

ZODIAC

Zodiac Capital Limited

ANNUAL REPORT
30 JUNE 2008

Zodiac Capital Limited
ACN 126 263 170
and
Controlled Entities

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

Corporate Directory

Directors	Robin Gerald Armstrong (Chairman) Peter Joseph Boonen Allen Ian Bain Donald Joseph Benard
Secretaries	Colin Bloomfield Gulshan Jugroo
Registered Office	C/- Colin Bloomfield & Associates Level 6/50 Clarence Street SYDNEY NSW 2001
Corporate Office	Level 1, 275 George Street SYDNEY NSW 2000
Auditors	Pitcher Partners Level 22, 11 Martin Place Sydney NSW 2000
Bankers	Westpac Banking Corporation Limited 393-395 New South Head Road DOUBLE BAY NSW 2026
Solicitors	Holman Webb Level 17 Angel Place 123 Pitt Street SYDNEY NSW 2000
Share Register	Registries Limited Level 2, 28 Margaret Street SYDNEY NSW 2000

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

Corporate Governance

1. Our approach to Corporate Governance

1a) Framework and approach to Corporate Governance and responsibility

Corporate governance is about having a set of values that underpin the company's everyday activities – values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight. Corporate integrity is under question globally, a genuine commitment to good governance is fundamental to the sustainability of our business and its performance.

In pursuing its commitment to best practice governance standards, the Board of Zodiac Capital Limited will continue to:

- review and improve its governance practices; and
- monitor global developments in best practice corporate governance.

The Board's approach has been to be guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements. The best practice guidelines of the Australian Stock Exchange ("ASX"), although not the Company's home exchange, have been adopted as the minimum baseline for our governance practices.

| 1b) Compliance with the ASX best practice recommendations

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX best practice recommendations in the reporting year.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision.

This Governance Statement describes Zodiac Capital Limited governance practices and notes where they do not comply with the ASX best practice recommendations.

2. Date of this Corporate Governance Statement

This Statement reflects our corporate governance policies and procedures as at 30 June 2008.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

Corporate Governance (continued)

3. The Board of Directors

3a) Membership and expertise of the Board

The Board has a broad range of relevant financial and other skills, experience and expertise to meet its objectives. The current Board composition, with details of individual Director's backgrounds, is set out below.

Name:	Peter Boonen	Robin Armstrong	Allen Bain	Donald Benard
Age	60	54	50	46
Term of Office	Director since incorporation	Director since incorporation	Director since incorporation	Director since 25 October 2007
Independent	No	Yes	No	No
External Directorship	None	Findlay Securities Ltd Cardia Technologies Ltd Broad Investments Ltd P Fuel Ltd Aquanox Ltd	None	None
Skills, experience and expertise	General Manager Experienced in investment acquisition and development strategy	Executive Director of Findlay Securities Limited, Stockbrokers Experienced in corporate advisory, structuring and financing	Dr of Pharmacology Experienced in the science of drug discovery and commercialisation	Geologist and Mining Engineer with extensive global resource industry experience

3b) Board role and responsibility

The Board is accountable to shareholders for Zodiac Capital Limited performance.

In summary, the Board's responsibilities include:

- providing strategic direction and approving corporate strategic initiatives;
- planning for Board and executive succession;
- selecting and evaluating future Directors, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), if and when appointed;
- setting CEO and Director remuneration within shareholder approved limits;
- approving budget and monitoring management and financial performance;
- considering and approving Annual Financial Report (including the Directors' Declaration) and the interim and final financial statements);
- approving Zodiac Capital Limited risk management strategy, monitoring its effectiveness and maintaining a direct and ongoing dialogue with Zodiac Capital Limited auditors and regulators; and
- considering and reviewing the social and ethical impact of Zodiac Capital Limited activities, setting standards for social and ethical practices and monitoring compliance with Zodiac Capital Limited social responsibility policies and practices.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

Corporate Governance (continued)

The Board has delegated to management responsibility for:

- developing and implementing corporate strategies and making recommendations on significant corporate strategic initiatives;
- maintaining an effective risk management framework and keeping the Board and market fully informed about material risks;
- developing Zodiac Capital Limited annual budget, recommending it to the Board for approval and managing day-to-day operations within the budget;
- managing day-to-day operations in accordance with standards for social and ethical practices, which have been set by the Board.

3c) Board size and composition

The Board determines its size and composition, subject to the limits imposed by Zodiac Capital Limited Constitution. The Constitution requires a minimum of three and a maximum of 7 Directors. In addition, at least two of the Directors shall ordinarily reside within Australia.

3d) The selection and role of the Chairman

The Chairman is selected by the Board from the Non-executive Directors.

The Chairman's role includes:

- providing effective leadership on formulating the Board's strategy;
- representing the views of the Board to the public;
- ensuring that, when all Board members take office, they are fully briefed on the terms of their appointment, their duties and responsibilities;
- ensuring that the Board meets at regular intervals throughout the year, and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Directors;
- guiding the agenda and conduct of all Board meetings; and
- reviewing the performance of Board Directors.

The current Chairman, Robin Armstrong is a Non-executive Director. He has been a Director and Chairman of Zodiac Capital Limited since the company's incorporation on 28 June 2007.

3e) Directors' independence

The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgement. Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than general materiality thresholds. In assessing independence, the Board considers whether the Director has a business or other relationship with Zodiac Capital Limited, either directly, or as a partner, shareholder or officer of a company or other entity that has an interest, or a business or other relationship, with Zodiac Capital Limited or another Zodiac Capital Limited group member. It is the Board's view that Non-Executive Director, Robin Armstrong is independent and Allen Bain is not independent. It is the board's view that Executive Directors Peter Boonen and Donald Benard are not independent.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

Corporate Governance (continued)

3f) Avoidance of conflicts of interest by a Director

In accordance with the Corporations Act 2001, any Director with a material personal interest in a matter being considered by the Board must not be present when the matter is being considered and may not vote on the matter.

3g) Meetings of the Board and their conduct

The Board meets formally at least four times a year. In addition, it meets whenever necessary to deal with specific matters needing attention between the scheduled meetings. This year the full Board has met on four occasions. The Chairman and the Company Secretary establish meeting agendas to ensure adequate coverage of financial, strategic and major risk areas throughout the year. The Directors and Company Secretary also maintain regular and ongoing informal communications via email and phone.

3h) Succession planning

The Board plans succession of its own members taking into account the skills, experience and expertise required and currently represented, and Zodiac Capital Limited future direction. The Board is also responsible for CEO and CFO succession planning (if appointed).

