

# **Meridien Capital Limited**

**ABN 15 121 348 730**

**Annual Financial Report**  
**for the year ended 30 June 2009**

**MERIDIEN CAPITAL LIMITED**  
**ABN 15 121 348 730**

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**MERIDIEN CAPITAL LIMITED**  
**ABN 15 121 348 730**

**Corporate Directory**

Meridien Capital Limited is a public company incorporated in Australia.

**Directors**

Mr Kevin Shirlaw (Chairman)  
Mr Michael Ivkovic  
Mr Kevin Good

**Secretary**

Mr Kevin Good

**Registered Office and  
Principal Place of Business**

Level 17  
BNP PARIBAS CENTRE,  
60 Castlereagh St  
Sydney NSW 2000  
Ph: (02) 9220 3613  
Fax: (02) 9220 3535

**Solicitors and Nominated Advisor**

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

**Website**

[www.meridiencapital.com.au](http://www.meridiencapital.com.au)

**Auditors**

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

**Share Registry**

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

**CORPORATE GOVERNANCE STATEMENT**

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

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

The best practice recommendations of both the ASX Corporate Governance Council, including corporate governance practices and suggested disclosures are set out below and have been applied for the entire financial year ended 30 June 2009. Where there has been any variation from the recommendations it is because the Board believes that the company is not as yet of a size, nor are its financial affairs of such complexity to justify some of those recommendations and as such those practices continue to be the subject of the scrutiny of the full Board.

**Board composition:**

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

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

<b>Name</b>	<b>Position</b>
Mr Kevin Shirlaw	Executive Director, Chairman
Mr Michael Ivkovic	Managing Director
Mr Kevin Good	Executive Director

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

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

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

**CORPORATE GOVERNANCE STATEMENT**

**The Board and Board nominations:**

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

Under the company's Constitution:

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

**Securities trading policy:**

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

**Directors' remuneration and policies:**

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

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

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

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

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

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

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

**External auditors:**

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

## **CORPORATE GOVERNANCE STATEMENT**

### **Audit and Compliance Committee:**

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

### **Managing risks:**

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

Regular controls established by the Board include:

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

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

### **Commitment to stakeholders & ethical standards:**

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

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

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

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

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

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

## **MERIDIEN CAPITAL LIMITED**

**ABN 15 121 348 730**

### **DIRECTORS' REPORT**

Your directors present their report, together with the financial statements of the Company for the full financial year ending 30 June 2009.

#### **PRINCIPAL ACTIVITIES**

Over the past twelve months the Company has continued to focus on its core business of assisting small cap companies list on the National Stock Exchange and Australian Stock Exchange.

#### **OPERATING RESULTS AND REVIEW OF OPERATIONS**

##### **OPERATING RESULTS**

The Company recorded a loss of \$73,806 for the twelve month period to 30 June 2009. This compared to a loss of \$165,145 for the corresponding period last year.

Fee income amounted to \$643,124 however losses of \$145,780 on the sale of the Company's listed share portfolio resulted in net revenue of \$491,061 for the year. This compared to net revenues of \$288,000 for the corresponding period last year.

The Company's administrative costs of \$452,000 were well over budget and had a significant impact on the operating results for the financial year. In the main these costs reflected the significant effort devoted to the management and promotional efforts related to Pre-IPO fund raising and listing activities associated with Meridien Resources Limited and Paniai Gold Limited. Travel and communication costs related to the negotiation and finalisation of the ACS Unistrut (Thailand) acquisition was a major contributor to overall expenses for the year.

The upcoming listings of Meridien Resources Limited, Paniai Gold Limited and Peak Capital Limited will afford the Company an excellent opportunity to recover a significant portion of future operating costs. All three companies will share their registered and corporate offices with Meridien Capital in Sydney and consequently the Company is budgeting for the reduction of 20% in overall administration costs for the 2009-2010 financial year.

##### **REVIEW OF OPERATIONS**

During the year, the Company was able to capitalise on a number of new business opportunities including the facilitation of the sale and purchase process between the AIM listed Mercator Gold Limited and Tyco International in relation to Mercator's acquisition of ACS Asia (Thailand). The fee structure associated with this transaction included the Company earning a 10% interest in ACS Asia. ACS Asia manufactures a range of galvanised metal products marketed worldwide under Tyco's Unistrut brand and there is significant potential upside for the Company if the proposed listing of ACS Asia on the Bangkok Stock Exchange proceeds in the June quarter 2010.

The Prospectus for Meridien Resources Limited was lodged with ASIC on 20 July 2009 and the Company is scheduled to close its initial public offering on 30 September 2009. Meridien Resources Limited has secured the Exploration License for the Lucky Draw Tailings dam at Burruga, 3 hours west of Sydney. The Company owns 2,000,000 ordinary shares and 1,000,000 options in Meridien Resources Limited and these shares will have a value of \$1,000,000 when Meridien Resources Limited lists on the NSX on or about the 10 October 2009.

Following a successful Pre-IPO fund raising initiative, the prospectus and underwriting agreements for Paniai Gold Limited (formally Equatorial Capital Limited) are nearing finalisation and this company is scheduled to list on the National Stock Exchange late October 2009. The Company is involved in the joint venture development of gold mining tenements in Papua, Indonesia. In addition to earning its advisory fees, the Company was issued 7,500,000 ordinary shares and 3,750,000 options in August 2009 and this holding is expected to have a value of approximately \$225,000 on listing.

The Company has been recently mandated to finalise a new prospectus for Peak Capital Limited with a proposed listing scheduled for the December quarter 2009. Peak Capital Limited is an investment holding company focused on small to medium cap securities listed on the Hong Kong, Shenzhen and Shanghai stock markets.

## **MERIDIEN CAPITAL LIMITED**

**ABN 15 121 348 730**

### **DIRECTORS' REPORT**

#### **FINANCIAL POSITION**

The net assets of the Company have increased from \$401,829 as at 30 June 2008 to \$516,384 as at 30 June 2009.

The listing of Meridien Resources Limited will result in an increase in the net assets of the Company in the 2009-2010 financial year. Furthermore, the projected fee income and earned interests arising from the Paniai Gold Limited, Peak Capital Limited listings and the proposed listing on ACS Asia on the Bangkok Stock Exchange are expected to make major contributions to the Company's income and balance sheet in the 2009-2010 financial year.

The scheduled repayment of loans and interest totaling \$129,995 by Sydlyn Pty Ltd (Wine Bloc) will have a significant impact on the net cash position of the Company in the December quarter of financial year 2009-2010.

#### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the financial year.

#### **DIVIDENDS PAID OR RECOMMENDED**

The Directors do not recommend the payment of a dividend at this time. No amount was paid or declared by way of dividend since the commencement of the financial year.

#### **AFTER BALANCE DATE EVENTS**

On 1 August 2009 the board of directors approved a placement by the Company of 400,000 Ordinary shares at \$0.25 to raise \$100,000 of working capital.

To date, the Company has been in receipt of a total of \$40,000 representing subscriptions for 100,000 Ordinary shares at \$0.25 on 5 August 2009 and a further 60,000 Ordinary shares on 7 August 2009. The Company is confident that it will be able place the remaining 240,000 Ordinary shares, thereby raise an additional \$60,000 before 15 October 2009.

