financial statements
for the financial year ended 30 June 2007**

20. Financial instruments

(a) Financial risk management objectives

The entity's treasury function provides services to the business, coordinates access to domestic and international financial markets, and manages the financial risks relating to the operations of the entity. The entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The entity's activities expose it primarily to the financial risks of changed interest rates.

(b) Significant accounting policies

Details of significant accounting policies and methods adopted in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(c) Credit risk

Credit risk refers to the risk that a third party will default on its contractual obligations resulting in financial loss to the company. The company generally does not require collateral where credit is extended to third parties. The company measures credit risk on a fair value basis. The company does not have any significant credit risk exposure to any third party or group of third parties having similar characteristics.

(d) Fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

(e) Interest rate risk

Cash assets are subject to very little interest rate risk as the company only has at call bank accounts. The average interest rate applicable to funds on deposit was 2.10% per annum

There are no other financial assets or liabilities that are exposed to interest rate risk as they are not interest bearing.

(f) Liquidity risk

The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

MERIDIEN CAPITAL LIMITED

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Additional NSX information

The following is additional information provided in accordance with the listing requirements of the Australian Stock Exchange Limited.

Shareholdings at 21 September 2007

(a) Substantial shareholders

As shown in the company's register of substantial shareholders is set below:

	Ordinary shares	%
SYDLYN PTY LTD <IVKOVIC FAMILY SUPER FUND>	1,100,000	30.12
FAIRCHOICE LIMITED	1,000,000	27.38

(b) Distribution of shareholder's holdings

Ordinary shares held	Shareholders	Total Shares	% Issued Capital
1 – 1,000	-	-	-
1,001 – 5,000	30	120,000	3.286
5,001 – 10,000	6	48,000	1.314
10,001 – 100,000	16	826,000	22.618
100,001 – and over	5	2,658,000	72.782
Total	57	3,652,000	100.000

There is no shareholder who holds less than a marketable parcel.

(c) Stock exchange listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the NSX under the code MEK.

(d) Income tax

The company is taxed as a public company.

(e) Voting rights

On show of hands one vote for every registered Shareholder and on a poll, one vote for each share held by a registered Shareholder.

Additional NSX information (continued)

(f) Restricted securities

At the date of this report there are securities subject to restrictions.

- Restricted options:

Issuing entity	Number of shares under option	Class of Shares	Exercise price of option	Expiry date of options	Note
Meridien Capital Limited	740,000	Ordinary	\$0.50	30 September 2011	Escrowed 24 months from listing
Meridien Capital Limited	190,000	Ordinary	\$0.50	30 September 2011	Escrowed 12 months from listing
Meridien Capital Limited	202,500	Ordinary	\$0.50	30 September 2011	Escrowed 6 months from listing

- Restricted shares

Issuing entity	Number of shares	Class of Shares			Note
Meridien Capital Limited	1,480,000	Ordinary			Escrowed 24 months from listing
Meridien Capital Limited	380,000	Ordinary			Escrowed 12 months from listing
Meridien Capital Limited	405,000	Ordinary			Escrowed 6 months from listing

Additional NSX information (continued)

(g) Use of cash

The company used cash and assets in a form readily convertible to cash in a manner that was consistent with its business objectives during the year ended 30 June 2007.

(i) Additional information

The company continues to comply with the NSX Listing Rules disclosure requirements and has not been queried by NSX since having listed. The company reports to NSX which makes available all reports to those who wish to access them. All NSX releases and other background information are posted regularly on the company's website. The company intends to post on its website its annual report and all other required notices to its shareholders.

The board reviews and receives advice on areas of operational and financial risks. Business risk management strategies are developed as appropriate to mitigate all identified risks of the business. The directors are aware of the guidelines for the content of a code of conduct to guide compliance with legal and other obligations to shareholders but have not formally established such a code. Where applicable to its activities, the directors ensure that the company is responsible to its shareholders, employees, contractors, advisers, individuals and the community.

(j) Top twenty shareholders as at 21 September 2007

NAME	SHARES	%
SYDLYN PTY LTD <IVKOVIC FAMILY SUPER FUND>	1,100,000	30.120
FAIRCHOICE LIMITED	1,000,000	27.382
FINLAY (AUST) PTY LTD <SHIRLAW FAMILY A/C>	250,000	6.846
LYNPLAN PTY LTD <LANDER FAMILY A/C>	190,000	5.203
MR JOHN LESLIE MACFARLANE & MRS CATHERINE HILDA MACFARLANE <AUST PACIFIC INV P/L S/F A/C>	118,000	3.231
ADVANCE PUBLICITY PTY LTD <IZMAR FAMILY A/C>	100,000	2.738
COLLINS STREET SECURITIES PTY LTD	100,000	2.738
CALIBRATE AUSTRALIA PTY LTD <CALIBRATE STAFF S/F A/C>	70,000	1.917
P O NOMINEES PTY LTD	50,000	1.369
MR STEPHEN JAMES WHITE	50,000	1.369
MR KEVIN GOOD	50,000	1.369
MR WILLIAM JOSEPH CLANCY & MRS CATHERINE MARY CLANCY <THE CLANCY SUPER FUND A/C>	50,000	1.369
MARLEY HOLDINGS PTY LTD	50,000	1.369
ROBERT BOSCARATO PTY LTD <R&K BOSCARATO S/F A/C>	50,000	1.369
MR KEVIN SHIRLAW	50,000	1.369
MR JOHN MCCOLL	50,000	1.369
RICHARD HAMMOND & MURRAY HAMMOND <GUSCO P/L EMP S/F NO 1 A/C>	50,000	1.369
COOPER HOLDINGS NSW PTY LTD <THE COOPER FAMILY A/C>	40,000	1.095
MR PAUL ANTHONY ROWSON	40,000	1.095
ADVANCE CONVEYORS PTY LTD	14,000	0.383
Total	3,472,000	95.071

The 20 largest Shareholders hold 95.07% of the issued capital of the company.