3i) Review of Board performance

The Board reviews its overall performance, as well as the performance of individual Directors. The performance of Non-executive Directors (including the Chairman) is subject to annual peer review.

3j) Nomination and appointment of new Directors

Recommendations for nominations of new Directors are made by the Board as a whole. Those nominated are assessed by the Board against a range of criteria including background, experience, professional skills, personal qualities, whether their skills and experience will augment the existing Board and their availability to commit themselves to the Board's activities. If the Board appoints a new Director during the year, that person will stand for election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for election.

3k) Retirement and re-election of Directors

Zodiac Capital Limited Constitution states that one-third of the Directors must retire each year. The maximum time that each Director can serve in any single term is three years. Any Director who has been appointed during the year must retire at the next annual general meeting. Eligible Directors who retire each year may offer themselves for re-election by shareholders at the next annual general meeting.

3l) Compulsory retirement of Directors

The Board has no limit on the number of terms of office, which any Director may serve.

3m) Board access to information and advice

All Directors have unrestricted access to company records and information and receive regular detailed financial and operational reports. Zodiac Capital Limited Company Secretary provides Directors with ongoing guidance on issues such as corporate governance, the Constitution and the law. The Board collectively, and each Director individually, has the right to seek independent professional advice at Zodiac Capital Limited expense to help them carry out their responsibilities. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in its absence, Board approval may be sought.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

Corporate Governance (continued)

4. Board committees

4a) Board committees and membership

Aside from the Audit Committee, there are currently no other Board Committees. The Company's current size and operations, in the opinion of the Directors, does not warrant the establishment of a series of separate Board Committees. All issues are considered by all the Directors, unless a Director is unable to exercise independence. Zodiac Capital Limited does not comply with recommendations on these issues.

4b) Audit Committee

Zodiac Capital Limited does have an Audit Committee and complies with this recommendation.

4c) Board Risk Oversight Committee

Zodiac Capital Limited does not have a Board Risk Oversight Committee and does not comply with this recommendation

4d) Board Nominations Committee

Zodiac Capital Limited does not have a Board Nominations Committee and any appointment would be considered by all directors. It does not comply with this recommendation

4e) Board Remuneration Committee

Zodiac Capital Limited does not have a Board Remuneration Committee and does not comply with this recommendation.

5. Audit governance and independence

5a) Approach to audit governance

The Board is committed to three basic principles:

- Zodiac Capital Limited must produce true and fair financial reports;
- its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies; and
- the external auditors are independent and serve shareholder interests by ensuring that shareholders know Zodiac Capital Limited true financial position.

5b) Engagement and rotation of external auditor

Zodiac Capital Limited independent external auditor is Pitcher Partners. The Board of Directors currently requires no rotation of Auditor.

5c) Discussions with external auditor on independence

The Board Audit and Compliance Committee require the external auditor to confirm that they have maintained their independence.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

Corporate Governance (continued)

5d) Relationship with external auditor

Zodiac Capital Limited current policies on employment and other relationships with our external auditor are:

- the audit partners and any audit firm employee on the Zodiac Capital Limited audit are prohibited from being an officer of Zodiac Capital Limited;
- an immediate family member of an audit partner or any audit firm employee on the Zodiac Capital Limited audit is prohibited from being a Director or an officer in a significant position at Zodiac Capital Limited;
- a former audit firm partner or employee on the Zodiac Capital Limited audit is prohibited from becoming a Director or officer in a significant position at Zodiac Capital Limited for at least five years and after the five years, can have no continuing financial relationship with the audit firm;
- members of the audit team and firm are prohibited from having a business relationship with Zodiac Capital Limited or any officer of Zodiac Capital Limited unless the relationship is clearly insignificant to both parties;
- the audit firm, its partners, its employees on the Zodiac Capital Limited audit and their immediate family members are prohibited from having a direct or material indirect investment in Zodiac Capital Limited;
- officers of Zodiac Capital Limited are prohibited from receiving any remuneration from the audit firm;
- the audit firm is prohibited from having a financial interest in any entity with a controlling interest in Zodiac Capital Limited; and
- the audit firm engagement team in any given year cannot include a person who had been an officer of Zodiac Capital Limited during that year.

5e) Restrictions on non-audit services by the external auditor

The external auditor is not restricted in the provision of non-audit services to Zodiac Capital Limited except as required by the Corporations Act or the NSX Listing Rules.

5f) Attendance at Annual General Meeting

Zodiac Capital Limited external auditor attends the annual general meeting and is available to answer shareholder questions in respect of the conduct of the audit.

6. Controlling and managing risk

6a) Approach to risk management

Taking and managing risk are central to business and to building shareholder value. Zodiac Capital Limited approach is to identify, assess and control the risks, which affect its business. The intention is to enable risks to be balanced against appropriate rewards. The risk management approach links Zodiac Capital Limited vision and values, objectives and strategies, and procedures and training.

6b) Risk management roles and responsibilities

The Board is responsible for approving and reviewing Zodiac Capital Limited risk management strategy and policy. The Company Secretary is responsible for implementing the Board-approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of Zodiac Capital Limited activities.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

Corporate Governance (continued)

6c) Company Secretarial assurance

The Board receives regular reports about the financial condition and operational results of Zodiac Capital Limited. The Company Secretary periodically provides formal statements to the Board that in all material respects:

- the company's financial statements present a true and fair view of Zodiac Capital Limited financial condition and operational results, and
- the risk management and internal compliance and control systems are sound, appropriate and operating efficiently and effectively.

7. Remuneration framework

7a) Overview

Zodiac Capital Limited pays its Executive and Non Executive Directors a fixed remuneration. The Executive and Non Executive Directors can claim reimbursement of out-of-pocket expenses incurred on behalf of Zodiac Capital Limited. Our Financial Controller is on fixed remuneration and also serves as a Joint Company Secretary and the Company's second Joint Company Secretary is paid for all his time on an hourly basis. The Executive Managing Director is on a fixed remuneration.