On 15 July 2009, Michael Ivkovic exercised 70,000 of his Employee Options at \$0.25. The proceeds of \$17,500 will further supplement working capital requirements.

#### **FUTURE DEVELOPMENTS & BUSINESS STRATEGIES**

The Company will continue to operate as an investment company with a particular focus on assisting small cap companies list on the National Stock Exchange of Australia and the Australian Stock Exchange. It is expected that over time this strategy will result in significant growth of the capital value of the Company's investment portfolio and also generate sustainable dividend income from these investments.

#### **INFORMATION ON DIRECTORS**

**Kevin R Shirlaw** – Chairman (Executive)

Qualifications – Chartered Accountant (FCA, ACIS)

Experience – Appointed Chairman in 2007. Board member since 2006. Kevin has specialised in business recovery and insolvency since 1975. He was a senior partner of Horwath and Horwath from 1985 to 1998.

Interest in Shares & Options – 410,000 ordinary shares in Meridien Capital limited and options to acquire a further 150,000 ordinary shares.

Special Responsibilities – Executive Director

Directorships held in other listed entities during the three years prior to the current year – Nil



**MERIDIEN CAPITAL LIMITED**

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**DIRECTORS' REPORT**

**INFORMATION ON DIRECTORS – continued**

**Kevin Good – Director (Non - Executive)**

Qualifications – No Formal Qualifications

Experience – Appointed Company secretary 2008. Board member since 2006. Kevin is a past director of the financial services company, AAA Financial Group Limited. Kevin is also a past Director of the publicly listed North Queensland Resources NL and the Canadian, publicly listed Anzex Resources Limited.

Interest in Shares & Options – 97,600 ordinary shares in Meridien Capital limited and options to acquire a further 52,400 ordinary shares.

Special Responsibilities – Company Secretary

Directorships held in other listed entities during the three years prior to the current year - Nil

**Michael Ivkovic – Managing Director**

Qualifications – Bachelor of Commerce – University of New South Wales

Experience – Appointed Managing Director in 2008. Board member since 2008. Consultant to the Company since 2006. Michael has extensive experience in the structured finance, funds management and investment banking industry in Australia and Asia. Michael was formerly the Chairman of Brick Securities Limited, Executive Chairman of NZI Securities Limited and NZI Investment Services Limited.

Interest in Shares & Options – 1,226,693 ordinary shares in Meridien Capital limited and options to acquire a further 582,000 ordinary shares.

Special Responsibilities – Managing Director

Directorships held in other listed entities during the three years prior to the current year – Nil

**MERIDIEN CAPITAL LIMITED**

**ABN 15 121 348 730**

**DIRECTORS' REPORT**

**MEETINGS OF DIRECTORS**

During the financial year, 10 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	<b>Directors' meetings</b>		<b>Committee meetings</b>	
	<b>Number attended</b>	<b>Number eligible to attend</b>	<b>Number attended</b>	<b>Number eligible to attend</b>
<b>Mr Kevin Shirlaw</b>	9	10		
<b>Mr. John McColl</b>	2	4		
<b>Mr. Kevin Good</b>	10	10		
<b>Mr. Michael Ivkovic</b>	6	6		

**REMUNERATION REPORT (audited)**

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Chairman, Directors, Chief Executive Officer and Company Secretary. The Board assesses the appropriateness of the nature and amount of emoluments with the objective of ensuring maximum stakeholder benefit from the retention of the Board and Executive.

Remuneration levels for directors and executives of the company are competitively set to attract and retain appropriately qualified and experienced directors and executives

The remuneration structures are designed to attract suitable candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structure takes into account:

- The capability and experience of the Directors and senior executives
- The ability of the Directors and senior executives to control the entity's performance.

There is no performance related remuneration. Remuneration paid to directors cover all broad activities including serving on committees.

**Director's Remuneration**

<b>2009</b>	<b>Short-term Benefits</b>				<b>Share based payments</b>	<b>Post- employ ment Benefits</b>	<b>Total</b>
	<b>Cash, salary and commissions</b>	<b>Cash bonus</b>	<b>Non- cash benefit</b>	<b>Consulting Fees &amp; Other</b>			
Mr. Kevin Shirlaw	18,682	-	-	-	35,222	-	53,904
Mr. John McColl *	13,200	-	-	-	-	-	13,200
Mr. Kevin Good	9,000	-	-	-	26,417	-	35,417
Mr. Michael Ivkovic	-	-	19,296	72,000	35,222	-	126,518
<b>Total</b>	<b>40,882</b>	<b>-</b>	<b>19,296</b>	<b>72,000</b>	<b>96,861</b>	<b>-</b>	<b>229,039</b>

**MERIDIEN CAPITAL LIMITED**

**ABN 15 121 348 730**

**REMUNERATION REPORT (audited) - continued**

<b>2008</b>	<b>Short-term Benefits</b>				<b>Share based payments</b>	<b>Post-employment Benefits</b>	<b>Total</b>
	<b>Cash, salary and commissions</b>	<b>Cash bonus</b>	<b>Non-cash benefit</b>	<b>Consulting Fees &amp; Other</b>			
Mr. Kevin Shirlaw	36,000	-	-	-	-	-	36,000
Mr. John McColl *	12,375	-	-	-	-	-	12,375
Mr. Kevin Good	8,462	-	-	-	-	-	8,462
Mr. Michael Ivkovic	-	-	-	-	-	-	-
<b>Total</b>	<b>56,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,837</b>

\* John McColl resigned as the Director on 5/11/2008.

**Other Key Management Personnel Remuneration**

<b>2009</b>	<b>Short-term Benefits</b>				<b>Share based payments</b>	<b>Post-employment Benefits</b>	<b>Total</b>
	<b>Cash, salary and commissions</b>	<b>Cash bonus</b>	<b>Non-cash benefit</b>	<b>Consulting Fees+Other</b>			
Mr. David Ivkovic	6,664	-	-	-	-	-	6,664
<b>Total</b>	<b>6,664</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,664</b>

<b>2008</b>	<b>Short-term Benefits</b>				<b>Share based payments</b>	<b>Post-employment Benefits</b>	<b>Total</b>
	<b>Cash, salary and commissions</b>	<b>Cash bonus</b>	<b>Non-cash benefit</b>	<b>Consulting Fees &amp; other</b>			
Mr. Michael Ivkovic	-	-	14,512	88,388	-	-	102,900
<b>Total</b>	<b>-</b>	<b>-</b>	<b>14,512</b>	<b>88,388</b>	<b>-</b>	<b>-</b>	<b>102,900</b>

**MERIDIEN CAPITAL LIMITED**

**ABN 15 121 348 730**

**REMUNERATION REPORT (audited) - continued**

**Options Issued to Directors and Key Executives**

<b>Directors and Key Executives</b>	<b>No of Options Granted</b>	<b>No of Options Vested</b>	<b>Fair Value Per Option at Grant Date \$</b>	<b>Exercise Price \$</b>	<b>Date Granted</b>	<b>Date of Expiry</b>	<b>Date Exercisable</b>
Kevin Shirlaw	100000	100000	0.387	0.25	27/02/2009	27/02/2014	27/02/2009
Kevin Good	75000	75000	0.387	0.25	27/02/2009	27/02/2014	27/02/2009
Michael Ivkovic	100000	100000	0.387	0.25	27/02/2009	27/02/2014	27/02/2009

At the date of this report, the interest of the Directors held directly or indirectly in the securities of Meridien Capital Limited is as follows:

**2009**

<b>Name</b>	<b>Ordinary Shares</b>
Mr Kevin Shirlaw	410,000
Mr. John McColl	50,000
Mr. Kevin Good	97,600
Mr. Michael Ivkovic	1,226,693

**2008**

<b>Name</b>	<b>Ordinary Shares</b>
Mr Kevin Shirlaw	310,000
Mr. John McColl	50,000
Mr. Kevin Good	50,000
Mr. Michael Ivkovic	1,100,000

**END OF AUDITED REMUNERATION REPORT.**

This report is signed in accordance with a resolution of the Board of Directors.



