

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

NSX PRELIMINARY ANNUAL REPORT

1. Details of the reporting period: Year ended 30 June 2008. Previous corresponding period: 30 June 2007.
2. "Results for announcement to the market."
 - 2.1 Revenue for the period \$277,524. Percentage change from the previous corresponding period: Not applicable as revenue previously was \$ Nil.
 - 2.2 Loss for the year after income tax: \$2,341,837. Percentage change from the previous corresponding period: Not applicable as profit previously was \$ Nil.
 - 2.3 The amount and percentage change up or down from the previous corresponding period of profit (loss) for the period attributable to members of the parent: Not applicable as no prior year trading.
 - 2.4 The amount per security and franked amount per security of final and interim dividends: \$ Nil. It is not proposed to pay dividends at this time.
 - 2.5 The record date for determining entitlements to the dividends: n/a
 - 2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood: See attached.
3. Net tangible assets per security: \$0.02. Comparative figure for the previous corresponding period: \$ Nil
4. Details of entities over which control has been gained during the period:

4.1	Name of Entity	Thoroughbred City Pty Ltd	Locatore Pty Ltd
4.2	Date of gain of control	7 February 2008	25 October 2007
4.3	Contribution to the Reporting entity's loss from ordinary activities	\$3,807	\$ Nil
5. Details of dividends or distributions: \$ Nil.
6. Details of any dividend or distribution reinvestment plans in operation: n/a

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7. Details of associates and joint venture entities.

7.1	Name of Entity	Colossal Mining Limited	Channel 8 Media Pty Limited
7.2	Date of Interest acquired	19 October 2007	3 March 2008
7.3	Contribution to the Reporting entity's loss from ordinary activities	\$ Nil	\$ Nil

8. Details of foreign entities: n/a

9. The attached accounts are being subjected to audit.

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INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 June 2008

	Note	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
Revenue from ordinary activities	2	264,652	-	264,652	-
Interest		12,872	-	12,872	-
Expenses from ordinary activities	2	(2,619,037)	-	(2,622,844)	-
Borrowing expenses		<u>(324)</u>	<u>-</u>	<u>(324)</u>	<u>-</u>
Profit/(loss) from ordinary activities before income tax expense		(2,341,837)	-	(2,345,644)	-
Income tax expense relating to ordinary activities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) from ordinary activities after related income tax		(2,341,837)	-	(2,345,644)	-
Net profit/(loss) attributable to outside equity interests		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net profit/(loss) attributable to members of the parent entity		<u><u>(2,341,837)</u></u>	<u><u>-</u></u>	<u><u>(2,345,644)</u></u>	<u><u>-</u></u>
Total changes in equity other than those resulting from transactions with owners as owners		<u><u>(2,341,837)</u></u>	<u><u>-</u></u>	<u><u>(2,345,644)</u></u>	<u><u>-</u></u>
Earnings Per Share –		(0.05)	-	(0.05)	-
Basic and diluted (cents per share)		(0.05)	-	(0.05)	-

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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 June 2008

	Note	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
TOTAL EQUITY AT THE BEGINNING OF THE YEAR		-	-	-	-
Net profit/(loss) for the year attributable to members		(2,341,837)	-	(2,345,644)	-
Transactions with equity holders in their capacity as equity holders: Contributions		<u>5,686,509</u>	<u>-</u>	<u>5,686,509</u>	<u>-</u>
TOTAL EQUITY AT THE END OF THE YEAR		<u>3,344,672</u>	<u>-</u>	<u>3,340,865</u>	<u>-</u>

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BALANCE SHEET
AS AT 30 June 2008