7b) Executive Management Option Scheme

The Company has an Executive Management Option Scheme as a means of rewarding executive management for performance. A total of 10,000,000 options have been approved and these will be allotted and issued to executive management members at the discretion of the Directors and with reference to the Company's audited annual financial statements. These options will be issued subject to shareholder approve on the following terms and conditions:

- (a) Each option shall be subject to such vesting and exercise conditions determined by the Board at the time of issue.
- (b) Each option entitles the holder to subscribe for one Share in the Company upon the payment of the exercise price determined at the time of offer by the Board and subject to satisfaction of any vesting or exercise conditions.
- (c) The options will lapse at 5.00pm (AEST) on the date of the fifth anniversary of each respective issue ("Expiry Date") or such other date as may be determined by the Company's Board at the time of issue.
- (d) The options are not transferable.
- (e) There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
- (f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

Corporate Governance (continued)

- (g) Subject to any vesting and exercise conditions, vested options shall be exercisable at any time during the period ending on or before the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the option holder to exercise all or a specified number of options held by the option holder accompanied by an option certificate or holding statement and a cheque made payable to the Company for the subscription moneys for the shares to be issued on exercise of the options the subject of the Notice. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him.
- (h) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

8. Corporate responsibility and sustainability

8a) Zodiac Capital Limited approach to corporate responsibility and sustainability

Zodiac Capital Limited aim is to manage its business in a way that produces positive outcomes for all stakeholders and maximises economic, social and environmental value simultaneously. In doing so, Zodiac Capital Limited accepts that the responsibilities flowing from this go beyond both strict legal obligations and just the financial bottom line. Transparency, the desire for fair dealing, and positive links into the community underpin our everyday activities and corporate responsibility practices.

8b) Zodiac Capital Limited Code of Conduct

Zodiac Capital Limited Code of Conduct applies to all Directors, executives and employees without exception. The Code governs workplace and human resource practices, risk management and legal compliance, and is aligned to Zodiac Capital Limited core values of teamwork, integrity and performance. The Code is reviewed periodically and has been specifically reviewed to reflect the ASX best practice recommendations.

8c) Insider trading policy and trading in Zodiac Capital Limited shares

Both Directors and employees of a Corporation are subject to restrictions under the law relating to dealing in certain financial products, including securities in a company (including Zodiac Capital Limited), if they are in possession of inside information.

Inside information is information that is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the securities of the company.

8d) Market disclosure policy and practices

The Company Secretary will have responsibility for ensuring compliance with the continuous disclosure requirements in the NSX Listing Rules, and overseeing and co-ordinating information disclosure to the NSX, analysts, brokers, shareholders, the media and the public.

NSX is committed to giving all shareholders comprehensive and equal access to information about our activities, and to fulfil continuous disclosure obligations to the broader market. Zodiac Capital Limited policy is designed to ensure compliance with NSX Listing Rules continuous disclosure requirements. It ensures any information that a reasonable person would expect to have a material effect on the price of Zodiac Capital Limited securities is disclosed.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008

Your directors present their report on the company for the year ended 30 June 2008.

Directors

The following persons were directors of Zodiac Capital Limited during the financial year and up to the date of this report:

Robin Armstrong - Chairman
Peter Boonen
Allen Bain
Donald Benard

Information on Directors in office during the year:

Robin Armstrong (54)	Non-executive Director and Chairman
Peter Boonen (60)	Executive Director
Donald Benard (46)	Executive Director
Allen Bain (50)	Non-executive Director

The above named directors held office during and since the end of the financial year.

- i. The Directors attendances at Directors meetings held during the year were;
ii. The number of shares and options in the Company in which each director, at the date of this report, has a relevant interest are:

Name	<u>No. Attended</u>	<u>No. Eligible to Attend*</u>	<u>Ordinary Shares**</u>	<u>2010 30c Options**</u>	<u>2012 30c Options**</u>
Robin Armstrong	4	4	3,000,000	3,000,000	3,000,000
Peter Boonen	4	4	36,500,000	12,000,000	36,500,000
Donald Benard	4	4	1,500,000	1,500,000	1,500,000
Allen Bain	4	4	24,500,000	1,500,000	24,500,000

* Reflects the maximum number of meetings each director was eligible to attend.

** As at the date of this report.

Includes related parties.

Retirement, Election and Continuation in Office of Directors

On 25 October 2007 Donald Benard was appointed as a Director.

No Directors have resigned or ceased to act.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008 (continued)

Company Secretaries

Colin Bloomfield - B Comm, Fellow of the Institute of Chartered Accountants in Australia and member since 1979. Colin is a sole practitioner specialising in management consulting, tax planning and company reconstructions.

Gulshan Jugroo - Bachelor of Accounting (Hons) Middlesex University, UK, Master of Business in Accounting, Victoria University specialising in Corporate Forensic Accounting.

Directors and Officers Interests

Directors' and Officers' Relevant Interests in Securities

The relevant interests of the Directors and officers and their related parties as defined in Accounting Standard AASB 1024, in securities of the Company, as will exist immediately prior to the issue of Shares pursuant to the Issue are as follows:

Name	Ordinary Shares*	2010 30c Options*	2012 30c Options*s
Robin Armstrong	3,000,000	3,000,000	3,000,000
Peter Boonen	36,500,000	12,000,000	36,500,000
Donald Benard	1,500,000	1,500,000	1,500,000
Allen Bain	24,500,000	1,500,000	24,500,000
Gulshan Jugroo	900,000	Nil	900,000
* Colin Bloomfield	200,000	200,000	200,000

Includes related parties at the date of this report.

Robin Armstrong is a director and shareholder of Brown & Biggins Pty Limited which holds 3,000,000 Shares, 2010 Options and 2012 Options.

Peter Boonen is a director of P&J Boonen Pty Ltd the Trustee of Boonen Family Superannuation Fund which holds 5,000,000 Shares, 2010 Options and 2012 Options. He is a director and shareholder of SoLogic Investment Group Pty Ltd which holds 7,000,000 Shares, 2010 Options and 2012 Options, a director and shareholder of RocLogic Pty Limited which holds 4,500,000 Shares and 2012 Options, a director and shareholder of Key Capital Corporation which holds 15,000,000 Shares and 2012 Options in the Company, a director and shareholder of MDM Group, Inc which holds 5,000,000 Shares and 2012 Options

Donald Benard holds 1,000,000 Shares, 2010 Options and 2012 Options. Peggy Mactavish is married to Donald Benard and holds 500,000 Shares, 2010 Options and 2012 Options.

Allen Bain holds 1,000,000 Shares, 2010 Options and 2012 Options. He is a director and shareholder of Key Capital Corporation which holds 15,000,000 Shares and 2012 Options, a director and shareholder of MDM Group, Inc which holds 5,000,000 Shares and 2012 Options, a director and shareholder of 554402 B.C. Ltd which holds 500,000 Shares, 2010 Options and 2012 Options and a director of Courage Corporation which holds 3,000,000 Shares and 2012 Options.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008 (continued)

Colin Bloomfield is a director of Spinzaro Pty Limited which is the trustee of the Spinzaro Superannuation Fund of which he is a beneficiary which holds 200,000 Shares, 2010 Options and 2012 Options.

Principal Activities

The principal activity of the Company during the year was as an equity investment company pursuing suitable acquisitions. The major investment focus has been within the resource market sector and opportunities in China and the Asian Pacific region as well as within the financial services, communications and internet market sectors.