Michael Ivkovic  
**Managing Director**

Sydney, 30 September 2009

**MERIDIEN CAPITAL LIMITED**

**ABN 15 121 348 730**

**Directors' Declaration**

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 15 to 43, are in accordance with the Corporations Act 2001 and:

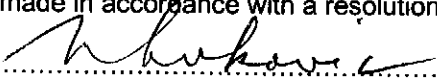
- a. comply with Accounting Standards; and
- b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

- (a) the financial records of the company for the financial year have been properly maintained in accordance with s286 of the Corporations Act 2001;
- (b) the financial statements and notes for the financial year comply with Accounting Standards; and
- (c) the financial statements and notes for the financial year give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  .....

Dated this 30 ..... day of SEPTEMBER ..... 2009



**DFK - Richard Hill**

**CHARTERED ACCOUNTANTS &  
BUSINESS ADVISERS**

**Director:**  
**RICHARD L.S. HILL**  
B.Com, FCA

**Associate Director:**

**DAVID G. SHARP**  
B.Com, A.C.A

Telephone: (612) 9221 0444  
Facsimile: (612) 9221 5935  
Email: rhill@dfkrichardhill.com.au  
www.dfkrichardhill.com.au

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF MERIDIEN CAPITAL LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

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

Name of Firm: DFK Richard Hill

Name of Partner: Richard Hill

Date: 30 September 2009

Address: Level 11, 32 Martin Place Sydney 2000

**MERIDIEN CAPITAL LIMITED**

**ABN 15 121 348 730**

**Income Statement  
for the financial year ended 30 June 2009**

		<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
	<b>Notes</b>		
Revenue	2	657,569	265,923
Other income	2	(156,377)	25,371
Employee benefits expense		284,453	162,362
Depreciation expense		11,424	563
Impairment		-	10,667
Other expenses		266,825	281,890
Finance costs		12,295	957
(Loss) before income tax	3	(73,806)	(165,145)
Income tax expense	4	-	-
Loss for the year		(73,806)	(165,145)
Loss attributable to members of the company		(73,806)	(165,145)
Basic earnings per share (cents per share)	8	(1.7)	(4)
Diluted earnings per share (cents per share)	8	(1.3)	(4)

Notes to the financial statements are included on pages 19 to 43

**MERIDIEN CAPITAL LIMITED**

**ABN 15 121 348 730**

**Balance Sheet  
as at 30 June 2009**

	<b>Notes</b>	<b>2009 \$</b>	<b>2008 \$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	43	31,001
Trade and other receivables	10	183,071	210,007
Other Financial asset	11	425,298	200,659
Other asset	13	14,605	14,445
<b>TOTAL CURRENT ASSETS</b>		<b>623,017</b>	<b>456,112</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	105,685	117,110
<b>TOTAL NON-CURRENT ASSETS</b>		<b>105,685</b>	<b>117,110</b>
<b>TOTAL ASSETS</b>		<b>728,702</b>	<b>573,222</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	122,692	67,141
Other Financial Liabilities	15	12,900	12,900
<b>TOTAL CURRENT LIABILITIES</b>		<b>135,592</b>	<b>80,041</b>
<b>NON-CURRENT LIABILITIES</b>			
Other Financial Liabilities	15	76,725	89,625
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>76,725</b>	<b>89,625</b>
<b>TOTAL LIABILITIES</b>		<b>212,317</b>	<b>169,666</b>
<b>NET ASSETS</b>		<b>516,385</b>	<b>403,556</b>
<b>EQUITY</b>			
Issued Capital	16	746,684	676,284
Reserves	24	116,999	764
Accumulated losses		(347,298)	(273,492)
<b>TOTAL EQUITY</b>		<b>516,385</b>	<b>403,556</b>

Notes to the financial statements are included on pages 19 to 43



**MERIDIEN CAPITAL LIMITED**

**ABN 15 121 348 730**

**Statement of changes in equity  
for the financial year ended 30 June 2009**

	<b>Attributable to equity holders</b>			
	<b>Issued capital</b>	<b>Options Reserves</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2007</b>	470,998	764	(108,347)	363,415
Shares issued during the year	232,558.81	-	-	232,558.81
Transaction costs	(17,272.72)	-	-	(17,272.72)
Shares cancelled during the year	(10,000)	-	-	(10,000)
Loss for the period	-	-	(165,145.19)	(165,145.19)
Options Reserve	-	-	-	-
<b>Balance at 30 June 2008</b>	<b>676,284.09</b>	<b>764</b>	<b>(273,492.19)</b>	<b>403,555.9</b>
Shares issued during the year	70,400	-	-	70,400
Transaction costs	-	-	-	-
Shares cancelled during the year	-	-	-	-
Loss for the period	-	-	-73,807	-73,807
Options Reserve	-	116,235	-	116,235
<b>Balance at 30 June 2009</b>	<b>746,684</b>	<b>116,999</b>	<b>-347,299</b>	<b>516,384</b>

Notes to the financial statements are included on pages 19 to 43

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Statement of cash flows  
for the financial year ended 30 June 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from Fee income	312,614	84,091
Receipts from held –for- sale financial asset	-	221,027
Net cash from trading of held for sale financial instruments	43,921.34	-
Payments to suppliers and employees (inclusive of GST)	(362,982)	(451,086)
Interest received	427	244
Interest paid	(7295)	(957)
Bank Interest Withholding tax	(160)	(100)
Taxes (paid) received- GST	-	36,078
<b>Net cash inflow from operating activities</b>	<u>(13,475)</u>	<u>(110,702)</u>
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	(12,899)	(28,089)
Payment for Investments	-	(54,100)
Proceeds from sale of investment	-	-
<b>Net cash (outflow) from investing activities</b>	<u>(12,899)</u>	<u>(82,189)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	(29,000)	188,786
Proceeds from related party loan	19,364	-
Payment of related party loan	5,053	-
Finance lease payments	-	-
Share issue expenses	-	-
<b>Net cash inflow from financing activities</b>	<u>(4,583)</u>	<u>188,786</u>
<b>Net increase in cash and cash equivalents</b>	(30,957)	(4,105)
Cash at the beginning of the year	<u>3,1001</u>	<u>35,106</u>
<b>Cash at the end of the financial year</b>	<u>44</u>	<u>31,001</u>

Notes to the financial statements are included on pages 19 to 43

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Arafura Resources Limited as an individual entity and the consolidated entity consisting of Arafura Resources Limited and its subsidiaries.