	Note	Economic Entity 2008	Economic Entity 2007	Parent Entity 2008	Parent Entity 2007
		\$	\$	\$	\$
<u>CURRENT ASSETS</u>					
Cash assets	3	24,863	-	23,226	-
Investment	4	1,459,844	-	1,459,844	-
Other financial assets	5	10,166	-	7,996	-
		<u>1,494,873</u>	<u>-</u>	<u>1,491,066</u>	<u>-</u>
<u>NON-CURRENT ASSETS</u>					
Investments	6	1,875,000	-	1,875,000	-
Property, plant and equipment	7	40,591	-	40,591	-
Other financial assets	8	43,076	-	43,076	-
		<u>1,958,667</u>	<u>-</u>	<u>1,958,667</u>	<u>-</u>
<u>INTANGIBLE ASSETS</u>					
Goodwill on Consolidation	9	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>3,453,540</u>	<u>-</u>	<u>3,449,733</u>	<u>-</u>
<u>CURRENT LIABILITIES</u>					
Payables	11	108,868	-	108,868	-
		<u>108,868</u>	<u>-</u>	<u>108,868</u>	<u>-</u>
TOTAL LIABILITIES					
NET ASSETS		<u>3,344,672</u>	<u>-</u>	<u>3,340,865</u>	<u>-</u>
<u>EQUITY</u>					
Contributed equity	12	5,686,509	-	5,686,509	-
Accumulated (losses)		(2,347,837)	-	(2,345,644)	-
		<u>3,344,672</u>	<u>-</u>	<u>3,340,865</u>	<u>-</u>
TOTAL EQUITY		<u>3,344,672</u>	<u>-</u>	<u>3,340,865</u>	<u>-</u>

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STATEMENT OF CASHFLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

	Note	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Receipts from shares sales		2,179,209	-	2,179,209	-
Interest received		12,872	-	12,872	-
Payments to suppliers and employees and share purchases		(2,468,629)	-	(2,466,459)	-
Interest and other costs of finance		(324)	-	(324)	-
Net cash provided by (used in) operating activities		<u>(276,872)</u>	<u>-</u>	<u>(274,702)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Payment for shares in subsidiary company		-	-	(100)	-
Payment for listed shares		(1,195,192)	-	(1,195,192)	-
Payment for shares in associated company		(730,613)	-	(730,613)	-
Payment for project costs		(449,016)	-	(616,341)	-
Payment of rental deposit		(43,076)	-	(43,076)	-
Payment of office equipment		(50,675)	-	(50,675)	-
Net cash provided by (used in) investing activities		<u>(2,468,572)</u>	<u>-</u>	<u>(2,635,997)</u>	<u>-</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>					
Proceeds of loans received		3,216	-	3,216	-
Payment of loans made		(164,918)	-	(1,300)	-
Proceeds of share issues		3,161,680	-	3,161,680	-
Payment of issue costs		(229,671)	-	(229,671)	-
Net cash provided by (used in) financing activities		<u>2,770,307</u>	<u>-</u>	<u>2,933,925</u>	<u>-</u>
Net (decrease)/increase in cash held		24,863	-	23,226	-
Cash at beginning of year		-	-	-	-
CASH AT BALANCE DATE	3	<u>24,863</u>	<u>-</u>	<u>23,226</u>	<u>-</u>

Non cash proceeds of issue of shares

27,500,000 ordinary fully paid shares were issued at \$0.10 totalling \$2,750,000 for non-cash acquisitions of shares and contract rights as per Directors Report and note 12 – Issuances of Securities

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 June 2008

Note 1 - Statement of Accounting Policies

This financial report is a general-purpose financial report, which has been prepared in accordance with applicable Australian Accounting Standards, the Corporations Act 2001, including the disclosure requirements of other mandatory professional reporting requirements.

The financial report covers Zodiac Capital Limited as an individual and parent entity. Zodiac Capital Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements have been prepared on the basis of historical cost.

In the application of Australian Accounting Standards the company is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the company in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Compliance with IFRS

The financial statements comply with International Financial Reporting Standards (IFRSs).

The accounting policies have been consistently applied, unless otherwise stated.

(a) Going Concern

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

(b) Property, plant and equipment

Property, plant and equipment are brought to account at cost or at independent or directors' valuation, less, where applicable, any accumulated depreciation or amortisation. Directors review the carrying amount of property, plant and equipment annually to ensure they are not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining the recoverable amount.