Dividends

No dividends were paid or recommended for payment during, or since the end of, the financial year.

Review of Operations

Our inaugural year as a listed NSX Company has certainly had its challenges as the local and global financial and capital markets continued to deteriorate throughout the year and subsequent to balance date. "Deteriorate" in fact would most likely be regarded as an understatement by most market observers. In the face of a rapidly dissipating investment climate the Company has had to continually review its investments in and commitments to its projects.

On 25 October 2007, in accordance with an arrangement entered into on 2 July 2007, Mr Gulshan Jugroo, the Company's Financial Controller, was issued 900,000 ordinary fully paid shares and 900,000 options exercisable at 30 cents each up to 31 December 2012.

On 25 October 2007, in accordance with an arrangement entered into on 2 July 2007, MDM Group Inc was issued 5,000,000 ordinary fully paid shares and 5,000,000 options exercisable at 30 cents each up to 31 December 2012 in consideration for transferring \$500,000 in listed securities to the Company.

On 25 October 2007, in accordance with an arrangement entered into on 2 July 2007, Courage Corp was issued 3,000,000 ordinary fully paid shares and 3,000,000 options exercisable at 30 cents each up to 31 December 2012 in consideration for transferring \$300,000 in listed securities to the Company.

The company has since disposed of the shares acquired in October 2007 for \$483,055 for the purpose of providing working capital.

On 19 October 2007 Colossal Mining Limited was incorporated as a wholly owned subsidiary and following the subsequent issues of further shares, as at the date of this report, the Company's interest in Colossal Mining Limited is approximately 48% through a 58,000,000 shareholding. Subsequent to Balance Date, Colossal Mining has finalised a resource acquisition agreement and is now in process of completing 1:3 share (capital) consolidation, a Prospectus to raise \$6,000,000 in association with a planned listing on the ASX.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008 (continued)

On 25 October 2007, in accordance with an arrangement entered into on 12 October 2007 the company issued 4,500,000 ordinary fully paid shares and 4,500,000 options exercisable at 30 cents each up to 31 December 2012 for the acquisition of 51% of the issued capital of Locatore Pty Limited held by RocLogic Pty Limited, together with a commitment to the expenditure of a total of \$1,500,000 over a three year period commencing by 1 March 2008

On 25 October 2007, in accordance with an arrangement entered into on 15 October 2007 the company issued 15,000,000 ordinary fully paid shares and 15,000,000 options exercisable at 30 cents each up to 31 December 2012 to Key Capital Corp for assigning its rights to directly progress investigation and negotiation to potentially acquire a number of resource projects. Included within the agreement was the assignment of a concluded agreement for the acquisition of the Batangas Gold Project in the Philippines. The Company has terminated the Batangas Gold Project since it was assigned to the Company.

The company listed on the National Stock Exchange on 21 December 2007.

The company issued 7,030,000 ordinary fully paid shares of \$0.15 each with one attaching option for each share subscribed exercisable at \$0.30 per option up to 31 December 2012 raising a total \$1,054,500 in working capital.

The company issued 10,614,888 ordinary fully paid shares at \$0.18 each with one attaching option for each share subscribed exercisable at 30 cents per option up to 31 December 2012 raising additional capital of \$1,910,680.

The company issued 1,340,000 ordinary fully paid shares of \$0.15 each with no attaching options to raise \$201,000 in working capital.

On 9 January 2008 the company entered into an agreement with 1341486 Alberta Ltd to acquire the registered Japanese language domain name corresponding to the English word "gambling".

On 7 February 2008 the company incorporated a wholly owned subsidiary, Thoroughbred City Pty Limited which entered an agreement with Zodiac Capital Limited to assume loan funds secured against thoroughbred horse assets for which Zodiac Capital Limited had provided a temporary loan facility during the Equine Influenza crisis. Zodiac Capital Limited acquired 10,000 ordinary fully paid shares at \$0.01 each. Thoroughbred City has instigated legal action seeking recovery of the loan funds and this action is currently ongoing.

On 3 March 2008 the company acquired 45% interest in Channel 8 Media Limited which is intended to acquire media assets in China. Zodiac Capital Limited acquired 45,000,000 ordinary fully paid shares of \$ 0.0001 each. Zodiac Capital did not proceed with this project.

The financial results of the consolidated entity for the year ended 31 June 2008 are as follows:

	\$
Loss after income tax attributable to members	(2,341,837)
Basis earnings per share	(0.05)
Diluted earnings per share	(0.05)

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008 (continued)

The consolidated entity's projects during the year were:

Iron Ore Project – In January 2008, the Company entered into agreement with a Philippines company to acquire certain offshore iron sands tenements in the Philippines. Following issues that arose within the board and management of this corporation, the Company sought to vary its agreement but was unable to do so and on May 1, 2008 the Company announced the termination of the agreement. Subsequent to Balance Date on the 12th of September 2008, an associated company, Colossal Mining Ltd, entered into agreement with Bridestone Mining and Development Corporation and Anaconda Mining and Development Corporation, both of the Philippines to acquire two offshore magnetite ironsand exploration tenements in the Cagayan region of Northern Luzon totalling approximately 16,300 hectares (163 square kilometres). Colossal Mining Limited is currently completing its prospectus through which it is proposed to raise \$6,000,000 and then to list its securities on the ASX.

Resource Geoscience Technology Project – During the period of January to June the Company has maintained its 51% interest in LocatOre Pty Ltd, a company that is commercialising a unique new proprietary geoscience exploration tool.

Internet holdings acquisition – On January 14, 2008, the Company announced an agreement to acquire a controlling interest in the dot-com Japanese domain name for gambling (pronounced "Gyanburu") for payments totalling \$150,000 and two year funding of \$450,000. Project funding has been ongoing and work is proceeding on this opportunity.

Investment in Findlay Securities Limited – During the course of the year the Company accumulated shares in listed stockbroker, Findlay Securities. On 28 February 2008, the Company announced an intention to issue an unsolicited and conditional, off-market cash and share takeover offer for Findlay Securities Limited. The Company subsequently on 7 April 2008 announced it would not proceed an offer following the collapse of Opes Prime Stockbroking, potentially impacting the significant fees Findlay was expecting to receive on a corporate transaction. Subsequent to Balance Date, there have been significant Board and management changes at Findlay Securities which Zodiac Capital views as positive and as at 23 September 2008 the Company directly held 3,960,000 shares in Findlay, representing a 5.92% interest (including interests of the Company's Managing Director affiliated holdings 4,994,547, or 7.47%).