**(a) Basis of preparation**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Advisory Interpretations and the Corporations Act 2001

**Compliance with IFRS**

The financial report of Meridien Resources Limited also complies with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**Early adoption of standards**

The Company has not adopted any pronouncements to the annual reporting period beginning 1 July 2008

**Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets at fair value through the profit & loss upon sale and realisation on part of all of those assets.

**(b) Going concern**

The Company incurred a loss for the year after tax of \$73,806 (2008: \$165,145) and a net cash out flow from operating activities of \$13,475 (2008: \$110,702). As at 30 June 2009 had minimal cash reserves to satisfy current debts and future operating costs, which creates an inherent uncertainty in relation to going concern. Under the requirements of the Australian Accounting Standards, the directors have reviewed whether the consolidated entity and the parent can continue as a going concern by assessing its ability to realise its assets and settle liabilities in the normal course of business and for at least the amounts stated.

However, the directors consider it appropriate that the finance report be prepared on a going concern basis because:

- 1) The Company is in the process of raising a total of \$117,500 by way of placements @ \$0.25 cents and conversion of employee options at \$0.25cents. To date \$57,700 has been received and directors are confident that the remaining \$60,000 will be placed and funds received by 15 October 2009.
- 2) The directors are confident that outstanding amounts totalling \$208,750 from Sydlyn Pty Limited and Sydlyn Holdings Pty Limited will be repaid before 31 December 2009.
- 3) Actions have been implemented to reduce overall operating costs including a downsizing in office facilities and the management team. In addition a significant proportion of costs in the future will be recovered from Meridien Resources Limited, Panai Gold Limited and Peak Capital Limited in the form of rent and administrative costs.

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies continued**

**(c) Income tax**

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for by using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which any deductible temporary differences can be utilised.

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

**(d) Cash and cash equivalents**

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

**(e) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies continued**

**(f) Investments and other financial assets**

The Company classifies its investments in the following categories: financial assets at fair value through the profit or loss, loans and receivables, held-to-maturity investments and available -for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

*(i) Financial assets at fair value through profit and loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods, and/or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date which are classified as non-current assets.

*(iii) Held-to-maturity investments*

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

*iv) Available-for-sale financial assets*

Available-for-sale financial assets comprising marketable equitable securities are non-derivatives that are either designated in this category or not classified in any other of the categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of available-for-sale financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments are recognised in equity and are included in the income statement as gains or losses from investment securities.

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies continued**

The fair values of quoted investments are based on current bid prices.

The Company assesses at each balance date whether there is objective evidence that a financial asset or Company of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial assets previously recognised in the profit and loss, is removed from equity and recognised in the income statement.

**(g) Property, plant and equipment**

*(i) Cost*

All classes of property, plant and equipment are initially measured at historical cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

*(ii) Depreciation*

The depreciable amount of all fixed assets including capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. All fixed assets depreciated previously on a diminishing value method were changed to a straight line basis of depreciation from 1 October 2009.

The asset's residual value and useful life are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies continued**

**(h) Leased assets**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under the finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

**(i) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial asset held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies continued**

**(j) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount for the provision is recognised in the income statement.

Share-based compensation benefits are provided to employees via the Arafura Resources Limited Employee Share Option Plan. Employee benefits received under this plan are accounted for as an option under AASB2: *Share-based Payments*. Information in relation to the scheme is set out in note 33.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date using the Binomial option pricing model.

Upon exercise of options, the balance of the share-based payments reserve in relation to those options is transferred to retained earnings.

The dilutive effect of outstanding vested options with an exercise price less than the market weighted average share price is reflected as additional share dilution on the computation of earnings per share.

**(k) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(l) Revenue recognition**

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can easily be measured.

Interest revenue is recognised as received.

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

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



**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies continued**

**(m) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(n) Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled.

No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

**(o) Borrowing Costs**

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

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

**(p) Earnings per share**

*(i) Basic earnings per share*

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

*(ii) Diluted earnings per share*

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

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies continued**

**(q) New accounting standards interpretations**

Certain Australian Accounting Standards and interpretations have been published that are not mandatory for 30 June 2009 reporting period. They have not been adopted in preparing the financial report for the year ended 30 June 2009 and are expected to impact the Company in the period of initial application. In all cases, the Company intends to apply these standards from the application date as indicated below.

*(i) AASB 123 (revised June 2007) - Borrowing costs*

*Application date:*

Periods on or after 1 January 2009.

*Nature of change:*

To the extent that borrowing costs are directly attributable to the acquisition, construction or production of a qualifying asset, the option of recognising borrowing costs immediately as an expense has been removed. Consequently, all borrowing costs for qualifying assets will have to be capitalised.

*Impact on initial application:*

The transitional provisions of this standard only require capitalisation of borrowing costs on qualifying assets where commencement date for capitalisation is on or after 1 January 2009. As such, there will be no impact on prior period financial statements when this standard is adopted.

*(ii) AASB 3 (reissued March 2008) - Business Combinations*

*Application date:*

Business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later.

*Nature of change:*

Released as part of long term international convergence project between IASB and FASB. The revised standard introduces more detailed guidance on accounting for step acquisitions, adjustments to contingent consideration, assets acquired that the purchaser does not intend to use, reacquired rights and share-based payments as part of purchase consideration. Also, all acquisition costs will have to be expensed instead of being recognised as part of goodwill.

*Impact on initial application:*

As there is no requirement to retrospectively restate comparative amounts for business combinations undertaken before this date, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

However, due to the nature of some of the changes in the revised standard, business combinations that the entity undertakes after this date may in future impact negatively on the results of the entity. For example, acquisition costs will have to be expensed instead of being recognised as part of goodwill.

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies continued**

Specific changes in respect of step acquisitions and sell downs may introduce situations whereby adopting the revised standard may improve profitability.

Also, deferred tax assets that do not satisfy recognition criteria when a business combination is initially accounted for, but do subsequently qualify for recognition post acquisition date, will be recognised as a credit to the income statement and there will be no consequential write-down of goodwill for a similar amount, provided that the deferred tax assets are recognised outside the initial measurement period of 12 months from acquisition date.

*(iii) AASB 127 (reissued March 2008) - Consolidated and Separate Financial Statements*

*Application date:*

Periods commencing on or after 1 July 2009.

*Nature of change:*

The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.

*Impact on initial application:*

As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

*(iv) AASB 2008-3 (issued March 2008) - Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107.*

*Application date:*

Periods commencing on or after 1 July 2009.

*Nature of change:*

Makes consequential amendments to 20 standards and 2 interpretations arising from the reissue of AASB 3 and AASB 127, including to AASB 128: *Investments in Associates* and AASB 131: *Interests in Joint Ventures*.

When an investment ceases to be an associate or jointly controlled entity and is subsequently accounted for under AASB 139, the fair value of the investment at the date when it ceases to be an associate or jointly controlled entity is its fair value.

*Impact on initial application:*

As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted.