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FOR THE FINANCIAL YEAR ENDED 30 June 2008

Note 1 - Statement of Accounting Policies (continued)

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements for the company.

Items of property, plant and equipment, including leasehold property are depreciated/amortised using the diminishing value method over their estimated useful lives to the company.

The depreciation rates used for each class of asset are as follows:

	<u>Depreciation Rate</u>	<u>Depreciation Method</u>
Office Equipment	18% to 40%	Diminishing value

(c) Investments

Investments are brought to account at cost or at directors' valuation. Directors review the carrying amount of investments annually to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' market value or the underlying net assets in the particular companies.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset are transferred from the lesser to the lessee, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of minimum lease payments on the establishment of the lease. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Lease payments under operating leases are charged as expenses in the years in which they are incurred.

(e) Goodwill

Goodwill is recorded at cost. This amount will be reviewed annually in relation to the expected discounted cash flow and will be valued accordingly.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 June 2008

Note 1 - Statement of Accounting Policies (continued)

(f) Revenue

Interest income is recognised on a time proportionate basis.

(g) Accounts Payable

Liabilities are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services. Trade accounts payables are normally settled within 90 days and are normally non-interest bearing.

(h) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

(i) Trade Receivables

Trade debtors are carried at amount due. The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts. Trade debtors are normally settled within 60 days of delivery or invoice and are non-interest bearing.

(j) Income Tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(k) Principles of Consolidation

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 June 2008

Note 1 - Statement of Accounting Policies (continued)

(l) Goods and Services Tax

Revenue, 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.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(m) Interest-Bearing Liabilities

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(n) Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

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NOTES TO THE FINANCIAL STATEMENTS
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	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
<u>Note 2 – Profit/(Loss) from Ordinary Activities</u>				
Profit/(loss) from ordinary activities before income tax includes the following items of revenue and expense:				
<u>a) Revenue from ordinary activities</u>				
Interest	12,872	-	12,872	-
Fair value gains	264,652	-	264,652	-
	<u>277,524</u>	<u>-</u>	<u>277,524</u>	<u>-</u>
<u>b) Expenses from ordinary activities</u>				
Impairment of non current assets	1,418,247	-	1,422,054	-
Audit and accounting	35,780	-	35,780	-
Consultants- director related	258,820	-	258,820	-
Consultant- other	92,478	-	92,478	-
Depreciation	10,084	-	10,084	-
Employees Entitlements	12,597	-	12,597	-
Interest	324	-	324	-
Loss on sale of shares	452,101	-	452,101	-
Other	52,219	-	51,889	-
Rent	54,390	-	54,390	-
Superannuation	17,100	-	17,100	-
Travel	25,221	-	25,551	-
Wages	190,000	-	190,000	-
	<u>2,646,361</u>	<u>-</u>	<u>2,623,168</u>	<u>-</u>
Net loss for the period	<u>(2,341,837)</u>	<u>-</u>	<u>(2,345,644)</u>	<u>-</u>
<u>Note 3 – Cash Assets</u>				
Cash at Bank	24,863	-	23,226	-
	<u>24,863</u>	<u>-</u>	<u>23,226</u>	<u>-</u>
<u>Note 4 – Investments</u>				
Shares on hand	1,459,844	-	1,459,844	-
	<u>1,459,844</u>	<u>-</u>	<u>1,459,844</u>	<u>-</u>
<u>Note 5 – Other financial assets</u>				
GST refund	4,782	-	2,612	-
Prepayments	4,084	-	4,084	-
Loans to associated company	1,300	-	1,300	-
	<u>10,166</u>	<u>-</u>	<u>7,996</u>	<u>-</u>

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	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
Note 6 – Investments				
Investment in Locatore Pty Limited				
- at cost	-	-	450,000	-
Less: Provision for Impairment	-	-	(450,000)	-
Investment in Throughbred City Pty Limited- at cost	-	-	100	-
Less: Provision for Impairment	-	-	(100)	-
Investment in Channel 8 Media Limited				
- at cost	4,500	-	4,500	-
Less: Provision for Impairment	(4,500)	-	(4,500)	-
Investment in Colossal Mining Limited				
- at cost	5,800	-	5,800	-
Less: Provision for Impairment	(5,800)	-	(5,800)	-
Acquisition rights - at cost	<u>1875,000</u>	-	<u>1875,000</u>	-
	<u>1875,000</u>	<u>-</u>	<u>1875,000</u>	<u>-</u>

Locatore Pty Limited, incorporated in Australia, is 51% (2007 0%) owned by the company and is considered a subsidiary company.