Media Joint Venture – On March 3, 2008, the Company announced an agreement to joint venture various broadcasting, media, and advertising interests in China, subject to due diligence and compliance with Chinese regulatory requirements. Due to issues arising in due diligence the Company has not progressed with this opportunity.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008 (continued)

Minerals Refinery Joint Ventures – On February 28, 2008 and March 26, 2008 the Company announced agreements with Lingbao Jinlong Magnesium Industry Company Ltd and Lingbao Boyuan Mining Company Ltd, respectively, to enter into 50% joint ventures for expansion of certain mills and refineries in central China, conditional upon due diligence and obtaining various Chinese government approvals. For reasons outside of the control of the Company, neither joint venture has progressed to a full agreement to date, The Company has now ceased communication with Lingbao Jinlong Magnesium Industry Company Ltd and will no longer pursue this project whilst discussions and negotiations with Lingbao Boyuan Mining Company Ltd, continue, however as at the date of this Report, the Company is reserved regarding the probability of the transactions proceeding.

Agriculture Project – Subsequent to Balance Date, on July 8, 2008 the Company announced an agreement to acquire the assets of Almighty Fodder Ltd through the Company's wholly-owned subsidiary Dynamic Agricultural Products Ltd. 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 had provided secured loan funds of \$50,000, which have since been returned to the Company together with interest. Dynamic Agricultural Products Ltd will continue to focus on its opportunity to commercialise its access to patented technologies including water filtration and decontamination applications for the use in agricultural environments to improve water use efficiencies and production capabilities in situations where scarcity of water, suitable land, or other resources otherwise limit feasibility or cost-effectiveness of agricultural production.

Phyto-pharmaceuticals distribution agreement – Subsequent to Balance Date, 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. As recently reported in industry publications, the lead product has proved effective as an adjuvant in the treatment of AIDS and tuberculosis. The Company intends to commercialise this opportunity through a special purpose vehicle.

Other financial asset through profit and loss - At the date of this report, the Company's investment in publicly listed shares was \$643,258 at current market value. The market value of these investments at 30 June 2008, or cost post June 2008, was \$1,080,615.

No other significant changes have taken place during the financial year or to the date of this report other than as disclosed in the attached financial statements.

Likely Developments and Expected Results of Operations

We continue to aggressively investigate further opportunities that are available through our established relationships and also those presented to the Company. Our clear focus, however, is upon the progress of our current major project initiatives which we summarise as follows.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008 (continued)

Iron Ore Project – We did experience a major setback when unforeseen disputes arose within the original Philippine corporation with which we had contracted to exploit a major Philippine magnetite resource and as a direct consequence of the then circumstances the transaction terminated. The Company then aggressively pursued a number of other magnetite opportunities that had been offered and/or made known to the Company, resulting in Agreement being entered into on 12 September, 2009 for the exploration and development of 160 square kilometres of rich offshore magnetite ironsands in the Cagayan region of Northern Luzon in the Philippines.

We are now finalising the Colossal Mining Limited Prospectus which we plan to lodge and open for subscription in early October 2008. Our new agreement has been negotiated to take into account the dramatically changed market conditions and we believe that the opportunity for Colossal Mining Limited is now far better positioned than the original proposal. We are confident that Colossal Mining has the very real opportunity to realise a targeted resource that could well be in the 1 -2 billion tonne of iron ore range and develop this into one of the world's lowest cost producers as only minimal infrastructure will be required for commercialisation.

The Company is expecting Colossal Mining to complete its capital raising and planned ASX listing prior to end 2008.

Racing and Gaming Project – We are merging our Internet gaming project together with our interests in thoroughbred racing, the latter, having resulted as a consequence of the Company providing secured loan capital to a racehorse syndication during the Equine Influenza outbreak. These combined interests will be offered as a unique opportunity for participation in racehorse ownership through public company shareholding as an alternative to the more traditional illiquid partnership and syndicate ownership alternative.

We are expecting to be releasing a prospectus to the market during the course of the Spring Racing Carnival and are further expecting a high level of interest from the racing community, especially where ownership through shares will be offered for as little as \$2,000 per investment.

Further Ongoing Projects – we will continue to develop our interests in the recently acquired phyto-pharmaceutical products as well as our ongoing interest in several resource projects and other opportunities that are currently subject to advanced stages of investigation.

The directors consider that the cash reserves of the company at the time of signing this report are sufficient to enable the company to pursue current opportunities.

Environmental Regulations

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

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008 (continued)

Remuneration Report

Directors and Executive Emoluments

During the financial period to 30 June 2008 the Directors and Officers received the following remuneration.

Non-executive Directors of Zodiac Capital Limited: -

Name	Directors Fee \$	Committee Fee \$	Post Employment \$	Other Benefits \$	Total \$
Robin Armstrong <i>Chairman</i>	Nil	Nil	Nil	Nil	Nil
Allen Bain	34,000	Nil	Nil	Nil	34,000

Executive Directors of Zodiac Capital Limited: -

Name	Base Salary \$	Non Monetary \$	Post Employment \$	Other Benefits \$	Total \$
Peter Boonen <i>Managing Director</i>	56,250	Nil	5,063	234,820	296,133
Donald Benard	Nil	Nil	Nil	Nil	Nil

Company Secretary

Name	Base Salary \$	Secretarial Fees \$	Non Monetary \$	Post Employment \$	Other Benefits \$	Total \$
Colin Bloomfield	Nil	45,866	Nil	Nil	Nil	45,866
Gulshan Jugroo	68,750	Nil	Nil	6,188	Nil	74,938

The Board of Directors decides the remuneration and terms of employment for executives' directors, non-executive directors and other senior executives.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008 (continued)

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.

Directors remuneration not paid is not payable in arrears.

Remuneration packages are set at levels intended to attract and retain executives capable of managing the consolidated entities operations. It is the Board's intention that all executive directors and executives terms of employment be formalised in service agreements.

The Company has entered into a three year renewable, executive service agreement with Mr Peter Boonen, the Company's Managing Director and his service company P & J Boonen Pty Ltd. The terms provide for an annual remuneration package of \$291,070.

The Company may terminate the agreement at any time without notice in a number of circumstances, including commission of a serious or persistent breach or non-observance of the Agreement's terms, commission of any fraud, dishonesty or wilful misconduct, or any conviction of an indictable criminal offence.