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies continued**

*(v) AASB 2008-1 (issued February 2008) - Amendments to AASB 2 - Share-based Payments - Vesting Conditions and Cancellations*

*Application date:*

Periods commencing on or after 1 July 2009.

*Nature of change:*

The definition of vesting conditions has changed and the accounting treatment clarified for cancellations to share-based payment arrangements by the counterparty. This is to ensure that conditions other than performance conditions do not result in a 'true up' of the share based payment expense and are treated in a manner similar to market conditions.

*Impact on initial application:*

To date, the entity has not issued any options to employees that include non-vesting conditions and as such, there will be no impact on the financial statements when this revised standard is adopted for the first time.

*(vi) AASB 2008-7 (issued July 2008) - Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

*Application date:*

Periods commencing on or after 1 January 2009.

*Nature of change:*

Removal of the definition of the "cost method" in AASB 127, meaning that pre and post acquisition dividends no longer need to be differentiated and all dividends are to be recognised as revenue. However, whenever a dividend is received from a subsidiary, associate or jointly controlled entity, an impairment test will be required under AASB 136 where there is an indicator for impairment.

*Impact on initial application:*

There will be no impact as these requirements are only required to be applied prospectively for periods commencing on or after 1 July 2009. However, any pre-acquisition dividends received after this date may result in additional impairment charges on investments in subsidiaries, associates and jointly controlled entities.

*(vii) AASB 8 (issued Feb 2007) - Operating Segments.*

*Application date:*

Periods commencing on or after 1 January 2009.

*Nature of change:*

Replaces the disclosure requirements of AASB 114: *Segment Reporting*.

*Impact on initial application:*

As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, disclosures required for the operating segments will be significantly different to what is currently reported (business and geographical segment).

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 1: Summary of significant accounting policies continued**

*(viii) AASB 101 - Presentation of Financial Statements.*

*Application date:*

Periods commencing on or after 1 January 2010.

*Nature of change:*

Clarifies that terms of a liability that could, at the option of the counterparty, result in the liability being settled by the issue of equity instruments, do not affect its classification. This means that unless the terms of such liabilities require a transfer of cash or other assets within 12 months, they do not necessarily have to be classified as current liabilities.

*Impact on initial application:*

Initial adoption of this amendment will have no impact as the entity does not have any current liabilities where the counterparty has the option to have the liabilities settled by the issue of equity instruments.

*(ix) AASB 2009-2 (issued April 2009) - Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments.*

*Application date:*

Periods commencing on or after 1 January 2009.

*Nature of change:*

Requires additional disclosures about financial instrument fair values and liquidity risk.

*Impact on initial application:*

As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various additional disclosures will be required about fair values of financial instruments and the entity's liquidity risk. No comparative disclosures are required in the first year that these amendments are applied.

*(x) AASB 119 - Employee Benefits*

*Application date:*

Periods commencing on or after 1 January 2009.

*Nature of change:*

Short term employee benefits now include compensation for absences that are due to be settled within 12 months rather than those that are expected to be settled within 12 months. Accordingly, long service leave provisions will be calculated and discounted based on the contractual due date rather than when the employee is expected to take the leave.

*Impact on initial application:*

Nil as currently Arafura has not provided for a long service provision in the financial statements.

MERIDIEN CAPITAL LIMITED

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Notes to the financial statements

**NOTE 1: Summary of significant accounting policies continued**

*xi) AASB 136 - Impairment of Assets*

*Application date:*

Periods commencing on or after 1 January 2010.

*Nature of change:*

Clarifies that CGUs to which goodwill is allocated cannot be larger than an operating segment as defined in AASB 8: *Operating Segments before aggregation*.

*Impact on initial application:*

There will be no impact as these requirements are only required to be applied prospectively to goodwill impairment calculations for periods commencing on or after 1 July 2010

**NOTE 2: REVENUE AND OTHER INCOME**

**Note**

		<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Sales revenue			
- Services revenue		643,124	248,793
		<u>643,124</u>	<u>248,793</u>
Other revenue			
- Interest received	2a	14,445	17,130
<b>Total Revenue</b>		<u>657,569</u>	<u>265,923</u>
<b>Other Income</b>			
Net gains on financial assets at fair value through profit or loss:			
- Available for sale		(145,781)	40,747
Net losses on financial assets at fair value through profit or loss:			
- Available for sale		(10,596)	(15,376)
		<u>(156,377)</u>	<u>25,371</u>
		<u>587,255</u>	<u>291,294</u>
a. Interest revenue from:			
- Other related parties		-	8,990
- Other persons		14,445	8,140
Total interest revenue on financial assets not at fair value through profit or loss		<u>14,445</u>	<u>17,130</u>

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 3: PROFIT FOR THE YEAR**

	2009	2008
	\$	\$

**Significant Revenue and Expenses**

The following significant revenue and expense items are relevant in explaining the financial performance:

Rental expense	78,084	105,974
Foreign currency transaction losses	10,130	-
Net loss on the disposal of scaffolding construction and hire division	88,214	105,974

**NOTE 4: INCOME TAX EXPENSE**

	2009	2008
	\$	\$

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax benefit on profit from ordinary activities before income tax at 30%	(22,142)	(49,544)
---	----------	----------

Add:

Tax effect of:

- Accrual Expenditures	23,479	17,943
- Non-deductible depreciation and amortization	3,178	4,612
- Unrealised Loss (Gain) on Investments	-	-
- Other non-allowance items	-	1,421
	4,515	(25,568)

Less:

Tax effect of:

- Accrual Expenditures	8,951	7,500
- Capital raising costs deductible	8,700	8,597
- Other non-allowance items	1,421	-
- Non-deductible depreciation and amortization	3,427	169
	(17,984)	(41,834)

Tax portion of capital raising costs recognised in the profit & loss

Tax effect of tax losses not brought to account as they do not meet the recognised criteria

Deferred tax asset in respect of tax losses not brought to account

Income tax attributable to operating loss

Total income tax losses for which no deferred tax asset has been recognised

	-	-
	17,984	41,834
	(17,984)	(41,834)
	-	-
	294,635	234,688

MERIDIEN CAPITAL LIMITED

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Notes to the financial statements

**NOTE 5. INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)**

**a. Names and positions held of entity key management personnel in office at any time during the financial year are:**

Key Management person	Position
Mr. Kevin Shirlaw	Chairman – Executive
Mr. John McColl	Director – Executive
Mr. Kevin Good	Director – Executive
Mr. Michael Ivkovic	Consultant/ Manager

Key management personnel remuneration has been included in the Remuneration Report section of the Directors Report.