Throughbred City Pty Limited, incorporated in Australia, is 100% (2007 0%) owned by the company and is considered a subsidiary company.

Channel 8 Media Limited, incorporated in Australia, is 41% (2007 0%) owned by the company and is considered an associated company.

Colossal Mining Limited, incorporated in Australia, is 48% (2007 0%) owned by the company and is considered an associated company.

Acquisition rights:

The company acquired all rights to the development of all resource projects assigned by Key Capital Corp by way of issuing 15,000,000 ordinary fully paid \$0.10 shares in the company and a payment of \$125,000 to MDN Group and \$250,000 to Sologic Investment Group Pty Limited.

Note 7 – Property, Plant and Equipment

(a) Plant and equipment – at cost	50,675	-	50,675	-
Less: Provision for depreciation	<u>(10,084)</u>	<u>-</u>	<u>(10,084)</u>	<u>-</u>
	<u>40,591</u>	<u>-</u>	<u>40,591</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
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Note 7 – Property, Plant and Equipment (Continued)

(b) Movement in Carrying Amounts

Movement in the carrying amount of property, plant and equipment between the beginning and the end of the financial year

			Plant \$	Total \$
Economic Entity				
Balance at beginning of year			-	-
Additions			50,675	50,675
Depreciation expense			(10,084)	(10,084)
Carrying amount at end of year			40,591	40,591
Parent Entity				
Balance at beginning of year			-	-
Additions			50,675	50,675
Depreciation expense			<u>(10,084)</u>	<u>(10,084)</u>
Carrying amount at end of year			<u>40,591</u>	<u>40,591</u>
	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$

Note 8 – Other financial assets

Project Costs:

Agriculture	74,502	-	74,502	-
Gaming	97,573	-	97,573	-
Locatore Pty Limited	48,392	-	48,392	-
Batangas	10,613	-	10,613	-
Thoroughbred City Pty Limited	59,632	-	226,957	-
Free Cargo	86,801	-	86,801	-
China Resources	71,353	-	71,353	-
Channel 8 Media Limited	150	-	150	-
Less: Provision for Impairment	(449,016)	-	(616,341)	-
Loan to Colossal Mining Limited	345,313	-	345,313	-
Loan to Vision Bloodstock- secured	163,618	-	-	-
Less: Provision for Impairment	(508,931)	-	(345,313)	-
Rental Bond	43,076	-	43,076	-
	<u>43,076</u>	<u>-</u>	<u>43,076</u>	<u>-</u>

Project costs are amortised when incurred. These costs will be reported as income on recovery.

Note 9 – Goodwill on Consolidation

Goodwill on Consolidation	450,000	-	-	-
Less: Provision for Impairment	(450,000)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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Note 10 – Carrying Value of Non Current Assets

Movement in the current value of non current assets
other than property, plant, and equipment.

	Balance at 1 July 2007	Additions at cost	Impaired	Balance at 30 June 2008
	\$	\$	\$	\$
Economic Entity				
Project Investments	-	1,885,300	(10,300)	1,875,000
Project Costs	-	449,016	(449,016)	-
Project Loans	-	508,931	(508,931)	-
Consolidation Goodwill	-	450,000	(450,000)	-
Rental Bond	-	43,076	-	43,076
	<u>-</u>	<u>3,336,323</u>	<u>(1,418,247)</u>	<u>1,918,076</u>