Mr Boonen cannot terminate the agreement without cause prior to 30 June 2010. The agreement prevents Mr Boonen from engaging in any other business or occupation or holding the office of director of any other company without the prior consent of the Company. The agreement also prevents him from approaching or soliciting customers, clients or employees of the Company away from the Company during the term of the agreement and for a period of twelve months after the employment is terminated

Each director is entitled to such remuneration out of the funds of the Company as the directors determine, but the remuneration of non-executive directors in their respective capacities as directors may not exceed in aggregate in any financial year an amount approved by the members at a general meeting. To date no amount has been approved by the members.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008 (continued)

Share Options

The company has approved an 'Executive Management Option Scheme' at a directors meeting of 25 October 2007. To date the 'Executive Management Option Scheme' has not been approved by the members. The options issued are in relation to performance and are intended to reward performance. A total of 10,000,000 options have been approved and these will be allotted and issued to executive management members at the discretion of the Directors and with reference to the Company's audited annual financial statements. These options will be issued on the following terms and conditions:

- (a) Each option shall be subject to such vesting and exercise conditions determined by the Board at the time of issue.
- (b) Each option entitles the holder to subscribe for one Share in the Company upon the payment of the exercise price determined at the time of offer by the Board and subject to satisfaction of any vesting or exercise conditions.
- (c) The options will lapse at 5.00pm (AEST) on the date of the fifth anniversary of each respective issue ("Expiry Date") or such other date as may be determined by the Company's Board at the time of issue.
- (d) The options are not transferable.
- (e) There are no participating rights or entitlements inherent in these options and holders of the options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the option.
- (f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (g) Subject to any vesting and exercise conditions, vested options shall be exercisable at any time during the period ending on or before the Expiry Date ("Exercise Period") by the delivery to the registered office of the Company of a notice in writing ("Notice") stating the intention of the option holder to exercise all or a specified number of options held (in multiples of 100) by the option holder accompanied by an option certificate or holding statement and a cheque made payable to the Company for the subscription moneys (if any) for the shares to be issued on exercise of the options the subject of the Notice. An exercise of only some options shall not affect the rights of the option holder to the balance of the options held by him.
- (h) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

Information on directors' benefits is set out in Note 17 – Remuneration of Directors/Executives

Options totalling 38,000,000 were issued on 28 June 2007 to Directors and related parties on incorporation of the company.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

DIRECTORS' REPORT - 30 JUNE 2008 (continued)

Further information on directors' options is set out in Note 17 – Remuneration of Directors/ Executives.

Based on the history of the market price of shares the directors consider that options had a nil value at the date of issue. Using the Black Scholes model, these options at the date of issue had a value of \$Nil.

No options granted have been exercised.

No options have been granted under the 'Executive Management Option Scheme'

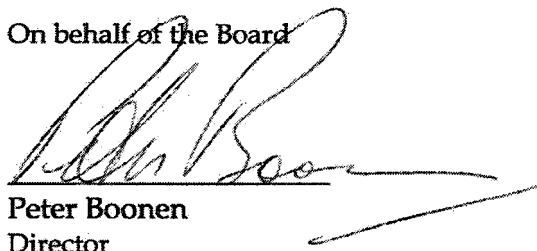
Insurance of Officers

During the financial year, the Company did not pay a premium in respect of a contract insuring the directors of the company or the company secretaries and of any related body corporate against a liability incurred as such a director or secretary to the extent permitted by the Corporations Act 2001. The Company has not, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

On behalf of the Board



Peter Boonen
Director

Dated: 30 September 2008

[illegible]

Mitchell Partners is an association of independent firms:
Melbourne | Sydney | Brisbane | Perth | Adelaide



Michels Partners is an association of independent firms.
Melbourne | Sydney | Brisbane | Perth | Adelaide

HANTER TUNING
INTERNATIONAL

Offices throughout the world



PITCHER PARTNERS

**ZODIAC CAPITAL LIMITED
ACN 126 263 170
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ZODIAC CAPITAL LIMITED**

Auditor's Opinion

In our opinion,

(a) the financial report of Zodiac Capital Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Zodiac Capital Limited and controlled entities for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1 Going Concern, there is inherent uncertainty whether the company and the consolidated entity will be able to continue as a going concern and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Inherent Uncertainty Regarding Carrying Value of Acquisition Rights

Without qualification to the opinion expressed above, attention is drawn to the following matter. As disclosed in Note 11 Acquisition Rights, the company acquired the rights to the development of various resource projects via the issuance of shares in the company for a consideration of \$1,875,000. The recoverability of the carrying value of the acquisition rights is dependant on the ability of the company to establish profitable trading operations from the development of these rights or on the sale of the rights at an amount equal to or greater than its carrying value. We are unable to determine whether or not future operations will generate sufficient income to support the carrying value of the acquisition rights or whether an amount at least equal to the carrying value of the acquisition rights would be realised through its sale. We are therefore unable to determine whether the carrying value of the acquisition rights in the financial report is fairly stated.

MARK GODLEWSKI

Partner

30 September 2008

PITCHER PARTNERS

SYDNEY

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

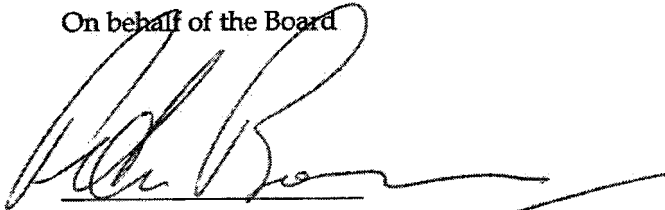
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Zodiac Capital Limited, I state that:

- (1) In the opinion of the directors:
- (a) The financial statements, notes and the additional disclosures included in the Directors' Report for director's and company executive's remuneration, of the company and of the Consolidated Entity in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the company's and the Consolidated Entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) Compliace with Accounting Standards and Corporations Regulations 2001; and
 - (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by s.295A of the Corporations Act 2001 for the year ended 30 June 2008.