**b. Options and Rights Holdings**

**Number of Options Held by Key Management Personnel**

	Balance 01.07.2008	Granted as Compensation	Options Exercised	Net Changes Other
Mr. Kevin Shirlaw	150,000	100,000	100,000	-
Mr. John McColl	25,000	-	-	-
Mr. Kevin Good	25,000	75,000	47,600	-
Mr. Michael Ivkovic	552,000	100,000	-	-
Total	752,000	275,000	147,600	-

**Number of Options Held by Key Management Personnel**

	Balance 30.6.2009	Total Vested 30.6.2009	Total Exer- cisable 30.6.2009	Total Unexer- cisable 30.6.2009
Mr. Kevin Shirlaw	150,000	150,000	150,000	-
Mr. John McColl	25,000	25,000	25,000	-
Mr. Kevin Good	52,400	52,400	52,400	-
Mr. Michael Ivkovic	652,000	652,000	652,000	-
Total	879,400	879,400	879,400	-

**Number of Shares held by Key Management Personnel**

	Balance 01.07.2008	Received as Compensation	Options Exercised	Net Changes Other	Balance 30.06.2009
<b>Key Management Personnel</b>					
Mr. Kevin Shirlaw	310,000	-	100,000	-	410,000
Mr. John McColl	50,000	-	-	-	50,000
Mr. Kevin Good	50,000	-	47,600	-	97,600
Mr. Michael Ivkovic	1,100,000	-	-	-	1,134,693
Total	1,510,000	-	147,600	-	1,692,293



**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

**NOTE 6 – RELATED PARTY TRANSACTIONS**

**Transactions with related parties:**

**Key Management Personnel**

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

Mr. Michael Ivkovic is the Managing Director of the Company. During the year he was provided with the use of a company motor vehicle, the cost of which was a total of \$20,168.88 during the reporting period.

Loans to Sydlyn Pty Ltd (Wine Bloc) and Syfin Holdings Pty Ltd. Refer to Note 10 i) and ii).

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors interests existing at the year end.

**Other Related Entities**

**Paniai Gold Limited**

Meridien Capital Limited has provided advisory and administrative services to Paniai Gold Limited in relation to the company's prospective listing on the National Stock Exchange. Of the agreed \$35,000 of fees payable, the Company received \$15,000 during the reporting period.

Mr Michael Ivkovic was appointed Chairman and Director of Paniai Gold Limited on 24 December 2008.

**Meridien Resources Limited**

Meridien Capital Limited has provided advisory and administrative services to Meridien Resources Limited in relation to the company's prospective listing on the National Stock Exchange. During the year the Company was paid \$96,000 in fees for these services. During the same period, Meridien Capital Limited has provided office space to Meridien Resources Limited at a cost of \$2,200 (Inclusive of GST) per month.

Mr Kevin J Good and Mr Kevin R Shirlaw were appointed to the position of Director of Meridien Resources Limited on 23 June 2008

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

**NOTE 7: AUDITORS' REMUNERATION**

**Note**

	2009	2008
	\$	\$
Remuneration of the auditor of the entity for:		
- auditing or reviewing the financial report	16,500	12,000

**NOTE 8: EARNINGS PER SHARE**

**Note**

	2009	2008
	\$	\$
a. Reconciliation of earnings to profit and loss		
Loss	73,807	165,145
Losses used to calculate basic EPS	73,807	165,145
Losses used in the calculation of dilutive EPS	73,807	165,145
	No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	4,247,362	3,753,957
Weighted average number of options outstanding	1,276,643	-
Weighted average number of converting preference shares on issue	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	5,524,005	3,753,957

**NOTE 9: CASH AND CASH EQUIVALENTS**

**Note**

	2009	2008
	\$	\$
Cash at bank and in hand	43	35,101
	43	35,101
<b>Reconciliation of cash</b>		
Cash at end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	43	35,101

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

<b>NOTE 10: TRADE AND OTHER RECEIVABLES</b>		<b>Note</b>	<b>2009</b>	<b>2008</b>
			<b>\$</b>	<b>\$</b>
<b>CURRENT</b>				
Other receivables			33,589	25,262
Amounts receivable from:				
- Accrued Fees			3,924	-
- Other related parties (unsecured)	10.a		143,235	-
- Key Management Personnel	10.b		2,322	184,745
			<u>183,071</u>	<u>210,007</u>

**a) Unsecured receivables to other related parties include:**

**i) Wine Bloc Pty Limited**

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

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

Wine Bloc Pty Ltd has been working to redevelop the heritage precinct of Pentridge into wine storage facilities and the settlement of the first 98 strata wine cells will gross Wine Bloc over \$6.0 million in revenue.

The strata titles to the heritage buildings and the individual wine cells were issued 7 July 2009 and the settlement of the first 34 cells are expected to be finalised in September 2009. The second tranche of 34 cells will settle in the December 2009 quarter, at which time Sydlyn Pty Ltd will be in a position to repay its \$129,995 of loan and interest outstanding.

The Board of Directors recently approved an extension of the repayment of the outstanding balance and the \$50,000 facility fee until 31 December 2009.

It is envisaged that Wine Bloc will ultimately be the cornerstone asset for a proposed Real Estate Investment Trust (REIT) to be listed on the NSX, the date of which has now been rescheduled for the September quarter of calendar year 2010.

**ii) Sydfin Holdings Pty Limited (Wrongly identified previously as S+F Holdings Pty Limited)**

Sydfin Holdings Pty Limited is a special purpose company which has secured the option to acquire a 75 unit development site located at Diamond Beach, three hours north of Sydney. Kevin Shirlaw and Michael Ivkovic own one nominal share each in this entity which has been identified as a further asset for the proposed REIT now scheduled for listing in the September quarter of calendar year 2010.

Meridien Capital has extended a loan of \$17,500 to Sydfin Holdings to facilitate part of the \$70,000 option fee paid to the vendor.

The advance was repayable on 30 June 2009. The scheduled repayment date was based on the expectation that Development Approval for this site from the Taree Council would have been available within that time frame. The Board of Directors recently approved an extension of the repayment of the outstanding balance of \$21,250, together with a \$7,500 facility fee until 31 December 2009.

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 10: TRADE AND OTHER RECEIVABLES – continued**

**iii) Netley Coal/Alma Energy (Darrell Williams)**

Meridien agreed to advance US\$40,000 to Netley Coal/Darrell Williams as a first instalment of a US\$150,000 total facility in May 2007. In return Meridien was entitled to full repayment of all funds and an ongoing share of coal royalties from the Netley Mine in Kentucky. The loan was guaranteed independently by three Australian based associates on a several basis.

Repayment of US\$19,363.61 was received on 2 July 2008. Subsequently, a monthly repayment schedule was agreed with Williams for the balance of A\$25,000, commencing 1 April 2009.

As no monthly payments have been received, negotiations have continued in an endeavour to settle this matter without incurring significant legal fees. Under the circumstances, the Board of Directors has approved efforts to reach a negotiated settlement and should this process fail by 31 October 2009, legal action will be instigated to recover the amount owed from the Australian based guarantors.