Parent Entity

Project Investments	-	2,335,400	(460,400)	1,875,000
Project Costs	-	616,341	(616,341)	-
Project Loans	-	345,313	(345,313)	-
Consolidation Goodwill	-	-	-	-
Rental Bond	-	43,076	-	43,076
	<u>-</u>	<u>3,685,443</u>	<u>(1,422,054)</u>	<u>1,918,076</u>

	Economic Entity 2008	Economic Entity 2007	Parent Entity 2008	Parent Entity 2007
	\$	\$	\$	\$
Total Carrying Value				
Investments	1,875,000	-	1,875,000	-
Other Financial Assets	43,076	-	43,076	-
Consolidation Goodwill	-	-	-	-
	<u>1,918,076</u>	<u>-</u>	<u>1,918,076</u>	<u>-</u>

Note 11 – Payables

Creditors	61,844	-	61,844	-
Directors Loan	3,216	-	3,216	-
Provisions	12,537	-	12,537	-
Brokers Trading Account	31,271	-	31,271	-
	<u>108,868</u>	<u>-</u>	<u>108,868</u>	<u>-</u>

Provisions

	Employee Entitlements	Total
Economic Entity		
Balance at 1 July 2007	-	-
Additional Provisions	12,597	12,597
Balance at 30 June 2008	<u>12,597</u>	<u>12,597</u>

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Note 11 – Payables (Continued)

Parent Entity

Balance at 1 July 2007

Additional Provisions

Balance at 30 June 2008

-	-
12,597	12,597
12,597	12,597

	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
<u>Total Provisions</u>				
Current	12,597	-	12,597	-
Non Current	-	-	-	-
	<u>12,597</u>	<u>-</u>	<u>12,597</u>	<u>-</u>

Note 12 – Contributed Equity

66,384,888 ordinary fully paid shares
(2007 19,000,000)

Less cost of issue

5,916,180	-	5,916,180	-
(229,671)	-	(229,671)	-
<u>5,686,509</u>	<u>-</u>	<u>5,686,509</u>	<u>-</u>

Movements in Contributed Equity of the
company for the years are as follows

a) Ordinary Shares

	No	No	No	No
At beginning of the reporting period	<u>19,000,000</u>	<u>-</u>	<u>19,000,000</u>	<u>-</u>
Shares issued during the year				
- at \$0.00 each	900,000	19,000,000	900,000	19,000,000
- at \$0.10 each	27,500,000	-	27,500,000	-
- at \$0.15 each	8,370,000	-	8,370,000	-
- at \$0.18 each	10,614,888	-	10,614,888	-
Total for the year	<u>47,384,888</u>	<u>19,000,000</u>	<u>47,384,888</u>	<u>19,000,000</u>
At reporting date	<u>66,384,888</u>	<u>19,000,000</u>	<u>66,384,888</u>	<u>19,000,000</u>

27,500,000 ordinary fully paid shares were issued at \$0.10 totaling \$2,750,000 for non-cash acquisitions of shares and contract rights.

Ordinary shares carry one vote per share and carry the right to dividends.

(b) Options

At the beginning of the reporting period

2010 30c
Options
19,000,000

2012 30c
Options
19,000,000

Options issued during the year - at \$0.00 each

-

46,044,888

At Reporting Date

19,000,000

65,044,888

Option holders are not entitled to vote or receive dividends.

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Note 13 - Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks or financial institutions, net of bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
Cash at bank	24,863	-	23,226	-

(b) Reconciliation of Cash Flows from Operations with Profit (Loss) from ordinary activities after income tax

Profit/ (Loss) from ordinary activities after income tax	(2,341,837)	-	(2,345,644)	-
<u>Non-cash flows in operating result</u>				
Depreciation	10,084	-	10,084	-
Impairment	1,418,247	-	1,422,054	-
Costs by share issue	804,500	-	804,500	-
Share NMV adjustment	(264,652)	-	(264,652)	-
Provision for Employee Entitlements	12,537	-	12,537	-
<u>Changes in Assets and Liabilities</u>				
(Increase) decrease in GST	(4,782)	-	(2,612)	-
(Increase) decrease in trade creditors	61,844	-	61,844	-
(Increase) decrease in prepayments	(4,084)	-	(4,084)	-
(Increase) decrease in brokers account	31,271	-	31,271	-
Cash Flows from Operations	<u>(276,872)</u>	<u>-</u>	<u>(274,702)</u>	<u>-</u>

(c) Standby Credit Arrangements

Unused standby credit was available in the amount of \$Nil.