On behalf of the Board


Peter Boonen
Director

Dated: 30 September 2008

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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	2,443,861	-	2,443,861	-
Interest		12,872	-	12,872	-
Expenses from ordinary activities	2	(4,798,246)	-	(4,802,053)	-
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	3	<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>(2,341,837)</u>	<u>-</u>	<u>(2,345,644)</u>	<u>-</u>
Earnings Per Share - Basic and diluted (cents per share)	20	(0.05)	-	(0.05)	-

The accompanying notes form part of these financial statements

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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>

The accompanying notes form part of these financial statements

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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	4	24,863	-	23,226	-
Other Financial Assets through Profit and Loss	5	1,459,844	-	1,459,844	-
Other Assets	6	10,166	-	7,996	-
		<u>1,494,873</u>	<u>-</u>	<u>1,491,066</u>	<u>-</u>
<u>NON-CURRENT ASSETS</u>					
Investments	7	-	-	-	-
Property, plant and equipment	8	40,591	-	40,591	-
Other Financial Assets	9	43,076	-	43,076	-
		<u>83,667</u>	<u>-</u>	<u>83,667</u>	<u>-</u>
<u>INTANGIBLE ASSETS</u>					
Goodwill on Consolidation	10	-	-	-	-
Acquisition Rights	11	1,875,000	-	1,875,000	-
		<u>1,875,000</u>	<u>-</u>	<u>1,875,000</u>	<u>-</u>
TOTAL ASSETS		<u>3,453,540</u>	<u>-</u>	<u>3,449,733</u>	<u>-</u>
<u>CURRENT LIABILITIES</u>					
Payables	13	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	14	5,686,509	-	5,686,509	-
Accumulated (losses)		(2,341,837)	-	(2,345,644)	-
TOTAL EQUITY		<u>3,344,672</u>	<u>-</u>	<u>3,340,865</u>	<u>-</u>

The accompanying notes form part of these financial statements

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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		(276,872)	-	(274,702)	-
<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		(2,468,572)	-	(2,635,997)	-
<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		2,770,307	-	2,933,925	-
Net (decrease)/increase in cash held		24,863	-	23,226	-
Cash at beginning of year		-	-	-	-
CASH AT BALANCE DATE	4	24,863	-	23,226	-

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 14 – Issuances of Securities

The accompanying notes form part of these financial statements

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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, parent entity, and the consolidated 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. However, in preparing the financial statements on this basis, the directors advise that there is a significant uncertainty whether Zodiac Capital Limited ("the Company") and the Zodiac Capital Group ("the consolidated entity") will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statements. The directors consider it appropriate to prepare the consolidated financial statements on the going concern basis after considering the matters outlined in the Note 18 - Post Balance Date Events

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 1 - Statement of Accounting Policies (continued)

(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.

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.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 1 - Statement of Accounting Policies (continued)

(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.

(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.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 1 - Statement of Accounting Policies (continued)

(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.

(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.

(o) Financial Instruments

Classification

The group classifies its financial instruments in the following categories: financial assets at fair value through profit and loss, loans and receivable, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets at fair value through profit and loss

Investments in listed securities are carried at fair value through profit and loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit and loss of the current period. Fair value of listed investments are based on current bid prices.

Non-listed investment for fair value cannot be reliably measured, are carried at cost and tested for impairment.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 1 - Statement of Accounting Policies (continued)

Held-to-Maturity Investments

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

Loans and Receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss.

(p) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

(q) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
--	----------------------------------	----------------------------------	--------------------------------	--------------------------------

**Note 2 – Profit/(Loss) from
Ordinary Activities**

Profit/(loss) from ordinary activities before income tax includes the following items of revenue and expense:

a) Revenue from ordinary activities

Interest	12,872	-	12,872	-
Fair value gains	264,652	-	264,652	-
Proceeds from sales of shares	2,179,209	-	2,179,209	-
	<u>2,456,733</u>	<u>-</u>	<u>2,456,733</u>	<u>-</u>

b) Expenses from ordinary activities

Audit and accounting	35,780	-	35,780	-
Consultants- director related	258,820	-	258,820	-
Consultant- other	92,478	-	92,478	-
Cost of shares sold	2,631,310	-	2,631,310	-
Depreciation	10,084	-	10,084	-
Employees Entitlements	12,597	-	12,597	-
Impairment of non current assets	1,418,247	-	1,422,054	-
Interest	324	-	324	-
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>4,798,570</u>	<u>-</u>	<u>4,802,377</u>	<u>-</u>
Net loss for the year	<u>(2,341,837)</u>	<u>-</u>	<u>(2,345,644)</u>	<u>-</u>

Note 3: Income Tax

(a) The components of tax expense:

Current tax	-	-	-	-
Deferred tax	-	-	-	-
Total Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(b) The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statements as follows:

Loss before tax from continuing operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
--	----------	----------	----------	----------

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
<u>Note 3: Income Tax (Continued)</u>				
At the statutory income tax rate of 30% (2007: 30%)	-	-	-	-
Under (over) provision in prior years	-	-	-	-
Unrecognised tax losses	-	-	-	-
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Deferred Tax Asset

The net deferred tax asset carried forward at 30 June 2008 has been calculated as follows:

Income Tax Losses carried forward	<u>(1,172,560)</u>	<u>-</u>	<u>(1,112,598)</u>	<u>-</u>
@ 30% income tax rate	<u>351,768</u>	<u>-</u>	<u>333,780</u>	<u>-</u>

The Deferred Tax Asset has not been brought to account as realisation is not probable in the next 12 months.

Note 4 – Cash Assets

Cash at Bank	<u>24,863</u>	<u>-</u>	<u>23,226</u>	<u>-</u>
	<u>24,863</u>	<u>-</u>	<u>23,226</u>	<u>-</u>

Note 5 – Other Financial Assets through Profit and Loss

Shares on hand	<u>1,459,844</u>	<u>-</u>	<u>1,459,844</u>	<u>-</u>
	<u>1,459,844</u>	<u>-</u>	<u>1,459,844</u>	<u>-</u>

Note 6 – Other Assets

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>

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
<u>Note 7 – Investments</u>				
Subsidiary Entities				
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)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Associate Entities				
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)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</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.

Note 8 – Property, Plant and Equipment

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

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 8 – 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	<u>40,591</u>	<u>40,591</u>
Parent Entity		
Balance at beginning of year	-	-
Additions	50,675	50,675
Depreciation expense	(10,084)	(10,084)
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 \$
<u>Note 9 – Other Financial Assets</u>				
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>

* Loan to Vision Bloodstock secured by way of floating charge over the company's assets

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

Note 10 – Goodwill on Consolidation

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

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
Note 11 – Acquisition Rights				
Project Acquisition Rights- at cost	1,875,000	-	1,875,000	-
	<u>1,875,000</u>	<u>-</u>	<u>1,875,000</u>	<u>-</u>

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 MDM Group and \$250,000 to Sologic Investment Group Pty Limited. Refer Note 18- Post Balance Date Events

Note 12 – 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				
Acquisition Rights	-	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				
Acquisition Rights	-	1,875,000	-	1,875,000
Investments	-	460,400	(460,400)	-
Project Costs	-	616,341	(616,341)	-
Project Loans	-	345,313	(345,313)	-
Rental Bond	-	43,076	-	43,076
	<u>-</u>	<u>3,340,130</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				
Other Financial Assets	43,076	-	43,076	-
Intangible Assets	1,875,000	-	1,875,000	-
	<u>1,918,076</u>	<u>-</u>	<u>1,918,076</u>	<u>-</u>