**b) Key Management Personnel Loans**

	Balance at Beginning of Year	Balance at End of Year	Interest Charged	Provision for Impairment	Number of Individuals
Key Management Personnel					
2009	-	2,322	-	-	1

**NOTE 11: Other Financial Assets**

**Note**

		<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT</b>			
Available-for-sale financial assets	11a	425,298	200,659
<b>a. Available-for-sale Financial Assets Comprise</b>			
Listed investments, at fair value			
- shares in listed corporations		-	175,059
- option subscribed		600	600
Unlisted investments, at cost			
shares in other related parties		424,698	25,000
<b>Total Available-for-sale Financial assets</b>		<b>425,298</b>	<b>200,659</b>

**NOTE 12: PROPERTY, PLANT AND EQUIPMENT**

**Note**

		<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>Motor Vehicle:</b>			
At cost		117,673	117,673
Accumulated depreciation		(11,988)	(563)
<b>Total Motor Vehicle</b>		<b>105,685</b>	<b>117,110</b>

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

**NOTE 13. OTHER ASSETS**

**Note**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Rental bond	13,800	13,800
Withholding tax paid	805	645
	<u>14,605</u>	<u>14,445</u>

**NOTE 14. TRADE AND OTHER PAYABLES**

**Note**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Sundry payables and accrued expenses	122,692	67,141
	<u>122,692</u>	<u>67,141</u>

**NOTE 15. OTHER FINANCIAL LIABILITIES**

**Note**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Lease liability	12,900	12,900
NON-CURRENT		
Lease liability	76,725	89,625
	<u>76,725</u>	<u>89,625</u>

**NOTE 16. ISSUED CAPITAL**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
4,399,400(2008: 4,179,800) fully paid ordinary shares	746,684	646,284
<b>a. Ordinary shares</b>	<b>No.</b>	<b>No.</b>
At the beginning of reporting period	4,179,800	3,652,000
shares issued during the year		
- 13 August 2008	2,000	100,000
- 31 December 2008	60,000	30,000
- 13 March 2009	47,600	415,800
- 16 March 2009	100,000	2,000
- 01 June 2009	10,000	
Shares cancelled during the year:		
27 June 2009	-	(20,000.00)
At reporting date	<u>4,399,400</u>	<u>4,179,800</u>

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

**Note 17: CONTINGENT LIABILITIES OR ASSETS**

There was no contingent or undetermined and unrecorded obligations of a material amount for which provision has not been made in the financial report or noted thereon. There was no contingent assets of a material amount for which has not been recorded in the financial report or notes either.

**Note 18: SHARE BASED PAYMENTS**

The following share based payments arrangements existed at 30 June 2009:

On 27/2/2009, 300,000 \$0.25 options expiring 27/2/2014 were allotted to Key Management Personnel of the Company. The allotment was permitted under the one of the conditions in the Prospectus of the Company. The options hold no voting or dividend rights and are not transferable.

At the balance date, 157,600 of the allotted options were exercised.

All options granted to key management personnel are ordinary shares in Meridien Capital Ltd, which confer a right of one ordinary share for every option hold.

	<b>Number</b>	<b>Weighted average exercise price</b>
<b>Options outstanding as at 30 June 2007</b>	-	-
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 30 June 2008</b>	-	-
Granted	300,000	0.25
Forfeited	-	-
Exercised	157,600	0.25
Expired	-	-
<b>Options outstanding as at 30 June 2009</b>	142,400	0.25
Options exercisable as at 30 June 2009	142,400	0.25

**Note 19: CAPITAL AND LEASING COMMITMENTS**

The Company has a hire purchase commitment for a motor vehicle. As at 30 June 2009, the balance to pay is \$110,826. This has been included in Note 15.

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

<b>NOTE 20: CASH FLOW INFORMATION</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>a. Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Loss from ordinary activities after income tax	(73,807)	(165,145)
Non-cash flows in profit from ordinary activities		
Impairment	-	10,000
Foreign Exchange Loss	10,130	-
Unrealised loss	-	15,376
Director Fees Paid by Equity	116,235	
Depreciation	11,424	563
Fee income paid by shares	-	(164,702)
Interest expense paid by equity	5,000	-
Cost of share sold	-	180,281
	<u>68,982</u>	<u>(123,628)</u>
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in debtors	(37,942)	4,140
(Increase)/decrease in held for sell financial assets	(202,946)	-
(Increase)/decrease in income tax paid	-	
(Increase)/decrease in other assets	-	(21,296)
(Increase)/(decrease) in trade creditors and accruals	76,866	17,141
Increase/(decrease) in HP liability	-	12,941
Increase in share capital	69,400	-
Others	12,163	-
Cash flow from operations	<u>(13,475)</u>	<u>(110,702)</u>

**NOTE 21: SEGMENT REPORTING**

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

**NOTE 22: EVENTS AFTER THE BALANCE SHEET DATE**

On 1 August 2009 the board of directors approved a placement by the Company of 400,000 Ordinary shares at \$0.25 to raise \$100,000 of working capital.

To date, the Company has been in receipt of a total of \$40,000 representing subscriptions for 100,000 Ordinary shares at \$0.25 on 5 August 2009 and a further 60,000 Ordinary shares on 7 August 2009. The Company is confident that it will be able place the remaining 240,000 Ordinary shares, thereby raise an additional \$60,000 before 15 October 2009.

On 15 July 2009, Michael Ivkovic exercised 70,000 of his Employee Options at \$0.25. The proceeds of \$17,500 will further supplement working capital requirements.

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 23. Financial risk Management**

	Note	2009 \$	2008 \$
<b>Financial Assets</b>			
Cash and cash equivalents	9	43	35,101
Available- for- sale financial assets	11	425,298	200,659
		<u>425,341</u>	<u>235,76</u>

**Financial Risk Management Policies**

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries and leases.

The main purpose of non-derivative financial instruments is to raise finance for Company operations.

No derivatives are being used by the Company during the financial year. The Company does not speculate in the trading of derivative instruments.

**a. Treasury Risk Management**

Due to the size of the company, a separate finance committee does not exist. The full Board considers credit risk policies and future cash flow requirements as required.

The board's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

**b. Financial Risk Exposures and Management**

The main risks the Company are exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk credit risk and price risk.

**c. Interest rate risk**

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2009 the only debt that is exposed to interest rate risk is the Lease Liabilities of which the interest is fixed at 9.29%.

**d. Foreign currency risk**

The Company is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the Company's measurement currency.



**Notes to the financial statements**

**NOTE 23. Financial risk Management – continued**

**e. Credit risk**

Credit risk is managed on a Company basis and refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company as well as through deposits with financial institutions.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. There are no collateral held as security at 30 June 2009.

**f. Price risk**

The Company is not exposed to any particular product or services price risk.

**g. Liquidity risk**

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities as required are maintained. The Company's operations may require it to raise capital as required.

***Financial instrument composition and maturity analysis:***

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Notes to the financial statements**

**NOTE 23. Financial risk Management – continued**

2009	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE  %	FIXED MATURITY DATES						NON INTEREST BEARING  \$	TOTAL  \$	
		VARIABLE INTEREST RATE  \$	LESS THAN 1 YEAR  \$	1-2 YEARS  \$	2-3 YEARS  \$	3-5 YEARS  \$				
<b>Financial assets</b>										
Cash and cash equivalents	-	43	-	-	-	-	-	43		
Trade and other receivables	-	-	-	-	-	-	183,071	183,071		
Other financial assets	-	-	-	-	-	-	439,903	439,903		
\$	-	43	-	-	-	-	622,974	623,017		
<b>Financial liabilities</b>										
Trade and other payables	-	-	-	-	-	-	122,692	122,692		
Lease liabilities	9.29	-	12,900	12,900	12,900	50,925	-	89,625		
		-	12,900	12,900	12,900	50,925	122,692	212,317		
2008	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE  %	FIXED MATURITY DATES						NON INTEREST BEARING  \$	TOTAL  \$	
		VARIABLE INTEREST RATE  \$	LESS THAN 1 YEAR  \$	1-2 YEARS  \$	2-3 YEARS  \$	3-5 YEARS  \$				
<b>Financial assets</b>										
Cash and cash equivalents	2.1	31,001	-	-	-	-	-	31,001		
Trade and other receivables	-	-	-	-	-	-	210,007	210,007		
Other financial assets	-	-	-	-	-	-	215,104	215,104		
		31,001	-	-	-	-	425,111	456,112		
<b>Financial liabilities</b>										
Trade and other payables	-	-	-	-	-	-	67,141	67,141		
Lease liabilities	9.29	-	12,900	12,900	12,900	63,825	-	102,525		
		-	12,900	12,900	12,900	63,825	67,141	169,666		

**MERIDIEN CAPITAL LIMITED**

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**Notes to the financial statements**

**NOTE 23. Financial risk Management – continued**

**Net Fair Values**

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values (2008: net fair value).