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Note 14 - Related Party Transactions

The directors of the Company during the year and their shareholdings at the date of this report were:

	<u>Ordinary Shares*</u>	<u>2010 30c Options*</u>	<u>2012 30c Options*</u>
Peter Boonen	36,500,000	12,000,000	36,500,000
Robin Armstrong	3,000,000	3,000,000	6,000,000
Allen Bain	24,500,000	1,500,000	24,500,000
Donald Benard	1,500,000	1,500,000	1,500,000

*includes related parties as at the date of this report

As at the date of this report, the Company is a party to transactions with related parties as follows:

a) Robin Armstrong:

i) Mr Robin Armstrong a director and Chairman of the Company is also an Executive of Findlay Securities Limited, the Company's sponsoring Broker. Findlay Securities Limited was paid normal industry standard fees in relation to the Company sponsorship and fees with respect to the placement of shares through the Offer by Information Memorandum in the amount of \$110,790.

ii) The Company has a share trading account at Findlay Securities Limited and any trading within that account attracts normal commercial transaction commissions. Any or all trades that are conducted on behalf of the Company by Mr Robin Armstrong result in Mr Armstrong receiving normal commercial commissions in the amount of \$31,230 through his position at Findlay Securities as a stockbroker.

iii) Any further involvement in the future where the Company may use Findlay Securities Limited for advisory, share trading and/or capital raising services would be subject to similar related party disclosure but would be on a normal commercial basis that would be equal to or better than that generally available to the Company through alternative relationships.

b) Peter Boonen:

i) Mr Peter Boonen is the Managing Director of the Company and the Company's initial investment project interests have been acquired through agreement with companies and interests of which Mr Boonen is either a director, officer and/or shareholder

ii) In consideration for the introduction to the opportunity to acquire 84% of all rights to the Philippines iron ore project, the Company has agreed to pay a cash fee of \$250,000 to SoLogic Investment Group Pty Ltd following and subject to the Company's listing. Mr Boonen is a director and shareholder of SoLogic Investment Group Pty Limited.

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iii) In consideration of the assignment to it of the Acquisition Agreement for the Philippines Batangas gold project, agreements and rights to agreements, and including the rights to acquire various investment opportunities in China, the Company has agreed to issue 15,000,000 Shares at \$0.10 each and 15,000,000 attaching 2012 Options to Key Capital Corporation, a company of which Mr Boonen is a director and shareholder. The Company has paid a cash payment of \$125,000 to MDM Group Inc, a shareholder of the Company and of which Mr Boonen is a director and shareholder, as full consideration of all fees and expenditure including the repayment of option fees paid to the original Batangas vendors totalling US\$75,000.

iv) In consideration of the transfer of securities listed on the ASX to Zodiac Capital at a total market value of \$500,000 the Company issued 5,000,000 Shares at \$0.10 each and 5,000,000 attaching 2012 Options to MDM Group Inc. Mr Boonen is a director and shareholder of MDM Group Inc.

v) In consideration of the acquisition of the 51% interest in LocatOre Pty Limited from RocLogic Pty Limited the Company, issued 4,500,000 Shares at \$0.10 each and 4,500,000 attaching 2012 Options to RocLogic Pty Limited. Mr Boonen is a director and shareholder of both LocatOre Pty Limited and RocLogic Pty Limited. Mr Boonen is also a director and shareholder of Immune Network Limited a Canadian company that has a prior conditional agreement to acquire Locatore Pty Ltd in a share exchange.