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
<u>Note 13 – Payables</u>				
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>

<u>Provisions</u>	Employee Entitlements \$	Total \$
Economic Entity		
Balance at 1 July 2007	-	-
Additional Provisions	12,537	12,537
Balance at 30 June 2008	<u>12,537</u>	<u>12,537</u>
Parent Entity		
Balance at 1 July 2007	-	-
Additional Provisions	12,537	12,537
Balance at 30 June 2008	<u>12,537</u>	<u>12,537</u>

	Economic Entity 2008 \$	Economic Entity 2007 \$	Parent Entity 2008 \$	Parent Entity 2007 \$
<u>Total Provisions</u>				
Current	12,537	-	12,537	-
Non Current	-	-	-	-
	<u>12,537</u>	<u>-</u>	<u>12,537</u>	<u>-</u>

Note 14 – Contributed Equity

66,384,888 ordinary fully paid shares (2007 19,000,000)	5,916,180	-	5,916,180	-
Less cost of issue	(229,671)	-	(229,671)	-
	<u>5,686,509</u>	<u>-</u>	<u>5,686,509</u>	<u>-</u>

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

	Economic Entity 2008	Economic Entity 2007	Parent Entity 2008	Parent Entity 2007
Note 14 – Contributed Equity				
(Continued)				
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 year	<u>19,000,000</u>	<u>19,000,000</u>	<u>19,000,000</u>	<u>19,000,000</u>
Shares issued during the year				
- at \$0.00 each	900,000	-	900,000	-
- 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>-</u>	<u>47,384,888</u>	<u>-</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	2010 30c Options	2012 30c Options
At the beginning of the reporting year	19,000,000	19,000,000
Options issued during the year - at \$0.00 each	-	46,044,888
At Reporting Date	<u>19,000,000</u>	<u>65,044,888</u>

Option holders are not entitled to vote or receive dividends.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 15 - 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	(276,872)	-	(274,702)	-

(c) Standby Credit Arrangements

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

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 16 - 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	3,000,000
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.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 16 - Related Party Transactions (continued)

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.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 16 - Related Party Transactions (continued)

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>30 June 2008</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

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>30 June 2008</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>30 June 2008</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 17- 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

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 17- Remuneration of Directors/Executives (continued)

The Non-Executive Directors remuneration is disclosed in the Directors Report.

For details in relation to Director's Share & Option holdings refer to Note 16 - Related Party Transactions.

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

Note 18 - 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.
- iii) On 12 September 2008, an associated company, Colossal Mining Ltd, entered into agreement with Bridestone Mining & Development Corporation and Anaconda Mining & Development Corporation of the Philippines to acquire two offshore iron sand exploration tenements in Northern Luzon totalling approximately 16,300 hectares.
- iv) At the date of this report, the Company's investment in publicly listed shares was \$643,258 at current market value. The market value of these investments at 30 June 2008, or cost post June 2008, was \$1,080,615.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 19 - 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.

Note 20- Auditor Remuneration

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>

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 21 – 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 22 – Segment Information

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

Note 23 – 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

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 24: Financial Instruments

(a) Financial Instruments

The board of directors has overall responsibility for identifying and managing operational and financial risks.

The company is exposed to a variety of financial risks comprising:

- (a) Interest rate risk
- (b) Credit risk
- (c) Liquidity risk
- (d) Fair values

Derivative financial instruments are not used by the company to hedge exposure to interest rate risk.

Interest Rate Risk

The group's main interest rate risk arises from interest earned from the funds held at the bank.

The group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average		Fixed Interest Rate Maturing							
	Effective Interest Rate		Floating Interest Rate		Within 1 Year		1 to 5 Years		Non - Interest Bearing	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets:	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Cash at bank	2		24,863	-	-	-	-	-	-	-
Financial Liabilities:										
Trade and sundry creditors	N/A	N/A	-	-	-	-	-	-	108,868	-

Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

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

Note 24: Financial Instruments (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors rolling forecasts of the company's liquidity reserve on the basis of expected cash flow.

Fair Values

Fair value risk arises from the company investing in shares traded on the stock market and non listed entities and the risk that a financial instrument's value will fluctuate as a result of changes in market conditions. At balance date the group's exposure to shares traded on the share market was \$1,459,844

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

SHAREHOLDER INFORMATION

The shareholder Information set out below was applicable at 23 September 2008.

Distribution of Equity Securities - Fully Paid Ordinary Shares

Number of Shares Held	Total Holders	Number of Units	%
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	37	1,426,888	2.10
100,001 and over	46	64,958,000	97.90
Total	83	66,384,888	100.00

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

SHAREHOLDER INFORMATION

Twenty Largest Security Holders – Fully Paid Ordinary Shares

Name	Number Held	% of Issued Shares
Key Capital Corp	15,000,000	22.61
Sologic Investment Group Pty Ltd	7,000,000	10.55
MDM Group Inc	5,000,000	7.54
Boonen Facility Superannuation Fund	5,000,000	7.54
Roclogic Pty Ltd	4,500,000	6.78
Brown & Biggins Pty Ltd	3,000,000	4.52
Courage Corporation	3,000,000	4.52
Capital One Securities Pty Ltd	1,600,000	2.41
AMB Holdings Pty Ltd	1,500,000	2.26
Sharechart Pty Ltd	1,500,000	2.26
Mr Jianchun Yin	1,500,000	2.26
Bonds and Securities (Trading) Pty Ltd	1,340,000	2.02
Captain Starlight Nominees Pty Ltd	1,250,000	1.88
Mr Allen Bain	1,000,000	1.51
Mr Donald Benard	1,000,000	1.51
BM Winning Pty Ltd	1,000,000	1.51
Mr Gulshan Jugroo	900,000	1.36
Elinora Investments Pty Ltd	500,000	1.21
Stillmore Holiday Pty Ltd	750,000	1.13
554402 BC Limited	500,000	0.75
Total	57,140,000	86.13

18,984,888 Ordinary Shares in the Company are listed on the National Stock Exchange (NSX).

Zodiac Capital Limited
ACN 126 263 170
And Controlled Entities

PRO-FORMA 5 YEAR SUMMARY OF PERFORMANCE

		2004	2005	2006	2007	2008
Gross Revenue	\$'000					2,444
Net profit (Loss) before tax	\$'000					(2,342)
Total assets	\$'000					3,454
Total liabilities	\$'000					109
Shareholders funds	\$'000					3,345
Earnings per share	Cents					(0.05)
Dividends per share	Cents					0.00
Net tangible assets per share	Cents					0.03
Price Earnings ratio	x					(0.05)