**Sensitivity Analysis**

**Interest Rate Risk, Foreign Currency Risk and Price Risk**

The Company has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

*Interest Rate Sensitivity Analysis*

At 30 June 2009, the effect on loss and equity as a result of 2% increase in the interest rate, with all other variables remaining constant would be a decrease in loss by nil (2008: \$ 600) and an increase in equity by nil (2008:\$ 600).

*Foreign Currency Risk Sensitivity Analysis*

The Company is not exposed to any material foreign currency risk.

*Price Risk Sensitivity Analysis*

The Company is not exposed to any particular product or services price risk.

**NOTE 24. RESERVES**

**General Reserve**

The option reserve records items recognised as expenses on valuation of employee share options.



## **DFK - Richard Hill**

**CHARTERED ACCOUNTANTS &  
BUSINESS ADVISERS**

**Director:**  
**RICHARD L.S. HILL**  
B.Com. FCA

**Associate Director:**

**DAVID G. SHARP**  
B.Com. A.C.A

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### **MERIDIEN CAPITAL LIMITED ABN 15 121 348 730 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERIDIEN CAPITAL LIMITED**

#### **Report on the Financial Report**

We have audited the accompanying financial report of Meridien Capital Limited (the company) which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration at the year's end or from time to time during the financial year.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

#### *Auditor's Responsibility*

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

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

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



**Chartered Accountants**

Liability limited by the Accountants  
Scheme Approved under the Professional  
Standards Act 1994 (NSW)

**DFK - RICHARD HILL PTY LTD**  
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## DFK - Richard Hill

CHARTERED ACCOUNTANTS &  
BUSINESS ADVISERS

Director:  
**RICHARD L.S. HILL**  
B.Com. FCA

Associate Director:

**DAVID G. SHARP**  
B.Com. A.C.A

Telephone: (612) 9221 0444  
Facsimile: (612) 9221 5935  
Email: rhill@dfkrichardhill.com.au  
www.dfkrichardhill.com.au

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Meridien Capital Limited on 30 June 2009 same terms if provided to the directors as at the date of this auditor's report.

### Auditor's Opinion

In our opinion:

- a. the financial report of Meridien Capital Limited is in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the company financial position as at 30 June 2009 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;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and

### Report on the Remuneration Report

We have audited the Remuneration Report included in the report of the directors for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the *Corporation 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 Meridien Capital Limited for the year ended 30 June 2009, complies with s 300A of the *Corporation Act 2001*.

Name of firm: DFK Richard Hill

Name of partner: Richard Hill

Address: Level 11, 32 Martin Place Sydney 2000

Dated this 30 day of September 2009

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Additional NSX information**

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

Shareholdings at 30 September 2009

**(a) Substantial shareholders**

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

	Ordinary shares	%
SYDLYN PTY LTD <IVKOVIC FAMILY SUPER FUND>	1,100,000	26.30
FAIRCHOICE LIMITED	500,000	11.96

**(b) Distribution of shareholder's holdings as at 30 September 2009 is:**

Holdings Ranges	Holders	Total Units	%
1-1,000	1	1,000	0.022
1,001-5,000	66	270,263	5.838
5,001-10,000	46	366,759	7.922
10,001-100,000	63	1,538,378	33.231
100,001-99,999,999,999	8	2,453,000	52.987
<b>Totals</b>	<b>184</b>	<b>4,629,400</b>	<b>100.000</b>

**(c) Stock exchange listing**

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

**(d) Income tax**

The company is taxed as a public company.

**(e) Voting rights**

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

**(f) Restricted securities**

At the date of this report there are no more securities subject to restrictions.

**(g) Restricted securities**

At the date of this report there are no more securities subject to restrictions.

**(g) Use of cash**

The company used cash and assets in a form readily convertible to cash in a manner that was consistent with its business objectives during the year ended 30 June 2009.

**MERIDIEN CAPITAL LIMITED**

ABN 15 121 348 730

**Additional NSX information (continued)****(h) Additional information**

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

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

**(i) Top twenty shareholders as at 30-09-2009**

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the NSX including the number and percentage held by those at 30 September 2009 are as follows:

**Top 20 Holdings as at 30-09-2009**

<b>Holder Name</b>	<b>Balance at 30-09-2009</b>	<b>%</b>
SYDLYN PTY LTD <IVKOVIC FAMILY A/C>	1,100,000	23.761
FAIRCHOICE LIMITED	500,000	10.801
FINLAY (AUST) PTY LTD <SHIRLAW FAMILY A/C>	250,000	5.400
MR KEVIN SHIRLAW	150,000	3.240
MR JOHN LESLIE MACFARLANE & MRS CATHERINE HILDA MACFARLANE <AUST PACIFIC INV P/L S/F A/C>	122,000	2.635
LYNPLAN PTY LTD <LANDER FAMILY A/C>	117,000	2.527
CALIBRATE AUSTRALIA PTY LTD <CALIBRATE STAFF S/F A/C>	110,000	2.376
TRIPLE Z HOLDINGS PTY LTD <THE ROBINSON FAMILY S/F A/C>	104,000	2.247
MR KEVIN GOOD	97,600	2.108
MR STEPHEN JAMES WHITE	80,000	1.728
MR MICHAEL JOHN IVKOVIC	70,000	1.512
COLLINS STREET SECURITIES PTY LTD	64,000	1.382
MR WILLIAM JOSEPH CLANCY & MRS CATHERINE MARY CLANCY <THE CLANCY SUPER FUND A/C>	60,000	1.296
BIGSON PTY LTD <MIKE GIBSON SUPER A/C>	60,000	1.296
MR WILLIAM JOSEPH CLANCY & MRS CATHERINE MARY CLANCY <THE CLANCY SUPER FUND A/C>	50,000	1.080
MARLEY HOLDINGS PTY LTD	50,000	1.080
ROBERT BOSCARATO PTY LTD <R&K BOSCARATO S/F A/C>	50,000	1.080
MR JOHN MCCOLL	50,000	1.080
RICHARD HAMMOND & MURRAY HAMMOND <GUSCO P/L EMP S/F NO 1 A/C>	50,000	1.080
P O NOMINEES PTY LTD	50,000	1.080
<b>Total IC</b>	<b>3,184,600</b>	<b>68.791</b>
	<b>4,629,400</b>	