c) Allen Bain:

i) In consideration of the assignment to it of the Acquisition Agreement for the Philippines Batangas gold project, agreements and rights to agreements, and including the rights to acquire various investment opportunities in China, the Company has agreed to issue 15,000,000 Shares at \$0.10 each and 15,000,000 attaching 2012 Options to Key Capital Corporation. Dr Bain is a director and shareholder of Key Capital Corporation. The Company has also agreed to pay a cash payment of \$125,000 to MDM Group Inc, a shareholder of the Company and of which Dr Bain is a director and shareholder, as full consideration of all fees and expenditure including the repayment of option fees paid to the original Batangas vendors totalling US\$75,000.

ii) In consideration of the transfer of securities listed on the ASX to Zodiac Capital at a total market value of \$800,000 the Company issued 5,000,000 Shares at \$0.10 each and 5,000,000 attaching 2012 Options to MDM Group Inc and 3,000,000 Shares at \$0.10 each and 3,000,000 attaching 2012 Options to Courage Corporation. Dr Bain is a director and shareholder of MDM Group Inc and a director of Courage Corporation.

iii) Relative to the acquisition by the Company of the 51% interest in LocatOre Pty Limited from RocLogic Pty Limited, Dr Allen Bain is a Director and shareholder of Immune Network Limited a Canadian company that has a prior conditional agreement to acquire Locatore Pty Ltd in a share exchange.

The movement in the Directors shareholding to balance date were:

Ordinary Shares

	<u>Number at</u> <u>30 June 2007</u>	<u>Number of</u> <u>Acquisitions</u>	<u>Number of</u> <u>Disposals</u>	<u>Number at</u> <u>Balance Date</u>
Peter Boonen	12,000,000	-	-	12,000,000
Robin Armstrong	3,000,000	-	-	3,000,000
Allen Bain	1,500,000	-	-	1,500,000
Donald Benard	1,500,000	-	-	1,500,000
Directors and related parties at balance date				

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2010 Options

	<u>Number at</u> <u>30 June 2007</u>	<u>Number of</u> <u>Acquisitions</u>	<u>Number of</u> <u>Disposals</u>	<u>2010 Options at</u> <u>Balance Date</u>
Peter Boonen	12,000,000	-	-	12,000,000
Robin Armstrong	3,000,000	-	-	3,000,000
Allen Bain	1,500,000	-	-	1,500,000
Donald Benard	1,500,000	-	-	1,500,000

2012 Options

	<u>Number at</u> <u>30 June 2007</u>	<u>Number of</u> <u>Acquisitions</u>	<u>Number of</u> <u>Disposals</u>	<u>2012 Options at</u> <u>Balance Date</u>
Peter Boonen	12,000,000	-	-	12,000,000
Robin Armstrong	3,000,000	-	-	3,000,000
Allen Bain	1,500,000	-	-	1,500,000
Donald Benard	1,500,000	-	-	1,500,000

Directors and related parties at balance date.

A Black Scholes option pricing model was used to determine the value of options at date of grant as being \$Nil. The Directors consider that the options have nil value at the date of this report.

Note 15- Remuneration of Directors/Executives

The directors of Zodiac Capital Limited during the year and at the date of this report.

Peter Boonen
Robin Armstrong
Allen Bain
Donald Benard

The Non-Executive Directors are entitled to be remunerated or receive benefits from the Company as follows:

Name	Directors Fee \$	Committee Fee \$	Post Employment \$	Other Benefits \$	Total# \$
Robin Armstrong	60,000	Nil	Nil	Nil	60,000
Allen Bain	48,000	Nil	Nil	Nil	48,000

To date no amount has been approved by the members.

