



5 February 2010

Orchard Funds Limited (Orchard or Company) made substantial progress in 2009 in stabilising its underlying operations. This was achieved during a turbulent year for financial markets and was driven by the implementation of several initiatives which were aimed at:

- Reducing third party borrowings;
- Reducing overheads; and
- Winding-down or disposing of non-core business activities.

These initiatives are ongoing and collectively aim to maximise value for all stakeholders and position Orchard to capitalise on growth opportunities in a market that continues to improve.

In this regard, the Board recognises the need to strengthen the balance sheet of the Company and some of the funds which Orchard manages. Accordingly, it has commenced a formal process to evaluate options which may result in the acquisition of, or an investment in, and/or a recapitalisation of all or part of Orchard and its funds. KPMG Corporate Finance has been retained to provide advice and coordinate a formal process with interested parties.

Whilst Orchard cautions there is no assurance that this process will result in any specific transaction, the Board is seeking to complete the process by 30 June 2010. Our preference is for a proposal which provides the best combination of maximising value and continuing to reduce indebtedness to acceptable levels.

Orchard does not intend to disclose further developments regarding the process until the Board has completed its review of formal proposals, which are due to be received in the second half of March 2010. In the interim, Orchard will continue with business as usual.

The Orchard Board thanks all of its stakeholders for their continued support.

A handwritten signature in blue ink that reads "Charles Macek".

**Charles Macek**  
Chairman  
Orchard Funds Limited ACN 097 125 874