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Note 15- Remuneration of Directors/Executives (continued)

Executive Directors of Zodiac Capital Limited: -

Name	Base Salary \$	Non Monetary \$	Post Employment \$	Other Benefits \$	Total \$
Peter Boonen <i>Managing Director</i>	75,000	Nil	Nil	213,000	288,000
Donald Benard	156,000	Nil	Nil	Nil	156,000

Company Secretaries

Name	Base Salary Fee \$	Secretarial Fees	Non Monetary	Post Employment \$	Other Benefits \$	Total \$
Colin Bloomfield	Nil	24,000	Nil	Nil	Nil	24,000
Gulshan Jugroo	72,000	Nil	Nil	Nil	Nil	72,000

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. In this regard it is anticipated that the Directors and Officers of the Company will from time to time be required to render services to subsidiary investee companies that would be outside the scope of work usually required from the Directors of the Company. In these instances, the Board will determine, on a case by case basis such remuneration as would be considered reasonable and in all cases where the Company advances such remuneration, it will be regarded as a loan advance to and repayable by the investee company. Directors are also entitled to travelling expenses for or in connection with any journeys undertaken by them on the Company's business.

The performance and remuneration of any managing director or executive director for his services shall be reviewed and determined by the Directors from time to time but on at least an annual basis.

For further details in relation to Director's remuneration, refer to the Directors Report.

For details in relation to Director's Share & Option holdings refer to Note 14 - Related Party Transactions.

The Company did not have any specified executives, other than Executive Directors.

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Note 16 - Post Balance Date Events

Since the balance date the following events have occurred:

i) On 9 July 2008 the company incorporated a wholly owned subsidiary, Dynamic Agricultural Products Limited, which intended to acquire the business of Almighty Fodder Limited. Zodiac Capital Limited acquired 200,000,000 ordinary fully paid shares of \$0.0001 each.

On July 18, 2008, the Company reported concerns regarding conduct of Almighty Fodder Limited management, and further that the Company had received a termination notice regarding the agreement. The Company also confirmed that its proposed acquisition was not subject to approval by Almighty Fodder Ltd shareholders but rather was a commercialisation and funding agreement, under which the Company initially provided secured loan funds of \$50,000, which have since been returned to the Company. Dynamic Agricultural Products Ltd will continue to focus on improved food production and agriculture opportunities where scarcity of water, land, or other resources otherwise limit feasibility or cost-effectiveness.

ii) On August 28, 2008, the Company signed a Licensing Agreement with Ekomed LLC, a Ukraine-based developer, marketer and manufacturer of phyto-pharmaceutical health products, for exclusive marketing of Ekomed products in most jurisdictions outside Ukraine. The Company intends to commercialise this opportunity through a special purpose vehicle.

Note 17 - Capital and Leasing Commitments, Contractual Arrangements and Contingent Liabilities

	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
<u>Operating Lease Commitments</u>				
- not recognised in the Financial Statements				
Payable – not later than one year	89,619	-	89,619	-
- later than one year and less than five years	97,849	-	97,849	-
	<u>187,468</u>	<u>-</u>	<u>187,468</u>	<u>-</u>

The operating lease represents the rental on premises at Level 1, 275 George Street, Sydney, NSW 2000 which commenced in July 2007, and terminates in July 2010.

Financial Commitments

Pursuant to the Locatore geoscience asset acquisition agreement the company is required to incur development expenditure in the amount of \$1,500,000 over a three year period commencing 1 March 2008.

Pursuant to the Japanese Language Domain Name Acquisition agreement the company is required to pay USD\$ 10,000 for the four months ended October 2008 and provide funding of USD\$ 450,000 in the two year period ended October 2010.

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	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
<u>Note 18- Auditor Remuneration</u>				
The amount received or due and receivable by the auditor of the company for:				
Auditing	8,057	-	8,057	-
Other Services	-	-	-	-
Total	<u>8,057</u>	<u>-</u>	<u>8,057</u>	<u>-</u>

Note 19 – Earnings Per Share

	2008 \$	2007 \$
Basic and diluted earnings per share (cents)	(0.05)	0.0
	No.	No.
Number of ordinary shares outstanding during the year used in the calculation of basic and diluted earnings per share	47,518,893	19,000,000

Diluted earnings per share are not materially different to Basic Earnings per share.

Note 20 – Segment Information

The company predominately operates in the business of being an investment company.

Note 21 – Company Details

The registered office of business of the company is
Level 6/50 Clarence Street
SYDNEY NSW 2001

The principal place of business of the company is
Level 1, 275 George Street
SYDNEY NSW 2000